

Review of the Budget Crisis in the Santa Cruz County Public School Systems with a Focus on Santa Cruz City Schools and Special Education Financing

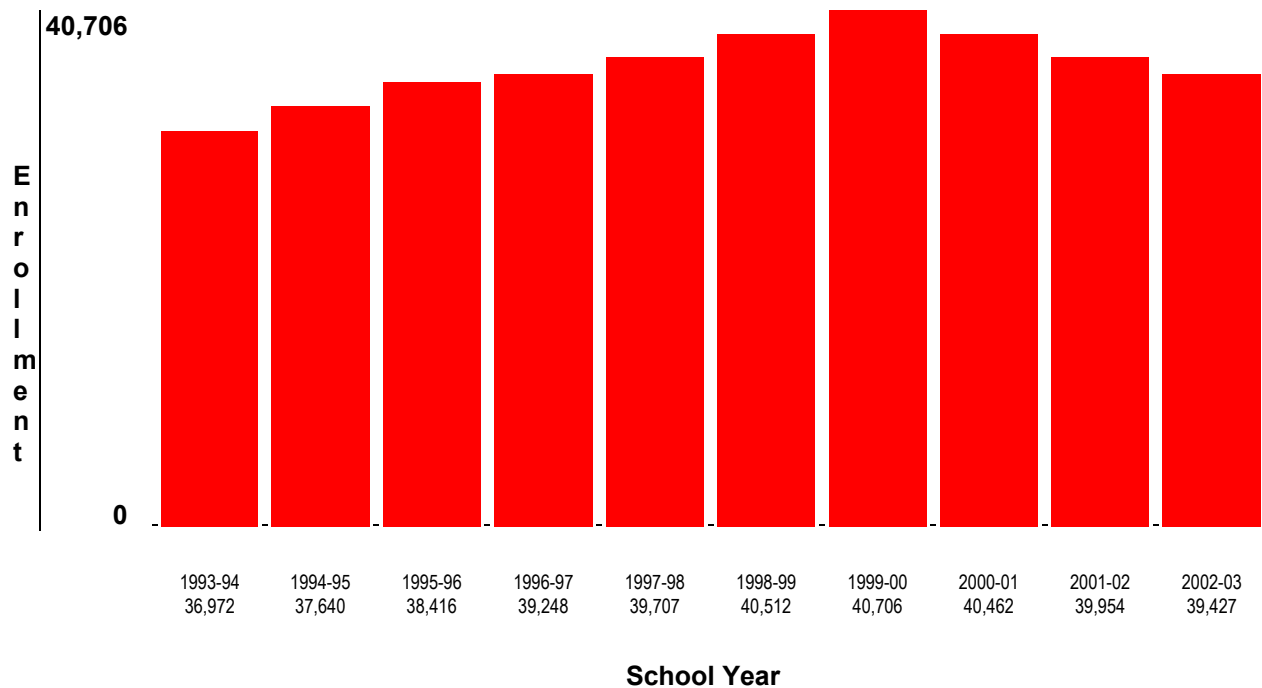
Background

Santa Cruz County has a population of approximately 260,000. Of that total, 44,906 are attending schools in grades K-12. These students are divided among the ten public school districts, the County Office of Education and various private schools. The public school districts are:

- Bonny Doon Union Elementary School District
- Happy Valley Elementary School District
- Mountain Elementary School District
- Pacific Elementary School District
- Live Oak School District (LO)
- Pajaro Valley Unified School District (PVUSD)
- San Lorenzo Valley Unified School District (SLV)
- Santa Cruz City Schools District (SCCS)
- Scotts Valley Unified School District (SV)
- Soquel Union Elementary School District (SOQ)
- County Office of Education (COE)

Santa Cruz County as a whole is experiencing declining public school enrollment (see figure 1).

Figure 1: Enrollment in California Public Schools-Santa Cruz County



Note: Data drawn from CBEDS

The decline in enrollment combined with changes in state funding has produced significant public school management challenges in preparation for Budget Year 2004.

The Achilles' heel of the entire countywide public school system is declining enrollment. Declining enrollment is the leading cause of financial hardship for any school system. The cost of a school district's physical plant (schools, administrative buildings, grounds, etc.) tends to be stable while annual budgets fluctuate based on receiving Average Daily Attendance (ADA) monies from the State of California. ADA is an annually fixed amount of money funded by the State of California to school districts for each student's daily attendance. Presently, ADA amounts range from approximately \$2,256 to \$4,688 per student annually.

Scope

The Grand Jury only investigated the administrative and budgetary functions of the County's public school districts. It did not consider issues involving curriculum content or the teaching staff. The Grand Jury reviewed the budgets and administrative structure of all ten public school districts in Santa Cruz County, while focusing on Santa Cruz City Schools.

The Grand Jury, in looking for ways to alleviate the financial hardships currently plaguing county school districts, investigated what Santa Cruz County with a declining student population can do to mitigate its budget crisis.

Fieldwork

The Grand Jury fieldwork included the following interviews and research:

- interviewed administrators from the PVUSD and SCCS
- interviewed the Superintendent and staff at the COE
- reviewed the budgets of the above entities covering the last three years

Findings

Declining Enrollment

1. The total countywide enrollment for public, charter and private schools is 44,906 students.

Response: Santa Cruz County Office of Education AGREES

The total of 44,906 reflects the enrollment of private (5,505) and public (39,401) students within Santa Cruz County as of October 1, 2002. Charter schools enrollment (1,726 total countywide) is included within the public school number.

2. Public school enrollment countywide is shown in Table 1 below. (Contains the numbers for Charter Schools in the totals supplied.)

Table 1: Countywide Public School enrollment

District	Enrollment
Bonny Doon Union Elementary	166
Happy Valley Elementary	135
Mountain Elementary	149
Pacific Elementary	87
Live Oak School District	1,948
Pajaro Valley Unified School District	19,681
Scotts Valley Unified School District	2,713
Soquel Union Elementary School District	2,112
San Lorenzo Valley Unified School District	3,869
Santa Cruz City Elementary Schools District	2,636
Santa Cruz City High School District	5,157
Santa Cruz COE	748
Total Santa Cruz County Enrollment	39,401

Note: Data provided by COE

Response: Santa Cruz County Office of Education AGREES

The data comes from the enrollment figures reported in the October 2002 California Basic Educational Data System (CBEDS) files. CBEDS is an annual data collection occurring in October that collects various data elements from California K-12 public schools. Enrollment numbers vary during the year as a result of students entering or leaving mid-session, as well as factors such as fluctuating enrollment in the County Office of Education’s Juvenile Hall class.

3. Charter schools are public schools that must operate under the umbrella of a district or the local county Office of Education. The following is a breakout of the Charter School Data. These numbers are included in the CBEDS (California Basic Educational Data System) figures cited and should not be added to the district totals.

Table 2: Countywide Charter School Enrollment

Charter School	Chartering Entity Enrollment	Enrollment
Pacific Collegiate School	COE	318
Ocean Alternative Education	Live Oak School District	63
SLV Charter Programs	San Lorenzo Valley Unified District	650
Central Coast Virtual Charter	San Lorenzo Valley Unified District	43
Delta Charter School	Santa Cruz City Schools District	53
Sojourn Middle School	Santa Cruz City Schools District	30
Linscott Charter School	Pajaro Valley Unified School Dist.	204
Academic Vocational Educational Charter	Pajaro Valley Unified School Dist.	47
Watsonville Charter School	Pajaro Valley Unified School Dist.	123
Pacific Coast Charter	Pajaro Valley Unified School Dist.	195
Total Charter Schools Enrollment		1,726

Note: Data provided by COE

Response: Santa Cruz County Office of Education AGREES

Since compilation of the figures provided in the finding, the following occurrences affect charter schools enrollment:

- Sojourn Middle School, Santa Cruz City Schools District closed during the 2002-03 school year.*
- *Alianza Elementary School is now a public charter school within the Pajaro Valley Unified School District, opposed to a traditional public school. Total enrollment in October 2002 was 694 students.*
- Live Oak District intends to open Cypress Charter High School, a new charter school, in school year 2003-04. The initial enrollment, a combination 40 freshmen and sophomores, has a planned growth to serve approximately 130 students.*

According to the California Department of Education’s data, the number of students enrolled in charter schools within Santa Cruz County has increased approximately

10% each year since 2000.

4. Private school enrollment is estimated by the COE at 5,505 students. The COE extrapolated enrollment figures using the California Private School Directory for 2001-02. Private school enrollment is difficult to decipher as they are required to file affidavits with the California Department of Education, but may not all do so.

