

# **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**

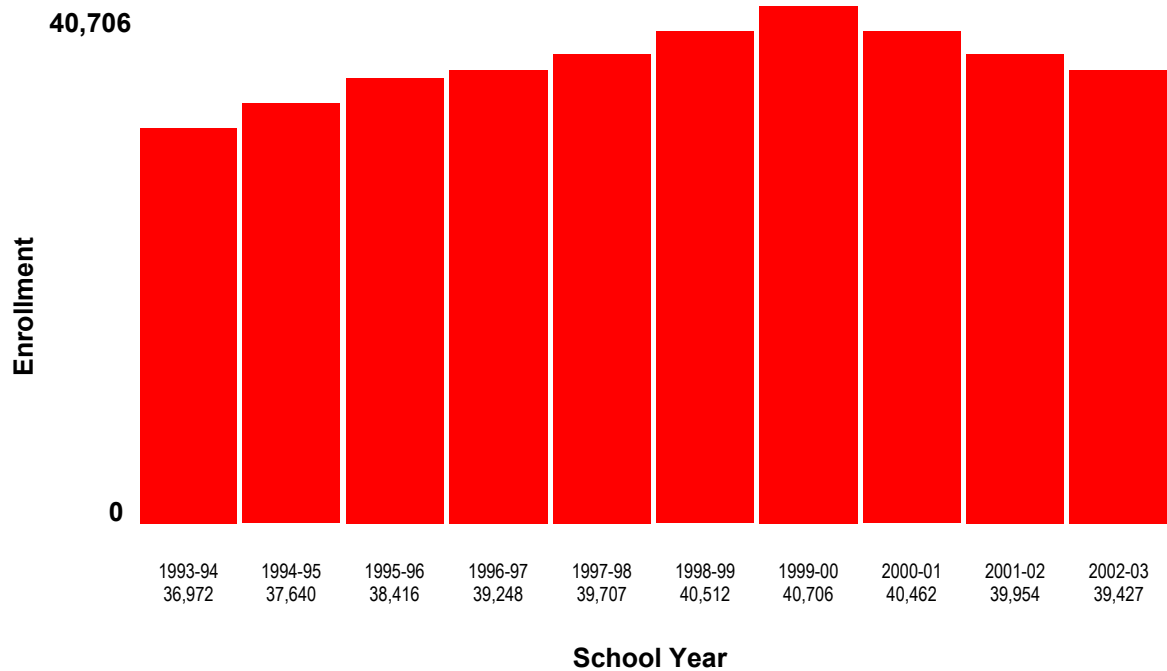
## ***Background***

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.
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**

<b>District</b>	<b>Enrollment</b>
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
<b>Total Santa Cruz County Enrollment</b>	<b>39,401</b>

Note: Data provided by COE

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**

<b>Charter School</b>	<b>Chartering Entity Enrollment</b>	<b>Enrollment</b>
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
<b>Total Charter Schools Enrollment</b>		<b>1,726</b>

Note: Data provided by COE

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.
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".
6. It is not clear whether enrollment in non-public education is growing or declining because historical information could not be found.
7. Santa Cruz County school administrators agree that all of the school districts are concerned about the effects of declining enrollment.
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)
9. According to the State Franchise Tax Board, Santa Cruz County will lose an additional 2,200 students by the year 2010.
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.

## **Average Expense Per Student**

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**

<b>Districts</b>	<b>Enrollment</b>	<b>District Expenses</b>	<b>Average Expense per Student</b>
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
<b>Total</b>	<b>39,919</b>	<b>\$241,658,975</b>	

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

\* data not available

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.

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.

## **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.

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>
<b>A. Special Education</b>	<b>\$11,897,710*</b>
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>B. Restricted Routine Maintenance</b>	<b>\$ 6,627,120*</b>
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.	
<b>C. Pupil Transportation</b>	<b>\$ 4,455,567*</b>
Pupil Transportation includes expenses for transporting regular education, non-severe and severe special education pupils.	

Note: Data provided by COE  
\*Countywide totals for encroachment

### ***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.
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.
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.

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.
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.
21. The current funding level for special education by the Federal government is between 15-18 percent and only recently reached that level.
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.
23. IDEA (Individuals with Disabilities Education Act) is up for re-authorization this year in the U.S. Congress.

### ***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.
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.
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)
<b>Total encroachment</b>	<b>\$28,080,829</b>	<b>\$38,571,288</b>	<b>(\$10,490,459)</b>

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.

27. 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.
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



29. The COE administers the North County SELPA which serves as a conduit for special education funds from the state to the school districts.
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.
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.
32. The COE Special Education programs are effective in delivering services to special education students.

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

### ***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%.
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.
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.

