

**ORANGE COUNTY SCHOOL DISTRICTS:
DIRE FINANCIAL FUTURES**



GRAND JURY 2013-2014

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SUMMARY

Orange County public school districts, as with other districts in California, have faced several years of severe budget cuts from the state. Districts have responded by cutting personnel and classes because teacher salary and benefits is the largest portion of a district's budget. Traditional methods to generate alternative income have *not* produced the necessary results to restore essential programs. Consequently, students are placed in crowded classrooms and valuable educational opportunities have been lost.

Districts have also been forced to eliminate enrichment programs designed to keep students on pace with students from other states. Remedial programs, which help students with special needs, have been reduced or eliminated. Some districts resorted to closing schools, selling school property and even reducing the number of days in a school year. Districts that are attempting to survive by issuing school bonds are criticized due to the high cost of repayment by future taxpayers. Consequently, school districts are in a dire financial struggle.

State education officials have reported that the number of school districts on a statewide "budget watch list" has increased dramatically. Districts on the watch list indicate that they may not be able to, or don't expect to, meet all of their financial obligations over the next two years. There were *seven* out of twelve elementary districts in Orange County on a recent watch list.

The 2013-2014 Orange County Grand Jury identifies in this report, one way for 15 Orange County elementary and high school districts to ease their budget problems. The Grand Jury found that certain districts could significantly benefit from *unification*. Several districts in Orange County unified in the 1960's and as recently as 1989. Additional funding from the state has been granted in the past to encourage unification. Educators reported to the Grand Jury that significant cost savings would result from unification and that there is a notable "academic benefit." Successful unifications have recently taken place in the cities of Santa Barbara, Santa Paula and Hawthorne (Wiseburn Unified.)

There are only three non-unified high school districts in Orange County. These districts each contain four smaller elementary districts within their attendance area. The 2013-2014 Orange County Grand Jury found that unification should be considered by these districts to free up funds spent on administration that can then be used to enhance classroom teaching. Ultimately, this can only take place by a vote of the citizens in the affected districts. *The Orange County Department of Education has the responsibility and resources to conduct a comprehensive study as to ways to decrease the costs of school administration in Orange County. This study should determine the cost savings, the potential increase in revenue and the improvement in the efficiency of school districts operations.*

REASON FOR THE STUDY

I know an important thing to anyone considering a move with children is the quality of the schools in the neighborhood they choose. For Californians, the budget cuts coming up this next year is common news, but people from out of state likely do not know about the financial problems facing California schools this upcoming year. I think it is better for us to warn people interested in Orange County and California what the conditions are so they don't get surprised. It is only fair because people should not be surprised when they find that perfect house with the perfect school and then find out the next year the class sizes are increasing to 35 students in kindergarten. It is better to let everyone know beforehand.

City-Data.com/forum

The quote above reflects a flurry of internet discussions concerning schools. The 2013-2014 Orange County Grand Jury learned that home buyers, especially those with children, have expressed a recent concern about the quality of local schools. A community with favorable schools attracts desirable residents who ultimately benefit the community. However, the last several years saw severe California budget cuts to the funding of Orange County public schools. School districts responded by eliminating programs, increasing classroom enrollments, reducing teachers/staff and delaying periodic maintenance. Districts have scrambled for supplemental funding through bonds, grants and fundraisers. County schools are the topic of news articles that, as in the quote above, may dissuade home buyers from moving to Orange County. There is ample evidence that school district budgets are of concern to the public. The following headlines were culled from local newspapers and online websites.

Sample Media Articles on School Districts (2008-2013)

13 O.C. School Districts in 'Financial Jeopardy'
Despite Prop 30, OC Schools Face Cuts
Are the Arts Dead in California Public Schools?
OC Schools Try to Pare Millions of Dollars From Budgets
OC School Districts May Fall \$158 Million Short
District to Give 114 Teacher Layoff Notices
Protesters March Against School Budget Cuts
2,856 OC School Jobs Targeted as Layoff Deadline Looms
School Board to Vote on \$1M-\$1.6M in Cuts
Begin Budget Cuts From the Top
OC Budget: Schools Approve Lean Spending Plans
Local Schools Brace for More Cuts
OC Schools May Slash \$268 Million
School Board May Have to Cut \$1.6 Million in Programs

OC Schools Target 1,714 Job Cuts
Schools Finalize Teacher Layoffs and Terminations
Are You Getting Your Teacher Back?
School Cuts Not Aligned with California's Core Needs
1,500 OC School Workers Remain on Job-Loss Lists
Massive Teacher Layoff Loom Across OC
School Bonds Terms More Like Payday Loans
School District Approves Increased Developer Fees
School Bonds Just in Time to be Legal

Interviews with school administrators verify that Orange County schools (along with schools in other parts of California) have taken both drastic and subtle steps to balance reduced budgets. Major actions include: (a) the reduction of faculty and other staff, (b) deferred maintenance of real estate and equipment, and (c) reduction, and in some cases, elimination of entire programs. Students who attended Orange County schools decades ago had an enriched educational experience that is *not* often available in districts today.

This study examines ways in which non-unified school districts in Orange County can potentially increase income, reduce costs and improve educational programs. Administration consolidation may help ameliorate potential district program cuts in the future.

