The background of the page is white with two large blue geometric shapes. One is a triangle in the top right corner, and the other is a larger shape in the bottom right corner, both pointing towards the center of the page.

# **SONOMA COUNTY OFFICE OF EDUCATION**

## **FINANCIAL FEASIBILITY STUDY**

**REORGANIZATION OF WEST SONOMA COUNTY UNION HIGH SCHOOL  
DISTRICT AND THE TEN FEEDER ELEMENTARY SCHOOL DISTRICTS**

**JUNE 2022**

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APPENDIX: MAPS OF EACH SCENARIO

**INDEPENDENT AUDITORS REPORT**

June 9, 2022

Dr. Steven D. Herrington, Sonoma County Superintendent of Schools  
Sonoma County, California

Dear Dr. Herrington:

Christy White, Inc. (CW) was engaged to conduct financial feasibility of a hypothetical unification of the West Sonoma County Union High School District (WSCUHSD) with all or some of the ten elementary feeder school districts. The Sonoma County Office of Education (SCOE) stated the study's purpose was to help answer this question:

***Would unification enhance the instructional opportunity for all students at a similar or reduced cost to the affected districts and/or taxpayers?***

This study focuses on the second part of the above statement, whether costs could be the same or reduced after unification. Instructional enhancement opportunities could result when reduced costs exceed any revenue loss. In other words, the governing board of the new unified District(s) would need more net funding to prioritize local educational opportunities.

But for any petition to be approved and taken to the voters, the law requires that any proposed reorganization continue to promote sound fiscal management. And not cause a substantial adverse effect on the proposed District's fiscal status or any existing district affected by the proposed reorganization.

The West Sonoma area districts included in this study are:

- ✓ West Sonoma County Union High School District
- ✓ Fort Ross Elementary School District
- ✓ Montgomery Elementary School District
- ✓ Monte Rio Elementary School District
- ✓ Guerneville Elementary School District
- ✓ Forestville Elementary School District
- ✓ Harmony Elementary School District
- ✓ Oak Grove Elementary School District
- ✓ Sebastopol Elementary School District
- ✓ Twin Hills Elementary School District
- ✓ Gravenstein Elementary School District

According to SCOE, WSCUHSD was founded in 1908 as Analy Union High School and is in Western Sonoma County, stretching from north of Petaluma through the Pacific coast region and up to Fort Ross. The largest residential area in the District is Sebastopol, located fifty miles north of San Francisco and 10 miles west of Santa Rosa. North of Sebastopol are the communities of Forestville, Cazadero, Graton, Guerneville, Occidental, and Monte Rio.

## Executive Summary

The study examined three scenarios that estimate the potential changes in revenues and expenses between the sum of the eleven school districts and each "what if." The scenarios were chosen to illustrate best the economic effects of school district reorganization under full and partial unification and unionization of elementary districts. There are many combinations, but these three show the issues and opportunities that each type of reorganization provides. And, in all scenarios that include three or more districts, individual districts could opt out of participation.

- **Scenario 1:** Full unification of all eleven school districts.
- **Scenario 2:** Split WSCUHSD into two unified school districts.
  - **Scenario 2A:** A Russian River area district with 22% of the enrollment from WSCUHSD (proportionate to the elementary districts). The elementary districts included would be Fort Ross, Montgomery, Monte Rio, Guerneville, Forestville, and Oak Grove.
  - **Scenario 2B:** A West Sonoma unified district with 78% of WCHUSD enrollment and the elementary districts of Gravenstein, Sebastopol, Harmony, and Twin Hills.
- **Scenario 3:** Create one unified District (Thompson-style) and one unionized elementary District.
  - **Scenario 3A:** Unify all WSCUHSD with the one state-aid funded elementary district, Twin Hills. The remaining nine elementary districts would opt out under Thompson provisions of laws.
  - **Scenario 3B:** Unionize (merge) the nine basic aid (community funded) districts into a larger elementary district that feeds into the unified District, as allowed under the Thompson provisions.

**Definitional Note:** the term **state-aid district** means a school district funded under the Local Control Funding Formula (LCFF) at the state guaranteed base rates, regardless of the local property taxes collected. The term **basic-aid district (also called community funded)** means a school district with local property taxes exceeding the state guaranteed base rate for LCFF funding. A basic aid district is permitted under law to keep the excess taxes. As a result, a basic aid district receives more funding than a state-aid district with the same demographics.

**About the Data:** This analysis is based on the most current, actual financial and pupil data available. This means the revenues, expenditures, pupil, and staffing data are reported to the California Department of Education (CDE) by each school district in the West Sonoma area, and each school district used in data comparisons. Changes in state funding allocations, the law, pupil enrollment, and local economics might influence future decisions and the conclusions in this report. The report is a snapshot in time, but certain fundamentals are unlikely to change the overall issues and conclusions in the short term.

### Scenario 1: All Districts Unify

The feasibility of unifying all eleven districts would be financially challenging and highly dependent on careful budget management and planning. The newly unified District must be willing to make substantial cuts to match the estimated immediate loss of \$14M in annual basic aid dollars. These cuts would need to be planned well before the effective date of unification. The newly unified school district might become basic aid if enrollment continues to decline, but the levels of basic aid dollars in future years would not make up for the initial loss of large sums today. Local charters might also help push the unified District into basic aid supplemental funding depending on the proportion of nonresidents to resident charter Average Daily Attendance (ADA). But again, this is a longer-term proposition.

## Executive Summary, Cont'd

### Scenario 1: All Districts Unify, Cont'd

Are the cost cuts feasible to make up for the revenue loss estimates? Yes. When comparing the "what if" unified District of about 5,700 ADA to other districts in the state of similar size and demographics, we can show that significant savings are possible in areas such as instruction, pupil services, and general administration. For example, about \$2M annually might be saved in board and superintendent costs alone.

But much of the cost savings beyond top-level management could not be realized immediately. The classified staff has a two-year right to their job and at the same pay and benefits. A workforce reduction might need to be accomplished for the certificated staff, which are not guaranteed the same salary and benefits level. There are strict legal processes and timelines to follow. Overall, looking at cost savings opportunities by function (activity), salaries, and full-time equivalent (FTEs) employees, a unified district could save the \$14M loss. But only with careful planning.

Where and how soon costs might be cut would require a lot of planning. Plans might include closing schools, reducing the classified workforce through attrition, and offering early retirement incentives. Once unified, the new District would immediately lose the basic aid revenue advantage.

***If costs are not cut to match the reduced revenues, a fiscal cliff could quickly lead to insolvency for the newly unified school district.***

The best case for an all-unified scenario to work and avoid a fiscal catastrophe in the near term would be through aggressive cuts in the year(s) leading up to unification and in Year One of the unification. Then, over time and with a reduced budget, the board could distribute dollars based on priorities that would no longer include duplicative administrative functions.

***To be clear, the extra basic aid dollars are essentially funding administrative and program inefficiencies. The problem is how to retain the basic aid dollars and still have an opportunity to achieve efficiency without creating a fiscal funding cliff.***

WSCUHSD is a state-aided district with the most Average Daily Attendance (ADA) to contribute to a reorganization. Any unification scenario that includes WSCUHSD would wipe out all basic aid dollars. Therefore, the following two scenarios were studied as each creates a basic aid district and a separate state aid district. Consolidating some or all the basic aid districts together helps preserve some basic aid revenue while still allowing for administrative efficiencies through consolidation.

## Executive Summary, Cont'd

### Scenario 2: Split WSCUHSD into Two Unified School Districts

The second Scenario would create two unified school districts. In Scenario 2A, a Russian River area unified district (Monte Rio, Fort Ross, Montgomery, Guerneville, Forestville, and including Oak Grove), and in Scenario 2B, a unified district with the remaining West Sonoma school districts. These scenarios might work but also would require much planning and the willingness to make significant budget cuts due to the loss of most (but not all) basic aid funds (about 70%).

The Russian River district would be basic aid, but with less funding (compared to the sum of the elementary districts) since the high school district ADA (estimated at 22% of current ADA) would dilute the amount of excess basic aid funding. However, there is an opportunity for considerable cost savings in the range of \$3M-\$5M, which would more than offset the revenue loss of about \$1.7M. Note: Scenario 2A assumes the reopening of El Molino High School. There are no cost estimates in this study for reopening expenses.

The remaining West Sonoma district would not be basic aid but would receive about 84% of total LCFF funding from property tax revenues (before the in-lieu payment to charters). The estimated revenue loss of \$4.2M might be covered by cost savings that might range realistically between \$4M - \$6M.

### Scenario 3: Create One State-Aid Unified District and One Basic- Aid Elementary District

The most favorable financial scenarios in the short-term are #3A and #3B. Scenario 3A would unify the entire WSCUHSD with only Twin Hills in a Thompson-style unification, which permits the nine remaining elementary districts to opt out while still feeding to the unified District for secondary programs. The unified District would have no revenue loss but opportunities to save costs at perhaps \$2M. The West Sonoma/Twin Hills district would not be basic aid, receiving about 63% of total LCFF funding from property tax revenues.

In Scenario 3B, the remaining nine basic aid districts would unionize into one basic-aid elementary District. The unionization would be quite financially advantageous to the consolidated elementary District. While retaining all basic aid funding, the larger single elementary District would have opportunities to save significant costs. For example, estimated saving of \$1.2M in board and superintendent costs, \$.5M in other general administration, and perhaps \$5.6M in instruction and school administration, especially if some school site consolidations were feasible.

### Overall Conclusion:

Consolidation would provide the governing board(s) of the new District (s) with the ability to consolidate administrative services and save costs overall. All scenarios (and any others that would combine two or more districts) show that duplicative services for administrative and operational costs might be reduced. Program efficiencies might be achieved through consolidation and full-time equivalent (FTEs) employees reduced. The resulting cost savings would allow flexibility to prioritize funding allocations toward educational goals.

The **challenge in Scenarios 1 and 2** is building an expenditure budget that matches the projected loss in revenues. Scenario 1, complete unification, is the riskiest since the funding loss would be immediate, and the ability to cut costs fully would take time. Scenario 2 is slightly less risky overall, but immediate cost reductions are still required to cover a considerable estimated revenue loss.

**Scenario 3 is the least financially risky** as there would be no significant revenue loss, and the opportunity to reduce costs is feasible.

The following report details the study methods and summarizes the computations to reach the outlined conclusions.

## Background

W SCUHSD serves students in 9th thru 12th grade and had an enrollment of 1,664 students in 2020-21. W SCUHSD owns two comprehensive high schools, Analy and El Molino (closed due to budget cuts); one continuation high school, Laguna; and an independent study program. The District is also the Local Education Agency (LEA) for the West Sonoma County Special Education and Student Services Consortium.

The W SCUHSD is the high school district where the ten elementary school districts send students for high school education. The ten feeder elementary districts range in size between 14 pupils and over 1,100 pupils. Most of the elementary districts serve grades K-8 and, to some extent, high school education within locally sponsored charter schools.

Seven elementary districts sponsor fourteen charter schools. Five of the charters are independent nonprofit benefit corporations, and nine are local charters run by the local authorizing school boards.

The total ADA, including the local charters, in the fiscal year 2020-21 was 5,687. The average size of the West Sonoma school district's is 517 ADA.

By comparison, there are 1,155 total school districts in California, of which 344 are unified K-12. The median district size is 2,428 pupils. The median-sized unified district size is 4,377. There are 316 school districts with 500 or fewer pupils, 27% of the total number of schools in the State. Seven of the eleven West Sonoma school districts have less than 500 ADA, including the local charter school ADA.

The school districts in West Sonoma are small enrollment-wise compared to the statewide statistics. But some of the districts serve larger square miles, given rural geographies, such as Fort Ross with only 14 pupils. The land square miles of each District are shown below:

<b>Districts Within West Sonoma UHSD</b>	
<b>Comparison of Geographical Size</b>	<b>Land Square Miles (source:Census,School District Special Tabulation,proximityone.com)</b>
Forestville Union Elementary	26.33
Fort Ross Elementary	72.22
Gravenstein Union Elementary	9.66
Guerneville Elementary	31.4
Harmony Union Elementary	48.79
Monte Rio Elementary	37.54
Montgomery Elementary	47.48
Oak Grove Elementary	15.39
Sebastopol Union Elementary	14.63
Twin Hills Union Elementary	19.25
West Sonoma County Union High	322.69

## **Background, Cont'd**

By comparison, geographically, a total unified West Sonoma district of 5,700 pupils would rank 4th among the following comparative unified school districts in land square miles. Districts having more territory to serve means more student transportation issues for outlying populations and the possible need for more school sites to cover the rural areas.

<b>Comparison of Unified Districts to WSUSD (Proposed)</b>	
<b>Comparison of Geographical Size</b>	<b>Land Square Miles (source:Census,School District Special Tabulation,proximityone.com)</b>
Barstow Unified	1805.61
Ukiah Unified	453.17
Patterson Unified	359.78
<b><i>West Sonoma Unified (Proposed)</i></b>	<b>322.69</b>
Paso Robles Unified	309.85
Claremont Unified	63.36
Selma Unified	53.14
Moorpark Unified	47.58
Dinuba Unified	33.72
Lammersville Unified	23.49
Cotati-Rohnert Park Unified	14.89

The pupils in the West Sonoma area are demographically predominately White (62% on average), followed by Hispanic (24%). And on average, 72% of pupils are eligible for free and reduced meals, and 8% are English Language Learners.

Financially, all eleven school districts receive above average funding per pupil compared to the statewide averages. Nine school districts are basic aid and, as such, keep excess tax revenues which is a major fiscal advantage. Losing these dollars would have a significant effect on the viability of consolidation. But there is duplication of services, mainly administrative, which might be saved through consolidation.

## **Study Scope and Unification Process**

The scope of the unification is to evaluate the financial feasibility of complete unification of all affected districts or a partial unified under the Thompson provisions (EC Sections 35542(b) and 35710, which permits a school district to be excluded from a reorganization action). Any petition proposed would need to substantially meet the criteria set forth in Education Code Section 35753. This report addresses one of the criteria, which states:

- 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.

Unification and territory transfers (including unionization) can be accomplished through processes laid out in law. Education Code Section 35700 allows for several types of petitions that would apply to WSCUHSD and the elementary districts:

1. A petition signed by a majority of the members of the governing boards of all affected districts; or,
2. A government entity petitions to unify (e.g., city council, board of supervisors, or any special district); or,
3. A petition signed by at least 25 percent of the registered voters in the inhabited territory proposed to be reorganized (if the territory proposed for reorganization is located within two or more school districts, the signatures of at least 25 percent of the registered voters from that territory in each school district are required); or,
4. The County committee formulates a plan and recommendation under EC Section 35720, which is then submitted for approval by the State Board of Education.

Following the submission of a petition, the county superintendent would:

- a) Determine the sufficiency within 30 days of receipt (EC Section 35704),
- b) Hold public hearings within 60 days of receipt of a valid petition (EC Section 35705 and 35705.5), and,
- c) Conduct a study on the impact and make a county committee recommendation within 120 days of the first public hearing (EC Section 35753).

## Study Methodology

**About the Data:** CW utilized data provided by the districts to the Sonoma County Office of Education (SCOE) and the California Department of Education (CDE). The data is from mandated state reporting that includes:

- ✓ SACS financial reporting – interim, budget, and unaudited actual reports
- ✓ CBEDS – enrollment census counts
- ✓ CalPADS – unduplicated pupil counts by subgroup
- ✓ Apportionment schedules – the amount paid by the state and federal government
- ✓ ADA reporting – average daily attendance
- ✓ Charter School Directory – listed by the school district
- ✓ Property Tax Reporting – actual property taxes collected by each District

The CDE and Ed Data Partnership aggregate this data and have search engines CW used for downloading data for each school district in the study.

In addition, CW found data from these sources:

- ✓ Sonoma County Assessor's Office – data on assessed valuation
- ✓ Proximityone.com – data on square miles of affected districts
- ✓ District websites

**Data Period Used:** CW used the most current, complete and relevant actual data and not budgeted amounts. For the revenue calculations and most expenditure comparisons, the most recent actual fiscal year was 2020-21. Forecasts, when done, used actual historical data and reasonable assumptions.

Note: the results are best estimates and not assurance about actual future results. For example, the most recent ADA numbers for WCUHSD at P2 2021-22 were 1,452 (a drop of 16%) over 2020-21 ADA at 1,720. And some of the elementary districts also experienced ADA declines. But, coming back from the pandemic, will some enrollment be recouped in the 2022-23 school year? Perhaps. Many districts across the State had difficulties tracking pupils and fully claiming ADA due to Covid illnesses and limitations with independent study alternatives. This study uses 2020-21 financial, enrollment and ADA data consistently and for comparability to other districts.

