



CSIS California School Information Services

June 6, 2012

David E. Cash, Ed.D., Superintendent
Santa Barbara Unified School District
720 Santa Barbara Street
Santa Barbara, California 93101

Dear Superintendent Cash,

The purpose of this management letter is to provide the findings and recommendations of the Fiscal Crisis and Management Assistance Team (FCMAT) resulting from the special education study conducted at the Santa Barbara Unified School District. These findings and recommendations were shared at an exit meeting held in the district conference room on April 25, 2012.

As agreed between FCMAT and the Santa Barbara Unified School District, FCMAT will not provide a final report; rather, this management letter will provide the findings and recommendations resulting from the on-site work conducted April 23-25, 2012 and subsequent analyses. Members of the study team include the following:

Study Team

William Gillaspie, Ed.D.
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Bakersfield, CA

James “Sarge” Kennedy
FCMAT Consultant
Red Bluff, CA

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Santee, CA

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As indicated in the study agreement dated March 23, 2012, FCMAT performed the following:

1. Analyze the advantages and disadvantages of the Santa Barbara Unified School District becoming a single-district SELPA.
2. Determine whether the Santa Barbara USD has the infrastructure to effectively manage its own special education programs as a single-district SELPA.
3. Determine the fiscal and programmatic impacts for Santa Barbara COE, other districts in the SELPA and Santa Barbara SELPA in Santa Barbara USD forming a single-district SELPA.

FCMAT

Joel D. Montero, Chief Executive Officer

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4. Identify the timeframe for proper notification to the current Administrative Unit (AU), SELPA, and CDE, if the district moves forward in becoming a single-district SELPA.
5. Identify the processes and procedures necessary to form a single-district SELPA.
6. Review the Santa Barbara SELPA policy and procedures in relationship to a district becoming a single-district SELPA.
7. Determine the fiscal impact for Santa Barbara becoming a single-district SELPA including the cost of additional facilities, if any.

Infrastructure

The district's current special education administrative structure of one assistant superintendent and two directors would support the single-district special education local plan area (SELPA) without additional staffing. The district is experiencing some turnover in staff at that level, which will create a short-term challenge; however, because the process would take at least a full year to implement it is likely that staffing would stabilize during that time.

Funds for regionalized services can be used for program specialist services, which will maintain that resource at the current level. The district would need to assume responsibility for reporting student information to the state through the California Special Education Management Information System (CASEMIS) and for maintaining a computerized individualized education program (IEP) system. Both of these functions are currently provided through the SELPA.

Fiscal and Program Impact

Many districts seek to become single-district SELPAs because of a desire for autonomy and to reduce costs. In the case of Santa Barbara USD, the issue of autonomy seems to be of greater concern than purely fiscal issues. Santa Barbara USD is the largest district in the Santa Barbara County SELPA but plays a relatively small and mostly indirect role in the SELPA's governance.

The district makes its needs and concerns known to the SELPA's governance through its regional representative but does not have a direct vote on the SELPA's governing board. It is likely that many of the issues that contribute to the district considering becoming a single district SELPA could be addressed if the Santa Barbara USD had a permanent seat on the SELPA's governing board.

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A preliminary review of the Santa Barbara County SELPA's allocation model indicates that the district would receive net funding of \$7,730,545 from the SELPA in 2012-13. This amount is composed of Assembly Bill (AB) 602 funds adjusted to reflect the certified allocation to the SELPA, and funding for regional programs and extended year services the district operates, minus adjustments for revenue limit apportionment and lottery funds received. The above amount includes \$3,311,161 from AB 602 state funds, \$2,951,806 in federal Individuals with Disabilities Education Act (IDEA) funds, and \$1,467,578 in property tax revenue.

If the district were to become a single district SELPA, it would receive the same base rate of \$644.11 per average daily attendance (ADA) that the SELPA receives. Thus based on its 14,738.43 ADA, it would receive \$5,324,100.64 in AB 602 funds. In addition, it would also receive the same amount of property

taxes that it receives now (\$1,467,578), although this could change if there is a change in assessed property valuation in the county.