Response: Santa Cruz County Office of Education PARTIALLY AGREES

Since our preliminary response to the Grand Jury subcommittee's inquiry, the California Department of Education has made available a website (<http://www.cde.ca.gov/privateschools/data.html>) that provides updated private school enrollment statistics. According to the census, between 1999 and 2002 private school enrollment decreased from 5,152 students to 4,707. However, despite attempts to generate a precise number of students who are privately educated, these figures are likely to still be only a rough approximation due to the number of private schools that may not have filed for an affidavit.

5. The number of students in legal home schooling could not be estimated by the County Office of Education. Home schooling carried out by parents without valid California credentials is not considered legal in California. Private tutoring by a person holding a valid California teaching credential, enrollment in a private full-time day school or enrollment in an independent study program through a public school with oversight by a credentialed teacher are the only legal ways in which children may be "home schooled".

Response: Santa Cruz County Office of Education PARTIALLY AGREES

In May 2003, the California Department of Education changed its policy on home schooling. The CDE re-examined the statutes pertaining to home schooling and found that certain private school laws pertained to home schools. Thus, there are three ways by which home-schooling can be considered legal:

- 1) by establishing a home-based private school.*
- 2) by enrolling in a private school independent study program.*
- 3) by tutoring.*

The new policy has not made it any easier to determine the number of home-schooled children within the County.

6. It is not clear whether enrollment in non-public education is growing or declining because historical information could not be found.

Response: Santa Cruz County Office of Education DISAGREES

As stated in the response to Finding 4, the California Department of Education now has

the capability to generate an estimate of the number of students in non-public education. Nonetheless, as there is no way to track the number of illegally home-schooled students or the enrollment of public schools without affidavits, statistical data may be less than complete. Using information obtained from the CBEDS we found that between 1999 and 2002 the reported private school enrollment had dropped by 445 students. Although we cannot look at the entire population, this does reveal a decrease in enrollment in at least one portion of non-public education.

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

Response: Santa Cruz City Schools District AGREES

Response: Pajaro Valley Unified School District AGREES

Response: San Lorenzo Valley Unified School District AGREES

Response: Live Oak School District AGREES

Response: Soquel Union Elementary School District AGREES

8. The enrollment decline is especially severe in:

- Live Oak School District (LO)
- San Lorenzo Valley Unified School District (SLV)
- Santa Cruz City Schools District (SCCS)
- Soquel Union Elementary School District (SOQ)

Response: Santa Cruz City Schools District AGREES

Response: San Lorenzo Valley Unified School District AGREES

Response: Live Oak School District DISAGREES

The District's last State Second Period Attendance Report (P2) showed a net minimal decline of only 13.8 students from prior State reporting period. This pattern indicates the District's enrollment/attendance decline is stabilizing.

Response: Soquel Union Elementary School District AGREES

It is true that the Soquel Union Elementary School District has had a 17% decline in enrollment over the last five years. We have mitigated this decline through an aggressive campaign of student attendance, upon which our funding is truly based. Although our enrollment declined between 2001-02 and 2002-03, through this aggressive attendance campaign, loss of apportionment was minimized.

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

Response: Santa Cruz County Office of Education DISAGREES

The COE was unable to substantiate this claim, as no data concerning the State Franchise Tax Board's review of student population could be obtained.

10. Explanations for the decline in student enrollment are difficult to pinpoint. The County Office of Education observes that the high cost of housing is forcing younger people with school age children to live elsewhere and this contributes to the decline.

Response: Santa Cruz County Office of Education AGREES

There are numerous factors that lead to decreased enrollment, many of which are influences that affect shifts in population demographics. The high cost of housing is one of the leading causes that force families with school-age children out of the County. According to a study by the U.S. Census Bureau, the median value of owner-occupied housing units in Santa Cruz in 2000 was \$377,500 opposed to the state's median value of \$211,500 which represents an approximate 75% cost of ownership in our local market. Furthermore, business closures, low population growth, and local policies have all contributed to the overall decrease in Santa Cruz County's population, which has dropped 0.7% between July 2000 and July 2002. The Santa Cruz Sentinel recently published an article, "S.C. shrinks as Watsonville grows," about population decline in Santa Cruz City and the County as a whole. Some reasons cited were costly real estate and a weak economy that pressures residents to leave the area.

11. Table 3 details the average expense per student in each of the school districts in Santa Cruz County.

Table 3: Average Expense Per Student Comparison

Districts	Enrollment	District Expenses	Average Expense per Student
County Office of Education (COE)	115	*	*
Bonny Doon	168	\$1,270,208	\$7,561
Happy Valley	131	\$1,219,983	\$9,313
Live Oak	1,994	\$13,403,238	\$6,722
Mountain	153	\$956,706	\$6,253
Pacific	88	\$841,272	\$9,560
Scotts Valley	2,591	\$14,643,166	\$5,652
Soquel	2,142	\$13,478,733	\$6,293
San Lorenzo Valley Unified (SLVUSD)	3,389	\$19,955,795	\$5,888
SLVUSD – Charter	607	*	*
Santa Cruz City Schools (SCCS)	7,910	\$50,915,838	\$6,437
COE Alt Ed	423	*	*
Delta	54	*	*
Sojourn	34	*	*
Pacific Collegiate	257	*	*
Pajaro Valley Unified (PVUSD) - Charter Schools	1219	*	*
PVUSD	18,644	\$124,974,036	\$6,703
Total	39,919	\$241,658,975	

Note: Data provided by COE for 2001-2002 budget year

* data not available

Response: Santa Cruz County Office of Education AGREES

12. The average expense per student obscures a complex reality. Actual educational value delivered to individual students is affected by costs of mandated programs, cost of the existing physical infrastructure and administrative overhead costs.

Response: Santa Cruz County Office of Education AGREES

The expenses of each student are indeed much greater when the cost of the educational environment is factored into the expense formula. The educational setting, including the school facilities, effective administration, and the quality of programs, is vitally

important in creating and maintaining a secure, efficient, and friendly atmosphere that encourages learning. Unfortunately, because the value of these factors is difficult to determine relative to their cost and usage, they are often under funded or completely left out of the total expense figures.

13. These non-educational costs relative to the value delivered to individual students go up as enrollments decline unless there is concurrent reduction in mandated programs, physical infrastructure and/or administration.

Response: Santa Cruz County Office of Education AGREES

However, these costs should not be classified as non-educational as administrative systems, facilities, and mandated programs all directly affect the sensitive educational environment of a student.

Impact of Mandated Programs

14. Mandated programs are activities implemented at the local school district level but whose program features and requirements are established at a higher level of government (e.g. state or federal). Typically these mandated programs come with promises of targeted funding. When the features of a mandated program cost more than the targeted funding provided, school districts must make up the difference from unrestricted funds (e.g. ADA funds). Encroachment is when a mandated program requires unrestricted money to operate according to the program statute.

Response: Santa Cruz County Office of Education AGREES

15. Local school districts report the three mandated programs that require the most added support (encroachment) from the unrestricted revenue of the general fund are:

<u>AREA</u>	<u>ENCROACHMENT AMOUNT</u>
A. Special Education	\$11,897,710*
The special education program encompasses the costs of serving pupils with Individual Education Plans (IEP) as qualifying for services under the Federal IDEA Act and accompanying state legislation.	
B. Restricted Routine Maintenance	\$ 6,627,120*
The Restricted Routine Maintenance Account is a requirement for those districts that have participated in the State School Construction Program, since 1998. Since that time, as a condition of receiving construction funding, school districts are required to contribute 3% of their general fund budget to a restricted account for school maintenance.	
C. Pupil Transportation	\$ 4,455,567*
Pupil Transportation includes expenses for transporting regular education, non-severe and severe special education pupils.	
Note: Data provided by COE *Countywide totals for encroachment	

Response: Santa Cruz County Office of Education AGREES

The data comes from local school districts' 2001-2002 reports of expenses.

Special Education Defined

16. Special Education is a federal mandate but not fully funded by federal or state funds to the level of its requirements. In addition, in 1975 when Congress passed IDEA (Individuals with Disabilities Education Act), they mandated an increased level of service to special education students and agreed to pay 40 percent of required costs.

Response: Santa Cruz County Office of Education AGREES

Excess costs are defined by the EdSource's June 1995 EdFact publication as "the average amount needed to provide an appropriate education to a student with disabilities that exceeds the expenditure for a regular education student." In 1975 when IDEA was passed, federal funding to states was approximately 5% of the excess costs of providing mandated special education services. Despite the federal government's intent to pay 40% of excess expenditures, the federal share is in reality at 17% and historically has been near that figure. Contributing to this severe gap in funding, the Special Education program mandated by the State of California exceeds the program as federally regulated by the IDEA. However, many educational groups and organizations are lobbying for increased funding so that the 40% level is attained. In the mean time, the shortfall creates an added burden on the local community and to districts struggling to fund general education plus encroachment. General education students may be deprived of the full set of opportunities to which they are entitled.