**Use of Comparative School Districts:** CW has gathered financial data from school districts of comparable size and, to the extent possible, pupil demographics to those examined in the three scenarios. The financial data for the comparative school districts came from the same sources as the studied affected districts, the CDE. CW was careful to choose comparative districts based on similar size to the studied configuration and with similar unduplicated pupil counts. While there is not a perfectly matched relative district, the averaged results provide a reasonable estimation of each studied district scenario's expenses.

**How Charters are Handled in the Study:** CW has identified and segregated the charter schools between those locally controlled by the District governing boards and those run by independent nonprofit corporations. When analyzing cost savings, the operating costs of the districts and the local charters are evaluated in combination since the governing boards manage the costs of both. The LCFF computations are separately analyzed between the district and local charters for revenues, but other funding sources are considered in combination. The finances of independent charters have not been studied as there is no local control over their operations. If a reorganization were to occur, all affected charter schools would need to be reauthorized by the newly created district(s).

**Communication with the CDE:** CW has spoken to the California Department of Education (CDE) School District Unification staff regarding LCFF calculations in a school district unification and the petition process. CDE's staff were helpful and will be an essential resource should a potential petition be studied further and developed.

## District Facilities

### West Sonoma School Sites

The following is a recap of each school district, the school sites in operation, the grade levels served, whether charter schools are on the sites and whether the property is owned by the school district.

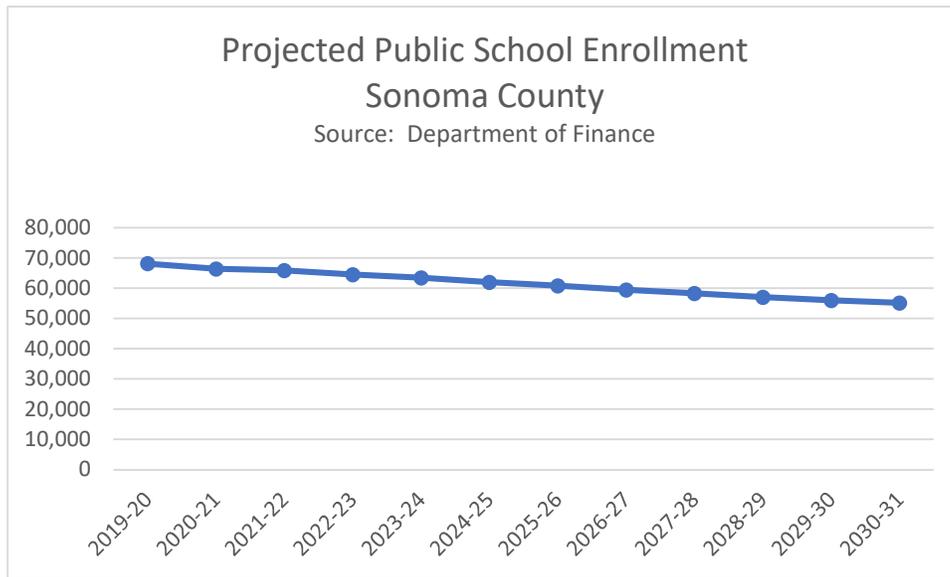
<b>Listing of Facilities Used</b>						
<b>Name of District and Site</b>	<b>Location</b>	<b>Grades Served</b>	<b>Enrollment FY2020-21</b>	<b>Charter School?</b>	<b>District Property?</b>	
<b>Forestville Union Elementary (1)</b>						
Forestville Academy	6321 Hwy 116 Forestville	2-8	218	Yes - locally funded	Yes	
Forestville Elementary	6321 Hwy 116 Forestville	K-1	48	No	Yes	
Nonpublic	n/a		1	n/a		
<b>Fort Ross Elementary (1)</b>						
Fort Ross Elementary	30600 Seaview, Cazadero	K-6	11	No	Yes	
<b>Gravenstein Union Elementary (2)</b>						
Gravenstein Elementary	3840 Twig Ave, Sebastopol	K-5	438	Yes - locally funded	Yes	
Gravenstein First	3840 Twig Ave, Sebastopol	1	35	No	Yes	
Hillcrest Middle	725 Bloomfield	6-8	284	Yes - locally funded	Yes	
<b>Guerneville Elementary (1)</b>						
California Pacific Charter - Sonoma	14630 Armstrong Woods Rd, Guerneville	K-12	216	Yes - direct funded	Yes	
Guerneville Elem Charter	14630 Armstrong Woods Rd, Guerneville	K-8	220	Yes - locally funded	Yes	
Guerneville Primary	14630 Armstrong Woods Rd, Guerneville	K	22	No	Yes	
<b>Harmony Union Elementary (1)</b>						
Harmony Elementary	1935 Bohemian Highway, Occidental	K-1	40	No	Yes	
Salmon Creek Elementary Charter	1935 Bohemian Highway, Occidental	2-8	160	Y - locally funded	Yes	
Pathways Charter	150 Professional Center Drive, Ste C, Rohn	K-12	417	Y - direct funded	No	
<b>Monte Rio Elementary (1)</b>						
Monte Rio Elementary	20700 Foothill Dr., Monte Rio	K-8	61	No	Yes	
<b>Montgomery Elementary (1)</b>						
Montgomery Elementary	18620 Fort Ross Rd., Cazadero	K-8	22	No	Yes	
<b>Oak Grove Elementary (2)</b>						
Oak Grove Elementary	8760 Bower St., Sebastopol	K	73	No	Yes	
Oak Grove Elem/Willowside Middle	5299 Hall Rd, Santa Rosa	1-8	765	Yes - locally funded	Yes	
Pivot Charter School - North Bay	2999 Cleveland Ave., STE A-F, Santa Rosa	K-12	453	Yes - direct funded	No	
<b>Sebastopol Union Elementary (2)</b>						
Park Side Elementary	7450 Bodega Ave., Sebastopol	K-4	216	No	Yes	
Brook Haven Middle	7905 Valentine Ave., Sebastopol	5-8	198	No	Yes	
REACH	487 Watertrough Rd., Sebastopol	K-8	118	Yes - direct funded	No	
Sebastopol Independent Charter	1111 Gravenstein Hwy N, Sebastopol	K-8	281	Yes - direct funded	No	
<b>Twin Hills Union Elementary (3)</b>						
Apple Blossom Elem	700 Watertrough Rd., Sebastopol	K-5	355	No	Yes	
Orchard View	700 Watertrough Rd., Sebastopol	K-12	248	Yes - locally funded	Yes	
Sunridge Elem Charter	7285 Hayden Ave. Sebastopol	K-8	270	Yes - locally funded	Yes (Sebastopol)	
Twin Hills Charter Middle	1685 Watertrough Rd., Sebastopol	6-8	226	Yes - locally funded	Yes	
<b>West Sonoma County Union High (4)</b>						
Laguna Continuation High	445 Taft Street, Sebastopol	10-12	80	No	Yes	
El Molina High	7050 Covey Rd., Forestville	9-12 (closed 2020-21)	562	No	Yes	
West County High (Analy)	6950 Analy Ave, Sebastopol	9-12	1,158	No	Yes	
West Sonoma County Consortium - Special Education	462 Johnson Street, Sebastopol	K-12	38	No	Yes	
Nonpublic	n/a		13	No	n/a	

## Enrollment and ADA Data

CW gathered data on enrollment and ADA trends for the affected school districts and the locally controlled charter schools. Note: independent charter schools are legally separate from the districts and not analyzed for enrollment and ADA.

### Enrollment and ADA Trends

Public school enrollment in Sonoma County is projected to decline steadily over the next ten years, with a 17% decrease over the fiscal year 2020-21.



For the West Sonoma area districts, shown in the enrollment and ADA trends tables on the following two pages, there has been a 14% decline in enrollment over the past six years and a 12% decline in ADA. The ADA decline is probably closer to the enrollment decline of 14%, given the state funding formula that funds the greater of prior or current year ADA. The only District that experienced enrollment growth was Gravenstein, due to opening a charter school. All other districts had enrollment declines that ranged from a low of 2% in Oak Grove to a high of 50% in Fort Ross.

A five-year historical trend of enrollment and ADA is on the following two pages, plus the 2021-22 P1 reporting.

## Enrollment and ADA Data, Cont'd

<b>Trends in Enrollment and ADA (includes local charters)</b>							
<i>Source: CDE, LCFF ADA Exhibits</i>	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (P1)	% Change Over 6 years
<b>Forestville Union Elementary</b>							
<b>Enrollment Total</b>	340.00	263.00	237.00	289.00	267.00	238.00	-30%
Grades TK-3	147.40	124.37	115.44	100.82	97.37	84.31	-43%
Grades 4-6	94.11	117.14	105.95	100.75	100.75	77.89	-17%
Grades 7-8	75.44	none report	none repor	64.52	64.52	58.36	-23%
<b>Total ADA</b>	316.95	241.51	221.39	266.09	262.64	220.56	-30%
Reported ADA as a % of Enrollment	93%	92%	93%	92%	98%	93%	-1%
<b>Fort Ross Elementary</b>							
<b>Enrollment Total</b>	24.00	19.00	21.00	15.00	11.00	12.00	-50%
Grades TK-3	9.11	8.38	6.01	6.01	5.64	5.64	-38%
Grades 4-6	9.62	8.81	5.02	4.95	4.76	4.76	-51%
Grades 7-8	3.71	3.63	6.98	7.08	4.77	3.78	2%
<b>Total ADA</b>	22.44	20.82	18.01	18.04	15.17	14.18	-37%
Reported ADA as a % of Enrollment	94%	110%	86%	120%	138%	118%	26%
<b>Gravenstein Union Elementary</b>							
<b>Enrollment Total</b>	727.00	724.00	761.00	770.00	757.00	761.00	5%
Grades TK-3	313.13	305.90	313.37	310.64	310.64	311.38	-1%
Grades 4-6	223.10	243.03	239.91	269.41	269.41	215.49	-3%
Grades 7-8	160.28	159.99	172.03	156.79	156.79	201.11	25%
<b>Total ADA</b>	696.51	708.92	725.31	736.84	736.84	727.98	5%
Reported ADA as a % of Enrollment	96%	98%	95%	96%	97%	96%	0%
<b>Guerneville Elementary</b>							
<b>Enrollment Total</b>	286.00	262.00	267.00	280.00	244.00	224.00	-22%
Grades TK-3	105.84	105.91	87.96	not avail	106.52	91.75	-13%
Grades 4-6	95.79	95.79	81.50	not avail	84.20	61.56	-36%
Grades 7-8	69.76	69.76	96.61	not avail	70.28	43.75	-37%
<b>Total ADA</b>	271.39	271.46	266.07	237.92	261.00	197.06	-27%
Reported ADA as a % of Enrollment	95%	104%	100%	85%	107%	88%	-7%
<b>Harmony Union Elementary</b>							
<b>Enrollment Total</b>	225.00	245.00	256.00	249.00	200.00	182.00	-19%
Grades TK-3	109.41	118.43	117.78	not avail	100.53	102.71	-6%
Grades 4-6	77.19	74.41	70.50	not avail	75.01	54.31	-30%
Grades 7-8	46.94	54.98	47.28	not avail	40.15	29.09	-38%
<b>Total ADA</b>	233.54	247.82	235.56	215.69	215.69	186.11	-20%
Reported ADA as a % of Enrollment	104%	101%	92%	87%	108%	102%	-1%
<b>Monte Rio Elementary</b>							
<b>Enrollment Total</b>	90.00	89.00	84.00	78.00	62.00	67.00	-26%
Grades TK-3	Data incomplete at CDE, used au			32.81	32.81	32.81	n/a
Grades 4-6				24.15	24.15	23.19	n/a
Grades 7-8				15.88	15.88	16.74	n/a
<b>Total ADA</b>	85.00	85.00	79.00	72.84	72.84	72.74	-14%
Reported ADA as a % of Enrollment	94%	96%	94%	93%	117%	109%	15%
<b>Montgomery Elementary</b>							
<b>Enrollment Total</b>	28.00	35.00	33.00	21.00	22.00	19.00	-32%
Grades TK-3	18.36	13.76	14.08	12.09	9.16	8.25	-55%
Grades 4-6	9.17	10.75	10.75	9.60	5.96	5.96	-35%
Grades 7-8	3.89	7.54	7.54	8.76	6.33	6.33	63%
<b>Total ADA</b>	31.42	32.05	32.37	30.45	21.45	20.54	-35%
Reported ADA as a % of Enrollment	112%	92%	98%	145%	98%	108%	-4%

## Enrollment and ADA Data, Cont'd

<b>Trends in Enrollment and ADA (includes local charters), Continued</b>							
<i>Source: CDE, LCFF ADA Exhibits</i>	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 (P1)	% Change Over 6 years
<b>Oak Grove Elementary</b>							
<b>Enrollment Total</b>	829.00	854.00	853.00	878.00	840.00	812.00	-2%
Grades TK-3	263.65	277.79	288.20	not avail	286.46	260.31	-1%
Grades 4-6	264.58	248.24	240.41	not avail	258.74	239.56	-9%
Grades 7-8	275.11	300.83	290.85	not avail	301.64	286.00	4%
<b>Total ADA</b>	803.34	826.86	819.46	843.84	846.84	785.87	-2%
Reported ADA as a % of Enrollment	97%	97%	96%	96%	101%	97%	0%
<b>Sebastopol Union Elementary</b>							
<b>Enrollment Total</b>	537.00	491.00	463.00	458.00	414.00	438.00	-18%
Grades TK-3	206.91	214.56	215.40	211.66	194.31	191.22	-8%
Grades 4-6	159.95	159.96	154.44	137.66	150.42	153.77	-4%
Grades 7-8	158.69	143.61	115.98	102.04	96.42	93.48	-41%
<b>Total ADA</b>	525.55	518.13	485.82	451.36	441.15	438.47	-17%
Reported ADA as a % of Enrollment	98%	106%	105%	99%	107%	100%	2%
<b>Twin Hills Union Elementary</b>							
<b>Enrollment Total</b>	1,252.00	1,206.00	1,207.00	1,157.00	1,101.00	964.00	-23%
Grades TK-3	447.38	440.83	427.87	433.00	429.14	393.16	-12%
Grades 4-6	357.64	352.50	330.49	309.40	307.84	289.69	-19%
Grades 7-8	302.12	272.60	285.37	261.24	261.24	215.50	-29%
Grades 9-12	104.64	103.42	102.69	102.78	102.78	85.14	-19%
<b>Total ADA</b>	1,211.78	1,169.35	1,146.42	1,106.42	1,101.00	983.49	-19%
Reported ADA as a % of Enrollment	97%	97%	95%	96%	100%	102%	5%
<b>West Sonoma County Union High</b>							
<b>Enrollment Total</b>	1,944.00	1,959.00	1,933.00	1,838.00	1,851.00	1,664.00	-14%
Grades TK-3	15.95	11.22	10.63	8.94	8.48	8.48	-47%
Grades 4-6	9.70	9.00	12.04	15.07	12.17	12.17	25%
Grades 7-8	4.83	8.35	9.02	5.82	9.06	8.96	86%
Grades 9-12	1,890.32	1,835.21	1,751.96	1,716.42	1,696.18	1,690.79	-11%
<b>Total ADA</b>	1,920.80	1,863.78	1,783.65	1,746.25	1,725.89	1,720.40	-10%
Reported ADA as a % of Enrollment	99%	95%	92%	95%	93%	103%	5%
<b>Total All West Sonoma Districts</b>							
<b>Enrollment Total</b>	6,282.00	6,147.00	6,115.00	6,033.00	5,769.00	5,381.00	-14%
Grades TK-3					1,581.06	1,490.02	n/a
Grades 4-6					1,293.41	1,138.35	n/a
Grades 7-8					1,027.08	963.10	n/a
Grades 9-12					1,798.96	1,775.93	n/a
<b>Summary ADA West Sonoma Districts</b>	6,118.72	5,985.70	5,813.06	5,725.74	5,700.51	5,367.40	-12%
Reported ADA as a % of Enrollment	97%	97%	95%	95%	99%	100%	2%

## Property Tax Trends

Property tax revenues are crucial in the study since nine of the eleven school districts receive tax revenues above the State per pupil LCFF funding guarantees. And the districts get to keep it! This is called a basic-aid (or community funded) District since the District receives property taxes plus a minimum basic aid guarantee from the State. WSCUHSD and Twin Hills ESD are the only non-basic aid districts because tax revenues are less than what the state is obligated to fund.

This study considered whether each Scenario that combines districts would or would not be basic aid in the foreseeable future. Only a small percentage of districts in the State are basic-aid, and this added funding helps augment and enrich the educational program and services. Losing basic aid dollars is significant to the budget of a new unified school district with combined higher than average expenditures committed primarily to salaries and benefits.