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
<b>Total</b>	\$3,688,073	\$4,443,089	\$3,700,551	(\$4,430,611)

***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.

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

**Table 7: Santa Cruz City Schools District**

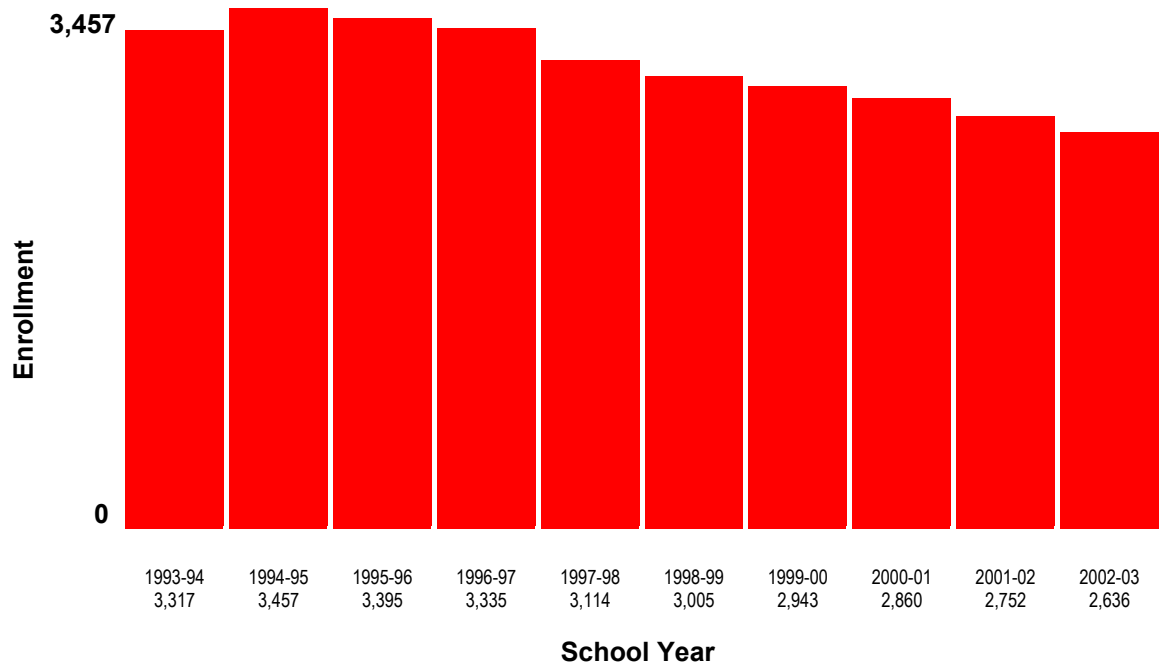
<b>Founded</b>	<b>Number of Students</b>	<b>Yearly Budget</b>	<b>Number of District Employees</b>
<b>1857</b>	<b>7,793</b>	<b>\$55,896,870</b>	<b>939</b>

**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

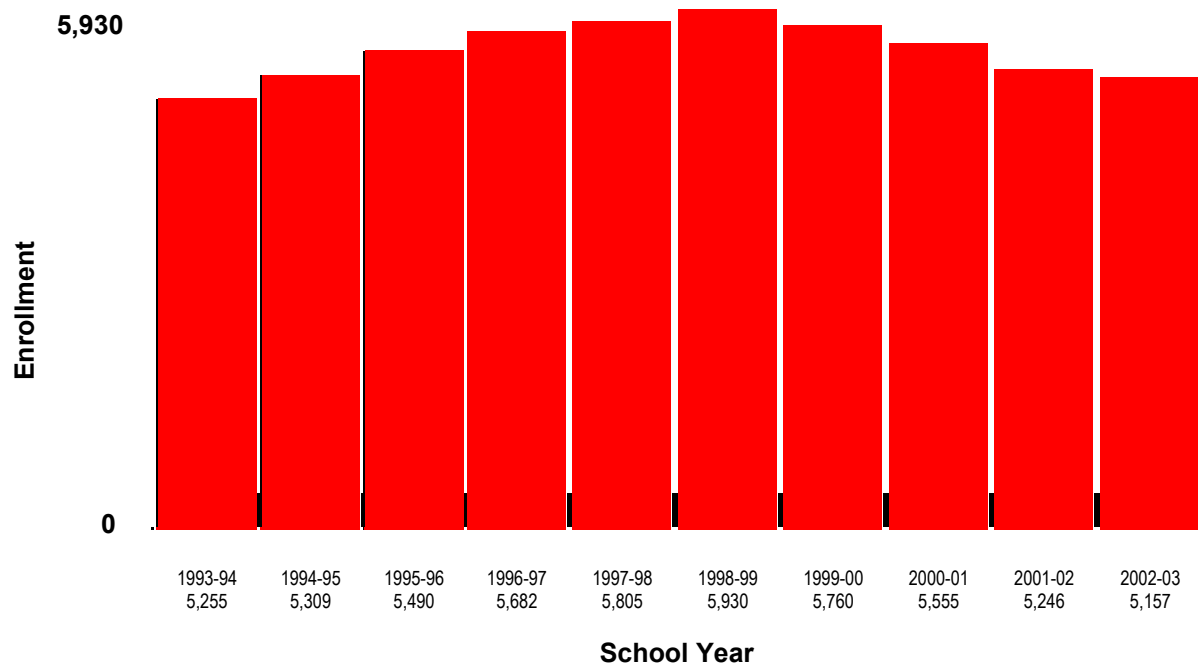
41. The Elementary District historical enrollment is shown by Figure 2 below:

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



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

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



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

44. Overall SCCS enrollment has declined 12.7% 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.

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

### ***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.

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

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

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

51. In 2002, voters approved \$55 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.

### ***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.

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

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

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
<b>Total</b>			<b>\$8,270,210</b>

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.

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

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

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.

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.



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

### ***Other Mandated Programs in Santa Cruz City Schools***

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

### ***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.
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.
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.

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.
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.
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.
7. The COE should solicit funds from the state and federal governments to cover the costs of mandated special education programs.

**Responses Required**

<b>Entity</b>	<b>Findings</b>	<b>Recommendations</b>	<b>Respond Within</b>
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)