17. The average cost of educating a pupil in special education is more than 100 percent greater than that of educating a student in general education.

Response: Santa Cruz County Office of Education AGREES

18. Special education is a major expense to districts for a small number of high need students, primarily due to increasing number of students identified with special education requirements, increasing litigation, broader parent demands for services within the Individual Education Plans, and increasing severity of disabilities and multiple disabilities.

Response: Santa Cruz County Office of Education AGREES

Special education programs provide individualized services that are mandated by law for students with a variety of needs. These services are far more costly than general education services. In addition, the number of students entering into these programs has risen due to advances in medicine, diagnosis, and life-preserving techniques that increase the survival rate and life spans of high risk and severally disabled students. The numbers of autistic and emotionally disturbed students within special education programs have also risen creating a demand for a variety of additional services in order to cover the diversity of needs. Almost all these students depend on additional assistance and services such as one-on-one aides, specific modes of transportation, and many services available only from non-educational agencies but dictated by Individual Education Plans (IEP). These services cause the average cost of special education to soar above general education costs.

19. With the closing of many state hospitals in the 1970s, local communities now serve a population with more severe disabilities, which require increased services at higher costs. Advocates and legal challenges that require districts to respond to individual student needs without regard to cost are fueling the spiraling costs.

Response: Santa Cruz County Office of Education AGREES

Along with legal challenges, it is the court decisions that require districts to provide for the individual students' needs that exceed levels of appropriate models of service. Courts pass rulings that demand a district provide for detailed additional services without regard to necessary funding to cover the costs. For example, each special education student is set up with an annual IEP that outlines the services that must be provided for them. These often include nurses, special transportation, and a long list of mandated requirements. Creating IEPs is an extremely time-consuming process as it requires the student, the parents, the special education teacher, and several other district and agency personnel to attend the meeting. These are all factors that drive up the cost of special education which the district must provide without receiving adequate funding.

20. The average countywide annual cost for regular education students is \$5,593 and the average for non-severe special education students is \$13,519 and for the special education students with the most intense needs the average is \$31,483.

Response: Santa Cruz County Office of Education AGREES

These costs are influenced by the specificity of the educational codes that stem from the Individual Education Plans, IDEA, Americans with Disabilities Act, and California Education Code, Sections 56360-56370 (partially quoted here):

Each special education local plan area shall ensure that a continuum of program options is available to meet the needs of individuals with exceptional needs for special education and related services, as required by the Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.) and federal regulations relating thereto.

All districts work to uphold this law, but in order to provide services equal to that guaranteed to general education students they must bear the weight of the staggering cost differences. This creates a heavy fiscal responsibility on the district and county office of education, especially when the number of special education students with severe needs is rapidly increasing and the education of these students can exceed general education expenses by as much as \$30,000 or more.

21. The current funding level for special education by the Federal government is between 15-18 percent and only recently reached that level.

Response: Santa Cruz County Office of Education AGREES

Data for Santa Cruz County supports that federal funding is currently at about 17%, significantly less than the federal government's promised 40%.

22. In the 2000-2001 school year, California school districts and county offices of education spent more than \$4.5 billion on direct services to disabled students. Total federal, state,

and local revenue sources for special education that year were roughly \$3.3 billion. The \$1.2 billion shortfall (a 26% shortfall) came from other local educational agencies' funding sources, impacting other educational programs.

Response: Santa Cruz County Office of Education AGREES

23. IDEA (Individuals with Disabilities Education Act) is up for re-authorization this year in the U.S. Congress.

Response: Santa Cruz County Office of Education AGREES

The purpose of this reauthorization is to fulfill the promises made back in 1975 and to increase the federal funding level to the promised 40%. Furthermore, the new legislation aims to promote a unified system that reduces program complexities, creates more flexibility within the allotment of special education resources, and is overall a more equitable and cost-effective means of conflict resolution. Advocates stress the need for a simplification and clarification of the previous legislation.

References: Department of Education's website at <http://www.ed.gov/offices/OSERS/Policy/IDEA/> and the recent article in the Mercury News on June 25, 2004 entitled "Don't turn back clock on special education" (<http://www.bayarea.com/mld/mercurynews/news/opinion/6165337.htm>).

Special Education in Santa Cruz County

24. In Santa Cruz County school districts the funding shortfall is slightly higher at 27% as compared to the state average of 26% noted above.

Response: Santa Cruz County Office of Education AGREES

25. The County of Santa Cruz receives approximately \$28 million dollars annually for special education funding. 40% of this funding comes from federal sources and 60% from state revenues.

Response: Santa Cruz County Office of Education DISAGREES

While the County of Santa Cruz does receive approximately \$28 million annually in AB602 Special Education funding, the breakdown of the funding sources is different than the figures shown in the report. The funding levels are approximately 13.83% federal funds, 12.56% local taxes and 73.61% state funds. We are not sure what the 40% federal and 60% state funding levels mentioned in the report are in reference to but those levels of funding could refer to the original intent of the federal government to fund Special Education at 40%. Unfortunately, this funding level has never materialized.

26. Table 4 displays revenue for special education, special education expenditures and encroachment of special education expenditures on general education programs.

Table 4: Special Education Encroachment by District

District	Total Special Revenue	Special Education Expenditures	Special Education Encroachment
Bonny Doon	\$107,405	\$127,551	(\$20,146)
Happy Valley	\$49,602	\$49,602	\$0
Live Oak	\$1,039,672	\$1,884,626	(\$844,954)
Mountain	\$57,744	\$58,967	(\$1,223)
Pacific	\$33,737	\$67,767	(\$34,030)
Scotts Valley	\$878,572	\$1,858,371	(\$979,799)
Soquel	\$923,226	\$1,695,801	(\$772,575)
San Lorenzo Valley	\$1,769,474	\$2,844,809	(\$1,075,335)
Santa Cruz Elem.	\$1,301,199	\$2,355,213	(\$1,054,014)
Santa Cruz High	\$2,832,259	\$5,357,126	(\$2,524,867)
Co. Office of Ed.	\$4,700,673	\$4,470,571	\$230,102*
Alternative Ed.	\$248,831	\$250,094	(\$1,263)
Delta Charter School	\$19,931	\$19,931	\$0
Pacific Collegiate	\$115,072	\$16,710	\$98,362*
Sojourn Charter	\$14,934	\$14,934	\$0
Pajaro Valley Unified	\$13,988,498	\$17,499,215	(\$3,510,717)
Total encroachment	\$28,080,829	\$38,571,288	(\$10,490,459)

Note: Data provided by COE

* COE and PCS received restricted funds for special education but these funds were not exhausted in this year due to small numbers of students. These funds cannot be used for any other purpose.

Response: Santa Cruz County Office of Education AGREES

However, the COE would like to make note that the footnote is incorrect. A clarification is needed to point out that there are actually a growing number of students receiving funds, rather than an implied diminishing student population. Furthermore, some of these funds are non-restrictive and can be redistributed. Thus the COE would like to replace the above statement with the original footnote provided at the time of our response to inquiries as follows:

**Excess revenue is redistributed starting at the annual certification February 2003 through June 2003 to districts with encroachment.*

Furthermore, this chart could be clarified by removing the word “encroachment” from the bottom “Total” line, as only the third column represents encroachment.

- The special education programs in Santa Cruz County have two administrative staffs for Special Education Local Program Administration (SELPA). These staffs supervise and

distribute state funds for special education. Pajaro Valley Unified School District runs its own SELPA. The COE and the other nine school districts are in a consortium called North County SELPA.

Response: Santa Cruz County Board of Education and Santa Cruz County Office of Education PARTIALLY AGREE

SELPA (Special Education Local Plan Area) is a regional service area program that has local service plans throughout the state. Within our county, there are two SELPAs. Prior to 1990, the SELPA was a consortium between all of Santa Cruz County and San Benito County. In 1990, the SELPA split into the independent San Benito County SELPA, the North Santa Cruz County SELPA, and the Pajaro Valley SELPA in order to more adequately accommodate the growing population of special education students. South County SELPA- Pajaro Valley District SELPA - is a single district entity with one staff composed of a director who fills the positions of the South County SELPA and special education director for the district. North County SELPA is comprised of nine school district entities, with one coordinating administrator and nine special education directors. In most districts, the special education director also performs other functions. These SELPAs exist as separate units to best represent their respective populations and effectively handle administrative responsibilities. However, in instances where individual districts do not have a significant population of certain need students, such as the visually impaired, these two SELPAs collaborate and provide services countywide to reduce costs and enhance the scope of programs offered.

