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**Santa Cruz County Board of Education
and
Santa Cruz County Office of Education**

**Response to the 2001-02 Santa Cruz County Grand Jury
Final Report**

August 30, 2002

**Santa Cruz County Board of Education
Santa Cruz County Office of Education**

Response to the 2001-02 Santa Cruz County Grand Jury Final Report

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SANTA CRUZ COUNTY BOARD of EDUCATION
and
SANTA CRUZ COUNTY OFFICE OF EDUCATION
RESPONSE to the SANTA CRUZ GRAND JURY REPORT 2001-02

Introduction

In conjunction with Santa Cruz County public school districts, the County Office of Education is pleased to respond to the Santa Cruz County Grand Jury's 2002 Report and the report findings and recommendations regarding area schools.

County superintendents and trustees appreciate the very complex nature of today's California school governments. Local educators also appreciate the Jury's effort to explain and improve school practices, structure and multi-tiered integration. It is this complexity that makes understanding the operations, efficiencies and integration of school districts a daunting effort. We hope the following response helps to clarify and edify difficult issues for Jury members and interested members of the public.

In Santa Cruz County, some of the top performing schools are in small districts. It is unclear how these schools and students would benefit from inclusion in larger districts and there are many aspects small districts offer students and parents that might be lost in a larger district. Small and relatively small school districts allow parents and staff to regularly express opinions and influence trustees. Parents often refer to their opportunity to participate in school governance as a reason for supporting smaller districts.

This document is not a comparative study of districts statewide. While it does not include a comprehensive study of districts throughout the state, it does contrast local districts with statewide averages. The response also individually addresses the Jury's findings and recommendations.

Small Districts Succeed in Santa Cruz County

While there are many educators who feel that comparing districts of different sizes and student populations is difficult at best, we believe that in using standard measurements that any or all of our districts compare quite favorably with larger metropolitan school districts in general and with San Jose Unified School District (a model used by the Grand Jury) in specific.

Median API:

Individual efforts of the 10 districts combined for	
Santa Cruz Co.	743
San Jose Unified	635/645
State of California	500

Percentage of high school Seniors completing University of California entrance requirements:

Individual efforts of the 10 districts combined for	
Santa Cruz Co.	39.1%
San Jose Unified	36.8%
State of California	36.0%

Suspensions per 100 high school students	
Individual efforts of the 10 districts combined for	
Santa Cruz County	2.7
San Jose Unified	10.0

Santa Cruz County is at least 8 times larger in square miles than San Jose Unified School District. The geographical constraints of Santa Cruz County challenge a one-district concept. Busing students from Watsonville to Santa Cruz, or farther, would require extensive transportation resources that are currently not present in the County and are not reimbursed by the state. The acquisition, operation and maintenance of such an extensive fleet of vehicles would add extraordinary cost to a countywide district. For the one-district efficiencies to work, there would have to be busing. Busing is expensive and would be inconvenient for parents who would then have to make the commute themselves for child care needs, school open houses, sports activities, etc.

When looking to balance the intention to make the most of scarce educational resources and create appropriate curriculum and environments to promote student learning and achievement, consolidation may not be the best choice. Creating a central administration doesn't in all instances allow for the sharing of resources. If, in fact, there is classroom space in Boulder Creek, that is going to be virtually impossible to share with students in Watsonville, no matter how the schools are governed or organized.

Consolidation into one district may limit choice, as in a consolidation, all schools must be identical in policies and have an equitable division of property and facilities from the original districts. Districts may choose to have Jr. High or Middle Schools, or they could choose to make a school for grades 7 – 12. They can combine schools on one campus or close schools depending on their local Boards and leadership. Consolidation would effectively cancel that flexibility in balancing budgets.

The COE often works with districts to form a consortium with other community organizations to integrate services and maximize resources. The County Office of Education and the ten districts are already volunteering to cooperate frequently when it is educationally and financially supportive. Examples include: Consolidated Applications, Coordinated Compliance Review, system for providing substitute teachers, cooperative meals (Soquel provides the lunches for Mountain), cooperative busing, shared employees, English Language Learner Support, and taking state surveys (the COE coordinates taking the California State Healthy Kids Survey for all schools). Among the programs and services already consolidated and provided by the COE to districts are: Regional Occupational Programs; Special Education Programs; Alternative Education Programs; Outdoor Science Educational Program; payroll services; debt funding assistance; technology services; new teacher support; Baldrige in Education training; homeless population education; applicant fingerprint processing; processing teacher credentials; migrant population educational services; childcare resources and referrals; and retirement counseling.

Small districts may receive more funding per pupil as there is frequently a minimum grant amount. This gain would be lost with consolidation. Parent fundraising is a large part of smaller district supplemental revenues. This would likely proportionately decline in a larger district. The percentage of parental involvement in small districts may be greater, including volunteer time.

The COE regularly provides schools and districts with assistance on grants. An example: We just received a \$10,000 Community Foundation grant to create a School Emergency Response with a Mental Health Protocol. We meet with representatives from all districts to create emergency mental health response materials that can be downloaded from the COE website to respond to a critical incident.