BACKGROUND AND FACTS

The California Public Education System

Public school districts became officially organized with the establishment of the California Constitution in 1849. By 1935, and after nearly a century of population growth, there were over 3,500 separate school districts (not schools, *districts*) in the state. At about that same time, there was a movement to consolidate small districts into larger kindergarten through grade twelve districts. Consequently, new laws encouraged elementary and high school districts to combine into a single “unified” system with one board of education. Another common reorganization occurs when two or more like districts (i.e. elementary districts) join to form a single district through the process of “annexation.”

The California Department of Education (CDE) established the Bureau of School District Organization in 1935 to encourage separate districts to unify. As a result, from 1935 to 1945, the total number of school districts in California decreased from 3,500 to 2,508. From 1945 to 1964, the total number of districts was further reduced to 1,325. Unified school districts correspondingly *increased* in number from 46 to 164 over the same period, according to the CDE. Appendix A displays the complete trend from 1932 to 2010.

Among recommendations by the CDE was a proposal that unified school districts be *rewarded* with a higher level of financial support. Incentives for unification included state assistance for

capital outlay and transportation. In 1959, the Legislature provided both an incentive and a deadline in the form of a new law. The incentive stated that unless reorganization was achieved locally, the California Department of Education would step in and initiate the action. The new statute required that on or before September 15, 1964, each county must have submitted to the State Board of Education a master plan of school district organization for its county to consist of a system for unified districts. In 1964, legislation passed which offered new incentives for school districts that reorganized and new disincentives for districts that chose not to reorganize.

The California Legislature clearly understands the advantages of a unified school district as the ultimate form of district configuration in the state. To encourage local voters to form unified districts, AB 145 (1964) stipulated that the funding level for qualified unified school districts be *increased* by \$15 per the Average Daily Attendance (ADA) enrollment of students in the district. In addition to increasing support for unified school districts, for each elementary school district that voted *in favor* of unification, even if the whole proposition failed, the funding level of that district would be increased by \$15 per ADA. The law required that unification had to be within high school district boundaries and every elementary school district had to have a “yes” vote. If one district voted “no,” the *unification* failed; but those voting “yes” would receive a bonus.

In 1994, Senate Bill (SB) 1537 was enacted, making it possible for a high school district to unify *without* affecting all of the feeder elementary school districts. The effect of the legislation is that elementary school districts can actually exist within the boundaries of a unified school district. Voters in those districts that wish to unify are not impeded if the residents of one or more feeder school districts opt not to be included in the process.

In 1999, the Legislature passed Senate Concurrent Resolution 29, which called for the creation of a new Master Plan for Education (MPE.) This Master Plan, finalized in 2002, contains recommendations that the State take steps to bring *all* school districts into unified structures. Also recommended was that the legislature develop fiscal and governance incentives to promote local communities to organize their schools into a unified structure. Although the desire of the legislature is to have all California districts unify, recent budget limitations have tempered the incentives. Appendix B presents a brief description of five recommendations from the MPE.

Under state law, California leaves the decision over whether to consolidate school districts up to local communities. Local stakeholders are required to *initiate* the consolidation process and ultimately a majority of the local electorate is required to approve the unification. Proponents of consolidation proclaim that disjointed school districts lack “economies of scale” and, as a result, inherently face higher costs per pupil. Economies of scale is a business principle that touts the benefits of consolidating small organizations into a larger single unit. Buying in bulk is usually less expensive under this principle. Also, non-unified districts are unable to offer a wide range of curricular opportunities that are possible with consolidation. Therefore, combining districts into larger, consolidated districts would lead to savings, more overall efficiency and a better academic experience for students. A state educational report emphasized that having fewer

school districts would make *state management* and *oversight* of school districts easier and less costly to the state budget.

While the State has provided some fiscal incentives for districts to consolidate and the State Board of Education (SBE) typically weighs in on consolidation applications, the state delegates most district configuration decisions to the local level. State law calls for each county to establish a County Committee on School District Organization (CCSDO), made up of county school board members or their designees, to *facilitate* and *coordinate* any attempts to consolidate school districts. Local stakeholders may also *initiate* the process of consolidating school districts either through citizen petition, agreement amongst affected school boards or a plan from the CCSDO.

In contrast to California's locally based approach to district configuration, some other states have recently implemented more aggressive state level policies to consolidate. One of the most sweeping examples is Maine, which passed legislation in 2007 requiring that *all* school districts enroll at least 2,500 students or face fiscal penalties (with an adjusted minimum of 1,000 students for geographically isolated districts.) In the subsequent three years, the number of Maine school districts has dropped by one-third, from 290 to 179. Several other states, such as Arkansas and Vermont, have recently passed legislation to encourage school district consolidation.

The County Committee on School District Organization (CCSDO) is a committee created in each county. Members of the CCSDO *are selected and elected* by school boards within the county. The County Committee studies and makes recommendations in the areas of (a) the organization and reorganization of school districts; (b) changes in school district boundaries; and (c) the number of trustees and the manner by which they are elected. These activities are coordinated by the Orange County Department of Education.

It is important to note that the County Superintendent of Schools, or designee, is not a member of the County Committee, and therefore, has no authority over the decisions of the Committee and remains neutral on issues under consideration.