Response: Pajaro Valley Unified School District PARTIALLY AGREES

The district agrees with County Office of Education and County Board of Education responses.

28. The enrollment for each SELPA, as of the latest reporting cycle of December 1, 2002, is displayed in Table 5.

Table 5: SELPA Student Enrollment

Student Enrollment	Total Enrollment	Special Education	Percent
North County -all districts except Pajaro	19,720	2,602	13.20%
South County -Pajaro District	19,681	2,271	11.50%
Total Countywide	39,401	4,873	12.30%

Note: Data provided by COE

Response: Santa Cruz County Board of Education AGREES

Response: Santa Cruz County Office of Education AGREES

Response: Pajaro Valley Unified School District AGREES

29. The COE administers the North County SELPA which serves as a conduit for special education funds from the state to the school districts.

Response: Santa Cruz County Office of Education PARTIALLY AGREES

The North Santa Cruz County SELPA is a multi-district consortium of which the County Office is a member. The Governing Council of the SELPA is comprised of the superintendents/administrative officers of each member district, charter school and the COE. The County Office of Education has an additional responsibility to serve as the "administrative unit" for the consortium. The County Office responsibilities in serving as the Administrative Unit include distribution of funds. However, it does not administer the SELPA. The SELPA Office is independent of any particular Local Education Agency (LEA), but the Governing Council established that the SELPA Administrator is responsible to the SELPA as a whole and therefore is expected to serve all LEAs equitably.

30. 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.

Response: Santa Cruz County Office of Education DISAGREES

All north county Special Education AB 602 funding is administered by the North County SELPA and flows through the Santa Cruz COE as the Administrative Unit to the SELPA. The SELPA first allocates revenue to the agencies, such as the COE, that provide regional programs. The cost of regional programs to the districts is based on their portion of AB602 ADA and actual utilization of regional programs. The SELPA allocates approximately 31.72% of the \$11 million received by the SELPA to the Santa Cruz County Office of Education to run Special Education Regional Programs. The COE Regional Program costs include the salaries of the approximately 35 COE special education teachers. Since the implementation of the AB602 funding model in 98/99, the regional programs provided by the COE are funded by SELPA at 100% and bill back for excess cost is no longer a part of the formula. After the Regional Special Education Programs operated by the COE are funded, the remaining revenue is distributed to the districts to operate their individual programs.

31. The COE could not provide information about the costs of services and programs for individual students across the county. COE officials observed that the bulk of special education students use relatively small amounts of special education services and a small number of students are very expensive. The COE does not keep track of the cost of programs per individual student and its record keeping is not structured to permit the evaluation of amount of services delivered to individuals.

Response: Santa Cruz County Office of Education AGREES

Not only is it cost prohibitive to initiate this type of tracking plan, but also there are two large privacy issues that arise when contemplating keeping detailed records for special education students. The first is confidentiality. To record every expense on a special education student would be a violation of the Family Privacy Act, Health Insurance Portability and Accountability Act of 1996 (HIPAA), and civil rights. Specifically in the Individuals with Disabilities Education Act (IDEA), it is stated that the rights of children and their families must be safeguarded through procedural protections in accordance with due process. IDEA therefore would prevent listing children's names with their expenses as this information would be harmful if made public. Secondly, this type of record keeping would be considered discrimination, as these records are not kept for general education students. This type of system is impractical to implement, as it is cost prohibitive, and impossible to determine the percentage of a service that a specific child uses of every program, service, technological device, etc.

32. The COE Special Education programs are effective in delivering services to special education students.

Response: Santa Cruz County Office of Education AGREES

The Santa Cruz County of Education appreciates the Grand Jury's arrival at this conclusion. Through the assistance of its experienced staff, the COE will carry on providing its comprehensive level of services and will continually upgrade in order to ensure that special education students receive the best education possible. By implementing strategies such as operating regional programs to serve specific needs children, the overall quality of services available to students increases in the most effective and cost efficient manner. Moreover, the COE has taken measures to further heighten its success by implementing the Baldrige system of management in the educational process. Baldrige techniques aide the COE in its efforts to continually review its progress and target areas it would like to strengthen.

Restricted Routine Maintenance

33. The Restricted Routine Maintenance Account is a requirement for those districts that have participated in the State School Construction Program, since 1998. Since that time, as a condition of receiving construction funding, school districts are required to contribute 3% of their general fund budget to a restricted account for school maintenance.

Response: Santa Cruz County Office of Education AGREES

34. Once the money has been allocated to this restricted routine maintenance, it can no longer be used for other general education programs.

Response: Santa Cruz County Office of Education AGREES

Growing numbers of mandated funds put pressure on the schools to provide certain levels of services that are not necessarily warranted in their areas. It also leads to a less flexible division of funds which results in a decrease in general education programs and an increase in funds to areas that may not be utilized by all students.

Transportation

35. In the mid 1980s, the State Legislature changed the funding formula for reimbursement for pupil transportation costs. The mechanism moved from an "actual cost based" system to a "capped revenue" system. Districts began receiving funding based on the previous year's revenue, not actual transportation expense. Over time, transportation costs have grown but state provided transportation revenue has been reduced. Today's transportation funding statewide is generally less than 50% of reported cost while the average for Santa Cruz districts is 45%.

Response: Santa Cruz County Office of Education AGREES

36. County Office of Education staff asserted that consistent with existing statutes, public school transportation for the student in regular education is a privilege, not a right.

Response: Santa Cruz County Office of Education AGREES

37. County Office of Education staff also asserted that consistent with federal statutes, transportation of Special Education students is a right, not a privilege and is dictated by the IEP.

Response: Santa Cruz County Office of Education AGREES

38. Table 6 identifies the revenues/costs for Santa Cruz County districts for regular education and special education transportation. Because of the low incidence and special needs of the special education population the elevated cost for that population is partially due to the "door to door" services that are provided.

Table 6: Countywide Transportation Cost and Revenue

	Transportation Revenue	Regular Education	Special Education	Transportation Encroachment
Total	\$3,688,073	\$4,443,089	\$3,700,551	(\$4,430,611)

Response: Santa Cruz County Office of Education AGREES

This is just one example of why special education expenses far exceed those of general education. Students with special needs often need "curb-to-curb" service, aides to assist them on their rides, or cannot be on the bus for long periods of time, so that they may not be transported with general education students. This increases the cost as more buses with specialized equipment are required.

A Case Study: “Santa Cruz City Schools: Declining Enrollment, Increased Requirements and Community preferences”

39. Santa Cruz City Schools is actually two school districts sharing one administration. There is an elementary district and a secondary district. In this report we will refer to Santa Cruz City Schools (SCCS) as a single administrative entity except where the differences between the elementary and secondary district are important.

Response: Santa Cruz City Schools District AGREES

40. An overview of SCCS is provided in Table 7.

Table 7: Santa Cruz City Schools District

Founded	Number of Students	Yearly Budget	Number of District Employees
1857	7,793	\$55,896,870	939