Based on information from the California Department of Education (CDE), the district would also receive \$2,422,199 in IDEA funding, which is approximately \$250,000 less than the IDEA funding it would receive as part of the Santa Barbara County SELPA. This is because while the SELPA allocates IDEA funds based on prior year unduplicated pupil counts, the state must follow the federal formula,

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which differs from the SELPA's distribution model. The federal formula provides the same amount the district would have received in the 1999 base year (\$820,159), and prorates any additional funds, basing 85% of the proration (\$1,640,000) on the district's relative California Basic Educational Data System (CBEDS) enrollment compared to the rest of the state, and 15% of the proration (\$241,331) on its relative rate of poverty compared to the rest of the state.

If the district's enrollment increases between this year and next, state special education funding will be based on a comparison between the district's current and previous year ADA, and the increase would be computed using the state target rate of \$465.44 per ADA, which is a much lower figure than its base rate of \$644.11 per ADA.

Charter schools can have a significant effect on a SELPA's funding because any additional ADA reported by the charter school will be funded at the lower of the two rates indicated above, and if the school closes, relocates or

joins another SELPA, the ADA loss will be computed at the higher per-ADA base rate indicated above.

Regionalized services and program specialist services are funded at \$14.49 per ADA. California Education Code section 56836.23 requires that this funding be used to provide services such as program specialists, management information systems, curricular coordination, staff development and other activities to support the SELPA. Many SELPAs have addressed certain services such as programs for low-incidence disabilities, highly specialized related services and out-of-school placements by assigning the responsibility for them to the administrative unit, the county office of education, or one or more of the member districts. The Santa Barbara County SELPA currently funds regional program expenses and certain other operational costs before distributing resources to the districts (this is sometimes known as "off-the-top" funding). Although an apparent fiscal benefit of becoming a single-district SELPA is that the district would no longer be required to pay for a portion of these off-the-top costs, the district would also have to provide the services that this funding now provides, including certain regionalized services, staff development and a pool of due process resources.

It may be possible for the district to provide low-incidence programs for the hearing or visually impaired more cost effectively than the SELPA. In addition, some small federal and state grants that are now allocated or used by the SELPA would accrue directly to the district if it became a single-district SELPA.

In summary, the district could realize some small fiscal benefit from becoming a single-district SELPA, but this benefit is likely to be offset by the new increased costs inherent in providing a comprehensive program to ensure that all students with disabilities have equal access to the programs and services that they require. Ultimately, while there are some advantages to becoming a single-district SELPA, the district's small and declining enrollment tends to erode many of those advantages and suggests that the fiscal requirements will increase in the future.

Any fiscal gain that the district accrues from becoming a single-district SELPA would also reduce the fiscal resources available to the rest of the Santa Barbara County SELPA. Because the district comprises approximately 23% of the SELPA's student enrollment, it would remove at least 23% of the SELPA's revenue. Consequently, without in-depth planning to address the many fiscal issues driving cost-effective services in both SELPAs, the outcome would most likely be two financially constrained entities.

Only after such in-depth plans are developed can the fiscal impact on the district be determined. It is likely that the fiscal burden would be greater than the revenue increase, but the current data are not sufficient to produce a viable estimate of increased costs. Information about how many of its special education students the district would serve directly, how many would continue to be served by the SELPA's regional programs, and how many of its facilities would or would not be available for use, and other details, would need to be fully identified to arrive at a complete and accurate estimate of the financial impact.

It is too late in the current school year to form a single-district SELPA beginning July 1, 2012. Although it may be possible to obtain unanimous agreement from the Santa Barbara County SELPA governing council, it is too late to notify the CDE so that the business office can change the software for distributing funds.

In addition, the State Board of Education is concerned that prior boards gave insufficient consideration to size and scope requirements when granting requests to create single-district SELPAs. If that continues to be the case, the district's small size, geographic location and declining enrollment could reduce the chance that the district would be granted an exception to those criteria; however, that decision remains with the State Board of Education (see appendix for State Board of Education policies).

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Requirements for Forming a Single-District SELPA

The California Education Code, including section 56140, outlines the requirements for a district to apply for single-district SELPA status. Districts are initially required to meet size and scope requirements, followed by specific notification and processing steps. Some of these requirements are enumerated below, and more detail is provided in the referenced California Education Code sections and the appendix accompanying this letter.