Other examples:

GRANTS AWARDED TO COE	BENEFITTING SCHOOLS COUNTYWIDE	IMPACT
Digital High School	All high schools	\$300 / student – 1 st . year \$45/student ongoing funds
Arts Work Grants	Live Oak, SLVUSD	\$375,000 in four years
Distinguished Schools Applications	4 Elementary schools this year	No monetary reward – state recognition program
Packard Foundation	Theater at SLVHS	\$130,000
Academic Systems	Middle School Math pilot	\$250,000
New Teacher Project	All schools in every district	Essential new teacher and new principal support
AB 496 Credentialing teachers in math	Santa Cruz City Schools	\$162,000
AB 1331 Math Training	All districts except Soquel	\$606,046
AB 75 Principal Training	All districts	\$4,00 per site admin.
AB 466 – Math and English/Language Arts Training	All districts	\$2,500 per teacher K-6, and 7-12 math, science, social studies and English teachers
Science Fair	All districts – training	State & International winners and, secondarily, all participating students
Mock Trial	High school Teams - training	State Competition
COE Technology Dept.	All schools, all districts	Network structure, e-mail county wide
CA Drug and Alcohol Grant	All districts	\$4.50 / student
Cal Safe Grants	All districts - training	\$316,000
Tobacco Grant	All districts	\$37/student

Santa Cruz County Office of Education revenue derived from grants that are partnered with or provide services to either select or all districts totaled \$11,365,777 in the 2001-2002 fiscal year. Other grants that the COE assists in preparing are enumerated in the COE and district budgets.

Enrollment Decline and Consolidation

If the major problem is a decline in enrollment, does consolidation address the issue? Does merging all districts into one increase the number of students? Addressed in terms of percentage, parental involvement, including volunteered time, may be greater in a smaller district. Eliminating parent choice of district of attendance will likely lead to an increase in opting out of the public school system, choosing private schools, or creating their own charter school, leading to a further decline of public school enrollment.

The Grand Jury suggests that the County Board of Education and County Office of Education promote the consolidation of school districts. The jury may not be aware of the role in school district organization by the County Committee for School District Organization, which is comprised of the elected members of the County Board of Education. Although code allows the County Committee on School District Organization to initiate district reorganization, the Committee has chosen primarily to serve as a review board for either districts(s) or citizen initiated actions. Serving constituents and their communities of interest is significant to the Committee. To promote such proposals could be construed to appear prejudicial.

Section 2: Audit and Finance Committee Reports

Procedures Followed in the Transfer of Funds between Local Government Entities and between County Government Departments

Grand Jury Final Report, Page 2-6

Grand Jury Finding:

1. It is the practice of many local government entities to bill each other for services provided. This practice is intended to prevent unnecessary duplication of staff and, at the same time, to correctly reflect the full cost of government services. In most cases, these services and reimbursements are documented and the entities are formally billed.

County Office of Education Response:

Agree

The County Office of Education has numerous relationships with local districts. Some involve direct fee for services programs and, in some instances, the County Office of Education is funded to provide services directly with or without supplemental fees. The COE is responsible to four Direct Support Districts as authorized by statute. Those districts with over 1,000 average daily attendance receive support as needed. County offices of education are mandated to provide certain services. The mandates are directed by legislation and the California Constitution. County superintendents have some discretion about how mandated services are provided.

Grand Jury Finding:

2. Not all services provided by one entity to another are documented and billed. For example:
 - A. The Santa Cruz County Assessor, Treasurer-Tax Collector, and County Auditor/controller provide services related to property tax collection for school districts for which they cannot by law receive reimbursement.
 - B. The County Office of Education, in some cases, chooses not to seek reimbursement for accounting and financial services it provides to small school districts that lack sufficient staff because of the burdensome nature of determining and allocating such expenses.
 - C. The City of Capitola recently decided to recapture expenditures for services provided to its Redevelopment Agency (RDA). The City of Capitola did not keep records for these services at the time they were provided. Later the city chose to engage in a process purportedly designed to estimate these expenses.

County Office of Education Response:

Partially Agree

The County Office of Education provides many different services and support functions for local school districts. County offices of education are mandated under AB1200 to provide certain services. Funding for core services reflects attempts by the Legislature to ensure that county offices of education can provide mandated and discretionary services without regard to a district's size or ability to purchase services.

Grand Jury Finding:

3. Government funding sources are generally divided into two types: restricted and unrestricted. Restricted funds must be used for a defined purpose while unrestricted funds may be used for any purpose.

County Office of Education Response:

Agree

Grand Jury Finding:

4. Misuse of restricted funds creates a potential liability because discovery of the misuse may jeopardize future funding and may lead to a requirement that the funds be returned to their source.

County Office of Education Response:

Agree

We are not aware of any instances of misuse of restricted funds now or in the recent past.

Grand Jury Recommendation 3: In order to gain an accurate picture of the real costs of education in each school district, the Chief Business Officer of the COE should create and publicly distribute a report detailing expenses incurred supporting each district for which the COE is not reimbursed.

County Office of Education Response:

Will not implement because it is not warranted.