Fifteen Schools — Kindergarten (K) through 12th Grade

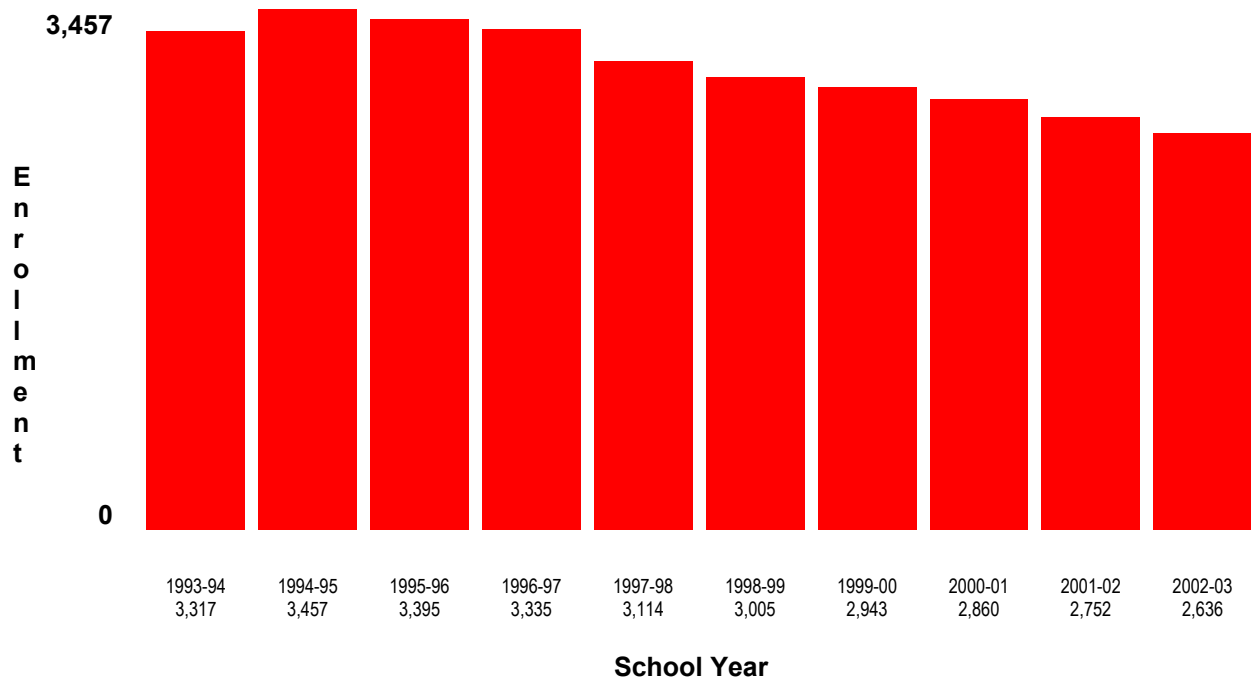
- Two Ark Studies Schools: Ark School (9-12) and Home Studies AFE (K-12)
- Alternative Family Education K-12
- Bayview Elementary School
- Branciforte Elementary School
- De Laveaga Elementary School
- Gault Elementary School
- Monarch Elementary School
- Natural Bridges Elementary School
- Westlake Elementary School
- Sojourn Charter Middle School
- Branciforte Junior High School
- Mission Hill Junior High School
- Delta Charter High School
- Harbor High School
- Loma Prieta High School
- Santa Cruz High School
- Soquel High School

Response: Santa Cruz City Schools District PARTIALLY AGREES

Sojourn Charter Middle School has voluntarily ceased to exist. Note there are not two Ark Studies Schools. There is Ark School (9-12) and Alternative Family Education (K-12)

41. The Elementary District historical enrollment is shown by Figure 2 below:

Figure 2: Enrollment in California Public Schools-Santa Cruz City Elementary

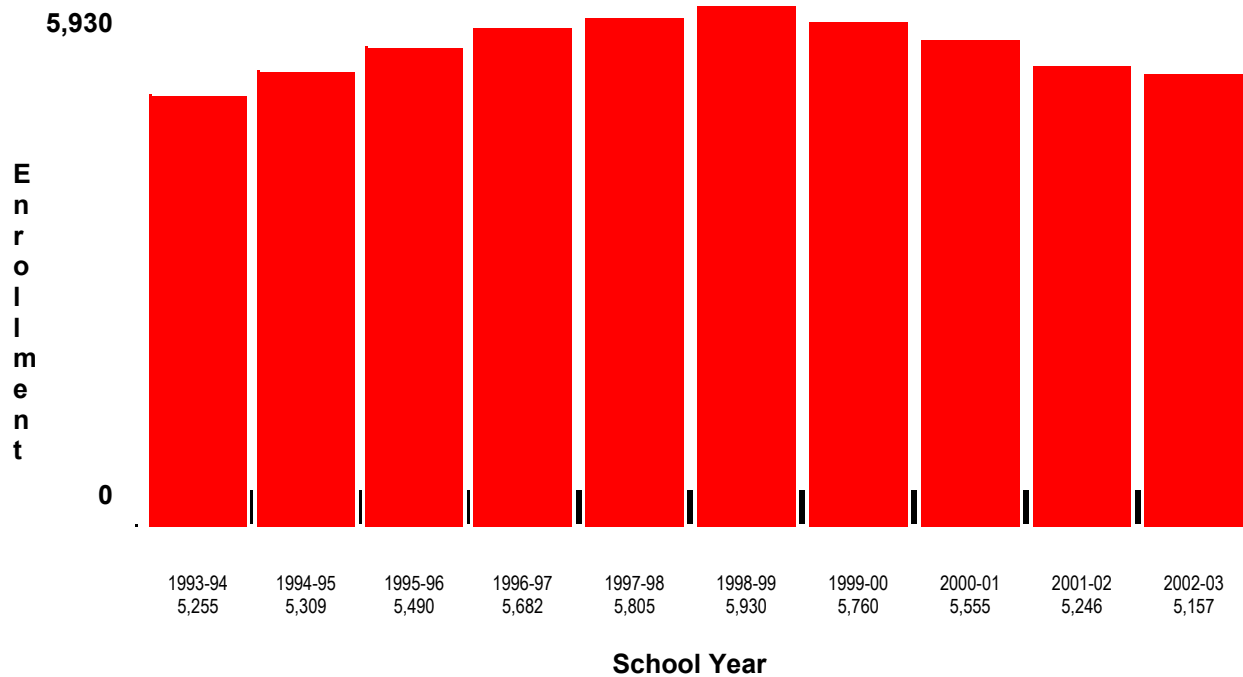


Response: Santa Cruz City Schools District DISAGREES

The 1997-98 Santa Cruz City Elementary enrollment was 3, 192.

42. The High School District historical enrollment is shown by Figure 3.

Figure 3: Enrollment in California Public Schools-Santa Cruz City High



Response: Santa Cruz City Schools District DISAGREES

The Santa Cruz High School District historical enrollment is as follows:

1993-94 and 1994-95 – As reported
 1995-96 5,461
 1996-97 5,646
 1997-98 5,676
 1998-99 5,767

43. Many students from SCCS were transferred to Scotts Valley School District, which opened in 1999. This negatively impacted SCCS’s ADA.

Response: Santa Cruz City Schools District AGREES

44. Overall SCCS enrollment has declined 12.7% since 1999.

Response: Santa Cruz City Schools District DISAGREES

Overall SCCS enrollment has declined 13% since 1999.

The Budget Crisis in SCCS

45. A parcel tax measure was passed in 2002. According to district officials, these amounts will not be sufficient to cover growing deficits into school year 2003-2004.

Response: Santa Cruz City Schools District AGREES

46. The budget for school year 2003-2004 is projected to be \$4,500,000 less than the budget available in 2002-2003.

Response: Santa Cruz City Schools District DISAGREES

The budget for school year 2003-04 is projected to be \$3,900,000 less than the budget available 2002-03.

SCCS Physical Plant

47. Over the last ten years the physical plant of Santa Cruz City Schools has modestly expanded with the addition of alternative education sites, portable classrooms to implement K-3 class size reductions at various existing schools and a new district headquarters.

Response: Santa Cruz City Schools District AGREES

48. In the current fiscal year, in order to remain solvent, SCCS must reduce its budget by \$2 million.

Response: Santa Cruz City Schools District DISAGREES

In the current fiscal year, in order to remain solvent, SCCS must reduce its budget by \$2.3 million.

49. In 1998, voters approved bond measures totaling \$86 million designated for school remodeling. These funds cannot be used for annual education programs.

Response: Santa Cruz City Schools District AGREES

50. The District has been in the process of renovating older school buildings in order to bring them into compliance with federal mandates.

Response: Santa Cruz City Schools District AGREES

51. In 2002, voters approved \$55 million in Measures C&D for certain school programs.

Response: Santa Cruz City Schools District DISAGREES

In 2002, voters approved \$2,035,000 million in Measures C&D for certain school programs.

52. The community expressed, in a series of public meetings with the school board, the desire to retain the existing schools.

Response: Santa Cruz City Schools District AGREES

Special Education in Santa Cruz City Schools

53. SCCS provides \$8,270,216.50 in special education services out of a total school budget of \$55,000,000. \$3,907,236 of these special education expenses encroach on general education programs.