Over the past five years, property tax revenues have grown 19% area-wide. Guerneville's growth was only 2.7%. The average annual tax increase was about 4.5% area-wide, above the statutory maximum of the lower of 2% or the statutory COLA times AV annually. Given recent state-aid COLA of 5% and more, it is unlikely property taxes will outpace the annual increase in COLA any time soon.

<b>Schedule of Local Property Tax Revenues</b>						
<b>Source: J-29 Reports and CDE LCFF Summary Annual Data</b>						
<b>School Districts</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>Percentage Increase Past 5 Years</b>
Forestville Union Elementary	2,797,828	2,908,740	3,096,790	3,281,317	3,417,955	22.2%
Fort Ross Elementary	323,862	342,062	368,947	391,236	402,224	24.2%
Gravenstein Union Elementary	2,752,310	2,870,788	3,040,542	3,201,382	3,332,523	21.1%
Guerneville Elementary*	1,293,450	1,310,778	1,365,734	1,410,774	1,328,111	2.7%
Harmony Union Elementary	2,175,563	2,258,456	2,402,756	2,548,851	2,655,987	22.1%
Monte Rio Elementary*	659,933	665,714	699,737	730,255	742,276	12.5%
Montgomery Elementary	455,180	468,695	499,411	524,897	541,150	18.9%
Oak Grove Elementary	2,454,083	2,536,582	2,709,459	2,863,450	3,006,328	22.5%
Sebastopol Union Elementary *	4,660,121	4,820,688	5,127,635	5,170,292	5,287,266	13.5%
Twin Hills Union Elementary	3,515,383	3,669,600	3,885,731	4,071,366	4,217,876	20.0%
West Sonoma County Union High	9,787,817	10,108,906	10,860,904	11,397,249	11,824,239	20.8%
<b>Total West Sonoma School Districts</b>	<b>\$ 30,875,530</b>	<b>\$ 31,961,009</b>	<b>\$ 34,057,646</b>	<b>\$ 35,591,069</b>	<b>\$ 36,755,935</b>	<b>19.0%</b>

### Would an All-West Sonoma District Unified be Basic Aid?

Probably. As discussed more under each Scenario analyzed, any unification that includes WSCUHSD would lose today's basic aid (excess) property tax funding. Still, declining enrollment will probably drive a unified district into basic aid. But the excess dollars would not be at the level received by the individual districts today, at least in the short-term. The unified District has considerable amounts of property tax funding (about 84% of the LCFF), but what would propel the District into basic aid would be declining enrollment.

### Property Tax Trends, Cont'd

A schedule of the Assessed Valuation (AV) for each District in the tax year 2021 is shown below:

<b>School Districts</b>	<b>Assessed Valuation (Tax Year 2021, County of Sonoma)</b>
<b>Forestville Union Elementary</b>	\$ 1,469,419,874
Fort Ross Elementary	\$ 262,931,960
Gravenstein Union Elementary	\$ 1,037,213,603
Guerneville Elementary	\$ 1,074,965,289
Harmony Union Elementary	\$ 1,296,373,751
Monte Rio Elementary	\$ 478,377,818
Montgomery Elementary	\$ 282,107,367
Oak Grove Elementary	\$ 1,237,708,923
Sebastopol Union Elementary	\$ 2,495,463,873
Twin Hills Union Elementary	\$ 1,376,293,047
West Sonoma County High	\$ 11,010,855,469

Under Proposition 13, property taxes on all secured properties cannot go up more than 2% annually unless the property changes ownership or is modified. There are also some exceptions for children inheriting the parent's home. Presently, State COLA is over 5% annually, so AV is not likely to outpace increases in state funding over the next few years.

## Local Control Funding Formula (LCFF)

The LCFF is the most significant source of revenue for K-12 school districts in California. The impact of unification on the LCFF revenues is the most critical consideration for any reorganization proposal. While there might be cost efficiencies achieved through consolidation, the potential loss of revenue might exceed actual cost savings, especially in the short term. If there is a significant overall negative fiscal impact with any proposal, the proposal will fail to meet the State's criterion on fiscal impact and status.

Changes in school boundaries require recalculating major LCFF components, including excess (Basic Aid) taxes, Basic Aid Supplemental funds, Educational Protection Account, and supplemental and concentration grants. The LCFF formula is quite complex as it uses the 2012-13 base year, which is unique to each District. A weighted average calculation based on proportionate ADA is required for some LCFF components.

### **LCFF Basic Components:**

The base LCFF grant per Average Daily Attendance (ADA) is the same for each school district in California (based on grade span). In addition, the Unduplicated Pupil Count (UPC) determines the individual school district's level of English Language Learner and Low-Income student population. The State provides added funding for UPCs in supplemental and concentration grants. Plus, certain districts (and nine in the West Sonoma area) receive extra funding due to basic aid status (both in excess taxes and basic aid supplemental funding related to sponsored charter schools). Other formulas such as necessary small school funding are available when eligibility requirements are met.

The Educational Protection Act (EPA) is a component of LCFF. It guarantees a minimum of \$200 per ADA, plus there is a \$120 per ADA constitutional minimum guarantee (basic aid districts receive this guarantee). EPA revenue is determined after basic aid funding is computed. There is a cap on EPA funding, but EPA cannot fall below the \$200/ADA guarantee.

All districts in the West Sonoma area receive some supplemental grant funds, but only a few receive concentration funds. The UPC counts in West Sonoma are relatively low compared to the state averages.

## Local Control Funding Formula (LCFF), Cont'd

The LCFF funding formula components and the impact of unification or other reorganization action are discussed in the following:

- **No Eligibility for Necessary Small School (NSS) Funding:** LCFF would provide an NSS allowance instead of the base grants for small schools to operate at a minimum base level budget. While several West Sonoma area districts might otherwise qualify for NSS due to low enrollment, the districts have long received more funding from local taxes above the state minimum guarantee. Therefore, NSS funding would not apply.
- **Supplemental grants** equal to 20 percent of the adjusted base grants multiplied by the LEA's unduplicated percentage of English learners, income eligible for free or reduced-price meals, and foster youth pupils. All the West Sonoma districts receive supplemental grant funds, totaling a little over \$2M annually. These funds would continue unabated after any reorganization.
- **Concentration grants** equal 50 percent of the adjusted base grants multiplied by an LEA's percentage of unduplicated pupils above 55 percent. Only Fort Ross, Guerneville, and Monte Rio were eligible to receive concentration grant funding (totaling only \$93,955 in the fiscal year 2020-21). These funds would be lost after reorganization as the total unduplicated pupil count would fall below 55%, but the funds are minor compared to total revenues.
- Two add-ons are provided based on the amount school districts received in 2012–13 for the **Targeted Instructional Improvement Block Grant and Home-to-School Transportation** programs. These add-ons would continue to be funded post-reorganization.
- WSCUHSD and Twin Hills received **Education Revenue Augmentation Funds (ERAF)** amounting to \$1.575 M in 2020-21. Unification should not have a fiscal impact on ERAF because the State would be obligated to backfill the loss if the new District was no longer eligible.
- CW confirmed with the CDE that the **economic target recovery funding**, a total of \$771K in 2020-21, would be retained post-unification. An Economic Recovery Target (ERT) entitlement is based on the difference between the amount a school district or charter school would have received under the old funding system and the estimated amount for LCFF funding in 2020–21, based on specific criteria. Only school districts and charter schools at, or below, the 90th percentile of per-pupil funding rates of school districts under the old funding system as determined at the 2013–14 P-2 certification were eligible for ERT payments.
- Funding received from **community redevelopment** (Health and Safety Code Section 33000 et seq) would presumably be apportioned to the newly reorganized school district for the same project areas and have no fiscal impact.
- It is assumed in this study that all eligible districts met the conditions for receiving the kindergarten through **grade three (K–3) grade span adjustment (GSA)**, which is equal to 10.4 percent of the K–3 base grant.
- **Basic aid funding** is the most significant element of LCFF funding that affects the financial feasibility of school district unification in West Sonoma. Because of the significance, a great deal of the study is focused on the issue in the following pages.

## Local Control Funding Formula (LCFF), Cont'd

**Basic Aid Funding** is a significant source of added revenues for all the elementary school districts, but not WSCUHSD, a state aid district. Nine districts are “true basic aid” districts in which tax revenues exceed state aid without regard to serving non-resident charter pupils. The elementary exception is Twin Hills which receives basic aid supplemental funding because state aid after sharing in-lieu taxes with charter schools is less than the net tax. Still, Twin Hills is not technically a true basic aid district.

The first bucket of basic aid revenue is the excess property taxes, which totaled among all districts \$2.4M in 2020-21. The second bucket of basic aid revenue is supplemental and amounted to \$9.1M in 2020-21. When a new LCFF computation is made for a hypothetical unified school district, both funding sources are at serious risk of loss. In **Scenario 1**, all these basic aid funds are projected to be lost (unless the unified District becomes basic aid due to low enrollment, and even then, a large portion would still be lost). In **Scenario 2**, about 70% of these funds are projected to be lost. In **Scenario 3A**, only about \$900K of these funds (8%) are projected to be lost. **Scenario 3B** would probably receive about the same in basic aid supplemental funds.

The **School District Basic Aid Supplement** program provides supplemental funding to basic aid school districts for the loss of local in-lieu property taxes due to charter schools that provide instruction to nonresident (out-of-district) students. According to the CDE, in the fiscal year 2020-21, the total basic aid supplemental funding for the West Sonoma districts combined amounted to \$9,106,484.

The most significant funding issue resulting from any consolidation scenario is the **loss of basic aid excess property tax status** and basic aid supplemental funding (for districts with local charters with nonresident ADA). The chart below shows that all but WSCUHSD have either excess local revenue (basic aid) or basic aid supplemental funding, or both. Note: The Additional State Aid component reflects the minimum guarantees apportioned to basic aid districts beyond local tax revenues and the supplemental funding.

School Districts with Basic Aid Funding	Basic Aid Supplemental	Basic Aid Funding	Additional State Aid	Total	District and Local Charter ADA	Basic Aid Revenue Per Pupil
Oak Grove	\$ 2,142,573	\$ -	\$ 509,900	\$ 2,652,473	846.84	\$ 3,132
Gravenstein	2,111,834	-	88,817	2,200,651	736.84	2,987
Harmony	1,852,213	-	187,439	2,039,652	215.69	9,456
Forestville	185,902	1,142,640	439,479	1,768,021	262.64	6,732
Sebastopol	1,250,168	-	242,469	1,492,637	441.15	3,384
Guerneville	670,798	541,983	471,540	1,684,321	261.00	6,453
Twin Hills	892,996	-	-	892,996	1,101.00	811
Monte Rio	-	331,673	129,882	461,555	72.84	6,337
Montgomery	-	237,476	91,797	329,273	21.45	15,351
Fort Ross	-	154,039	72,066	226,105	15.17	14,905
Total	\$ 9,106,484	\$ 2,407,811	\$ 2,233,389	\$ 13,747,684	3,974.62	\$ 3,459

*source: CDE 2020-21 LCFF*

Since the financial feasibility of a reorganized school district requires matching expenditures to revenues, any loss of funding needs to be balanced out with cost savings (while maintaining programs and services at an acceptable level).

## Local Control Funding Formula (LCFF), Cont'd

### The Basic Aid Supplement (BAS) and Charter Schools

A complete analysis of whether to keep or close the dependent charter schools would need to be made for any scenario that results in a basic aid district (Scenario 2A and 3B). This study assumes the new District would reauthorize the existing charters, and the charters would have a revenue-neutral fiscal impact. There would be a reduction of basic aid supplemental funds when districts consolidate to the extent that non-resident charter ADA becomes resident ADA of the new school district. However, the amount of non-resident ADA served with other West Sonoma districts is not material compared to the total non-resident ADA served. CW computed the estimated change (reduction) in BAS after **Scenarios 2A and 3B**.

	Basic Aid Supplement from Non-Resident ADA		
	Before Reorganization	After Reorganization	Change
<b>Scenario 2A: Russian River Districts (Monte Rio, Forestville, Fort Ross, Guerneville, Montgomery, Oak Grove)</b>			
Forestville	\$ 195,783	\$ 173,618	\$ 22,165
Fort Ross	-	-	
Monte Rio	-		
Montgomery	-		
Guerneville	568,353	565,154	(3,199)
Oak Grove	2,184,339	2,124,624	(59,715)
<b>Totals</b>	<b>\$ 2,948,475</b>	<b>\$ 2,863,396</b>	<b>\$ (40,749)</b>
<b>Scenario 3B: Unionization of All Basic Aid Elementary Districts</b>			
Forestville	\$ 195,783	\$ 145,193	\$ 50,590
Granvenstein	2,161,347	2,112,869	48,478
Fort Ross	-	-	-
Monte Rio	-	-	-
Montgomery	-	-	-
Guerneville	568,353	562,831	(5,522)
Oak Grove	2,184,339	2,102,588	(81,751)
Harmony	1,886,260	1,848,074	(38,186)
Sebastopol	1,224,298	877,607	(346,691)
<b>Totals</b>	<b>\$ 8,220,380</b>	<b>\$ 7,649,162</b>	<b>\$ (373,082)</b>

The basic aid supplement has been fiscally beneficial to the small districts. This supplement is earned when the basic aid district serves resident charter pupils. By creating a local charter and having both District and out-of-district pupils opt to attend, a basic aid advantage is obtained with the return of LCFF grade level dollars to pay for the nonresident in-lieu payments. Suppose a basic aid district were to cease to exist in a unification? In that case, the fiscal advantage is lost, except that the resident pupils would continue to be included in LCFF-funded ADA.

## Local Control Funding Formula (LCFF), Cont'd

### The Basic Aid Supplement (BAS) and Charter Schools, Cont'd

The districts benefit from local charter schools earning state aid on the resident pupils while lowering the in-lieu tax transfer. So, the state pays both the charter and the District, even when the local charter is controlled by the same board. Plus, the basic aid district gets the categorical entitlement but does lose the supplemental and ERAF taxes.

### Unduplicated Pupil Counts (UPC) Funding Eligibility

Continuing with the State's LCFF funding formula, CW analyzed other components by recomputing the UPC. The UPC also funds specific federal programs. The State's LCFF calculation, Federal Title 1, Title III, and State and National School Lunch programs use low-income pupil counts to determine eligibility. And other less significant programs also use the UPC counts. A recap of the UPC percentages and LCFF supplemental/concentration funds, and Title 1 funding is shown below:

Unduplicated Pupil Count Percentages and Funding by Categories				
School District	CALPADS 3-Year Average Unduplicated Pupil Count	LCFF Supplemental Funding 2020-21	LCFF Concentration Grant Funding 2020-21	Title 1 Allocation P2 2020-21
Fort Ross	77.55%	\$ 19,166	\$ 13,933	\$ 1,551
Monte Rio	76.79%	91,471	64,880	-
Guerneville	70.42%	27,640	15,133	89,146
Sebastopol	53.73%	387,313	-	99,379
Forestville	52.20%	38,252	-	37,041
Montgomery	50.63%	17,766	-	-
West Sonoma UHSD	35.92%	1,183,739	-	144,689
Gravenstein	35.00%	24,330	-	40,654
Oak Grove	32.44%	47,994	-	16,182
Harmony	31.48%	31,313	-	29,969
Twin Hills	25.98%	162,213	-	46,978
Totals		\$ 2,031,197	\$ 93,946	\$ 505,589
Scenario 1: All Districts West Sonoma	39.01%	\$ 2,047,398.98	\$ -	\$ 505,589
Scenario 2: Russian River	43.83%	\$ 510,362.45	\$ -	<i>Proportionate to UPC</i>
Scenario 2: West Sonoma	37.61%	\$ 1,536,119.79	\$ -	<i>Proportionate to UPC</i>
<b>Beyond 55% and eligible for Concentration Grand Funds</b>				
<i>(source: CDE 2020-21)</i>				

Comparing the Scenarios above to the existing allocations, LCFF supplemental grant funding would continue unabated in a newly reorganized district since the eligibility threshold is 20%. All the scenarios would exceed 20% in UPC.

## Local Control Funding Formula (LCFF), Cont'd

### Unduplicated Pupil Counts (UPC) Funding Eligibility, Cont'd

Similarly, the funding eligibility for Title 1 requires a district have a minimum of 10 eligible pupils and 2% of its school-age population. Beyond the basic allocation, there are additional funds for concentration and targeted grants. The threshold for concentration funding is 15% of the school-age population. Except for Monte Rio, all districts meet those criteria currently. Under a unification scenario, the new District would receive a least as much proportionate to the UPC.