The Santa Cruz County Office of Education does not believe that categorization of such costs has a material impact on the determination of the cost of education in each entity. "Cost" varies among students and is dependent upon several factors such as grade level, special services programs and other factors. Cost cannot be tracked nor attached to a specific student. While a significant portion of our budget is dedicated to the students directly served by the COE, the cost of maintaining the information would outweigh the value of the information

obtained. Additionally, much of the information is duplicated in reports compiled by the State but specific districts are not identified.

Grand Jury Recommendation 6: Local government entities should include in their annual budgets a summary of services provided to them by other local government entities without reimbursement in order to reflect better the actual costs of their programs.

County Office of Education Response:

Will not implement because it is not warranted or is not reasonable.

The Santa Cruz County Office of Education does not believe that categorization of such costs has a material impact on the determination of the cost of education in each entity. The budget is highly categorized and services described. The services the COE receives from other agencies are minimal and the majority are informational communication, thus it would be difficult if not impossible to quantify with an associated cost. The cost of maintaining such information would outweigh the value of the data obtained.

**The Participation of Local Government Entities in Joint Powers Authorities
Grand Jury Final Report Page 2-9**

Grand Jury Finding:

1. JPAs are generally audited separately from their members.

County Office of Education Response:

Agree

Grand Jury Finding:

2. Member entities may be liable for the debts of their JPA.

County Office of Education Response:

Partially Agree

We partially agree with the statement as it does not apply to all situations.

Grand Jury Finding:

3. Many entities fail to disclose their membership in JPAs in their annual audit.

County Office of Education Response:

Disagree

The COE disagrees to the statement. It does not apply to the COE and local school districts.

Grand Jury Recommendation 1: Local government entities that participate in JPAs should ensure that this fact is adequately reflected in their annual audits.

County Office of Education Response:

Implemented. This is an existing practice of the Santa Cruz County Office of Education.

The Santa Cruz County Office of Education agrees that JPAs in which the member entity has a potential financial impact (positive or negative) should be disclosed as part of the annual financial report/audit. School district auditors have disclosed this information in each school district's audit. The COE continues to audit this practice in the school districts.

Grand Jury Recommendation 2: Local government entities that participate in JPAs should ensure that these JPAs are adequately audited and insured.

County Office of Education Response:

Implemented. This is an existing practice of the Santa Cruz County Office of Education.

The Santa Cruz County Office of Education agrees that its representatives on the JPA boards will exercise due diligence in ensuring the financial stability of JPAs of which it is a member.

The Participation of Local Government Entities in Joint Powers Authorities for the Purpose of Self-Funded Insurance

Grand Jury Final Report Page 2-11

Grand Jury Finding:

1. Failure to adequately fund JPAs formed for the purpose of self-funded insurance may result in unexpected demands on members' budgets and an inability to pay claims.

County Office of Education Response:

Agree

Grand Jury Finding:

2. The Santa Cruz-San Benito County Schools Insurance Group is a JPA formed to provide self-funded workers' compensation insurance to local school employees. This joint powers authority has not provided self-funded insurance to its members since 1995. As of year-end June 30, 2001, the JPA had reserves totaling \$2,948,286. Pajaro Valley Unified School District has announced its intention to withdraw from the JPA and asked that it receive its portion of the reserve which it estimates at \$1,300,000.

County Office of Education Response:

Agree

The JPA was formed to provide workers compensation until 1995, after which time, workers compensation was procured commercially

Grand Jury Recommendation #1: Local government entities who participate in self-funded JPAs should ensure that this fact is adequately reflected in their annual audits.

County Office of Education Response:

Implemented. This is an existing practice of the Santa Cruz County Office of Education.

The Santa Cruz County Office of Education agrees that JPAs in which the member entity has a potential financial impact (positive or negative) should be disclosed as part of the annual financial report/audit. School district auditors generally disclose this information in each school district's audit.

Grand Jury Recommendation #2: Local government entities that participate in self-funded JPAs should ensure that these JPAs are adequately funded.

County Office of Education Response:

Implemented. This is an existing practice of the Santa Cruz County Office of Education.

The Santa Cruz County Office of Education agrees that its representatives on the JPA boards should exercise due diligence in ensuring the financial stability of JPAs of which it is a member.

Grand Jury Recommendation #3: Local government entities that participate in self-funded JPAs should ensure that these JPAs are audited annually.

County Office of Education Response:

Implemented. This is an existing practice of the Santa Cruz County Office of Education.

The JPA agreement/bylaws require that an annual audit be conducted. The JPAs also conduct annual actuarial studies to establish liabilities and determine appropriate rates. The Santa Cruz County Office of Education representatives to the JPA boards are aware of their responsibilities to maintain prudent business practices to maintain the financial stability of the JPAs.

Grand Jury Recommendation #4: Local government entities that participate in self-funded JPAs should ensure that these JPAs are reviewed by a qualified actuary on a regular basis to determine their required funding level.

County Office of Education Response:

Implemented. This is an existing practice of the Santa Cruz County Office of Education.

The JPA agreement/bylaws require that an annual audit be conducted. The JPAs also conduct annual actuarial studies to establish liabilities and determine appropriate rates. The Santa Cruz County Office of Education representatives to the JPA boards are aware of their responsibilities to maintain prudent business practices to maintain the financial stability of the JPAs.