Districts may be reorganized by transfers of territory, unifications, unionizations or annexations (Unification is the formation of a new K-12 district from elementary and high school districts; Unionization is the formation of a new district from districts of the same level – elementary, high school, or unified; Annexation occurs as one district is merged into another district that continues to operate). (Education Code §35700-35785)

Action to *consider* reorganization, the transfer of territory, the altering of trustee areas or the size of school district boards may be *initiated* by a:

- a) petition signed by 25% of electorate,
- b) petition from a landowner, or a
- c) joint request of two school district governing boards.

The Education Code also allows action for consideration to be initiated by:

- a) a petition from a city council, county board of supervisors or local agency formation commission, or
- b) the county committee on school district organization.

In California, the action by the County Committee is the most frequent process used for unification.

History of Orange County School Districts

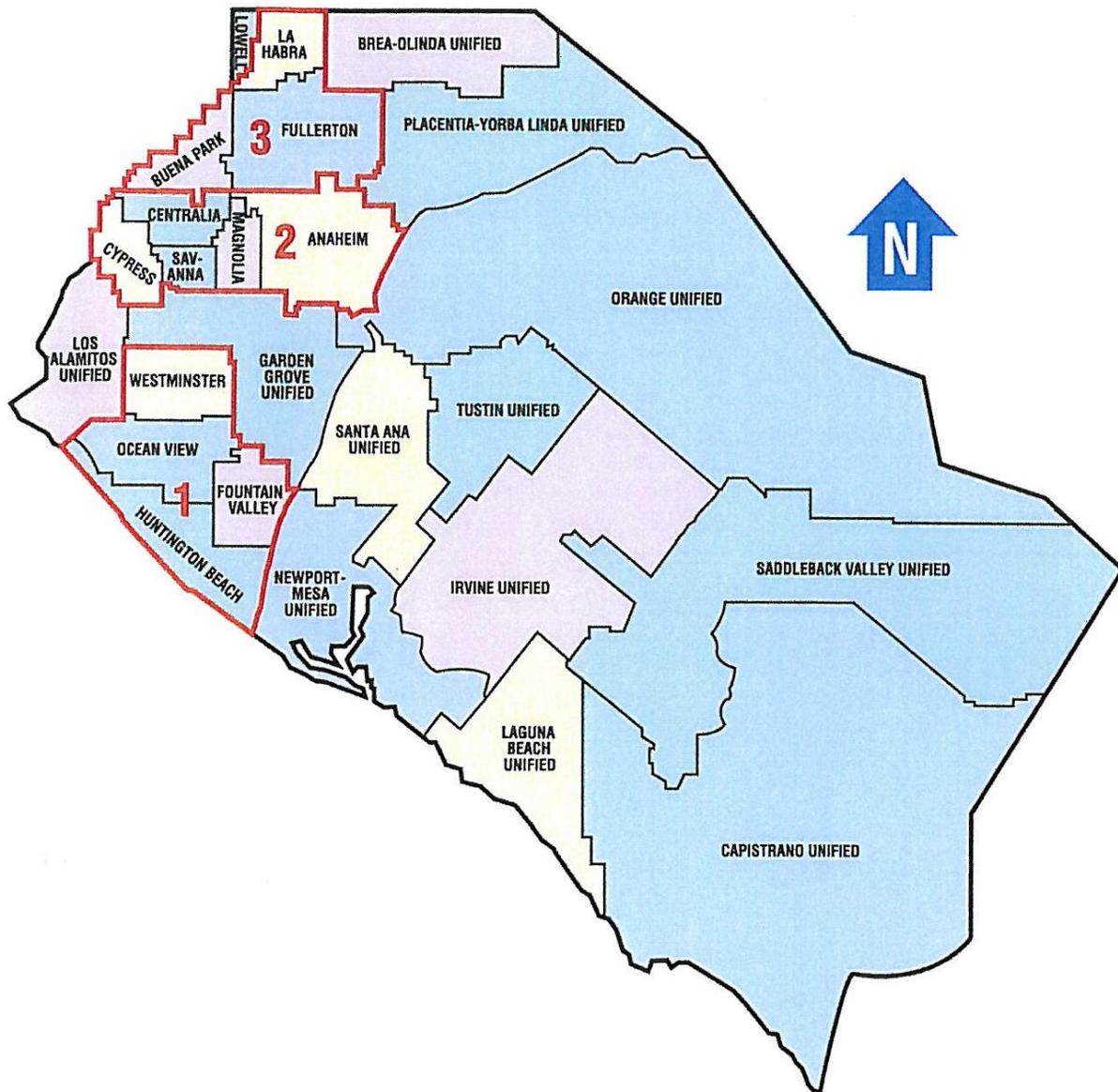
According to the Orange County Department of Education (OCDE), Orange County has over 500,000 students in public, private or county schools. There are 593 public schools from kindergarten through grade twelve (K-12) that are organized into 27 separate districts. These districts are separate entities with an elected school board of five to seven members and a superintendent selected by the board. Board members serve part time and meet once or twice a month. They usually receive a stipend and possibly health benefits. On a general basis, the cost to educate a student for one school year of approximately 175 days is about \$8,000.

Districts are configured by the grade levels of the schools. Districts that have schools from grades K through six or eight are considered elementary districts. High school districts contain grades seven or eight through twelve. Districts that are “unified” provide education to students from kindergarten through grade twelve.