State and National School Lunch programs pay for free and reduced meals based on strict UPCs. And under the new State Universal Meals program, the state pays for meals provided to all pupils that request a meal, minus the reimbursed federal and state funds. There would be no significant change in funding due to consolidation.

Title III, English Language Acquisition, funding was only received by Sebastopol in 2020-21 for \$30,632 and would likely continue after any reorganization.

### Other LCFF Computations

On the revenue side, the LCFF funding will change when you compare the total funding of all school districts before reorganization against the new recalculated LCFF funding after unification. You cannot just add up revenues before and after as there are unique and complex formulas within LCFF. For example,

- When the state changed to a new funding formula in 2013-14, there was a hold harmless feature based on the 2012-13 funding base unique to each District. This base for a hypothetical unified district would be recomputed using a weighted average calculation. The CDE has provided CW with a template that was used to recalculate the base in each Scenario. EPA and minimum state guarantee use the weighted average in the funding determination.
- Supplemental and concentration grant funds are based on a weighted average of Unduplicated Pupil Counts (UPC).
- Determination of basic aid status is computed comparing new levels of state aid against local revenue sources.
- Charter schools make the computations more complex as taxes must be shared through an in-lieu payment to the charter, which has its LCFF formula. And nonresident charter ADA earns reimbursement of in-lieu payments in the form of the basic aid supplement.

## Local Control Funding Formula (LCFF), Cont'd

But some elements of LCFF can be added, such as the base ADA funding by grade span and add-ons such as transportation. CW analyzed the most sensitive LCFF computations as previously described and as follows:

1. **Basic aid** dollars from excess taxes would be lost in any unification involving WCUHSD (Scenario 1, 2A, and 3A) unless enrollment drops significantly over 2020-21 amounts. Property taxes in a full unification would comprise only about 84% of the State's LCFF entitlement in a full unification. The newly unified school district would also not be basic aid in the foreseeable future based on property tax revenues projected.
2. The **EPA funding** would be recomputed based on the fiscal year 12-13 weighted average base funding of all districts and then multiplied by all District ADA. A fiscal decrease of about ½ the funds was estimated, but it is backfilled in the funding formula.
3. The **Concentration grant** dollars would be lost since the unduplicated count would be 39% and fall short of the 55% funding threshold (which are proposed to be raised to 65% in fiscal year 2022-23).
4. The newly unified school district would not receive **Additional Aid** to meet the minimum state guarantee since this funding is primarily derived from the basic aid districts in payment for categorical entitlements when LCFF came into law.
5. And none of the existing school sites would meet the definition of a **Necessary Small School**. The law states that the school site would need to be 30 or more miles from the nearest school site for a district between 2,500 – 5,000 ADA. The proposed WSUSD, excluding dependent charter ADA, would have 2,907 ADA based on 2020-21 reported ADA to the CDE. None of the schools would be 30 miles or more away from one another.

## Federal, Other State, and Local Revenues

No significant funding changes outside the LCFF funding formula are expected due to any consolidation scenario. Adding the revenue from the participating districts would provide a good indicator of the funding levels post-reorganization.

CW also considered the following:

- Any CARES Act funds (e.g., ESSER) would be spent or returned before any effective date of a reorganization.
- Lottery revenues are strictly ADA-based and would continue post any consolidation.
- Special education is funded by the SELPA on an ADA basis. Local SELPA allocations factors are then applied. Consolidation should not impact those allocations materially.
- Mandated cost reimbursement is based on allowable services provided with no effect on eligibility due to consolidation.
- If a district were to have a parcel tax, a reauthorization would be needed.
- Local interest is a function of cash on hand at the County office. All cash would be consolidated within accounts for any new district(s).
- Other local sources of income from leases, contracted services, or facilities would be renegotiated but not necessarily discontinued.

## Unification Scenarios Financial Feasibility

Each Scenario shows the estimated change in revenue and then compares the change to the potential cost savings.

### Scenario One: Complete Unification of The Eleven School Districts

Under **Scenario One**, a hypothetical West Sonoma Unified School District has about 5,700 ADA (including the local charters) with a continued enrollment decline of about 2.5% annually (about 5,350 by 2023-24).

**Potential for Basic Aid:** As of June 20, 2021, 84% of the funding would be from property taxes. Using 2020-21 ADA amounts, WSUSD would be state aided with no projected basic aid excess in the short-term unless ADA dropped significantly. This is because property taxes would need to increase well beyond the state aid cost of living adjustment, which is not likely in the foreseeable future.

Presently, state-aid COLA is more than the average property tax increase over the past few years of 4.5%. Longer term, if there is a steady increase in assessed valuation and/or decline in the school-age population, that might change. And, even if a WSUSD were to become basic aid, there is still that initial 15% initial loss of funding (described below) that would not be recouped.

**Computing a WSUSD's LCFF Funding:** CW recomputed the LCFF allocations using the CDE's *School District Reorganization LCFF Rates and Funding Worksheets*. The worksheet blends the weighted average 2012-13 LCFF base rates used to compute the EPA and minimum state aid. Should a unification be approved, the CDE would use this worksheet to calculate the new District(s) LCFF funding using data from the year before the reorganization's effective date. For this study, the base year is 2020-21.

There would be an immediate loss of about 15% in revenues from basic aid revenue losses as described below.

Overall, the impact on revenues in **Scenario One** is an estimated loss of 15%. A recap is shown below.

<b>Impact on Budgeted Revenues</b>		
Total Revenue 2020-21, before adjustments		\$ 88,929,204
Projected LCFF Funding Loss		\$ (13,317,770)
	Percentage	-15.0%

## Unification Scenarios Financial Feasibility, Cont'd

### Scenario One: Complete Unification of The Eleven School Districts, cont'd

A recap of estimated LCFF funding changes pre and post a unification is shown below:

<b>Scenario 1: All School Districts Unify</b>		
	<b>Before Unification*</b>	<b>After Unification</b>
State Aid, adjusted for the minimum guarantee	\$ 10,897,161	\$ 6,889,911
Local revenue in excess of total LCFF	2,407,811	-
Local Revenues**	20,536,813	22,747,478
Basic Aid Supplemental Funding	9,113,374	-
<b>Total Funding</b>	<b>\$ 42,955,159</b>	<b>29,637,389</b>
Difference in LCFF Funding Sources		<b>\$ (13,317,770)</b>
* Total of all districts, state aid		
** Local taxes net of in-lieu and less basic aid excess (separately listed)		

*Note: LCFF funding is made even more complex by the number of charter schools. The majority of the basic aid districts in West Sonoma rely on the basic aid supplement, utilizing charter school non-residency ADA, to boost excess taxes. This nuance of law will likely continue to be available, but state law could be changed, and the excess funding is not guaranteed. There is a risk that these districts could lose basic aid status in the future by some action taken by the State with or without unification.*

**Net cost savings** would need to offset or exceed the revenue loss for the financial viability of the new District. And declining enrollment requires even more, cost management. The region is experiencing declining enrollment into the foreseeable future. Only Gravenstein has experienced flat or modest growth, and in total, the districts have declined overall 14% over the past six years.

CW further considered whether property taxes have been increasing more than the statutory 2% annual adjustment under Prop. 13 and compared the rise to the State Aid COLA, which has recently increased at about 5% annually. The table below shows a comparative projection of property taxes and state aid based on the recent 4-year trend in property taxes and a projected 4-year similar trend. The percentage of state aid to total revenue remains about the same as property taxes, and state aid is going up each year at a similar pace.

## Unification Scenarios Financial Feasibility, Cont'd

### Scenario One: Complete Unification of The Eleven School Districts, cont'd

<b>Data (excluding dependent charters)</b>	<b>2020-21 Revenues</b>	<b>Forecasted Taxes to 2024-25*</b>	<b>Statutory Increase in Property Taxes to 2024-25**</b>
Property Tax Revenues	22,944,624	27,349,992	\$ 24,835,999
State Aid***	6,812,838	8,096,326	\$ 8,096,326
<b>Total</b>	<b>29,757,462</b>	<b>35,446,317</b>	<b>\$ 32,932,324</b>
State Aid as a Percentage of the Total	23%	23%	25%
* Projected at 19.2% based on prior 4-year historical trend			
** Projected at 2% annual increase required by law			
*** Projected using the SSC Dartboard, 2022-23 Proposed State Budget			

According to the Department of Finance, enrollment is projected to decline in Sonoma County by 17% over the next ten years. For a unified West Sonoma to dip into basic aid, a drop of about 48 pupils or 16.5% (over 2020-21) would be required assuming that taxes do not rise faster than State COLA. So, it is feasible that the District would become basic aid. But in the intervening period and until excess property taxes reach pre-unification levels, an estimated \$14M would be lost annually in excess tax revenues.

<b>Computing Estimated Decline in ADA to Become Basic Aid</b>	
<i>As of 2020-21:</i>	
West Sonoma Area ADA, excluding local charter ADA	\$ 2,907
State Entitlement (A)	\$ 30,338,992
Local Revenues	22,944,624
Total Funding	\$ 53,283,616
Categorical Minimum State Aid Guarantee (Sum of West Sonoma districts)	\$ 6,889,911
Local Revenues 2020-21	22,944,624
Total Minimum Funding	\$ 29,834,535
Breakeven State Aid to Meet Local Revenues and Categorical Guarantee (B)	\$ 29,834,535
Less State Aid to Breakeven to Basic Aid (A-B)	\$ (504,457)
Average LCFF per Pupil (2,907.24/state entitlement)	\$ 10,436
Number of Pupils Decrease to Become Basic Aid	48.34

**Note on Local Charter ADA:** if unification were to be considered, CW would recommend further analysis on the fiscal impact of keeping or not keeping the local charters.

## Unification Scenarios Financial Feasibility, Cont'd

### Scenario Two: Creating Two Unified Districts, a Russian River Unified and a Remaining West Sonoma Unified

The enrollment in the two-district Scenario, including the dependent charters for each District, would be as shown below.

<b>Split district into Russian River Unified and West Sonoma Unified</b>		
<b>Russian River Unified</b>	<b>Enrollment 2020-21</b>	<b>Basic Aid?</b>
Monte Rio	72.84	yes
Fort Ross	15.17	yes
Montgomery	21.45	yes
Guerneville	261.00	yes
Forestville	263.00	yes
Oak Grove	846.84	yes
Total K-8 Districts	1,480.30	yes
West Sonoma*	642.75	no
Total Enrollment	2,123.05	yes
<b>West Sonoma Unified</b>	<b>Enrollment 2020-21</b>	<b>Basic Aid?</b>
Gravenstein	736.84	yes
Twin Hills	1,101.00	no
Sebastopol	441.00	yes
Harmony	215.69	yes
Total K-8 Districts	2,494.53	no
West Sonoma*	1,083.14	no
Total Enrollment	3,577.67	no
<i>* West Sonoma High school enrollment (1,725.89) is split proportionate to K-8</i>		

This Scenario would preserve about \$2.6 million in basic aid revenues in the hypothetical Russian River Unified School District. This is because a Russian River Unified would be basic aid, but West Sonoma Unified would-be state aid funded. There would still be an overall material funding loss of about \$5.9 million. See the table on the next page.

And on the cost side, reopening and operating El Molino High would add costs.

## Unification Scenarios Financial Feasibility, Cont'd

### Scenario Two: Creating Two Unified Districts, a Russian River Unified and a Remaining West Sonoma Unified, Cont'd

Scenario 2: Russian River Unified (with Oak Grove)		
	Before Unification*	After Unification
State Aid, adjusted for the minimum guarantee	\$ 3,236,932	\$ 1,634,225
Local revenue in excess of total LCFF	2,407,811	2,707,469
Local Revenues**	7,289,485	6,989,827
Basic Aid Supplemental Funding	2,948,475	2,863,396
Total Funding	<u>\$ 15,882,703</u>	<u>14,194,917</u>
Difference in LCFF Funding Sources		<u>\$ (1,687,786)</u>
<i>* Total of all Russian River districts plus Oak Grove, state aid includes excess local tax revenues for basic aid districts</i>		
<i>** Local taxes before in-lieu and less basic aid excess (separately listed)</i>		
Scenario 2: West Sonoma Remaining Districts Unified		
	Before Unification	After Unification
State Aid, adjusted for the minimum guarantee	\$ 7,660,229	\$ 9,647,927
Local revenue in excess of total LCFF	-	-
Local Revenues	13,247,328	13,247,328
Basic Aid Supplemental Funding	6,164,899	-
Total Funding	<u>\$ 27,072,456</u>	<u>22,895,255</u>
Difference in LCFF Funding Sources		<u>\$ (4,177,201)</u>
Totals of Scenario 2		
	Before Unification*	After Unification
State Aid, adjusted for the minimum guarantee	\$ 10,897,161	\$ 11,282,152
Local revenue in excess of total LCFF	2,407,811	2,707,469
Local Revenues**	20,536,813	20,237,155
Basic Aid Supplemental Funding	9,113,374	2,863,396
Total Funding	<u>\$ 42,955,159</u>	<u>37,090,172</u>
Difference in LCFF Funding Sources		<u>\$ (5,864,987)</u>

## Unification Scenarios Financial Feasibility, Cont'd

### Scenario Three: Unifying WSCUHSD with Twin Hills (Thompson-style) and Creating One Basic Aid Elementary School District

**This is the only option not to lose most basic aid dollars and ensure financial viability in the short term.** This option would include only Twin Hills ESD and WSCUHSD (in its entirety). The remaining nine feeder elementary school districts would opt out under the Thompson provision and continue to feed its pupils to the new WSUSD for secondary education.

In Scenario 3, the unified WSCUHSD and Twin Hills and the larger unionized basic aid elementary district would be about 2,800 in enrollment.

WSUSD With Basic Aid Districts Opt Out of Unification, Under Thompson Provisions		
West Sonoma Unified	Enrollment 2020-21	Basic Aid?
West Sonoma	1,725.89	no
Twin Hills	1,101.00	no
Total Enrollment	2,826.89	
WS Union ESD	Enrollment 2020-21	Basic Aid?
Monte Rio	72.84	yes
Fort Ross	15.17	yes
Montgomery	21.45	yes
Guerneville	261.00	yes
Forestville	263.00	yes
Gravenstein	736.84	yes
Sebastopol	441.00	yes
Harmony	215.69	yes
Oak Grove	846.84	yes
Total Enrollment	2,873.83	

For the unified District, there would be no significant revenue change; see table below. While cost savings would be more limited in this K-12 structure without further consolidation of other elementary schools, the **Cost Savings Analysis** indicates that \$2M in savings is within reason.

Scenario 3A: WHUHSD and Twin Hills (Thompson Style)		
	Before Unification*	After Unification
State Aid, adjusted for the minimum guarantee	\$ 6,814,646	\$ 7,772,889
Local revenue in excess of total LCFF	-	-
Local Revenues**	14,187,785	14,187,785
Basic Aid Supplemental Funding	892,994	-
Total Funding	\$ 21,895,425	21,960,674
Difference in LCFF Funding Sources		\$ 65,249

## Unification Scenarios Financial Feasibility, Cont'd

### Scenario Three: Unifying WSCUHSD with Twin Hills (Thompson-style) and Creating One Basic Aid Elementary School District, Cont'd

**Scenario 3B** would create one basic aid-funded elementary school district with the remaining nine elementary school districts. This consolidation would result in slightly less basic aid supplemental funding as some charter ADA would become resident (losing the recapture of associated in-lieu taxes), and there is substantial opportunity for cost savings, to be discussed in the following report section.

Scenario 3B: Unionization of Basic Aid Elementary School Districts		
	Before Unification*	After Unification
State Aid, adjusted for the minimum guarantee	\$ 4,082,515	\$ 4,082,515
Local Revenues (includes basic aid excess)	8,756,839	8,756,839
Basic Aid Supplemental Funding	8,220,380	7,649,162
Total Funding	<u>\$ 21,059,734</u>	<u>\$ 20,488,516</u>
Difference in LCFF Funding Sources		<u>\$ (571,218)</u>

## Cost Savings Analysis

Financial feasibility is dependent on finding cost savings to make up for anticipated funding shortfalls (except in Scenario 3B, which is projected to have surplus revenues). Cost savings will come from the consolidation of resources, elimination of duplicative positions, and efficiencies of scale. Short-term vs. long-term cost savings potential should be taken into consideration. Careful budget management would be recommended in the years leading up to and into the first several years of unification until long-term cost savings measures can be executed.

Also, consider that initially, some costs might go up, such as negotiated salaries and benefits, while others might go down, such as administration costs. And if the Scenario requires the reopening of El Molina High, such as in Scenario 2A, those costs will need to be estimated. Long-term, there might be more cost-saving potential through major efforts such as reducing protected staffing positions through a layoff, attrition, early retirement incentives, and possible closure and consolidation of school sites.