Grand Jury Recommendation #5: If the Santa Cruz-San Benito County Schools Insurance Group is not going to provide self-funded insurance, it is not serving its intended purpose and should be closed out.

County Office of Education Response:

The Santa Cruz County Office of Education will not implement because it is not warranted.

While the Santa Cruz / San Benito County Schools Insurance Group JPA is not currently providing a self-insured workers compensation program, it is providing a “group purchase” workers compensation program which is consistent with the JPA agreement/bylaws creating efficiency and cost savings. The JPA was not formed solely to provide “self-insured” programs, but a financial solution that best meets the need of the members. Additionally, the administration of the prior year claims still require some level of JPA responsibility/oversight until all liability is dissolved. Also, if economic conditions warrant, the JPA will likely move back to commercial self-insurance.

The Participation of the Grand Jury in the Audit Process in Santa Cruz County

Grand Jury Final Report Page 2-12

Grand Jury Recommendation #1: Future Grand Juries should adopt the following Memorandum of Understanding with the County Office of Education:

Proposed Memorandum of Understanding between the Santa Cruz County Grand Jury and the County Office of Education

- A. The Assistant Superintendent for business should contact the Audit Committee of the Grand Jury early in their term to arrange a meeting to explain the school audit process.

- B. The Assistant Superintendent of business should send a report to the Grand Jury Audit Committee detailing corrective actions taken in response to the audit findings.
- C. The County Office of Education and all school districts should add the Grand Jury Audit Committee to their distribution list for annual budgets and audits and forward any auditor recommendations that are not included in the audit.
- D. It is highly recommended that Grand Jury committees consider contacting the County Office of Education prior to submitting information requests directly to school districts.

While both parties recognize that they cannot bind their successors, it is highly recommended that successive grand juries and County Office of Education staff adhere to this Memorandum of Understanding until modified by mutual agreement.

County Office of Education Response:

The Santa Cruz County Office of Education will not implement as the recommendation is not warranted.

The County Office of Education sees the benefit of coordinating Grand Jury information requests with the COE prior to contacting school districts directly and encourages the presiding judge and the Grand Jury to initiate coordination of those issues that impact education. The County Office of Education is best poised to coordinate data resource collection. The County Office of Education, however, will not enter into a Memorandum of Understanding for many of the same reasons as cited by the Grand Jury report; however, the County Superintendent of Schools has gone on record in the past, and did again this year, request that the Grand Jury's requests for information and response relative to schools be coordinated, as appropriate, through the County Office of Education. The County Office of Education will arrange meetings to review areas of study and will coordinate making all information available to the Grand Jury. The County Office of Education will add the Grand Jury to its distribution list for the annual audit and annual budget as adopted.

Section 6
Schools and Libraries Committee Reports

A Review of the Structure and Administration of the Santa Cruz County Public School Systems

Grand Jury Finding:

1. Table 2 illustrates that having ten school districts in the county creates a duplication of administrative functions.

County Board/Office of Education Response:

Partially Agree

While we agree that some functions are duplicated as stated in the finding, those functions are in many instances in response to state mandated requirements to provide certain administrative directives. We do not agree that Table 2 reflects the manpower allocation for such efforts and want to make a distinction between function and position. For instance, in most of the small and medium size districts, sometimes one or a few administrators provide for the entire roster of duties contained in the table. In larger districts, due to the number of sites and variances required to accommodate the special needs of a diversely populated district, a number of people are required to accomplish like or similar tasks. The chart suggests that all districts employ a like number of administrators to perform the various functions. This is not the case. A duplication of function does not, in all instances, equate to a duplication of position. Some administrative functions are driven by the number and special needs of students enrolled in any particular district. For example, a district with a large percentage of English Language Learners would require an administrator specializing in supporting that population as required by state and federal guidelines. Another district, regardless of the total number of students enrolled, may not have an English Language Learner population to serve and would not employ an administrator with that focus. In addition, as it is the function of administrators to support and be a resource to teachers and students at the classroom level, we do not believe that a duplication of function is counterproductive to student achievement. In fact, it is our belief that a well-run district provides for an integration of services provided to promote classroom excellence and student success.

Grand Jury Finding:

2. Table 3 details the cost per student in each of the school districts in Santa Cruz County.

County Office of Education Response:

Disagree

The chart does not accurately reflect the basic cost of educating each student in the districts listed. The following table reflects our calculations based upon fiscal year 2000-01 audited actual expenditures and student enrollment (California Basic Educational Data System – CBEDS - count and Average Daily Attendance – ADA – figures)