All of the districts in the central and southern portion of Orange County are unified. Students in the northwest portions of the county attend elementary districts that are located *within* the boundaries of a high school (7-12 or 9-12) district. Students in elementary districts transition to a high school district as they matriculate from lower grades to the secondary level. (Fig. 1) Approximately 60,000 students in Orange County attend private schools or are in some form of “County Program” that educates students in alternative education programs.

There have been 21 successful school district unification elections in Orange County since 1961.
(Appendix C)

Fig. 1: Orange County School Districts Attendance Boundaries



1. HUNTINGTON BEACH UNION HIGH SCHOOL DISTRICT
2. ANAHEIM UNION HIGH SCHOOL DISTRICT
3. FULLERTON JOINT UNION HIGH SCHOOL DISTRICT

METHOD OF STUDY

The 2013-2014 Orange County Grand Jury directed this study to include: the history, process and potential advantages for elementary school districts to consolidate within the boundaries of existing high school districts. The Grand Jury confirmed that currently there are 12 existing unified school districts located essentially in the south eastern portion of the county. In the northwest portion of the county, are 12 segmented *elementary school districts* that each fall within one of three *high school districts*.

The method of study included the following process. The Grand Jury:

Reviewed

1. Various County Grand Jury reports on unification
2. California Department of Education studies on school districts
3. Media reports and news articles on the topic
4. Websites, blogs, internet sites
5. School district budgets, enrollments and attendance areas

Interviewed

1. Superintendents of recently unified school districts outside of Orange County
2. School administrators with experience in multiple districts
3. Representatives from the Orange County Department of Education
4. Faculty representatives
5. Professional educators

Studied

1. Official Responses to selected Grand Jury reports
2. State of California official reports and documents
3. State of California legal opinions, appropriate laws and regulations

ANALYSIS

Orange County School Districts

There are 12 unified districts in Orange County with Laguna Beach Unified (2,900 students) as the smallest and Santa Ana Unified (54,000 students) as the largest. (Table 1) More than 280,000 students attend schools in unified districts and would not be the subject of district reorganization. Students and parents in these districts have one board of education and one centralized district administration. In separate interviews with various administrators, there was unanimous agreement that unified districts have a cost saving advantage. The administrators were also quick to identify the educational advantages for curriculum, instructional methodology and scope/sequence guidelines.

Table 1: Orange County Unified School Districts (Numbers rounded)

Unified School Districts	Enrollment
Brea-Olinda	5,900
Capistrano	5,100
Garden Grove	47,900
Irvine	26,100
Laguna Beach	2,900
Los Alamitos	9,600
Newport-Mesa	21,400
Orange	30,000
Placentia-Yorba Linda	26,000
Saddleback Valley	32,000
Santa Ana	54,500
Tustin	22,900
Total Enrollment (ADA)	284,300

The non-unified (elementary and high school) districts *are* the subject of this Grand Jury study. Elementary districts range in size from the Savanna district (2,400 students) to the Anaheim City district with 19,000 students. The smallest high school district is Fullerton with 14,600 students and Anaheim is the largest with 32,000 students. Each of the three high school districts contains four elementary districts. (Table 2)

Table 2: Non-Unified School Districts by Region, Schools, Enrollments (Rounded)

Non-Unified Districts North	Schools	Enrollment
Fullerton Joint HSD	8	14,600
Fullerton SD	20	13,600
Magnolia SD	9	6,400
Buena Park SD	7	5,300
La Habra SD	9	5,200
Total	53	45,100

Non-Unified Districts West	Schools	Enrollment
Anaheim HSD	21	32,300
Anaheim City SD	24	19,000
Centralia SD	8	4,400
Cypress SD	6	4,000
Savanna SD	4	2,400
Total	63	62,100

Non-Unified Districts South	Schools	Enrollment
Huntington Beach HSD	9	15,800
Westminster SD	17	10,000
Ocean View SD	17	9,500
Huntington Beach City SD	9	7,200
Fountain Valley SD	10	6,100
Total	62	48,600

There is a surprising variation in the number of schools within a district under the direction of a board of education, superintendent and district office personnel. In Orange County, there are eight elementary school districts with ten or fewer schools. Savanna Elementary School District has only four schools! Garden Grove Unified School District has the most with 70 school sites. It is important to note that both Savanna and Garden Grove *each* operate with just one superintendent and five members of a board of trustees, although Garden Grove has almost 20 times more students.

The Process for School District Unification

School district unification can only result by a vote of the citizens in a legally constructed ballot measure. To that end, voters are entitled to a clear understanding of the benefits and consequences. A proposed unification must first pass all state and federal regulations to ensure that the new district will meet well established standards. As previously mentioned, districts within and outside of Orange County have successfully unified, and the procedure is well established and understood as described in Appendix D. There are private companies that assist districts and specialize in unification analysis, planning and proposals.

The Grand Jury has identified three major benefits and one issue of opposition to unification. The benefits are: a) increased revenue from the state to the district, b) cost savings and reduced spending, and c) improved over-all educational programs. The opposition to unification has traditionally focused on a single issue - the need for “local control.” Local control is the theory that a small organization is more responsive to public interests. However, the Grand Jury found this concept to be vague and without specific data to factually support opposition to unification.