Response: Santa Cruz City Schools District AGREES

54. SCCS provides the following special education programs:

- Adaptive Physical Education
- Deaf and Hard of Hearing
- Extended Year services
- Occupational Therapy
- Preschool Resource Specialist Program
- Resource Specialist Program
- Preschool Special Day Class
- Special Day Class
- Preschool Speech
- Speech and Language Program
- Non-public Agency Services
- Non-public School Services

Response: Santa Cruz City Schools District AGREES

55. These programs are supported by these additional support services

- Administration
- Bilingual Assessment Team
- Central Assessment Team
- Psychologists
- Transition Program
- Workability/Vocational Education Other Administrative
- Home and Hospital Program

Response: Santa Cruz City Schools District AGREES

56. The costs of these programs and services are summarized in Table 8.

Table 8: Cost of Special Education Program and Services in Santa Cruz City Schools

Special Education Program	# of Students	Cost per student	Budget
Adaptive Physical Education	40	\$7,664	\$153,297
Deaf and Hard of Hearing	36	\$12,432	\$124,327
Extended Year services	TBD		\$32,399
Occupational Therapy	47	\$2,079	\$97,741
Pre-School Resource Specialist Program	12	\$10,319	\$124,605
Resource Specialist Program	751	\$6,520	\$2,495,883
Pre-School Special Day Class	7	\$20,457	\$143,201
Special Day Class	167	\$19,556	\$1,583,088
Pre-School Speech	49	\$2,986	\$146,352
Speech and Language Program	359	\$2,194	\$424,619
Non-public Agency Services	84	\$32,587	\$917,137
Non-public School Services	5	\$50,220	\$251,102
Administration			\$555,720
Bilingual Assessment Team			\$11,480
Central Assessment Team			\$124,614
Psychologists			\$574,115
Transition Program			\$155,615
Workability/Vocational Education			
Other Administrative			\$201,130
Other Administrative			\$78,079
Home and Hospital Program			\$31,706
Medi-Cal Grants			\$44,000
Total			\$8,270,210

Response: Santa Cruz City Schools District AGREES

57. There are 1,067 students receiving special education services in SCCS. The numbers cited in the table above tally to more than 1,067 because some students require services in more than one program. SCCS could not provide information about the distribution of services across all the 1,067 students in special education.

Response: Santa Cruz City Schools District AGREES

58. Santa Cruz City Schools could not provide information about the costs of services and programs for all individual students. The district does not keep track of the cost of

2002-2003 Santa Cruz County Grand Jury Final Report and Responses

programs per student and its record keeping is not structured to permit the evaluation of the amount of services delivered to individuals.

Response: Santa Cruz City Schools District PARTIALLY AGREES

Could not provide complete information.

59. For this report, SCCS did determine the cost on an individual basis of the special education services used by the ten students who consume the most services. The results are presented in Table 9 below.

Table 9: Special Education Expense for 10 Students in SCCS

	Student 1	Student 2	Student 3	Student 4	Student 5	Student 6	Student 7	Student 8	Student 9	Student 10	Totals
Speech/Language	\$ 174	\$ 1,620			\$ 2,223		\$ 3,729	\$ 798	\$ 320	\$ 1,147	\$ 10,012
Occupational Therapy		\$ 452			\$ 906		\$ 4,011	\$ 3,173	\$ 904	\$ 906	\$ 10,352
Adaptive PE	\$ 14,540	\$ 1,933						\$ 2,131	\$ 960	\$ 2,136	\$ 21,701
Classroom Teacher	\$ 6,865	\$ 6,832	\$ 687			\$ 4,600	\$ 5,013		\$ 5,013	\$ 8,006	\$ 37,015
Interpreter						\$ 2,338					\$ 2,338
Instructional Assistant	\$ 20,071	\$ 19,169	\$ 2,461	\$ 28,000	\$ 32,966					\$ 24,609	\$ 127,276
Behavior Tech							\$ 33,315	\$ 21,818	\$ 17,936		\$ 73,069
Behavior/Inclusion Specialist		\$ 940			\$ 5,658		\$ 470	\$ 943		\$ 943	\$ 8,954
NPA Behavior Specialist		\$ 1,125			\$ 18,055		\$ 3,600	\$ 3,380	\$ 1,500	\$ 20,750	\$ 48,410
NPA Augmented Comm		\$ 2,700									\$ 2,700
Vocational Education									\$ 1,614		\$ 1,614
Instructional Materials										\$ 773	\$ 773
Facilitated Communication									\$ 2,725		\$ 2,725
Lawyer Fees					\$ 2,309			\$ 19	\$ 11,176	\$ 219,879	\$ 233,383
Non-public School Placement			\$ 58,442	\$ 74,880		\$ 22,050					\$ 155,372
Equipment Lease		\$ 2,888									\$ 2,888
FC Specialist					\$ 6,000						\$ 6,000
Transition Services					\$ 753						\$ 753
Resource Specialist					\$ 1,044	\$ 3,850	\$ 471	\$ 3,795			\$ 9,160
Extended Year		\$ 3,000			\$ 3,000		\$ 3,000	\$ 3,000	\$ 3,000		\$ 15,000
Transportation	\$ 5,000		\$ 5,000	\$ 5,000		\$ 5,000			\$ 5,000	\$ 5,000	\$ 30,000
Admin Support	\$ 2,796	\$ 2,796	\$ 2,796	\$ 2,796	\$ 2,796	\$ 2,796	\$ 2,796	\$ 2,796	\$ 2,796	\$ 2,796	\$ 27,964
Psychologist Support	\$ 381	\$ 1,087	\$ 1,270		\$ 1,270	\$ 896	\$ 896	\$ 717	\$ 1,505	\$ 1,353	\$ 9,374
IEP Team Meetings	\$ 21,000	\$ 15,000	\$ 9,000		\$ 72,000	\$ 12,000	\$ 52,000	\$ 21,000		\$ 46,500	\$ 248,500
	\$ 70,827	\$ 59,543	\$ 79,655	\$ 110,676	\$ 148,981	\$ 53,530	\$ 109,301	\$ 63,570	\$ 54,449	\$ 334,800	\$ 1,085,333

Response: Santa Cruz City Schools District AGREES

60. 1% of the special education students population in SCCS consume 13% of the special education resources required. Put another way, 10 students consume 2% of the entire SCCS budget.

Response: Santa Cruz City Schools District AGREES

61. The encroachment of special education on the general education budget is imposing a nearly \$580 reduction per student on the delivery of educational services to the rest of the general student population. Put another way the average student's access to general education services is reduced by nearly 7% to pay for the encroachment of special education programs.

Response: Santa Cruz City Schools District AGREES

62. Encroachment of mandated special education is nearly double the budget shortfall in SCCS in 2002-2003.

Response: Santa Cruz City Schools District AGREES

Other Mandated Programs in Santa Cruz City Schools

63. SCCS has \$1,753,605 in restricted maintenance budget.

Response: Santa Cruz City Schools District AGREES

64. Transportation for 120 special education students cost \$630,358. The district receives \$127,945 in state funding for special education transportation. This program encroaches \$502,413 into the general revenue programs.

Response: Santa Cruz City Schools District AGREES

Conclusions

1. Declining enrollment is likely to eventually affect the fiscal well being of every school district in Santa Cruz County.
2. Deficits are likely to continue if school districts retain their existing physical plants, continue to locally fund mandated programs and experience declining enrollment.
3. Over the last five years, some districts are lurching through annual crises of budget deficits which could have been foreseen and are likely to continue into the foreseeable future.
4. Restricted routine maintenance doesn't necessarily represent true encroachment. It is nevertheless an example of the legislature requiring specific use of unrestricted funding.

The option to prioritize this expense into other needs is removed from local board control.

5. Some special education students are costing the district 10-25 times the ADA available for the average student.
6. Federally directed special education programs, combined with the lack of state and federal funding for these mandates, are significantly encroaching on revenue available for general education programs.
7. As evidenced by the COE and SCCS, county school districts are operating special education programs in accordance with statute and with a high degree of compassion. However, these programs are decreasing money available for general education programs.
8. The COE and SCCS do not keep records in a way that permits managing costs across the IEPs of individual special education students. Without this information special education programs cannot be efficiently managed nor can Individual Education Plans be managed effectively and/or efficiently.
9. The Special Education Local Program Administration program (SELPA) creates additional duplicated administrative staff when administered separately by both northern county and southern county.
10. The Parcel Tax Measures approved by voters in SCCS in 2002 will not be sufficient to cover existing deficits. Additional tax revenues will only postpone the time for restructuring.
11. The citizens of SCCS's preference for retaining existing schools means that potential savings gained from reducing the physical plant will be difficult to achieve. Given existing demographic trends SCCS will need to raise significantly more revenue through increases in enrollment, relief from unfunded mandates or from tax increases or balance its budget through increased program cuts in general education services and administration.
12. Given that there is capacity in the physical plant for more students in the districts with declining enrollment, districts can add to their ADA with outreach programs to students not in public education.
13. Students and taxpayers could be better served by the consolidation of educational resources across the County of Santa Cruz.
14. Parents should take great pride in and credit for the involvement and commitment they have shown to the schools and their children.
15. The special education teachers and staff are clearly dedicated and worthwhile services are being provided to the students of special needs in Santa Cruz County.

16. None of the conclusions of this report are intended to disparage the requirements of those with special needs. It is essential that, as a community, as we consider the exceptional requirements of the few we do not lose sight of the needs of the rest of our children.

Recommendations

1. The County Board of Education, the COE and Pajaro Valley Unified School District should examine and consolidate the administration of the SELPA programs.

Response: Santa Cruz County Office of Education

The recommendation requires further analysis.