	Audited Actuals General Fund Expenditures FY 2000-01	2000-01 Students (CBEDS)	2000-01 (P-2) ADA	Number of Schools	Cost/ Student (CBEDS)	Cost/ADA (P-2)
One-school Districts *	\$ 4,655,998	534	514	4	\$ 8,719	\$ 9,057
Live Oak Elementary	13,985,451	2,116	2,000	4	6,609	6,993
Soquel	14,939,229	2,287	2,146	5	6,532	6,962
Scotts Valley	14,479,925	2,385	2,273	4	6,071	6,372
San Lorenzo Valley	24,993,762	4,179	3,920	6	5,981	6,377
Santa Cruz City Schools Dist	57,215,237	8,415	7,849	12	6,799	7,289
Pajaro Valley USD	139,251,209	19,886	18,411	24	7,002	7,563
Combined Expenditures/Totals	\$269,520,811	39,802	37,113	59	\$ 6,772	\$ 7,262

*During the 2000-01 fiscal year, Pacific Elementary District received a Title I Concentration Grant of \$263,618, and Happy Valley Elementary District received \$412,000 from the same federal funding source. If the amount of Concentration Grant funding for both schools (\$675,618) is subtracted from the one-school districts 2000-01 general fund expenditures, the total Audited Actual General Fund Expenditures would be \$3,980,380, divided by the ADA for the single school districts, the Cost /Student (CBEDS) would be \$7,454 and (P-2) would be \$7,744.

Declining Enrollment, Page 6-4:

Grand Jury Finding:

3. Santa Cruz County school administrators agree that all of the school districts are concerned about the effects of declining enrollment.

County Office of Education Response:

Agree

Population fluctuations in general and student populations in particular are generally unpredictable. Population decreases and increases are monitored and projections made as closely as possible. Since a large percentage of school income is based on the number of students, districts attempt to accurately predict the number of students for budget projections. Schools that are witnessing declining enrollment have adjusted their budgets and will continue to adjust to maintain balanced budgets and consistent services.

Grand Jury Finding:

4. Santa Cruz School District lost 720 students in 2000/2001.

County Office of Education Response:

Disagree

The current Demographic Study produced by the California Department of Education (CDE) (* Educational Demographics Unit @ data1.cde.ca.gov/dataquest) indicates that SCCS declined by 417 students from 2000-01 to 2001-02. If calculated in the years 2000 and 2001, enrollment declined by 705 students. Many of these students predictably now attend Scotts Valley High School and charter schools within the County.

Grand Jury Finding:

5. Bonny Doon School District lost 112 students over five years.

County Office of Education Response:

Disagree

The CDE Demographic Study indicates a decline of 68 students in the past 5 years.

Grand Jury Finding:

6. Soquel School District lost 140 students over five years.

County Office of Education Response:

Disagree

The CDE Demographic Study indicates a decline of 307 students in the past 5 years.

Grand Jury Finding:

7. Administrators at Live Oak, Pacific and San Lorenzo Valley state that they have all experienced declining enrollment.

County Office of Education Response:

Agree

Grand Jury Finding:

8. Many schools that have not shown a drop in enrollment have zero growth.

County Office of Education Response:

Partially Agree

In general, this is an accurate statement; however, the Scotts Valley Unified School District increased by 207 students, a predictable shift of student population due to the opening of the new Scotts Valley High School.

Grand Jury Finding:

9. According to the State Franchise Tax Board, Santa Cruz County will lose an additional 2,200 students by the year 2010.

County Office of Education Response:

Partially Agree

If the decline continues at the same rate as from 2000-01 to 2001-02 (1.3%), it is possible that the enrollment could decrease at least 2,200 students within the next 8 years. However, a number of issues still could effect the student population, (i.e. building lower cost housing for Santa Cruz, etc.). In addition, the further out in time that predictions are made, the more unreliable the results become. Straight-line trending is highly unreliable, especially as the timeline is extended.

Grand Jury Finding:

10. Some northern classrooms have empty desks while many southern classrooms experience overcrowding.

County Office of Education Response:

Disagree

The assumption that declining enrollment creates empty classrooms is inaccurate. There are a multitude of programs and services looking for space in our schools (i.e. music, libraries, continuation schools, child-care facilities and charter programs). Classroom space fluctuates with the changing demands for services. All districts have plans for student growth and decline, and hire only the number of teachers needed to teach the enrolled students. The districts make adjustments annually in the number of teachers and the use of classrooms. Available to families is an interdistrict transfer process, based on parent requests, which allows students to move across district boundaries.

Deficits, Page 6-5

Grand Jury Finding:

11. Most school districts are experiencing financial difficulties. Studies suggest that by the year 2010, Santa Cruz County public schools will lose approximately \$21,455,390 due to a drop in Average Daily Attendance (ADA).

County Office of Education Response:

Agree

If the decline continues at the same rate as from 2000-02 to 2001-02 (1.3%), it is possible the statement could be accurate. Again, we stress the unreliability of straight-line trending which may not hold validity over an extended period. Additionally, there are other factors unrelated to enrollment/average daily attendance that affect the finances of a school district.

Grand Jury Finding:

12. Additional funds are available from the State as incentives for more efficiently organized districts. Based upon today's figures, the incentives are \$20 per student, which equates to approximately \$800,000 potentially available to County schools.

County Office of Education Response:

Disagree

These funds have not been available for over 20 years. Currently, the only incentive funding we are aware of (private funding through the Gates Foundation), encourages smaller as opposed to larger districts.