The Potential Benefits to School District Unification

Increase in Revenue

Historically, the California Legislature has provided additional state revenue to districts as an incentive to unify. In 2011, Santa Barbara began the process to unify elementary districts with the high school district. Several sources indicated that the formation of the new Santa Barbara Unified District resulted in \$6 million dollars of additional state revenue! This additional income was used to improve or restore programs.

The California State legislature completely revamped the school funding formula starting with the 2013-14 school year. Starting in 2013, the funding formula for schools has been modified in a way to grant money to districts by individual grade level, rather than by district configuration. The new formula replaces the previous K–12 finance system with a new Local Control Funding Formula (LCFF). According to local administrators, districts are unclear as to how the new formula will exactly affect income from the state.

The State projects that the time-frame for full conversion to the LCFF is eight years. Portions of the formula will be gradually implemented. The Grand Jury heard information that, realistically, some districts will receive a bit more and some will receive a bit less. However, the new LCFF is not designed to reverse years of declining income from the state. Districts will also receive additional revenue for under-privileged students. Again, there is no clear consensus how this will compare to a district’s past budget projections.

The California Master Plan for Education-2002 (CMPE) clearly states the legislative intent in unifying California school districts. Much is written about the need for “very small” school districts to unify or consolidate. These districts are often rural and located in sparsely populated areas within the state. All of the Orange County districts, that are ideal for unification, have the

advantage of being wholly located within the contiguous boundaries of a high school district. Unification would not disrupt the traditional path for students to matriculate from grade to grade. Specifically, the CMPE calls for the legislature to develop fiscal and governance incentives to encourage local communities to unify and to eliminate all fiscal and other disincentives to unification. The legislature has historically encouraged districts to unify and may well establish financial incentives again in the future.

Cost Savings and Reduced Spending

The Grand Jury's interviews with professional educators drew the same conclusions. Districts in Orange County that chose to unify into a single district have benefited from cost savings. Often there is a call to run schools "more like a business." This model is used by airline companies that merge, farmers who form co-ops and individual attorneys who establish partnerships. School districts that unify obtain certain economies of scale advantages too. For example, four or five school districts could combine a bulk order for everything from paper to textbooks. This allows for a better price per unit from distributors. Other examples of reduced cost includes: the purchase of office equipment, vehicles or maintenance supplies.

Another argument for economy of scale is the savings from unnecessary duplication of services. School districts that unify benefit from consolidating departments. Operations run more smoothly with a single human resource department, maintenance division or compliance office. Professional educators identified these as a duplication of services within existing small districts.

There is also a benefit to consolidation by developing "specialization" in which administrators are highly proficient in *one* skill. Smaller districts often require administrators to be responsible for several highly technical areas. Administrators at four different districts might be responsible for the budget, operational services, curricular development and state/federal compliance. A unified district could conceivably have the same four administrators each responsible for only *one* specialized department.

Without doubt, there will be a savings from the reduction of duplicate personnel. This reduction occurs at the highest administrative level of personnel who are also the most highly paid staff in the district. Namely, there would *not* be a need for as many highly paid administrators or multiple members of the school boards. Interviews and evidence from other unifications support the conclusion that the number of teachers, classroom aides and clerical/maintenance would remain at about the same pre-unification level. (Table 3)

Table 3 - Programs with a Potential Cost Savings from Unification

Administrative Services/Personnel
Banking Services
Before and After School Programs
Business Advisory and Support
Cafeteria/Food Service
Categorical Program Applications
Certificated Substitute Pools
Computerized Financial Systems
Credential and Assignment Monitoring
Emergency Response Coordination/Training
Insurance Claims and Premiums
Internet and Connectivity
Legal Services
Maintenance (Buildings/Vehicles)
Media/Library Services
MediCal Administration/Claiming
Medical/Nursing/Psychological Services
Retirement Reporting
Short-Term Debt
Transportation

Educational Benefits to Unification

The Grand Jury interviewed experienced educators inside and outside of Orange County to weigh the educational advantages and disadvantages of teaching within a unified district. The California Department of Education sets a framework for education; however, individual districts have authority to act within these broad guidelines. Therefore, students on the same grade level but in different districts may have a vastly different curriculum or textbook.

Without exception, the educators explained that a unified district can provide more “continuity” in the curriculum by creating a sound “scope and sequence” plan. The curricular *scope* is defined as what is to be taught in a particular subject (e.g. fractions in fifth grade math, molecules in chemistry and world literature in English 1A, etc.) The curricular *sequence* is defined as the order in which lessons are presented to students. The sequence for a history class is well understood to be chronological but the order for teaching biology may not be as evident. *Unified school districts have a clearly defined scope and sequence.*

Educators also identified the benefit of unification in staff development. There is a significant value, for example, to having every sixth grade teacher in the district meet to discuss curriculum and instructional issues. The importance of having “everyone on the same page” was expressed

to the Grand Jury several times. In addition, articulation meetings between teachers of different grade levels are easier to accomplish in a unified district. For example, consider the situation in which an eighth grade teacher is in elementary district A and a ninth grade teacher is in high school district B. Opportunities for them to share scope and sequence issues may never occur. Other advantages concerning “instructional strategies” (*how to teach* a particular lesson), student performance, testing and innovation are more easily communicated in a unified district. Interviews indicated that unification could reduce the practice of having “Combo Classes.” Combo classes place students of two different grade levels (i.e. five and six) together in the same classroom with the same teacher. This is undesirable for a number of obvious reasons.