The COE agrees that all of the involved agencies should reexamine the original reasons for splitting into two SELPAs and see if anything has significantly changed that would suggest a need for reconsolidation. A dedicated effort will be made to gather input from administration as well as teachers, local interest groups, and especially parents of special needs children.

However, concerning such a consolidation, there is an underlying concern that merging programs would not be as plausible a solution as it is first appears. Rejoining the two SELPAs would almost be a regressive decision as the split in the early 90's was a natural partition that allowed the two programs to operate more effectively and fully carry out the services mandated by the state. The population of students within the Pajaro Valley SELPA alone is nearly as large as that of the North County multi-district SELPA warranting a need for separate services and local representation. A consolidation of these two entities would not necessarily result in fewer administrators or in the implied reduction of expenditures. The large number of students served and the nature of those services, many of which require the SELPA director and/or district director of special education be involved, is prohibitive to eliminating one of the duplicated SELPA director positions. A consolidation could possibly create tension and conflict over systems of management and a reduction in localized control of services all of which were considerations when the combined SELPA was portioned in the early 1990's.

Response: Pajaro Valley Unified School District

This recommendation will not be implemented because it would result in the loss of local control that has benefited PVUSD students without any reduction in costs. Additionally, there is the possibility that the reunification of the SELPAs would result in an increased encroachment for PVUSD.

The North Santa Cruz County school districts, PVUSD, and the San Benito County school districts were previously joined into one SELPA. These three areas split into separate SELPAs in the early 1990s in order to more effectively serve the populations of the three individual areas. The arrangement has allowed the PVUSD SELPA to be more

immediately responsive to its students and families than was true under the old model. The state requires that each SELPA must be of sufficient size and scope to provide a full continuum of special education services. The PVUSD is comfortably able to do this. Reconsolidation with the other Santa Cruz districts into a single SELPA has the potential of reducing the effectiveness of services to our students.

Reconsolidation would not reduce expenses. The high cost of providing Special Education is due to the intensive programs and services that are required by special education students in order to achieve their IEP goals paired with insufficient funding from state and Federal governments. The vast majority of the funds allocated to these programs is for specialized personnel. Due to the fact that PVUSD has full caseloads in all of its programs, combining them with other similar programs in the North Santa Cruz County SELPA districts would not result in any reduction of personnel so no significant cost savings would be realized.

The only potential savings would be through reduction of SELPA administrative staff. If the two SELPA's were to reconsolidate, the governing board of the new SELPA would need to follow legal mandates in selecting the new administrative unit (AU), which could be assigned to any of the participating LEAs (districts and COE). The new AU would then be responsible for employing the SELPA Director. It is not a forgone conclusion that the COE would become the AU for the new SELPA. It is just as possible that PVUSD, being the largest LEA, would act as the AU. In either case, there would be a reduction of a .5 SELPA Director since the two SELPAs currently have 1.5 Directors. If the Director for North Santa Cruz County SELPA assumed the Directorship for the larger combined SELPA, PVUSD would reduce its administrative staff by .5 of a SELPA Director. If the PVUSD SELPA Director assumed the Directorship for the larger combined SELPA, the current .5 position would need to be increased to a full-time position and the current North Santa Cruz County position would be eliminated. Through reviewing the Grand Jury Report, it is clear that PVUSD already employs far fewer Special Services administrators than are employed in the North Santa Cruz County SELPA districts to serve approximately the same number of students. This has been possible due to combining SELPA and District resources. Without the ability to continue doing so, the district would likely need to increase its remaining .5 Director of Special Services to a full-time position in order to meet the ongoing needs of the District Special Education and Health Services programs. The end result is that through reconsolidation of the two SELPAs, there would be, at most, a .5 position reduction in administrative staff and it is likely that there would be no reduction.

The Grand Jury report indicates on page 5-7, Item 24, that the Special Education encroachment in Santa Cruz County school districts "is slightly higher at 27% as compared to the state average of 26%". Using the data presented in Table 4, Page 5-8 of the Grand Jury Report, the percentage of encroachment for each individual school district can be calculated. PVUSD's encroachment percentage is approximately 20% which is less than the state average. Many of the other Santa Cruz County school districts have much higher encroachment rates typically ranging from 38% to 53%. The combined Special Education encroachment for all of the districts in the county totals

\$10,490,459. PVUSD's portion of this is only \$3,510,717 or 33.47% even though it is the same size and serves approximately the same number of students as the Districts in North Santa Cruz County. Since PVUSD's encroachment is already lower than the state average and many of the other districts are above the state average, combining the two SELPAs and their resources into one SELPA may lead to a larger encroachment rather than a smaller one for PVUSD depending on the method of allocation of funds.

2. The Live Oak School District, San Lorenzo Valley Unified School District, Santa Cruz City Schools District, Soquel Union Elementary School District and the COE should conduct a study to determine why students opt out of the public school system and develop recommendations for attracting students back to the public schools.

Response: Santa Cruz County Office of Education

This has been partially implemented

Multiple studies have already taken place, such as the one at San Lorenzo Valley Unified School District (SLVUSD). SLVUSD recently completed a demographic study evaluating the entire student population in the District including where they are attending school. Each school administrator is doing outreach by meeting with parents of students who request inter-district transfers. They are giving tours of their schools and inviting students to attend school for a day. They are visiting pre-schools and introducing the SLVUSD schools to the parents before it is time to enter school. The Valley Press -each week features an article written by an administrator to keep the public informed of events and programs. The video class from the SLV high school produced a video featuring sixth graders expressing their concerns about moving on to junior high. Then the class went to the junior high and interviewed students there to tell their junior high experiences and showing the facilities. This video is shown to sixth graders and parents to dispel concerns about entering the upper grades. The public is invited to attend many events including open houses at all of the District's schools. Many schools have programs similar to those of Happy Valley Elementary. The principal meets with parents of children attending private schools or on inter-district transfers to review the focus of the school and gives them a tour of the facility. Their children may attend Happy Valley School for a day where they are paired up with a "buddy" from a classroom of their peers. Parents and students are invited to attend special events and open house each spring.

The COE intends to research the results of various studies and strategies and work with the districts to conduct similar surveys in the fall when regular school sessions resume.

Response: Santa Cruz City Schools District

Santa Cruz City Schools would be willing to participate in such a study if the study itself is cost neutral and facilitated by the COE.

Response: San Lorenzo Valley Unified School District DISAGREES

The San Lorenzo Valley Unified School District hired Lapkoff & Gobelet Demographic Research Inc. to conduct a demographic study of the District. The study was completed and the results were presented to the Board of Trustees and to the public in February 2003. In addition, SLVUSD revised procedures for interdistrict transfers as well as the tracking of students leaving the District. It should be noted that SLVUSD has nine alternative K-12 programs to attract and retain students desiring a non-traditional program.

Response: Live Oak School District DISAGREES

The Live Oak School District did complete an extensive community study by a twenty-five (25) person citizens' advisory committee during the 2001-2002 school year. The District's Economic Viability Report, with recommendations, was adopted by the Live Oak Governing Board on February 12, 2002, with full implementation in the 2002-2003 academic year.

Response: Soquel Union Elementary School District PARTIALLY AGREES

The Soquel Union Elementary School District would cooperate with the County Office of Education to survey parents as to why they choose a private school option. The Soquel Union Elementary School District does attract new students enrolling from private schools each year and has an interest in continuing to do so. However, we understand that some families choose a private school option for reasons that cannot be accommodated in the public school setting, such as religious instruction.

3. The Live Oak School District, San Lorenzo Valley Unified School District, Santa Cruz City Schools District, Soquel Union Elementary School District and the COE should plan and implement aggressive outreach programs to attract more current home school and private school students into public education.

Response: Santa Cruz County Office of Education

This has been implemented

Some of the implemented programs are included in the response to Recommendation #2. In addition, the COE works with the districts in their efforts to attract students back into the public schools. Aptos Junior High is a prime example of that school's dedication to actively attract students in nonpublic education by implementing a recovery campaign. Aptos Junior High's strategies have included conducting parent surveys, followed by a community outreach program addressing false perceptions relating to the school and promoting the successes of the school. Santa Cruz City Schools is currently implementing a similar program.

We understand there is a certain population of students and parents who consistently prefer non-public education to that of public schools. The students' reasons often include, need for a religious environment, more focused or "themed" schools, social

interaction issues, and parental desires to educate their own children. Some districts are responding to this want for alternatives by providing home schooling options, dual immersion programs, and preschools on elementary campuses to introduce parents and children to public schools. They are also providing “Schools of Emphasis” that focus on fine arts or a focus on specific academic areas such as a strong science curriculum.

Response: Santa Cruz City Schools District

This is currently being implemented.