Grand Jury Finding:

13. School districts in Santa Cruz County do not employ professional project managers to oversee major building renovation projects. This exposes the districts to cost overruns and waste.

County Office of Education Response:

Disagree

All districts with major renovation projects, including Scotts Valley, Santa Cruz, San Lorenzo Valley, Live Oak, Pajaro Valley and Soquel, have hired professional project managers coupled with employee liaisons.

Special Education Programs, Page 6-5

Grand Jury Finding:

14. Special Education Programs are federally and state mandated but many are only partially funded. These programs are extremely expensive and impose a severe financial burden on the entire education system.

County Office of Education Response:

Agree

The federal government has never fully funded their mandated programs. It is a matter of perspective as to whether these programs impose a severe financial burden on the entire education system.

Grand Jury Finding:

15. The special education program in Santa Cruz County has two administrative staffs. Pajaro Valley Unified School District runs its own Special Education Local Program Administration (SELPA) program. The COE and the other nine school districts are in a consortium called Northern County SELPA.

County Office of Education Response:

Agree

Grand Jury Finding:

16. The County of Santa Cruz receives approximately \$22 million dollars annually for special education funding. 40% of this funding comes from federal sources and 60% from state revenues.

County Office of Education Response:

Disagree

The state contributes approximately 85% and the federal government contributes approximately 15% funding to school district and COE special education programs countywide.

Grand Jury Finding:

17. The COE administers the north county SELPA and serves as a conduit for special education funds from the State to the school districts.

County Office of Education Response:

Agree

Grand Jury Finding:

18. Districts utilizing special education services provided by the COE are charged for additional "excess costs."

County Office of Education Response:

Disagree

Since the state changed the method of funding of Special Education through AB602, regional services are provided for the SELPA, and there has been no "excess cost" applied for the past three years.

Grand Jury Finding:

19. The funds for the consortium in the northern county area are approximately \$11 million annually. The COE retains 50% to cover the cost of programs they provide (including 61 special education teachers' salaries) and the remaining funds are distributed to the consortium members. If there are excess costs for the program, the school districts may have to reimburse the COE for participating in the program.

County Office of Education Response:

Disagree

The COE does not have 61 special education teachers. The correct figure is 35 which consists of three psychiatrists, four speech pathologists, four teachers to the visually handicapped, 2 orthopedic specialists, one nurse and 21 classroom teachers. There are no excess cost charges to individual districts.

Grand Jury Finding:

20. Pajaro Unified School District has its own SELPA in the southern county area and is funded directly from the State, thereby eliminating additional administrative costs.

County Office of Education Response:

Disagree

At one time, a single SELPA served San Benito County in addition to Santa Cruz County. It was later divided into three - south County (PVUSD), north County, and San Benito County each of which operates under the same state and federal regulations.

Grant Money, Page 6-5

21. Each individual district must procure federal, state and private grant money in its own behalf.

County Office of Education Response:

Disagree

Districts often partner when applying for federal, state and private grants. Often the requirements for the grant determine who applies and how the application is developed. When applying for grants, a district might have the option to procure funding on its own or collaboratively. The option would be selected based upon the grant requirements and the odds of being awarded the grant. Sometimes applying individually is an advantage and sometimes collaborative applications are to the participating districts' advantage. At times individual applications are mandatory (all IIUSP grant schools must apply individually)

Grand Jury Finding:

22. Preparing grant documents is costly and time consuming.

County Office of Education Response:

Agree

Grand Jury Finding:

23. While there are ten school districts in the County, a cooperative grant application system does not exist.

County Office of Education Response:

Disagree

A cooperative grant application system does exist. The COE regularly discusses cooperative grants at the Curriculum and Instruction, Project Directors, and Superintendents' meetings. The opportunities for cooperative grants are evaluated.

Grand Jury Finding:

24. The COE does not regularly prepare grant applications for individual school districts.

County Office of Education Response:

Disagree

We have a cooperative system, meeting regularly with superintendents to evaluate grants. We do prepare grants together. There are many instances, including: Digital High School Grant for all high schools, Packard Grants for music and the arts in the schools, the AB 1331 mathematics grant, four years of Arts Works Grants, AB 75 for training principals, AB 466 for training teachers, safety grants, and the tobacco grants.

Grand Jury Finding:

25. The criteria for many federal, state and private grant monies are family income levels (based on federal guidelines) within the district, and/or the number of non-English speaking students.

County Office of Education Response:

Agree

Grand Jury Finding:

26. Many of the county school districts do not meet the criteria of family income level or non-English speaking students to qualify for grants.

County Office of Education Response:

Agree

As one district, we could potentially not qualify for many of the grants the districts now or have received. PVUSD and Live Oak could potentially lose funds as the impact of unique local statistics is dissipated in combining districts.

Grand Jury Finding:

27. The data indicate the southeastern portion of the county has a larger percent of lower-income families and non-English speaking students, which qualifies Pajaro Valley Unified School District for a larger number of grants.

County Office of Education Response:

Agree

Grand Jury Finding:

28. In 1861, D.J. Haslam served as the first Superintendent of Santa Cruz County schools, supervising twenty-one schools, 1,756 students and a budget of \$6,344.