### A Note on Methodology

For this study, the estimates of cost savings are based on a range of potential savings by looking at comparative school districts of similar enrollment size and those with little concentration grant funding (which contributes additional funding and in which the reorganized districts in West Sonoma would not be eligible).

The study objective is to determine whether there are areas in which costs could be saved and then compare the savings to each scenario's revenues to determine the net fiscal impact. Actual cost savings would be realized through governing board decisions in the newly reorganized school district based on educational and operational priorities. This study focuses on the potential for cost savings based on similar district expenditure levels.

CW compared costs from several perspectives:

- **Current Expense of Education:** The current expense of education computation must be calculated annually for every District under state law. It measures the cost of direct educational services to students and then per ADA. The expenditures include the General Fund less expenses related to food services and facilities acquisition and construction. CW compared the combined current expense of education for each Scenario to the comparative school districts to determine potential cost savings on a macro scale.
- **Cost by Major Function (Activity):** The function field represents a general operational area in a school district and describes the activities or services performed to accomplish a set of objectives or goals. Examples include instruction, general administration, and plant services.
- **Cost by Major Object Code (Natural Expense Classification):** The object field classifies expenditures according to the types of items purchased or services obtained. Examples include certificated and classified salaries and benefits, books and supplies, operating expenses, and capital outlay costs.
- **Comparing the Salary Schedules and Full-time Equivalent (FTEs) Employees:** CW used the J-90 and classified salaries schedules to compare personnel costs between the districts.

## Cost Savings Analysis, Cont'd

### Current Expense of Education Comparison

For **Scenario 1** (complete unification): The current expense of education per ADA area-wide in West Sonoma is \$14,733 (based on 2020-21 amounts), which is \$1,347 per ADA higher than the average unified school district statewide and \$3,272 higher than five comparative unified school districts. This equates to potential cost savings between \$7.6M and \$18.6M if the consolidated West Sonoma area-wide districts could trim the budget to the statewide average unified school district or the unified comparative school district average.

<b>Scenario 1 All West Sonoma Districts Unified: Per ADA Expense of Education Comparison</b>			
	<b>ADA 2020-21</b>	<b>Current Expense of Education</b>	<b>Per ADA</b>
<b>Statewide Average Unified School District</b>			<b>\$ 13,386</b>
Statewide Average High School District			\$ 13,674
Statewide Average Elementary School District			\$ 12,648
<b>All West Sonoma Districts (includes local charter ADA)</b>			
West Sonoma Union High School District	1,726	\$ 23,831,571	\$ 14,061
Forestville Elementary School District	270	\$ 4,448,882	\$ 16,477
Fort Ross Elementary School District	14	\$ 685,339	\$ 48,953
Gravenstein Elementary School District	736	\$ 9,594,088	\$ 13,035
Guerneville Elementary School District	261	\$ 5,240,263	\$ 20,078
Harmony Elementary School District	215	\$ 4,779,417	\$ 22,230
Monte Rio Elementary School District	73	\$ 1,549,512	\$ 21,226
Montgomery Elementary School District	21	\$ 740,512	\$ 36,052
Oak Grove Elementary School District	839	\$ 10,643,700	\$ 12,686
Sebastopol Elementary School District	431	\$ 6,934,082	\$ 16,088
Twin Hills Elementary School District	1,101	\$ 15,332,526	\$ 13,926
<b>Total - West Sonoma Area-Wide</b>	<b>5,687</b>	<b>\$ 83,779,892</b>	<b>\$ 14,733</b>
<b>Comparative School Districts: Unified 5,400 - 5,900 ADA</b>			
Newark (Alameda)	5,483	\$ 66,242,266	\$ 12,081
Lammersville Unified School District (San Joaquin)	5,931	\$ 60,705,636	\$ 10,235
Brea-Olinda (Orange)	5,858	\$ 67,226,506	\$ 11,476
Cotati-Rohnert Park School District (Sonoma)	5,404	\$ 68,301,622	\$ 12,639
Moorpark Unified School District (Ventura)	5,859	\$ 63,718,543	\$ 10,875
<b>Average of Comparative School Districts</b>	<b>\$ 5,707</b>		<b>\$ 11,461</b>
<b>Cost Savings if West Sonoma Area-Wide was at the statewide average of unified school districts</b>		<b>\$ 7,659,866</b>	
<b>Cost Savings if West Sonoma Area-Wide was at the comparative average unified school district</b>		<b>\$ 18,604,030</b>	

Source: Ed Data Partnership, excludes food service and facilities costs and includes local charter ADA

## Cost Savings Analysis, Cont'd

### Current Expense of Education Comparison Cont'd

For **Scenario 2A**, a Russian River unified that includes Oak Grove, the potential cost savings based on the average unified school district cost per ADA would be about \$3.6M, as shown below:

<b>Scenario 2A Russian River Unified: Per ADA Expense of Education Comparison</b>			
	<b>ADA 2020-21</b>	<b>Current Expense of Education</b>	<b>Per ADA</b>
<b>Statewide Average Unified School District</b>			<b>\$ 13,386</b>
Statewide Average High School District			\$ 13,674
Statewide Average Elementary School District			\$ 12,648
<b>Scenario 2A: Russian River Unified</b>			
West Sonoma Union High School District	380	\$ 5,242,946	\$ 13,807
Forestville Elementary School District	270	4,448,882	16,477
Fort Ross Elementary School District	14	685,339	48,953
Guerneville Elementary School District	261	5,240,263	20,078
Monte Rio Elementary School District	73	1,549,512	21,226
Montgomery Elementary School District	21	740,512	36,052
Oak Grove Elementary School District	839	10,643,700	12,686
<b>Total - West Sonoma Area-Wide</b>	<b>1,857</b>	<b>\$ 28,551,154</b>	<b>\$ 15,373</b>
<b>Comparative Districts - Unified 1,750 - 1,950 ADA</b>			
Bishop Unified (Inyo)	1,969	\$ 12,649	
Gustine Unified (Merced)	1,728	12,649	
Fort Bragg Unified (Mendocino)	1,701	12,920	
Live Oak Unified (Sutter)	1,804	13,674	
Plumas (Plumas)	1,700	15,265	
<b>Average</b>	<b>\$ 1,780</b>	<b>\$ 13,431</b>	
<b>Cost Savings if West Sonoma Area-Wide was at the statewide average unified school district</b>		<b>\$ 3,689,870</b>	
<b>Cost Savings if West Sonoma Area-Wide was at the comparative average unified school district</b>		<b>\$ 3,605,550</b>	
<i>Source: Ed Data Partnership, excludes food service and facilities costs</i>			

## Cost Savings Analysis, Cont'd

### Current Expense of Education Comparison Cont'd

And for **Scenario 2B**, which includes the remainder of WSCUHSD with elementary school districts in the Sebastopol area plus Harmony, there would be about \$4M in possible savings when compared to the statewide average and \$9.2M when compared to the five districts of similar size, as shown below:

<b>Scenario 2B West Sonoma with Four Districts Unified: Per ADA Expense of Education Comparison</b>			
	<b>ADA 2020-21</b>	<b>Current Expense of Education</b>	<b>Per ADA</b>
<b>Statewide Average Unified School District</b>			<b>\$ 13,386</b>
Statewide Average High School District			\$ 13,674
Statewide Average Elementary School District			\$ 12,648
<b>Scenario 2B: West Sonoma Unified with Four Districts</b>			
West Sonoma Union High School District	1,346	\$ 18,588,625	\$ 13,807
Gravenstein Elementary School District	736	9,594,088	13,035
Harmony Elementary School District	215	4,779,417	22,230
Sebastopol Elementary School District	431	6,934,082	16,088
Twin Hills Elementary School District	1,101	15,332,526	13,926
<b>Total - West Sonoma Area-Wide</b>	<b>3,829</b>	<b>\$ 55,228,738</b>	<b>\$ 14,423</b>
<b>Comparative Districts - Unified 3,700 - 4,175 ADA</b>			
Del Norte (Del Norte)	3,451	\$ 13,120	
Eureka City Schools Unified (Humboldt)	3,450	11,953	
Valley Center-Pauma Unified (San Diego)	3,736	12,530	
Amador County (Amador)	3,724	11,112	
Atascadero (San Luis Obispo)	4,406	11,414	
<b>Average</b>	<b>\$ 3,753</b>	<b>\$ 12,026</b>	
<b>Cost Savings if West Sonoma Area-Wide was at the statewide average unified school district</b>		<b>\$ 3,969,996</b>	
<b>Cost Savings if West Sonoma Area-Wide was at the comparative average unified school district</b>		<b>\$ 9,178,583</b>	
<i>Source: Ed Data Partnership, excludes food service and facilities costs</i>			

### Cost Savings Analysis, Cont'd

#### Current Expense of Education Comparison Cont'd

For **Scenario 3A**, WCUHSD, and Twin Hills ESD unifying under Thompson provisions, the potential cost savings would be less than in Scenarios 1 and 2 but more than make up for the slight revenue loss computed. The table below shows a range of \$1.3M - \$2M in potential cost savings.

<b>Scenario 3A West Sonoma and Twin Hills Only: Per ADA Expense of Education Comparison</b>			
	<b>ADA 2020-21</b>	<b>Current Expense of Education</b>	<b>Per ADA</b>
<b>Statewide Average Unified School District</b>			<b>\$ 13,386</b>
Statewide Average High School District			\$ 13,674
Statewide Average Elementary School District			\$ 12,648
<b>Scenario 3A: West Sonoma and Twin Hills only</b>			
West Sonoma Union High School District	1,726	\$ 23,831,571	\$ 14,061
Twin Hills Elementary School District	1,101	15,332,526	13,926
<b>Total - West Sonoma Area-Wide</b>	<b>2,827</b>	<b>\$ 39,164,097</b>	<b>\$ 13,854</b>
<b>Comparative Districts - Unified 2,850 - 2,950 ADA</b>			
Cabrillo (San Mateo)	2,961	\$ 13,445	
Calaveras (Calaveras)	2,700	11,365	
Rim of the World (San Bernardino)	2,917	13,106	
Washington (Fresno)	2,894	14,040	
Mojave (Kern)	2,612	13,788	
<b>Average</b>	<b>\$ 2,817</b>	<b>\$ 13,149</b>	
<b>Cost Savings if West Sonoma Area-Wide was at the statewide average unified school district</b>		<b>\$ 1,321,875</b>	
<b>Cost Savings if West Sonoma Area-Wide was at the comparative average unified school district</b>		<b>\$ 1,992,439</b>	
<i>Source: Ed Data Partnership, excludes food service and facilities costs</i>			

## Cost Savings Analysis, Cont'd

### Current Expense of Education Comparison Cont'd

**Scenario 3B** consolidates the nine basic aid elementary districts that might save \$6.6M - \$8.5M compared to the average elementary school district and the five similar districts. One (Solana Beach) is a basic aid district.

<b>Scenario 3B Unionization of Basic Aid Districts: Per ADA Expense of Education Comparison</b>			
	<b>ADA 2020-21</b>	<b>Current Expense of Education</b>	<b>Per ADA</b>
<b>Statewide Average Unified School District</b>			<b>\$ 13,386</b>
Statewide Average High School District			\$ 13,674
Statewide Average Elementary School District			\$ 12,648
<b>Scenario 3B: Unionization of Basic Aid Districts</b>			
Forestville Elementary School District	270	\$ 4,448,882	\$ 16,477
Fort Ross Elementary School District	14	685,339	48,953
Gravenstein Elementary School District	736	9,594,088	13,035
Guerneville Elementary School District	261	5,240,263	20,078
Harmony Elementary School District	215	4,779,417	22,230
Monte Rio Elementary School District	73	1,549,512	21,226
Montgomery Elementary School District	21	740,512	36,052
Oak Grove Elementary School District	839	10,643,700	12,686
Sebastopol Elementary School District	431	6,934,082	16,088
<b>Total - West Sonoma Area-Wide</b>	<b>2,860</b>	<b>\$ 44,615,795</b>	<b>\$ 15,602</b>
<b>Comparative Districts - Elementary 2,700 - 2,950 ADA</b>			
Empire Union Elem (Stanislaus)	2,824	\$ 12,828	
Lamont Elem (Kern)	2,819	13,621	
Solana Beach Elem (San Diego)	2,898	18,487	
Cambrian (Santa Clara)	3,269	11,978	
Loomis (Placer)	2,416	9,590	
<b>Average</b>	<b>\$ 2,845</b>	<b>\$ 13,301</b>	
<b>Cost Savings if West Sonoma Area-Wide was at statewide average unified school district</b>		<b>\$ 8,448,332</b>	
<b>Cost Savings if West Sonoma Area-Wide was at the comparative average unified school district</b>		<b>\$ 6,581,624</b>	
<i>Source: Ed Data Partnership, excludes food service and facilities costs</i>			

## Cost Savings Analysis, Cont'd

### Current Expense of Education Comparison Cont'd

Comparing the potential cost savings, using the current expense of education measurement, to the revenue changes in the table below shows that:

- **Scenario 1** (complete unification) could conceivably break even from the revenue loss compared to the five districts of a similar size, but not when compared to the statewide average cost of education for an average unified school district.
- **Scenario 2** (two unified school districts) could be fiscally advantageous compared to the statewide average unified cost of education and the comparative school district group (which does not include basic aid districts).
- **Scenario 3** is the most financially favorable and could result in a significant net surplus of funding compared to the averages.

Comparing the Revenue Changes in Each Scenario to the Potential Cost Savings					
	Scenario 1 - One Unified School District	Scenario 2 - Two Unified School Districts		Scenario 3 - One Unified and One Unionized ESD	
	West Sonoma Unified (Includes Local Charters)	Russian River Unified (Monte Rio, Fort Ross, Montgomery, Guerneville, Forestville, Oak Grove and West Sonoma High Split on Proportionate ADA)	West Sonoma Unified (Gravenstein, Twin Hills, Sebastopol, Harmony, and West Sonoma High Split on Proportionate ADA)	West Sonoma Unified (West Sonoma and Twin Hills)	Unionization of Basic Aid Districts (all remaining)
<b>Estimate Revenue Change Through Consolidation</b>	\$ (13,317,770)	\$ (1,687,786)	\$ (4,177,201)	\$ 65,249	\$ (571,218)
<b>Cost of Education Comparison Range of Potential Savings</b>					
To Statewide Average	7,659,866	3,689,870	3,969,996	1,321,875	8,448,332
To Comparative District Average	18,604,030	3,605,550	9,178,583	1,992,439	6,581,624
<b>Net Positive (Shortfall) Change When Compared to Statewide Averages</b>	\$ (5,657,904)	\$ 2,002,084	\$ (207,205)	\$ 1,387,124	\$ 7,877,114
<b>Net Positive (Shortfall) Change When Compared to Comparative Districts</b>	\$ 5,286,260	\$ 1,917,764	\$ 5,001,382	\$ 2,057,688	\$ 6,010,406

## Cost Savings Analysis, Cont'd

### Cost Comparison by Major Function Activities

**Scenario 1 (complete unification):** Comparing a WSUSD (all districts combined) to 5 unified school districts of comparable size and funding shows about \$13.9M more spent by the combined West Sonoma districts than the average of the comparative districts. The comparable districts included Newark, Cotati-Rohnert Park, Brea-Olinda, Moorpark, and Lammersville.

<b>Scenario 1 - Full Unification</b>		<b>WSUSD - All Districts Combined</b>		<b>Average of Comparative Districts</b>		<b>Potential savings</b>	
<b>Function Codes</b>	<b>Activity Description</b>	<b>Dollars</b>	<b>Per Pupil (2020-21 ADA, 5,687)</b>	<b>Dollars Averaged</b>	<b>Per Pupil (2020-21 Average ADA, 5,707)</b>	<b>Dollars</b>	<b>Per Pupil</b>
#1100-1199	Instruction (Regular and special day)	\$ 50,707,014	\$ 8,790	\$ 40,922,064	\$ 7,171	\$ 9,784,950	\$ 1,619
#2000-2999	Instruction-Related (Supervision and resources)	7,074,142	1,226	7,167,640	1,256	(93,498)	(30)
#3000-3999	Pupil Services (counseling, pshychological, health, speech, testing, transportation)	8,112,942	1,406	5,778,265	1,012	2,334,677	394
#4000-4999	Ancillary (co-curricular and athletics)	346,357	60	533,348	93	(186,991)	(33)
#5000-5999	Community Services (recreation, civic services)	90,597	16	370	0	90,227	16
#6000-6999	Enterprise Services	-	-	-	-	-	-
#7000-7999	General Administration (board, supt., business, HR)	8,373,491	1,451	4,938,435	865	3,435,056	586
#8000-8999	Plant Services (M&O, security)	6,131,393	1,063	7,274,071	1,275	(1,142,678)	(212)
#9000-9999	Other Outgo (debt services and interagency transfers)	615,308	107	942,717	165	(327,409)	(59)
<b>Totals</b>		<b>\$ 81,451,244</b>	<b>\$ 14,119</b>	<b>\$ 67,556,910</b>	<b>\$ 11,838</b>	<b>\$ 13,894,334</b>	<b>\$ 2,281</b>

In comparing selected functions, there are considerable savings that might be realized through unification in the areas of instruction, school administration, counseling, transportation (at least in district office level jobs/services), board and superintendent (a significant cost savings area) and even external audit as only one audit is needed and not eleven. Data processing is the only area where the current configuration is less than the comparative districts.