Steps required in the formation a single-district SELPA (EC 56195.3 (b))

1. District to notify CDE in writing of the intent to form a new SELPA one year prior to the formation of a new SELPA.
2. District to submit a proposed special education local plan to the Santa Barbara County Office of Education, which will be approved or disapproved by the county superintendent.
 - a. Criteria to be used by the county superintendent:
 - i. Whether the district(s) meet the size and scope requirements
 - ii. Whether the remaining SELPA configuration meets the size and scope requirements

- iii. Whether there is a potential for significant adverse effects on individuals with exceptional needs as a result of a change in the current plan
 - iv. Whether the proposed and the affected SELPA establish a responsible local agency (Administrative Unit)
 - b. When the above steps are completed and approved by the Santa Barbara County Office of Education, the county office shall submit the proposed and revised local plan with comments and recommendations to the district and CDE (45 day timeline).
3. If approved, the SELPA Local Plan and county superintendent approval move forward to CDE (EC 56140); if disapproved by the county superintendent, the district(s) may immediately appeal to the superintendent of public instruction to overrule county office disapproval (EC 56140 (b) (2))
4. Final approval is required by the California State Board of Education

If the district forms its own single-district SELPA, the remainder of the Santa Barbara County SELPA would also need to revise its local plan and ensure that it continues to meet the criteria and requirements for being a SELPA.

The FCMAT team thanks all the staff and administrators of the Santa Barbara Unified School District for their cooperation during fieldwork and for allowing FCMAT to provide assistance. FCMAT appreciates the opportunity to provide service to the district and hopes that it is beneficial to all concerned.

Sincerely,



William P. Gillaspie Ed.D.
Deputy Administrative Officer

Appendix

State Board of Education size and scope requirements for SELPAs

Size And Scope

Of Special Education Local Plan Areas as approved by the State Board of Education at the November 17-18, 1983 meeting.

The county superintendent of schools shall submit to the Superintendent of Public Instruction a description of how districts within the county intend to develop special education local plans (*Education Code* 56140).

The following standards are to be used by the county and districts to determine if they are of sufficient size and scope to qualify as a Special Education Local Plan Area (SELPA) (*Education Code* 56195.1). ¹

In addition to being of sufficient size and scope to qualify as a SELPA, the SELPA shall cooperate with the Office of the County Superintendent of Schools and other school districts in the geographic area in order to assure that the SELPA is compatible with other SELPAs in the county, as required by *Education Code (EC)* Section 56195.3. ²

A region may not become a SELPA without approval of the SELPA by the county superintendent or a decision of the Superintendent of Public Instruction to overrule the disapproval of the county superintendent of schools, pursuant to *EC* Section 56140.

Metropolitan Areas

A metropolitan area is defined as an area that has a pupil population density of 200 pupils or more per square mile. Population density is computed by dividing total number of K-12 pupils in the SELPA by the square miles to determine number of pupils per square mile. All SELPAs in metropolitan areas shall have comprehensive special education programs. A county superintendent of schools may allow a minimum of contract services for low-incidence programs with justification, in addition to utilizing State Special School programs for low-incidence sensory-handicapped pupils.

Single-District SELPAs

A single district must have kindergarten through 12 grades and 30,000 or more pupils

Multi-District or District-County SELPAs

Method One:

- Kindergarten through 12th grade
- 30,000 or more pupils
- No more than 15 miles from border to border of the SELPA at the longest distance

Method Two:

- Kindergarten through 12th grade
- 25,000 to 30,000 pupils
- No more than 20 miles from border to border of the SELPA at the longest distance

Method Three:

- Kindergarten through 12th grade
- 20,000 to 25,000 pupils
- No more than 30 miles from border to border of the SELPA at the longest distance

Non-Metropolitan Areas

Population density of less than 200 pupils per square mile

Single-District (Non-Metropolitan Area) SELPAs

In a non-metropolitan area, a single-district plan shall have:

15,000 or more pupils

A comprehensive special education program

Contracting may be allowed, with justification, for low-incidence programs

Multi-District, District-County, Multi-County SELPAs (Non-Metropolitan Areas)

Must have a comprehensive special education program

Contracting is allowed, with justification, for low-incidence programs in addition to utilizing State Special School programs for sensory-handicapped pupils

Contracting

All contracts for low-incidence programs shall contain the clause that neither party may cancel the contract without a 12-month notice or upon mutual agreement of all parties to the contract.

Note: While the State Board of Education-adopted standards specifically address kindergarten through twelve grades, it is important to note that SELPAs are responsible for planning and coordinating services for all children with disabilities birth to twenty-two years of age.

¹ EC Section changed pursuant to AB1115, Chapter 78, Statute of 1999

² EC Section changed pursuant to AB602, Chapter 854, Statute of 1997