County Office of Education Response:

Disagree

In 1976, the County Office of Education commissioned Margaret Koch and a supporting team to write a history of the public school system in Santa Cruz County. That history, published in 1978 under the title *Going to School in Santa Cruz County, a History of the County's Public School System*, pages 21 and 22, states that in 1861 a report was issued by D.J. Haslam, then serving as County Superintendent of Schools. Mr. Haslam apparently was the first superintendent for whom there is a documented name. When county offices of education were first authorized by the California legislature in 1852, local public officials such as the county assessor typically assumed the office of superintendent (page 84). On

page 22 of the publication, it is stated that “Haslam notes (in his report of 1861) that there were 1,312 children residing in the county at that time, but only 395 were enrolled in school.” Page 24 indicates that, “And, predictably, they did grow more numerous as new districts were formed each with its small, one-room public school. By 1865, just four years after Haslam’s report, the number of schools had tripled. There were then 21 schools serving 1,756 children.”

Grand Jury Finding:

29. Until 1890, the County Superintendent was a part-time employee. Today, the County Office of Education has a budget of \$4,097,978 and employs 286 persons supporting 40,000 students.

County Office of Education Response:

Partially Agree

Historical documents indicate that in 1890, then county superintendent, Linscott “...moved to Santa Cruz in December of 1890 to devote full time to being county superintendent of schools.”

The County Office of Education budget for 2001-2002 was \$38,428,000. The number of County Office of Education employees is currently 326 (see response to Finding 30).

Grand Jury Finding:

30. The County Office of Education currently consists of:

- 37 Administrators
- 61 Special Education Teachers
- 49 Vocational Teachers
- 55 Classroom aides
- 10 Student support – therapists, work experience teachers
- 24 Administrator assistants – secretaries
- 40 Clerical
- 5 Technology support staff
- 5 Maintenance staff
- (326)

County Office of Education Response:

Agree

- Note that of the 37 administrators, 5 are assigned to and funded by non-COE agencies.

- The 61 teachers are not exclusive to the Special Education Program but include Alternative Education Program teachers as well. There are 35 certificated/credentialed positions in the Special Education Program and 26 in the Alternative Education Program. There are 18 Alternative Education classroom sites and 20 Special Education Program classroom sites.
- The 55 classroom aides are assigned to both Special Education and Alternative Education Program classrooms. Many Special Education students are mandated by law to be assigned “one-on-one” aides.
- Vocational teachers are part-time and many teach one highly specialized class per day.

Grand Jury Finding:

- 31 The mission statement of the COE states: “the County Superintendent of Schools is to oversee and further progress of education in all school districts within the County and serve as an intermediate link between those local districts and the State Department of Education.”

County Office of Education Response:

Disagree

The mission statement of the COE, updated and revised by a committee of COE employees in 2001, states: *The Santa Cruz County Office of Education provides quality educational programs and services to a diverse community of learners, educators, school districts and collaborative partners.* The statement in Grand Jury Finding #31 is of unknown origin and not the mission statement of the COE now or in at least the past two decades. The County Office of Education has established four primary organizational goals: High Achievement for All Students; Effective, Efficient Operations; A Safe and Appropriate Environment; Partnering for Quality Results.

Grand Jury Finding:

32. The County Superintendent has the responsibility of providing those services that can be more economically and efficiently provided by a central office rather than an individual local school district.

County Office of Education Response:

Agree

Grand Jury Finding:

33. The COE generally does not offer services that compete with the districts, or impose programs or laws.

County Office of Education Response:

Agree

The COE does not provide services that “compete” with districts, but, in some circumstances, provides services and programs that supplement district programs, reach a different student or staff audience, or coordinates a service or program to reach a broader audience among several or all districts.

Grand Jury Finding:

34. Four of the state-mandated functions of the COE are:

- Information and coordination services
- Program and staff development services
- Fiscal oversight of the County’s school districts
- Registration of teaching credentials for teachers who teach within Santa Cruz County

County Office of Education Response:

Agree

Grand Jury Finding:

35. The four one-school districts in the County receive financial and accounting assistance from the COE for which are not billed.

County Office of Education Response:

Partially Agree

All school districts receive some financial and accounting assistance from the COE for which they are not billed as part of our mandated services.

Grand Jury Finding:

36. Funding for the COE is divided into two categories: 85% is restricted to special education, vocational education and schools at detention facilities. The funding is partially based on Average Daily Attendance (ADA, the amount per student funded by the State to the schools). The remaining 15% covers administrative costs.

County Office of Education Response:

Agree

Grand Jury Finding:

37. The COE bills districts utilizing programs administered by the COE for excess costs.

County Office of Education Response:

Disagree

There are currently no excess costs billed to districts for COE administered programs. There are fee-for-service programs offered.

Grand Jury Finding:

38. The COE has the primary responsibility of reviewing the yearly audits of the school districts' budgets.

County Office of Education Response:

Agree

Grand Jury Finding:

39. All school and district payrolls pass through the COE, which also passes along an administrative charge to the school districts.

County Office of Education Response:

Disagree

There are no administrative fees charged for payroll services except to the charter school as permitted by law. The only fee is for data processing services.