Short Term Solutions Versus Long Term Debt

Increasingly, districts are seeking to borrow money through school bonds. Bonds are an option for a district that wants to “push expenses” onto future taxpayers. Using bond money to maintain or repair existing school property for the benefit of current students is indebting future taxpayers with current expenses. At the time of this study, at least two non-unified school districts in Orange County were considering a bond election. The Grand Jury found that a district that unifies would benefit from reduced expenses and increased revenue that may serve to reduce the need to seek a costly school bond. A report from the State Treasurer’s Office estimated that one Orange County school district bond payment amount will be 15 times the amount of the original principal. *To put this in perspective, 15 times is equivalent to paying back over eleven million dollars for a \$750,000 mortgage on a house.*

Potential Negative Response to a Unification Proposal

There is a belief that unification may require an extensive California Environmental Quality Act (CEQA) study that can be especially costly. District unifications, however, do not typically have significant environmental impacts. In fact, there may be substantial environmental *benefits* to district reorganization.

There are largely unfounded fears that district consolidation would lead to school closures or loss of teacher/principal positions. Reports from districts that have recently unified did not find teacher or principal reduction to be a major issue. The Grand Jury found that the greatest obstacle is an obvious conflict of interest in tasking school board members with approving consolidation plans. Evidence strongly suggests that a conflict results in expecting local school board members to approve a merger. Consolidation ultimately will result in one governing board rather than several, and thereby board members would be voting themselves out of office. It would be a self-serving argument for school board members to justify needing a total of 25 school trustees (in five districts) if only seven would be needed in a unified district.

District office administrators are also fearful of losing jobs. Some administration attrition *will* occur because there will be an elimination of duplication of district office services. This issue can be partially offset by planning for a multiyear transition into unification.

Past experiences suggest that dissenters to unification usually express the need for “local control.” However, local control may actually be improved with unification. The electorate in the district, especially parents, has an easier time voicing opinions to seven board members in a unified district than trying to appeal to board members in one high school district and one of four elementary districts. The local control issue is a vague and abstract concept that is not supported by data. Saving money and improving the quality of districts are more easily measured and quantified after districts consolidate.

The Grand Jury found no interest in California for school districts to *disunite*. Occasionally, there is a short lived movement to break apart Los Angeles Unified School District. However, the plan is only to form several smaller “unified” districts and no one has suggested separating LAUSD into elementary and high school districts. LAUSD is the second largest school district in the United States. By comparison, LAUSD has more students (640,000) and has more urban square miles than all of Orange County. It is meaningless to compare the existing unification in Los Angeles Unified Schools to a proposed unification in Orange County.

OCDE and the CCSDO

The Grand Jury determined that the OCDE and County Committee on School District Organization (CCSDO) have a responsibility to develop a plan for unification in those districts that are not currently in this configuration. The Grand Jury understands the conflict of interest for school boards and superintendents to inform the public of the potential financial benefits to unification. For administrators and trustees, unification would likely do away with their positions and status. Nevertheless, students and parents should be aware of this option. Taxpayers without children, who may believe that they don’t have a stake in unification, should also be aware of the benefits. The business community has a vested interest in quality schools and should also be informed.

The most recent unification in Orange County occurred in 1988. At that time, almost 70% of the voters of Placentia Unified approved the merger with Yorba Linda Elementary. More than 55% of the Yorba Linda community supported the ballot measure.

On November 5, 2013, the voters in the Wiseburn Elementary District in Los Angeles County went to the polls. By an amazing vote of 92.63%, the community decided to unify. Of special significance, was the unique decision to build a high school within the district to turn an elementary district into a K-12 district. This unification was supported by the Los Angeles County Reorganizing Committee.

The state legislature through the Master Plan for Education (MPE) clearly directs the County Committee of each County office of education to take steps to bring all school districts into unified K-12 structures. The legislature has already accepted responsibility to develop fiscal and governance incentives that promote organizing local schools into unified districts. Finally, according to the MPE, each county committee on school organization should review the findings

of a study and should have a period of three years to develop and recommend local plans and conduct local elections that would implement the findings of the study for all school districts within its jurisdiction.

The Orange County Department of Education website describes the County Committee on School District Organization:

Districts may be reorganized by transfers of territory, unifications, unionizations, or annexations (Unification is the formation of a new K-12 district from elementary or high school districts; unionization is the formation of a new district from districts of the same level – elementary, high school, or unified; Annexation is when one district is merged into another district that continues to operate). (Education Code §35700-35785.)

Action to consider reorganization, the transfer of territory, the altering of trustee areas, or the size of school district boards may be initiated by a citizens petition, a joint request of two school district governing boards; a petition from a city council, county board of supervisors, or local agency formation commission; or petition from a landowner, *or by the county committee on school district organization*. (Emphasis added)

Conclusion

The Grand Jury concludes that the Orange County Department of Education, with its responsibility and resources should study and develop a feasibility proposal for Orange County school districts to consolidate. The study should examine the cost savings mechanisms for the districts as well as improving efficiency in operations. Unification should be considered within the existing boundaries of the high school districts. Pursuant to Education Code 35542(b), any district may request to be excluded from unification if that is the vote of that district's electorate.