<b>Comparing Selected Function Costs - Scenario 1</b>		<b>WSUSD - All Districts Combined</b>		<b>Average of Comparative Districts</b>		<b>Potential savings</b>	
<b>Function Codes</b>	<b>Activity Description</b>	<b>Dollars</b>	<b>Per Pupil (2020-21 ADA, 5,687)</b>	<b>Dollars Averaged</b>	<b>Per Pupil (2020-21 Average ADA, 5,707)</b>	<b>Dollars</b>	<b>Per Pupil</b>
#1100	Instruction	\$ 39,549,193	\$ 6,855	\$ 32,476,288	\$ 5,691	\$ 7,072,905	\$ 1,165
#2700	School Administration	6,075,552	1,053	4,568,705	801	1,506,847	253
#3110-3120	Guidance, Counseling and Psychological Services	3,241,734	562	2,663,871	467	577,863	95
#3600	Transportation	2,490,078	432	782,316	137	1,707,762	295
#7100	Board and Superintendent	2,933,645	509	804,215	141	2,129,430	368
#7190-7191	External Audit	199,406	35	35,163	6	164,243	28
#7700	Centralized Data Processing	404,489	70	1,060,945	186	(656,456)	(116)
<b>Totals of Selected Functions</b>		<b>\$ 54,894,097</b>	<b>\$ 9,515</b>	<b>\$ 42,391,503</b>	<b>\$ 7,428</b>	<b>\$ 12,502,594</b>	<b>\$ 2,087</b>

## Cost Savings Analysis, Cont'd

### Cost Comparison by Major Function Activities, Cont'd

**Scenario 2A, a Russian River area district** unified with Oak Grove, shows about \$4.7M more being spent by the combined study districts. The comparable districts included in the average were Bishop, Fort Bragg, Live Oak, Gustine, and Plumas (a basic aid district).

<b>Scenario 2A - Russian River Unification (with Oak Grove)</b>		<b>Russian River Districts Combined</b>		<b>Average of Comparative Districts</b>		<b>Potential savings</b>	
<b>Function Codes</b>	<b>Activity Description</b>	<b>Dollars</b>	<b>Per Pupil (2020-21 ADA, 1,857)</b>	<b>Dollars Averaged</b>	<b>Per Pupil (2020-21 Average ADA,1,780)</b>	<b>Dollars</b>	<b>Per Pupil</b>
#1100-1199	Instruction (Regular and special day)	\$ 18,199,138	\$ 9,786	\$ 14,572,434	\$ 8,185	\$ 3,626,704	\$ 1,601
#2000-2999	Instruction-Related (Supervision and resources)	2,747,924	1,478	2,686,289	1,509	61,635	(31)
#3000-3999	Pupil Services (counseling, pshychological, health, speech, testing, transportation)	2,420,128	1,301	2,653,631	1,490	(233,503)	(189)
#4000-4999	Ancillary (co-curricular and athletics)	76,652	41	203,791	114	(127,140)	(73)
#5000-5999	Community Services (recreation, civic services)	59,033	32	50,013	28	9,021	4
#6000-6999	Enterprise Services	-	-	-	-	-	-
#7000-7999	General Administration (board, supt., business, HR)	3,671,197	1,974	1,876,622	1,054	1,794,576	920
#8000-8999	Plant Services (M&O, security)	2,391,438	1,286	2,723,311	1,530	(331,874)	(244)
#9000-9999	Other Outgo (debt services and interagency transfers)	376,769	203	472,234	265	(95,465)	(63)
<b>Totals</b>		<b>\$ 29,942,279</b>	<b>\$ 16,101</b>	<b>\$ 25,238,325</b>	<b>\$ 14,176</b>	<b>\$ 4,703,954</b>	<b>\$ 1,926</b>

In comparing selected functions, there are considerable savings that might be realized through unification in the areas of instruction, school administration, counseling, transportation (at least in district office level jobs/services), board and superintendent (a significant cost savings area) and even external audit as only one audit is needed and not seven. Data processing is the only area where the current configuration is less than the comparative districts.

<b>Comparing Selected Function Costs - Scenario 2A</b>		<b>Russian River Districts Combined</b>		<b>Average of Comparative Districts</b>		<b>Potential savings</b>	
<b>Function Codes</b>	<b>Activity Description</b>	<b>Dollars</b>	<b>Per Pupil (2020-21 ADA, 1,857)</b>	<b>Dollars Averaged</b>	<b>Per Pupil (2020-21 Average ADA,1,780)</b>	<b>Dollars</b>	<b>Per Pupil</b>
#1100	Instruction	\$ 18,199,138	\$ 9,786	\$ 14,572,434	\$ 8,185	\$ 3,626,704	\$ 1,601
#2700	School Administration	2,434,588	1,309	1,894,166	1,064	540,422	245
#3110-3120	Guidance, Counseling and Psychological Services	1,028,170	553	955,558	537	72,611	16
#3600	Transportation	823,879	443	700,565	393	123,314	50
#7100	Board and Superintendent	1,343,040	722	464,834	261	878,207	461
#7190-7191	External Audit	109,052	59	21,513	12	87,539	47
#7700	Centralized Data Processing	283,891	153	331,457	186	(47,566)	(34)
<b>Totals of Selected Functions</b>		<b>\$ 24,221,759</b>	<b>\$ 13,025</b>	<b>\$ 18,940,527</b>	<b>\$ 10,638</b>	<b>\$ 5,281,231</b>	<b>\$ 2,387</b>

## Cost Savings Analysis, Cont'd

### Cost Comparison by Major Function Activities, Cont'd

**Scenario 2B Unification of the Remaining West Sonoma Districts:** Comparing the sum of the Sebastopol area districts and Harmony with a 78% portion of WSCUHSD based on proportionate ADA) to 5 unified school districts of comparable size and funding shows that there is about \$3.9M more being spent. The similar districts included Del Norte, Eureka City, Valley Center-Pauma, Amador, and Atascadero.

Scenario 2B - West Sonoma Remaining		WS Remaining Districts		Average of Comparative Districts		Potential savings	
Function Codes	Activity Description	Dollars	Per Pupil (2020-21 ADA 3,829)	Dollars Averaged	Per Pupil (2020-21 Average ADA, 3,753)	Dollars	Per Pupil
#1100-1199	Instruction (Regular and special day)	\$ 32,507,876	\$ 8,303	\$ 27,124,144	\$ 7,227	\$ 5,383,732	\$ 1,077
#2000-2999	Instruction-Related (Supervision and resources)	4,326,218	1,105	5,267,232	1,403	(941,014)	(298)
#3000-3999	Pupil Services (counseling, pshychological, health, speech, testing, transportation)	5,692,814	1,454	4,953,190	1,320	739,624	134
#4000-4999	Ancillary (co-curricular and athletics)	269,705	69	428,706	114	(159,001)	(45)
#5000-5999	Community Services (recreation, civic services)	31,564	8	206,446	55	(174,882)	(47)
#6000-6999	Enterprise Services	-	-	-	-	-	-
#7000-7999	General Administration (board, supt., business, HR)	4,702,294	1,201	3,121,161	832	1,581,133	370
#8000-8999	Plant Services (M&O, security)	3,739,955	955	5,014,546	1,336	(1,274,591)	(381)
#9000-9999	Other Outgo (debt services and interagency transfers)	238,539	61	1,450,139	386	(1,211,599)	(325)
	<b>Totals</b>	<b>\$ 51,508,965</b>	<b>\$ 13,157</b>	<b>\$ 47,565,563</b>	<b>\$ 12,673</b>	<b>\$ 3,943,402</b>	<b>\$ 484</b>

In comparing selected functions, there are considerable savings that might be realized through unification in the areas of instruction, school administration, counseling, transportation (at least in district office level jobs/services), board and superintendent (a significant cost savings area) and even external audit as only one audit is needed and not five. Data processing is the only area where the current configuration is less than the comparative districts.

Comparing Selected Function Costs - Scenario 2B		WS Remaining Districts		Average of Comparative Districts		Potential savings	
Function Codes	Activity Description	Dollars	Per Pupil (2020-21 ADA 3,829)	Dollars Averaged	Per Pupil (2020-21 Average ADA, 3,753)	Dollars	Per Pupil
#1100	Instruction	\$ 25,170,532	\$ 6,429	\$ 21,713,144	\$ 5,785	\$ 3,457,388	\$ 644
#2700	School Administration	3,640,964	930	3,026,037	806	614,927	124
#3110-3120	Guidance, Counseling and Psychological Services	2,213,564	565	1,787,311	476	426,254	89
#3600	Transportation	1,666,199	426	1,432,569	382	233,630	44
#7100	Board and Superintendent	1,590,605	406	563,170	150	1,027,435	256
#7190-7191	External Audit	90,354	23	30,676	8	59,678	15
#7700	Centralized Data Processing	120,598	31	384,039	102	(263,441)	(72)
	<b>Totals of Selected Functions</b>	<b>\$ 34,492,816</b>	<b>\$ 8,810</b>	<b>\$ 28,936,945</b>	<b>\$ 7,710</b>	<b>\$ 5,555,871</b>	<b>\$ 1,101</b>

## Cost Savings Analysis, Cont'd

### Cost Comparison by Major Function Activities, Cont'd

**Scenario 3A WSCUHSD and Twin Hills Unified:** Comparing this Scenario to five unified school districts of comparable size and funding show no apparent potential for savings compared to the average of the comparative districts. But the unified District might be able to better reallocate expenses towards instructional services. And when comparing the Cost of Current Education in the preceding analysis, a savings of between \$1.3M - \$2M was identified.

The comparable districts included Cabrillo, Calaveras, Rim of the World, Washington (Fresno), and Mojave.

<b>Scenario3A - WSUHSD and Twin Hills Unification</b>		<b>WSUHSD and Twin Hills</b>		<b>Average of Comparative Districts</b>		<b>Potential savings</b>	
<b>Function Codes</b>	<b>Activity Description</b>	<b>Dollars</b>	<b>Per Pupil (2020-21 ADA, 3,829)</b>	<b>Dollars Averaged</b>	<b>Per Pupil (2020-21 Average ADA,3,753)</b>	<b>Dollars</b>	<b>Per Pupil</b>
#1100-1199	Instruction (Regular and special day)	\$ 21,172,622	\$ 7,172	\$ 21,882,531	\$ 31,074	\$ (709,909)	\$ (23,902)
#2000-2999	Instruction-Related (Supervision and resources)	2,907,540	985	4,107,541	5,833	(1,200,001)	(4,848)
#3000-3999	Pupil Services (counseling, pshychological, health, speech, testing, transportation)	5,466,384	1,852	3,706,364	5,263	1,760,020	(3,411)
#4000-4999	Ancillary (co-curricular and athletics)	329,621	112	299,905	426	29,716	(314)
#5000-5999	Community Services (recreation, civic services)	-	-	24,218	26	(24,218)	(26)
#6000-6999	Enterprise Services	-	-	-	-	-	-
#7000-7999	General Administration (board, supt., business, HR)	3,327,520	1,127	2,797,600	3,973	529,920	(2,846)
#8000-8999	Plant Services (M&O, security)	2,540,249	861	4,013,664	5,700	(1,473,415)	(4,839)
#9000-9999	Other Outgo (debt services and interagency transfers)	218,233	74	703,882	1,000	(485,649)	(926)
	<b>Totals</b>	<b>\$ 35,962,169</b>	<b>\$ 12,182</b>	<b>\$ 37,535,704</b>	<b>\$ 53,294</b>	<b>\$ (1,573,535)</b>	<b>\$ (41,112)</b>

The detailed function costs below show that WSCUHSD and Twin Hills combined spend considerably less on instruction but more on counseling services, transportation, and board/superintendent costs. Unification might provide an opportunity to re-prioritize expenditures toward instructional services.

<b>Comparing Selected Function Costs - Scenario 3A</b>		<b>WSUHSD and Twin Hills</b>		<b>Average of Comparative Districts</b>		<b>Potential savings</b>	
<b>Function Codes</b>	<b>Activity Description</b>	<b>Dollars</b>	<b>Per Pupil (2020-21 ADA, 3,829)</b>	<b>Dollars Averaged</b>	<b>Per Pupil (2020-21 Average ADA,3,753)</b>	<b>Dollars</b>	<b>Per Pupil</b>
#1100	Instruction	\$ 14,607,829	\$ 4,948	\$ 18,053,556	\$ 6,409	\$ (3,445,727)	\$ (1,461)
#2700	School Administration	2,303,989	780	2,075,632	3,684	228,357	(2,904)
#3110-3120	Guidance, Counseling and Psychological Services	2,356,745	798	1,139,386	2,022	1,217,359	(1,224)
#3600	Transportation	1,485,353	503	1,189,198	2,111	296,155	(1,608)
#7100	Board and Superintendent	1,124,200	381	605,161	1,074	519,039	(693)
#7190-7191	External Audit	38,880	13	43,676	62	(4,796)	(49)
#7700	Centralized Data Processing	146,614	50	214,544	381	(67,930)	(331)
	<b>Totals of Selected Functions</b>	<b>\$ 22,063,610</b>	<b>\$ 7,474</b>	<b>\$ 23,321,153</b>	<b>\$ 15,744</b>	<b>\$ (1,257,543)</b>	<b>\$ (8,270)</b>

## Cost Savings Analysis, Cont'd

### Cost Comparison by Major Function Activities, Cont'd

**Scenario 3B Combining the Basic Aid Elementary Districts:** Comparing the nine elementary school districts combined to five of comparable size (including one with basic aid funding) shows considerable room for budget savings, especially in instruction and administration. The comparative districts were Solana Beach (a basic aid district), Cambrian, Empire, Placer, and Lamont.

<b>Scenario3B - Basic Aid Elementary Districts Combined</b>		<b>Basic Aid Elementary Districts</b>		<b>Average of Comparative Districts</b>		<b>Potential savings</b>	
<b>Function Codes</b>	<b>Activity Description</b>	<b>Dollars</b>	<b>Per Pupil (2020-21 ADA, 2,827)</b>	<b>Dollars Averaged</b>	<b>Per Pupil (2020-21 Average ADA,2,817)</b>	<b>Dollars</b>	<b>Per Pupil</b>
#1100-1199	Instruction (Regular and special day)	\$ 29,534,392	\$ 10,278	\$ 22,724,488	\$ 7,987	\$ 6,809,904	\$ 2,291
#2000-2999	Instruction-Related (Supervision and resources)	4,166,602	1,450	3,551,102	1,248	615,500	202
#3000-3999	Pupil Services (counseling, pshychological, health, speech, testing, transportation)	2,646,558	921	2,274,598	799	371,960	122
#4000-4999	Ancillary (co-curricular and athletics)	16,736	6	3,295	-	13,441	6
#5000-5999	Community Services (recreation, civic services)	90,597	32	324,274	114	(233,677)	(82)
#6000-6999	Enterprise Services	-	-	-	-	-	-
#7000-7999	General Administration (board, supt., business, HR)	5,045,971	1,756	2,206,530	776	2,839,441	980
#8000-8999	Plant Services (M&O, security)	3,591,144	1,250	3,305,390	1,162	285,754	88
#9000-9999	Other Outgo (debt services and interagency transfers)	397,075	138	834,649	293	(437,574)	(155)
	<b>Totals</b>	<b>\$ 45,489,075</b>	<b>\$ 15,830</b>	<b>\$ 35,224,324</b>	<b>\$ 12,379</b>	<b>\$ 10,264,751</b>	<b>\$ 3,451</b>

In comparing selected functions, there are considerable savings that might be realized through unification in the areas of instruction, school administration, counseling, transportation (at least in district office level jobs/services), board and superintendent (a significant cost savings area) and even external audit as only one audit is needed and not nine. Data processing is the only area where the current configuration is less than the comparative districts.