Response: San Lorenzo Valley Unified School District DISAGREES

The San Lorenzo Valley Unified School District operates a Charter program that serves over 650 students in an alternative setting; this is a significant part of our public school system.

Response: Live Oak School District DISAGREES

The Live Oak District’s Economic Viability Plan outlined an option of programs to attract and retain students within the District. The District has increased its home school population and created a new charter high school program.

Response: Soquel Union Elementary School District DISAGREES

The Soquel Union Elementary School District currently operates an independent study program that is an option for parents in our district who wish to implement home instruction. The program does outreach activities, although we would not wish to implement an “aggressive” campaign. The majority of students find many benefits in instruction with peers in the school setting, and Soquel encourages this setting. We are concerned that an unintended negative consequence of an aggressive campaign might be students entering independent study situations that are less than optimal. Home independent study instruction that is successful requires tremendous home resources and commitment. Our district has an independent study contract with parents that clearly states obligations under this program. It is not unusual for families to enter into these programs and find that they cannot sustain the rigor required to keep students on track toward eventual high school graduation requirements.

Soquel Schools do attract new students enrolling from private schools each year and have an interest in continuing to do so. Additional ideas for attracting private school students to our public schools are always welcome and implemented as possible within our resources. However, we understand that some families choose a private school option for reasons that cannot be accommodated in the public school setting, such as religious instruction.

4. The Live Oak School District, San Lorenzo Valley Unified School District, Santa Cruz City Schools District, Soquel Union Elementary School District and the COE should

present in special public sessions to their governing boards a five year plan for bringing projected revenues, cost of programs and declining enrollments into balance.

Response: Santa Cruz County Office of Education

This has been partially implemented.

The COE already follows a system for the review and planning of balancing projected revenues, program costs, and declining enrollments into balance. The existing system is a three-year plan with three additional checkpoints throughout each year. This is done in accordance with state mandates. A five-year plan is difficult in that it is difficult to predict the wide fluctuations from year-to-year. Once the prediction gets out past the third year there is little credibility in it.

Response: Santa Cruz City Schools District

This is currently being implemented.

Response: San Lorenzo Valley Unified School District DISAGREES

The SLVUSD already provides a three year projection of revenue and expenditures at public Board Meetings when the Adopted Budget, First Interim Financial Report, and Second Interim Financial Report are presented to the Governing Board for review and approval. The three year projections of the financial status of the District is a legally required component of the budget and financial reports. A multiyear enrollment project is also presented to the Governing Board at a public Board Meeting during the budget development cycle for the following fiscal year. In addition, the Governing Board has requested that an analysis of declining enrollment and the contributing factors to the decline be developed and maintained historically. This analysis will be presented to the Governing Board for information at least annually.

Response: Live Oak School District DISAGREES

Since the adoption of its annual budget in 2000-2001, the Live Oak District has consistently provided the public with a seven-year fiscal proforma. This document resulted in the Live Oak District Governing Board appointing a twenty-five (25) person citizens advisory committee in September 2001 to develop its Economic Viability Report which was adopted on February 12, 2002. The District's last State Second Period Attendance Report (P2) showed a net minimal decline of only 13.8 students from the prior State reporting period. This pattern indicates the District's enrollment/attendance decline is stabilizing.

Response: Soquel Union Elementary School District DISAGREES

The Soquel Union Elementary School District has consistently provided opportunities for public review of the budget. As part of the existing budgetary process, multi-year

projections are required for three year periods. While long term planning is certainly appropriate and important, the traditional budget process, with the public hearings that are a part of this process, provide opportunities for public review of district projected revenues and implementation of programs.

5. All districts and the COE should create automated cost tracking systems for each special education student. All districts and the COE should then aggregate special education costs at the district level in order to be able to present and evaluate the effectiveness of mandated special education programs.

Response: Santa Cruz County Office of Education

This will not be implemented because it is a violation of multiple statutes.

The reason the COE does not keep an itemized individual record of cost per programs within special education services is because doing so would create privacy and discrimination issues. Considering that the costs of programs per individual students are not kept for general education students, to specifically target special education students would not only be an infringement on the privacy guaranteed to them by the Family Privacy Act, Health Insurance Portability and Accountability Act of 1996 (HIPAA), IDEA PL 94-142, and Americans with Disabilities Act, but also violates civil rights. These statutes and legislation have been designed to safeguard the security and confidentiality of an individual's personal information, and to list the specific expenses of each disabled student would be considered illegal and a blatant form of discrimination. Lastly, even if this system of record keeping were legal to implement, it would be incredibly expensive, time consuming, and virtually impossible to compile a list of all the students and the services they require. Furthermore, tracking a detailed summary of financial expenses would be futile as these programs are mandated by the state and dictated by IEP's. The district has no choice but to provide the required services regardless of their costs.

Response: Santa Cruz City Schools District

This requires further analysis including cost benefit analysis.

Response: Pajaro Valley Unified School District

The district agrees with County Office of Education and County Board of Education Response.

Response: San Lorenzo Valley Unified School District PARTIALLY AGREES

SLVUSD has begun to study District procedures including: compliance, staffing ratios, and SNPA/NPS costs in order to determine how our services are aligned to the State's Special Education performance Indicator report. Comparing unlike Districts may lead one to draw false conclusions.

Response: Live Oak School District PARTIALLY AGREES

Creating an automated cost tracking system will vary between district to district (i.e. various salary schedules, overhead cost, etc.) and district to regional program (i.e. various salary schedules and overhead cost, etc.). Any cost comparison indicators should also be aligned and measured against the State's Special Education Performance Indicator report. Comparing unlike districts' student cost to unlike performance basis will force one to draw false conclusions.

Response: Soquel Union Elementary School District PARTIALLY AGREES

Creating an automated cost tracking system will vary between district to district (i.e. various salary schedules, overhead costs, etc.) and district to regional programs (i.e. various salary schedules and overhead costs, etc.). Any cost comparisons indicators should also be aligned and measured against the State's Special Education Performance Indicator report. Comparing unlike district student costs to an unlike performance basis will force one to draw false conclusions.

6. The COE should examine the potential benefits of consolidating the administration and/or implementation of selected and/or all special education programs in the COE.

Response: Santa Cruz County Office of Education

Requires further analysis and clarity as to what the recommendation specifies. It is difficult to determine whether the recommendation addresses consolidation within the COE, consolidating COE administration with SELPA, or consolidation with districts.

In respect to the examination of consolidation benefits in general, there is an existing review process in place that continually exams these programs. This is apparent in the work done by the Special Education Council which constantly looks for ways to become more efficient in special education operations and to reduce costs. One such example is the recent change to a new agency to provide one-to-one instructional aides personnel that is saving the districts thousands of dollars.

With respect to the administration within the COE, consolidation has already been implemented. The special education programs of Santa Cruz County COE have been consolidated down to two administrators with one support staff shared among them. These administrators distribute state funds among the COE special education programs and oversee the entire educational process of the COE special education district. The support staff consists of three individuals whose duties are mandated by the federal government and whose work is vital to providing support services for special education programs. Within this framework, there is no real room for further reduction of COE administrative staff.

7. The COE should solicit funds from the state and federal governments to cover the cost of

mandated special education programs.

Response: Santa Cruz County Office of Education

This has been implemented.

The COE's Special Education Department reviews mandated programs every year, pinpoints the areas where more funds are needed, and actively solicits funds from the government. A prime example is that the SELPA Director, representing all SELPA member districts, actively participates in the Coalition for Adequate Funding for Special Education in its ongoing efforts to increase funding for special education. The Coalition sponsors legislation and has lobbies in both Sacramento and Washington D.C. The SELPA Administrator is also active in the State SELPA Directors Organization. The SELPA administrator provides updated legislative information and encourages administrators, teachers and parents to contact their congressman and legislators to lobby for special education funding.

As the federal government is in the process of reauthorizing IDEA, there is a concerted effort to get Congress to live up to its promise of 40% funding for special education.

Responses Required

Entity	Findings	Recommendations	Respond Within
Santa Cruz County Board of Education	27-28	1	60 Days (Sept 2, 2003)
Santa Cruz County Office of Education	1-6, 9-38	1-7	60 Days (Sept. 2, 2003)
Santa Cruz City Schools District	7,8,39, 40-64	2-5	90 Days (Sept. 30, 2003)
Pajaro Valley Unified School District	7,27,28	1,5	90 Days (Sept. 30, 2003)
San Lorenzo Valley School District	7-8	2-5	90 Days (Sept. 30, 2003)
Live Oak School District	7-8	2-5	90 Days (Sept. 30, 2003)
Soquel Union Elementary School District	7-8	2-5	90 Days (Sept. 30, 2003)

This page intentionally left blank.