FINDINGS

In accordance with California Penal Code Sections 933 and 933.05, the 2013-2014 Grand Jury requires (or, as noted, requests) responses from each agency affected by the findings presented in this section. The responses are to be submitted to the Presiding Judge of the Superior Court.

Based on its investigation of the cost of school district administration in Orange County, the 2013-2014 Orange County Grand Jury has arrived at five principal findings, as follows:

F.1. School districts in Orange County and throughout the state have endured at least five years of severe budget cuts from the state.

F.2. School districts have exhausted traditional methods for reduced spending and are now driven to seek more expensive borrowing repayments for taxpayers.

F.3. There are 12 elementary, three high school and 12 unified districts in Orange County.

F.4. District unification produces the potential for increased revenue benefits, cost savings and educational advantages for the community. Seven of the 12 elementary districts in Orange County were recently listed on the State Watch List as having an uncertain financial future. Elementary districts have also sought bond measures that add to future liabilities.

F.5. The Superintendent of Schools/Orange County Department of Education has the responsibility and resources to conduct a comprehensive study as to ways to decrease the costs of school administration in Orange County. The study should determine the cost savings, the potential increase in revenue and the improvement in the efficiency of school districts operations.

RECOMMENDATIONS

Based on its investigation of the cost of school district administration in Orange County, the 2013-2014 Orange County Grand Jury makes the following two recommendations.

The Grand Jury recommends that The Superintendent of Schools/Orange County Department of Education should:

R.1. Conduct a comprehensive study as to ways to decrease the costs of school administration in Orange County including whether the unification of non-unified high school districts (Anaheim USD, Fullerton JUHSD, and Huntington Beach UHSD) with respective elementary school districts would result in cost savings as well as an increase in revenue, and an improvement in the efficiency of the administration of these respective schools. (F.4., F.5.)

R.2. Consult and confer with the County Committee on School District Organization about the feasibility of preparing a study proposal on the unification of the non-unified high schools in the County with their respective elementary school districts. (F.4., F.5.)

REQUIRED RESPONSES

The California Penal Code §933 requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made no later than 90 days after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made within 60 days to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code Section §933.05 (a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

(a) As to each Grand Jury finding, the responding person or entity shall indicate one of the following:

(1) The respondent agrees with the finding

(2) The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefore.

(b) As to each Grand Jury recommendation, the responding person or entity shall report one of the following actions:

(1) The recommendation has been implemented, with a summary regarding the implemented action.

(2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.

(3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the Grand Jury report.

(4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefore.

(c) If a finding or recommendation of the Grand Jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the Grand Jury, but the response of the Board of Supervisors shall address only those budgetary /or personnel matters over which it has some decision making aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with Penal Code section §933.05 are required from:

Response Requested:

Response to Findings F.1., F.2. and F.5. is required from the Superintendent of Schools/Orange County Department of Education.

Response Requested:

Response to Recommendations R.1. and R.2. is required from the Superintendent of Schools/Orange County Department of Education.

Appendix A: Number of California School Districts by Type and by Selected Years

<u>Year</u>	<u>Unified</u>	<u>Elementary</u>	<u>High</u>	<u>Total</u>
1932				3,579
1935-36	0	2,735	295	3,030
1940-41	40	2,512	265	2,817
1945-46	46	2,248	260	2,554
1950-51	67	1,779	245	2,091
1955-56	92	1,533	233	1,858
1960-61	119	1,316	221	1,636
1963-64	155	1,179	201	1,535
1964-65	164	1,129	196	1,489
1965-66	191	998	168	1,357
1966-67	228	829	132	1,189
1967-68	235	752	120	1,107
1970-71	240	712	118	1,070
1971-72	242	709	117	1,068
1973-74	251	689	114	1,054
1974-75	253	680	115	1,048
1979-80	263	664	115	1,042
1985-86	271	645	112	1,028
1986-87	278	635	112	1,025
1987-88	279	633	112	1,024
1988-89	283	623	111	1,017
1989-90	287	613	110	1,010
1990-91	288	612	110	1,010
1991-92	291	609	109	1,009
1992-93	296	601	109	1,006
1993-94	302	593	104	1,002
1994-95	305	590	106	1,001
1995-96	309	586	104	999
1996-97	310	585	104	999
1997-98	315	580	99	994
1998-99	323	572	93	988
1999-00	323	571	93	987
2004-05	329	562	88	979
2009-10	334	546	83	963

Appendix B: California Master Plan for Education (2002) Selected Recommendations

Recommendation 29

The State should take steps to bring all school districts into unified PreK-12 structures.

Recommendation 29.1

The Legislature should develop fiscal and governance incentives to promote local communities organizing their local schools into unified districts, and should eliminate all fiscal and other disincentives to unification.

Recommendation 30

Local districts should, where appropriate, consolidate, disaggregate, or form networks to share operational aspects, to ensure that the educational needs of their students are effectively met and that their operational efficiency is maximized.

Recommendation 30.1

The Legislature should undertake a comprehensive study to determine the optimal size ranges for school districts with respect to both educational delivery and the conduct of business operations. The study should additionally identify a range of funding considerations that are based on size and structural options and that could be appropriately leveraged to attain optimal conditions.