<b>Comparing Selected Function Costs - Scenario 3B</b>		<b>Basic Aid Elementary Districts</b>		<b>Average of Comparative Districts</b>		<b>Potential savings</b>	
<b>Function Codes</b>	<b>Activity Description</b>	<b>Dollars</b>	<b>Per Pupil (2020-21 ADA, 2,827)</b>	<b>Dollars Averaged</b>	<b>Per Pupil (2020-21 Average ADA,2,817)</b>	<b>Dollars</b>	<b>Per Pupil</b>
#1100	Instruction	\$ 24,941,364	\$ 8,679	\$ 20,770,882	\$ 3,640	\$ 4,170,482	\$ 5,040
#2700	School Administration	3,771,563	1,312	2,124,694	747	1,646,869	566
#3110-3120	Guidance, Counseling and Psychological Services	884,989	308	1,196,608	421	(311,619)	(113)
#3600	Transportation	1,004,725	350	438,483	154	566,242	196
#7100	Board and Superintendent	1,809,445	630	646,749	227	1,162,696	402
#7190-7191	External Audit	160,526	56	36,909	13	123,617	43
#7200	Other General Administration	2,444,893	851	2,002,472	704	442,421	147
#7700	Centralized Data Processing	257,875	90	600,023	211	(342,148)	(121)
	<b>Totals of Selected Functions</b>	<b>\$ 35,275,380</b>	<b>\$ 12,276</b>	<b>\$ 27,816,818</b>	<b>\$ 6,116</b>	<b>\$ 7,458,562</b>	<b>\$ 6,160</b>

## Cost Savings Analysis, Cont'd

### Cost Comparison by Major Function Activities, Cont'd

A recap of the potential savings (shortfall) for each Scenario, comparing major functional costs, is shown below. Scenario One has the most opportunity to save total costs but is also riskier given the significant, estimated revenue drop. Scenario Two would also save costs and works overall financially, particularly in the Russian River unification but careful cost reduction planning in the remaining West Sonoma unification would be required. And Scenario Three would be least risky and even add funding to a consolidated basic aid elementary district.

Comparing the Revenue Changes in Each Scenario to the Potential Cost Savings					
	Scenario 1 - One Unified School District	Scenario 2 - Two Unified School Districts		Scenario 3 - One Unified and One Unionized ESD	
	1: West Sonoma Unified (Includes Local Charters)	2A: Russian River Unified (Monte Rio, Fort Ross, Montgomery, Guerneville, Forestville, Oak Grove and West Sonoma High Split on Proportionate ADA)	2B: West Sonoma Unified (Gravenstein, Twin Hills, Sebastopol, Harmony, and West Sonoma High Split on Proportionate ADA)	3A: West Sonoma Unified (West Sonoma and Twin Hills)	3B: Unionization of Basic Aid Districts (all remaining)
Estimate Revenue Change Through Consolidation	\$ (13,317,770)	\$ (1,687,786)	\$ (4,177,201)	\$ 65,249	\$ (571,218)
Potential Cost Savings Comparing Major Functions to Comparable Districts	13,894,334	4,703,954	3,943,402	(1,573,535)	10,264,751
<b>Net Positive (Shortfall) Change When Compared to Comparative Districts on Function</b>	<b>\$ 576,564</b>	<b>\$ 3,016,168</b>	<b>\$ (233,799)</b>	<b>\$ (1,508,286)</b>	<b>\$ 9,693,533</b>

And when comparing **selected functions**, the potential net positive (shortfall) is:

Comparing the Revenue Changes in Each Scenario to the Potential Cost Savings					
	Scenario 1 - One Unified School District	Scenario 2 - Two Unified School Districts		Scenario 3 - One Unified and One Unionized ESD	
	1: West Sonoma Unified (Includes Local Charters)	2A: Russian River Unified (Monte Rio, Fort Ross, Montgomery, Guerneville, Forestville, Oak Grove and West Sonoma High Split on Proportionate ADA)	2B: West Sonoma Unified (Gravenstein, Twin Hills, Sebastopol, Harmony, and West Sonoma High Split on Proportionate ADA)	3A: West Sonoma Unified (West Sonoma and Twin Hills)	3B: Unionization of Basic Aid Districts (all remaining)
Estimate Revenue Change Through Consolidation	\$ (13,317,770)	\$ (1,687,786)	\$ (4,177,201)	\$ 65,249	\$ (571,218)
Potential Cost Savings Comparing <b>Selected Function Costs</b> to Comparable Districts	12,502,594	5,281,231	5,555,871	(1,257,543)	7,458,562
<b>Net Positive (Shortfall) Change When Compared to Comparative Districts on Selected Function Costs</b>	<b>\$ (815,176)</b>	<b>\$ 3,593,445</b>	<b>\$ 1,378,670</b>	<b>\$ (1,192,294)</b>	<b>\$ 6,887,344</b>

## Cost Savings Analysis, Cont'd

### Cost Comparison by Object Code

CW compared significant object code subtotal expenditures between the combined West Sonoma districts and five comparably sized unified districts. In every category of expenditures except books and supplies, there is significant potential for savings in a consolidation, totaling here in this analysis \$14.4M.

*Note: under object code category 5000-5999 series, the districts' record contracted services such as transportation, special education, nurses, and health providers. Many of these services are offered through SCOE. Because of the smaller size of the individual districts, the need to contract out versus hiring in-house is greater. If consolidated, some contracted-out costs might be redesigned as employee positions.*

Comparing Selected Costs by Object Codes		WSUSD - All Districts Combined		Average of Comparative Districts		Potential savings	
Object Codes	Activity Description	Dollars	Per Pupil (2020-21 ADA, 5,687)	Dollars Averaged	Per Pupil (2020-21 Average ADA, 5,707)	Dollars	Per Pupil
1100	Certificated Teachers' Salaries	\$ 24,217,082	\$ 4,258	\$ 23,232,066	\$ 4,071	\$ 985,016	\$ 173
1200	Certificated Pupil Support Salaries	\$ 1,724,617	\$ 303	\$ 2,050,324	\$ 359	\$ (325,707)	\$ (57)
	Certificated Supervisors' and						
1300	Administrators' Salaries	\$ 4,094,180	\$ 720	\$ 3,145,752	\$ 551	\$ 948,428	\$ 167
1900	Other Certificated Salaries	\$ 200,923	\$ 35	\$ 316,132	\$ 55	\$ (115,209)	\$ (20)
<b>Subtotal, Certificated Personnel Salaries</b>		<b>\$ 30,236,802</b>	<b>\$ 5,317</b>	<b>\$ 28,744,274</b>	<b>\$ 5,037</b>	<b>\$ 1,492,528</b>	<b>\$ 262</b>
2000-2999					\$ -	\$ -	\$ -
2100	Classified Instructional Salaries	\$ 2,770,517	\$ 487	\$ 2,007,419	\$ 352	\$ 763,098	\$ 134
2200	Classified Support Salaries	\$ 2,556,962	\$ 450	\$ 2,771,352	\$ 486	\$ (214,390)	\$ (38)
	Classified Supervisors' and						
2300	Administrators' Salaries	\$ 1,115,730	\$ 196	\$ 883,405	\$ 155	\$ 232,325	\$ 41
	Clerical, Technical, and Office Staff						
2400	Salaries	\$ 3,112,852	\$ 547	\$ 2,406,487	\$ 422	\$ 706,365	\$ 124
2900	Other Classified Salaries	\$ 977,224	\$ 172	\$ 448,043	\$ 79	\$ 529,181	\$ 93
<b>Subtotal, Classified Personnel Salaries</b>		<b>\$ 10,533,285</b>	<b>\$ 1,852</b>	<b>\$ 8,516,705</b>	<b>\$ 1,492</b>	<b>\$ 2,016,580</b>	<b>\$ 355</b>
3401	Health and Welfare Benefits, certificated positions	\$ 5,106,560	\$ 898	\$ 4,873,752	\$ 854	\$ 232,808	\$ 41
3402	Health and Welfare Benefits, classified positions	\$ 2,610,289	\$ 459	\$ 1,932,367	\$ 339	\$ 677,922	\$ 119
3000-3999	Employee Benefits	\$ 19,852,864	\$ 3,491	\$ 16,644,595	\$ 2,917	\$ 3,208,269	\$ 564
4000-4999	Books and Supplies	\$ 3,602,437	\$ 633	\$ 3,666,930	\$ 643	\$ (64,493)	\$ (11)
5000-5999	Services and Other Operating Expenditures	\$ 16,392,846	\$ 2,883	\$ 8,631,732	\$ 1,512	\$ 7,761,114	\$ 1,365
						<b>Total Potential Savings</b>	<b>\$ 14,413,996</b>

## Cost Savings Analysis, Cont'd

### Staffing Analysis

To provide further evidence (beyond the costs above) that the individual districts have more staff when compared to a unified district of a similar size, CW analyzed staffing FTE and salaries using the State J-90 data for the fiscal year 2020-21. The Comparative districts were selected based on the size of an all-unified West Sonoma district.

Data points in the J-90 include teacher/pupil ratios, office/clerical classified staff, other classified staff, paraprofessionals, and administrators without direct services to pupils. The following tables show comparisons of FTE, salaries, and benefits.

**All Staff FTE Comparison:** A unified West Sonoma would have about 668 FTEs compared to 597 in a similar-sized unified school district. Using an estimate of one FTE costing \$75,000 in salary and benefits, there is a potential cost savings of \$5.3M from salaries and benefits alone.

<b>West Sonoma FTEs Compared to Average of the Comparative Districts</b>			
<b>Staffing Category</b>	<b>West Sonoma - All Districts Combined</b>	<b>Average of Comparative Districts (of similar size to a WSUSD)</b>	<b>FTEs Over (Under) Average</b>
Teaching Staff	352	303	50
Administrators	32	26	6
Office/Clerical Classified	63	54	9
Other Classified	99	97	2
Paraprofessionals	93	91	2
Pupil Services	29	28	1
Totals	<b>668</b>	<b>597</b>	<b>71</b>
<i>Estimated Average Cost Per FTE - All WS Districts</i>			<i>75,000</i>
<b>Potential Cost Savings</b>			<b>\$ 5,315,625</b>

**Classified Salaries:** CW reviewed the classified salary schedules of each District. There were similarities but differences that cannot be thoroughly analyzed without looking at each classification in each District and FTEs placement on each schedule.

Instead, CW compared the FTEs to other comparative districts (the table above shows 13 more classified FTEs overall). CW also compared the classified salaries object code 2000-2999 series, finding that \$2M is more spent in the West Sonoma districts than in comparative districts.

In addition to the 13 more FTE, the salaries might be higher in West Sonoma districts, perhaps due to more longevity. Regardless, in a school district reorganization, the classified staff have a two-year right to their classification and pay so that no layoffs could occur once approved for unification. Any cost savings for on-going staff would be two years out.

## Cost Savings Analysis, Cont'd

### Staffing Analysis, Cont'd

**Certificated Salary Schedule Analysis:** CW compared certificated salary points for all West Sonoma Districts against eight districts of comparable size to a WSUSD, the Sonoma County unified district average, and the statewide average for all unified school districts.

**Fiscal Impact of Leveling Up Salaries to the Highest Average:** The following table shows each West Sonoma District, the computed certificated salary cost (using reported FTEs times the average salary), and the computed cost if salaries in a newly unified district were leveled up to the highest average (Gravenstein).

*Notes: The average salary includes factors related to seniority, which varies from District to District. And there is no obligation in unification to negotiate the highest salary and benefits. This is a "what if" analysis only to estimate the potential cost of negotiating to the highest certificated salary.*

If the newly unified District were to have average salaries at the level of Gravenstein, the result would be about \$2.7M in additional costs.

Certificated Salary Schedule Comparison - All West Sonoma Districts											
	West Sonoma	Forestville	Fort Ross	Gravenstein	Guerneville	Harmony	Monte Rio	Montgomery	Oak Grove	Sebastopol	Twin Hills
Salary Schedule FTE	101	16	2	48	15	16	6	3	42	23	67
Lowest Salary	50,053	55,168	43,656	59,503	51,045	55,529	50,204	50,980	54,178	47,437	48,150
<b>Average Salary</b>	75,689	72,662	59,124	82,918	67,290	81,137	67,842	59,547	77,493	72,809	69,355
Highest Salary	93,397	92,963	78,490	103,639	92,204	100,096	93,382	81,662	109,313	93,964	88,573
BA+60, Step 10	74,245	71,153	63,343	77,518	69,705	68,077	67,410	60,729	71,087	76,238	67,962
Number of Service Days	185	183	183	183	188	185	184	184	185	186	184
Cost @ Average Salary	7,637,020	1,162,592	118,248	3,980,064	1,009,350	1,298,192	407,052	178,641	3,250,056	1,703,731	4,646,785
											<b>Total All Districts at Each District's Average Salary Times FTE</b>
Cost @ Highest Average (Gravenstein)	\$ 8,366,426	\$ 1,326,688	\$ 165,836	\$ 3,980,064	\$ 1,243,770	\$ 1,326,688	\$ 497,508	\$ 248,754	\$ 3,477,581	\$ 1,940,281	\$ 5,555,506
											<b>Total All Districts at Highest Average Salary Times FTE</b>
											<b>Cost difference from district to highest average</b>
											<b>\$ 2,737,371</b>

Source: J-90 reported 2020-21, except Fort Ross which is 2019-20

**Potential Savings Reducing Certificated Salary Schedule FTE to Average Unified District:** But, if a West Sonoma Unified were to reduce certificated salary schedule FTEs to the FTE level of comparative unified school districts (291), there is a computed potential to save \$3.3M in cost.

Potential Savings with Reduced FTE's to Comparative District Average						
	Average All West Sonoma Area Districts	Average Comparative Districts	Difference	Current Cost to Average	Comparative FTEs Times WS Average	Potential Cost Savings
Salary Schedule FTE	339	291	48	337	291	
Lowest Salary	51,446	49,137	2,309			
<b>Average Salary</b>	71,442	77,225	(5,783)	24,076,077	20,789,728	<b>\$ 3,286,349</b>
Highest Salary	93,426	101,198	(7,772)			
BA+60, Step 10	69,770	74,680	(4,911)			

## Cost Savings Analysis, Cont'd

### Staffing Analysis, Cont'd

**Certificated Salary Schedule Analysis:** If a West Sonoma Unified were to increase the certificated salary schedule to the Sonoma County or the statewide averages, there would be, on average, an increase in costs of \$2M to \$3.5M.

<b>Comparing the Average WS Certificated Salary Schedules to the County and Statewide Averages</b>						
	<b>Average All West Sonoma Area</b>	<b>Average Sonoma County Unified</b>	<b>Difference - Higher (Lower)</b>	<b>Current WS Cost to Districts Average</b>	<b>Estimated Cost to Sonoma County Average</b>	<b>Potential Added Cost to County Average</b>
Salary Schedule FTE	337					
Lowest Salary	\$ 52,225	\$ 43,650	\$ 8,575			
<b>Average Salary</b>	\$ 72,674	\$ 81,181	\$ (8,507)	25,391,731	27,377,480	<b>\$ 1,985,749</b>
Highest Salary	\$ 94,919	\$ 97,344	\$ (2,425)			
BA+60, Step 10	\$ 70,412	\$ 78,816	\$ (8,404)			
	<b>Average All West Sonoma Area</b>	<b>Statewide Average Unified</b>	<b>Difference</b>	<b>Current WS Cost to Districts Average</b>	<b>Estimated Cost to Statewide Average</b>	<b>Potential Added Cost to Statewide Average</b>
Salary Schedule FTE	337		337			
Lowest Salary	52,225	49,923	2,302			
Average Salary	72,674	85,856	(13,182)	25,391,731	28,954,077	<b>\$ 3,562,346</b>
Highest Salary	94,919	99,873	(4,954)			
BA+60, Step 10	70,412	74,898	(4,486)			

**Conclusion:** CW observed that the West Sonoma districts have more FTE and lower certificated salaries than other districts of a similar size, the county, and statewide averages. With unification, there is a potential to adjust teacher/pupil ratios closer to the average(s) and raise salaries.

*Note: Outcomes of collective bargaining negotiations could drive costs up or down. The ability to lay off staff is restricted to state law and might be achieved best through attrition and early retirement packages.*

## Other Financial Analysis

### Facilities Consolidation and Transportation

Should a unification or consolidation plan be considered, the districts may want to study facilities owned by the affected school districts and their location to one another for potential consolidation post-reorganization. CW has compared the number of school sites in the West Sonoma area to the ten comparative unified school districts.