Grand Jury Finding:

40. As of April 1st, 2002, the countywide declining enrollment dilemma has not resulted in budget or staff reductions at the COE.

County Office of Education Response:

Agree

The declining enrollment in some districts does not directly affect the overall services provided to districts. The same services continue to be provided.

Grand Jury Recommendations, Page 6-14

Grand Jury Recommendation #1: The ten school districts within the County of Santa Cruz should be combined into one Consolidated School District. The Grand Jury urges the County Board of Education and the County Office of Education to immediately initiate the process for consolidation outlined in the California Education code.

County Office of Education Response:

The Santa Cruz County Office of Education will not implement because it is not warranted.

There is a process in place under California Education Code which provides for the citizenry or local district governing boards, as the elected local representatives, under a democratic process to initiate consolidation. While some may consider it within the jurisdiction of the County Committee on School District Organization to mandate change, it has been the practice of the current and prior Committees to respond to proposals initiated by citizens and school districts. There is currently a statewide Master Plan for Education revise being conducted which will provide guidance in this and, once adopted, will be referenced by the County Committee on School District Organization.

Grand Jury Recommendation #2: The County Board of Education and the County Office of Education should empanel a Citizens' Committee to oversee Recommendation Number One. This committee should consist of members from the following groups:

- Educators
- Business Professionals
- Union Representatives
- Concerned citizens

County Office of Education Response:

The Santa Cruz County Office of Education will not implement because it is not warranted.

There is an elected County Committee for School District Organization that is based on nine criteria delineated in the State Educational Code and representing all geographical areas of the County. Empanelling an additional committee would duplicate this process.

Grand Jury Recommendation #3: The County Board of Education and the County Office of Education should obtain the services of an outside and independent senior level business executive to assist in a comprehensive review of the structure and administration of the County Office of Education and every school district

County Office of Education Response:

The Santa Cruz County Office of Education will not implement because it is not warranted.

There are several examples that demonstrate that the County Office of Education has obtained the services of an outside and independent entity to conduct studies of specific areas. The Financial Crisis Management Team (FCMAT) has been hired on several occasions to conduct studies and make recommendations relative to the

structure, administration and operations within the COE. FCMAT is the preferred entity to conduct such reviews based upon knowledge of educational entities, experience and reputation

Grand Jury Recommendation #4: The County Board of Education, the County Office of Education and Pajaro Valley Unified School District should examine and streamline the administration of the SELPA programs.

County Office of Education Response:

The Santa Cruz County Office of Education will not implement because it is not warranted.

The current two SELPAs were created at the request of PVUSD and approved by the State in 1993. Each SELPA is a Local Education Agency, separate from the County Office of Education and governed by its own council. State mandated local plans are due for review during 2002-03. In reviewing the plan, operational improvements will be addressed.

Grand Jury Recommendation #5: In order to address declining enrollment in north county schools, the County Board of Education and the County Office of Education should immediately authorize a study focused on alleviating overcrowding in south county classrooms.

County Office of Education Response:

The Santa Cruz County Office of Education will not implement because it is not warranted.

PVUSD, an independent, locally governed school district, has a plan in place to build several new schools including a high school to be completed by 2004. It was recently announced that the District board has authorized a study of the district's organizational structure. We will convene meetings with all district superintendents to explore opportunities for cooperative ventures, including efforts to alleviate declining enrollment and overcrowding where identified.

End of Report

**SANTA CRUZ COUNTY OFFICE OF EDUCATION
SANTA CRUZ COUNTY BOARD OF EDUCATION**

RESPONSE TO 2001-2002 GRAND JURY REPORT

SIGNATURE PAGE

The undersigned, by our signature below, indicate our endorsement to the responses of the Santa Cruz County Board of Education's and the Santa Cruz Office of Education's responses to the Santa Cruz County Grand Jury Report, 2001-2002, Section 6, titled *Schools and Libraries Committee Reports*, Findings 1 through 27, and Recommendations 1 through 5. The undersigned support the Philosophical Statement submitted by the County Board of Education and the County Office of Education as a supplement to subject responses. The responsibility for each district to respond individually to the Grand Jury findings and recommendations will be fulfilled.

Mary Bryant, President
Santa Cruz County Board of Education

Diane K. Siri
Santa Cruz County Superintendent of Schools

James W. Rapoza, Chair
County Committee on School District Organization
District

Geoffrey Teall, Superintendent
Bonny Doon Union Elementary School

Chris McGriff, Superintendent
Happy Valley Elementary School District

Steven Herrington, Superintendent
Live Oak School District

Edith Edwards, Superintendent
Mountain Elementary School District

Sharon Smith, Superintendent
Pacific Elementary School District

Terry McHenry, Interim Superintendent
Pajaro Valley Unified School District

Andrew J. Meyer, Superintendent
San Lorenzo Valley Unified School District

Roy Nelson, Superintendent
Santa Cruz City Schools District

Stephen Fiss, Superintendent
Scotts Valley Unified School District

Kathleen Howard, Superintendent
Soquel Union Elementary School District

Dan Cope, Assistant Superintendent
North County SELPA