Recommendation 30.2

Each county committee on school organization should review the findings of the study and should have a period of three years to develop and recommend local plans and conduct local elections that would implement the findings of the study for all school districts within its jurisdiction.

**Appendix C: Recent History of Orange County School District Unifications
(Unified District, Year of Unification and Consolidated Districts)**

Costa Mesa Elementary and Santa Ana Unified (1961)

Greenville Elementary (split between two districts)

Santa Ana Unified School District (1961)

Santa Ana Elementary

Capistrano Unified School District (1965)

Capistrano Beach Elementary

San Clemente Elementary

San Juan Capistrano Elementary

Capistrano Union

Garden Grove Unified (1965)

Alamitos Elementary

Garden Grove Elementary

Garden Grove Union

Brea-Olinda Unified School District (1966)

Brea Elementary

Olinda Elementary

Brea-Olinda Union

Newport-Mesa Unified School District (1966)

Costa Mesa Union Elementary

Newport Beach Elementary

Newport Harbor Union

Irvine Unified and Tustin Unified (1973)

San Joaquin Elementary (split in two)

Tustin Unified School District (1973)

Tustin Elementary

Tustin Union

Saddleback Valley Unified School District (1973)

Trabuco Elementary

Los Alamitos Unified School District (1980)

Seal Beach Elementary

Placentia Unified School District (1989)

Yorba Linda Elementary

Placentia-Yorba Linda Unified (1991) (name change)

**Appendix D: Chapter 6 – Legal Criteria Governing Reorganization Proposals
California Department of Education, July 2010 (Summary)**

The State Board of Education may approve proposals for the reorganization of districts. This preapproval guidance is not binding on local educational agencies or other entities. In considering proposals for district reorganization, county committees and the State Board of Education must determine whether the nine conditions in Education Code Section 35753(a) are substantially met. Those conditions are:

1. Number of Pupils. The reorganized districts will be adequate in terms of number of pupils enrolled.
2. Substantial Community Identity. The districts are each organized on the basis of a substantial community identity.
3. Division of Property. The proposal will result in an equitable division of property and facilities of the original district or districts.
4. Discrimination or Segregation. The reorganization of the districts will preserve each affected district's ability to educate students in an integrated environment and will not promote racial or ethnic discrimination or segregation.
5. Cost to State. Any increase in costs to the state as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.
6. Educational Programs of Existing and Proposed Districts. The proposed reorganization will continue to promote sound education performance and will not significantly disrupt the educational programs in the districts affected by the proposed reorganization.
7. School Housing Costs. Any increase in school facilities costs as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.
8. Property Values. The proposed reorganization is primarily designed for purposes other than to significantly increase property values.
9. Fiscal Management or Fiscal Status. The proposed reorganization will continue to promote sound fiscal management and not cause a substantial negative effect on the fiscal status of the proposed district or any existing district affected by the proposed reorganization.

Appendix E: Annotated Bibliography

<http://www.ocde.us>

The Orange County Department of Education website has a wealth of information on state educational programs and guidelines. There are also links to each of the Orange County school districts.

<http://www.cde.ca.gov/>

The California Department of Education has information of value to school district and describes legal and legislative issues. Parents and researcher would find this site of value.

http://www.ucop.edu/acadinit/mastplan/master_plan2002.pdf

“The California Master Plan for Education – 2002” is a document that describes the California Legislature’s intent for the future of California schools. The legislature is the driving force (and main revenue source) for all California schools. The site is a pdf file.

http://portal.countyofventura.org/portal/page/portal/Grand_Jury/Reports/TAB4579372/8SchoolDistrictt

The Ventura County Grand Jury website maintains a record of past reports. The 2008 - 2009 report recommended the unification of 20 districts in the Santa Paula, California area.

<http://www.vcoe.org/adserv/SchoolDistrictOrganization/SantaPaulaUnification.aspx->

A copy of the Venture County Office of Education, Committee on School District Organization Report of 2013 can be found here. The report makes the recommendation that an election be held to unify 20 school districts in and around Santa Paula, California. The 2013 unification election was successful and now there is Santa Paula Unified School District.

<http://www.vcoe.org/Portals/VcssoPortals/adserv/documents/Final%20Feasibility%20Report%20as%20of%206-8-10.pdf>

This site provides a copy of the feasibility report prepared for the Ventura County Committee by Caldwell Flores Winters, Inc. This company examined the factors for the unification Santa Paula Union High School District and its feeder elementary school districts.

<http://www.publicpay.ca.gov>

This is a relatively new site designed to provide pay and benefits for all K-12 public employees and public officials. Ideally, residents should be able to determine the salary of their local school superintendent and other officials. At the time of this writing, school officials have been slow to provide the information.

<http://www.iusd.org/>

The Irvine Unified site serves as an example of information available from an Orange County unified district website. The site provides valuable continuity for parents as students progress through all grade levels.

<http://www.sbunified.org/>

The Santa Barbara Unified School District website provides a variety of information about the district. One of the links contains news archives that go back to 1998.

<http://wiseburn.k12.ca.us/new/default.html>

The Wiseburn district in western Los Angeles County is the most recent district in California to unify. There is a link to unification updates as the district proceeds through the process.

<http://www.ocregister.com/>

The Orange County Register is the best source for current or historical articles on Orange County schools, districts and education.