<b>Number of Operating School Site Campuses*</b>					
<b>Comparative Analysis</b>					
<b>Unified District</b>	<b>Elementary Sites (K-8)</b>	<b>Middle School Sites</b>	<b>High School Sites</b>	<b>Alternative (Continuation, Special Education)</b>	<b>Total</b>
West Sonoma Unified School District (Proposed)	12	3	1	2	18
Claremont Unified	7	1	1	2	11
Paso Robles Unified	6	2	2	2	12
Dinuba Unified	6	1	1	2	10
Ukiah Unified	6	2	1	2	11
Lammersville Unified	7	none, all K-8	1	2	10
Barstow Unified	7	2	1	3	13
Cotati-Rohnert Park Unified	7	2	2	2	13
Selma Unified	8	1	1	2	12
Patterson Unified	5	1	1	2	9
Moorpark Unified	6	2	1	1	10
<b>Average of Comparative Districts</b>	<b>7.00</b>	<b>1.70</b>	<b>1.18</b>	<b>2.00</b>	<b>11.73</b>

*\* Based on addresses, more than one program might operate on the campus. Does not include non-operational sites or sites leased.*

A unified West Sonoma district would have 18 school sites. The average number of school sites from 10 unified school districts of similar size is 11.73. It might be feasible to close school sites within reasonable proximity, given transportation distances and pupil loading capacities. A full facilities study would need to be conducted. Costs would be saved on school site operations and front office staff.

School consolidation could yield significant cost savings, but a future study should consider:

- Transportation routes, especially in the rural areas. Bus ride times and road safety are essential to evaluate.
- Condition and pupil capacity of receiving school sites. Costs would be required to possibly renovate and expand the receiving school site's classrooms, play areas, gyms, front offices, multi-purpose rooms, etc. And there would be one-time moving costs.
- Plans on the future use of the closing school sites. Could and should the school site be sold or leased out?

## Other Financial Analysis, Cont'd

### Facilities Consolidation and Transportation, cont'd

If feasible, consolidation of enrollment and closure of sites would save the newly unified school district costs for school administration, maintenance and operations, utilities, grounds keeping, and modernization. Cost savings might be offset by some costs to meet the demand for more staffing at expanded sites, possible reconfiguration of sites, and more transportation routes. But overall, there would likely be net positive cost savings.

Before a decision could be made to close a school site, CW recommends full facilities use to study and master plan. Factors to be considered would include an inventory of existing sites, useful life, gross square footage, current cost to operate the site (gross and on a per SF basis), deferred maintenance needs, number of site acres, and proximity to school age populations.

A unified West Sonoma district would comprise 322.69 square miles, the 4<sup>th</sup> largest among the ten comparative unified school districts.

<b>Comparison of Unified Districts to WSUSD (Proposed)</b>	
<b>Comparison of Geographical Size</b>	<b>Land Square Miles (source:Census,School District Special Tabulation,proximityone.com)</b>
Barstow Unified	1805.61
Ukiah Unified	453.17
Patterson Unified	359.78
<b>West Sonoma Unified (Proposed)</b>	<b>322.69</b>
Paso Robles Unified	309.85
Claremont Unified	63.36
Selma Unified	53.14
Moorpark Unified	47.58
Dinuba Unified	33.72
Lammersville Unified	23.49
Cotati-Rohnert Park Unified	14.89

We can hypothesize that the larger the square miles, the more school sites the District might need due to transportation issues. But that doesn't appear to be fully justified since the top 3 largest square miles school districts have 11-13 school sites, as shown on the previous page. Ukiah Unified is probably the closest geographically similar District, with only 11 school sites.

Major factors to consider regarding transportation include the pupil's age, the distance between home and school, ride times, safety, cost, availability of buses, and the opening and closing times of the schools.

## Other Financial Analysis, Cont'd

### Long-Term Liabilities

A summary of long-term liabilities by District is shown below:

<b>Schedule of Long-Term Liabilities</b>								
<b>West Sonoma County Districts</b>	<b>CalSTRS/CalPERS Pension Liability</b>	<b>General Obligation and Lease Rev. Bonds</b>	<b>Compensated Absences</b>	<b>Other Post-Employment Benefits (OPEB)</b>	<b>LCFF Repayment Agreement*</b>	<b>Early Retirement Incentives</b>	<b>Other Loans or Settlements</b>	<b>Total Long-Term Debt</b>
Forestville Union Elementary	\$ -	\$ 8,932,027	\$ -	\$ 724,484	\$ -	\$ -	\$ 151,377	\$ 9,807,888
Fort Ross Elementary	445,090	-	-	-	-	-	-	445,090
Gravenstein Union Elementary	10,095,071	6,113,881	42,454	895,020	-	-	-	17,146,426
Guerneville Elementary	4,241,749	10,611,763	10,358	407,772	1,871,453	20,000	-	17,163,095
Harmony Union Elementary	4,629,183	10,025,645	-	301,581	-	-	60,000	15,016,409
Monte Rio Elementary	1,445,543	3,639,536	16,617	-	-	-	-	5,101,696
Montgomery Elementary	595,466	-	-	-	-	-	-	595,466
Oak Grove Elementary	1,122,785	12,819,157	17,119	-	-	347,033	-	14,306,094
Sebastopol Union Elementary	6,224,654	21,453,572	42,850	-	-	-	-	27,721,076
Twin Hills Union Elementary	-	5,314,463	97,040	141,131	-	-	-	5,552,634
West Sonoma County Union High	22,475,887	70,728,834	66,959	4,333,354	-	358,865	-	97,963,899
<b>Total Proposed WSUSD</b>	<b>\$ 51,275,428</b>	<b>\$ 149,638,878</b>	<b>\$ 293,397</b>	<b>\$ 6,803,342</b>	<b>\$ 1,871,453</b>	<b>\$ 725,898</b>	<b>\$ 211,377</b>	<b>\$ 210,819,773</b>

\* The district was awarded \$2.34M for California Steam Sonoma II, the funds will be used to pay the LCFF due the state in the amount of \$1.87M.

Source: June 30, 2021 audited financial statements, except Forestville is June 30, 2020

Comparing the proposed WSUSD to five similar-sized unified school districts show the total debt amount is within a similar dollar range and close to the average comparative District.

<b>Comparative District</b>	<b>Total Long-Term Liabilities</b>	<b>Source</b>
<b>Proposed West Sonoma Unified</b>	<b>\$ 210,819,773</b>	<b>Computed</b>
Cotati-Rohnert Park Unified	\$ 241,435,778	2020-21 Unaudited Actuals
Paso Robles Unified School District	\$ 193,833,321	2020-21 Audit Report
Dinuba Unified School District	\$ 126,883,035	2020-21 Audit Report
Lammersville Unified School District	\$ 332,987,022	2020-21 Audit Report
Barstow Unified School District	\$ 136,949,953	2020-21 Audit Report
<b>Average of Comparative Districts</b>	<b>\$ 206,417,822</b>	

## Other Financial Analysis, Cont'd

### Long-Term Liabilities, Cont'd

Looking closer at the components of long-term liabilities:

- **CalSTRS/CalPERS:** this liability is a proportionate share of the entire statewide liability for each pension system. The liability cannot be negotiated away nor funded locally except through statutorily determined employer contribution rates.
- **General Obligations Bonds:** bonds are secured by voter-approved taxes. After a unification, the bonded indebtedness is redistributed to all property owners in the unified District. Note that the WSCUHSD debt is already distributed area-wide, so that portion would not change.
  - However, the elementary debt would be redistributed across the entire new District, and there would be some changes to individual taxpayer bills. The amount of the change would likely be negligible since the assessed valuation is high (\$11 billion) and the bonded indebtedness as a percentage is low (\$79M and less than 1% of AV). The tax rate per \$100,000 in AV would be low and amortized over the bonds' remaining life.
- **Compensated Absences:** vacation benefits are negotiated. A new contract would be negotiated for future benefits in a newly unified school district. Past accrued benefits would remain a liability to the newly unified school district.
- **Other Post-Employment Benefits:** six of the eleven school districts have OPEB. Except for one Superintendent's retirement in Twin Hills ESD, all benefits are capped at age 65. Total benefit payments made in 2020-21 amounted to \$121,483. The new contract in a WSUSD would need to negotiate the benefit, but past guaranteed benefits of the former districts would likely be assumed by the new District.
- **LCFF Repayment Agreement:** this one-time liability is fully offset by revenues amounting to \$2.34 million from the Guerneville district in a judgment award from California Steam Sonoma II. This will not affect the newly unified school district.
- **Early Retirement Incentive and Other Liabilities:** These liabilities would become liabilities of the newly unified school district. Paid from general operating funds, the amounts are not significant compared to the size of the new budget.

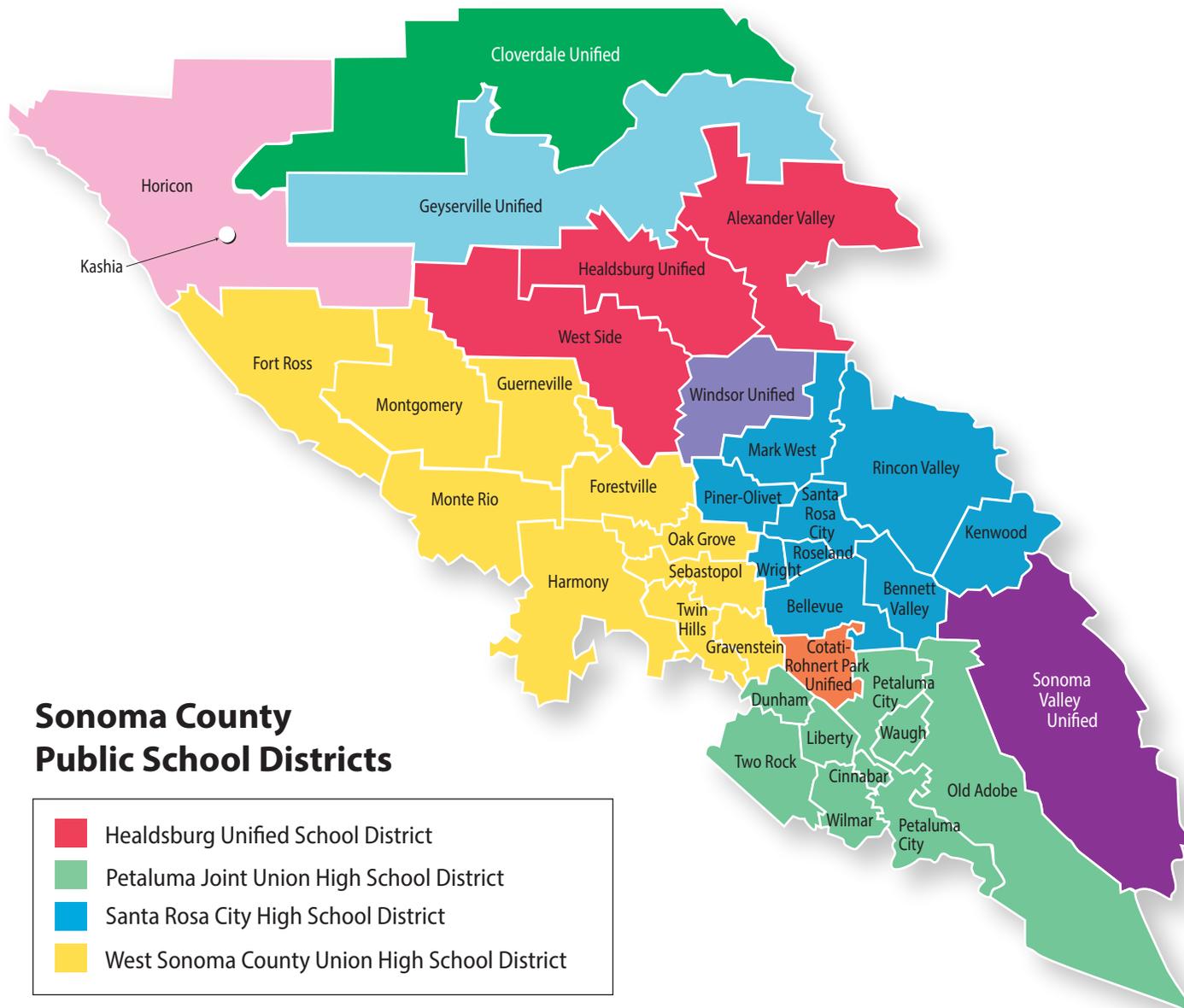
### Fiscal Status of the Districts

According to the Districts' audit reports, as of June 30, 2021, all the districts meet or exceed the minimum reserve requirements of the State. The elementary districts have reserves between 15% - 89% of total expenditures and another outgo. The high school district ended the year with 4%, above the 3% recommended minimum. It is reported that the high school district is more fiscally challenged, aggravated by declining enrollment.

All the districts filed a "positive" 1<sup>st</sup> interim report on fiscal status in 2021-22, meaning they project to meet their obligations for the current and two subsequent fiscal years.

APPENDIX:  
MAPS OF EACH SCENARIO

# Current District Structure



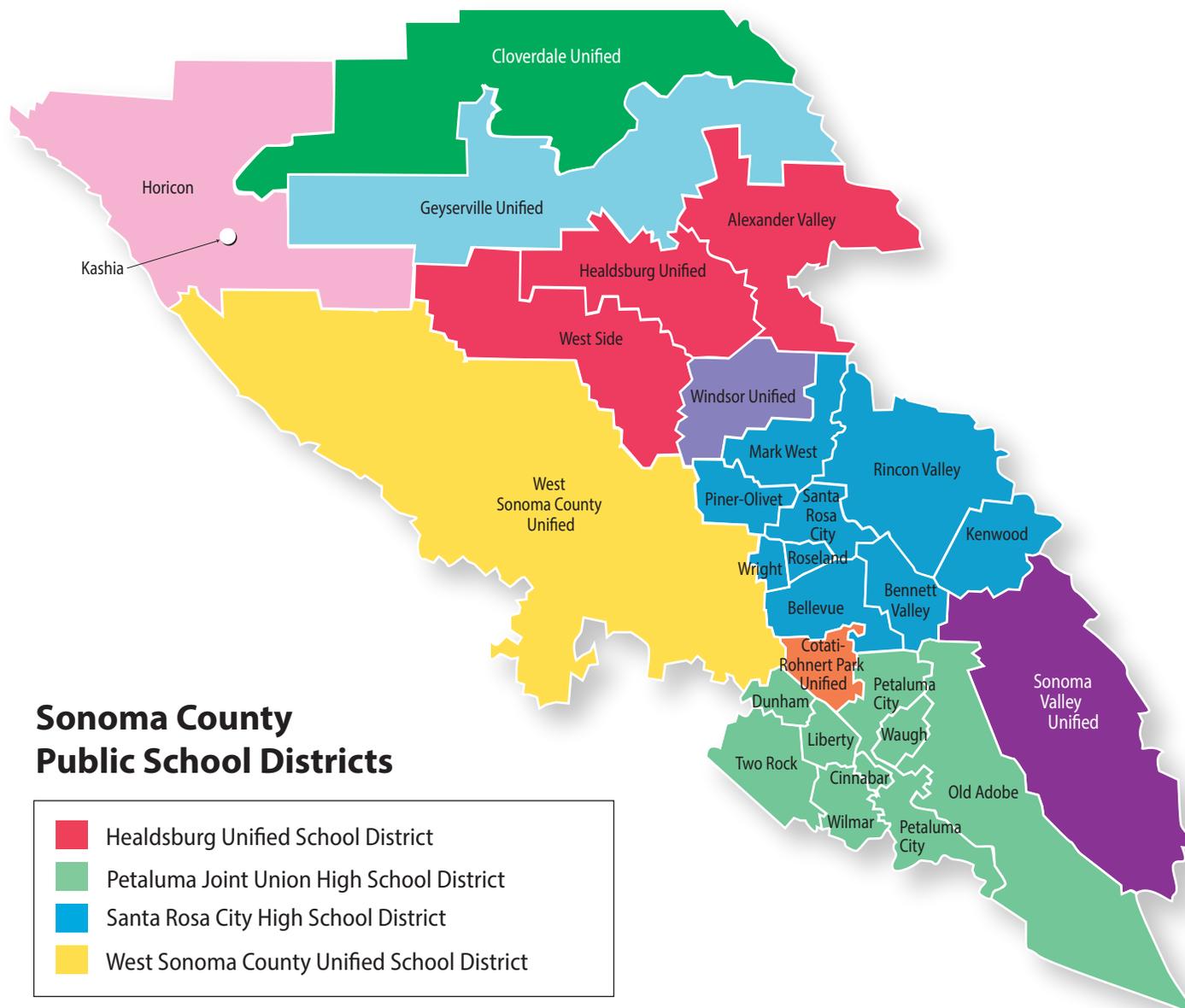
## Sonoma County Public School Districts

- Healdsburg Unified School District
- Petaluma Joint Union High School District
- Santa Rosa City High School District
- West Sonoma County Union High School District

Updated June 2022

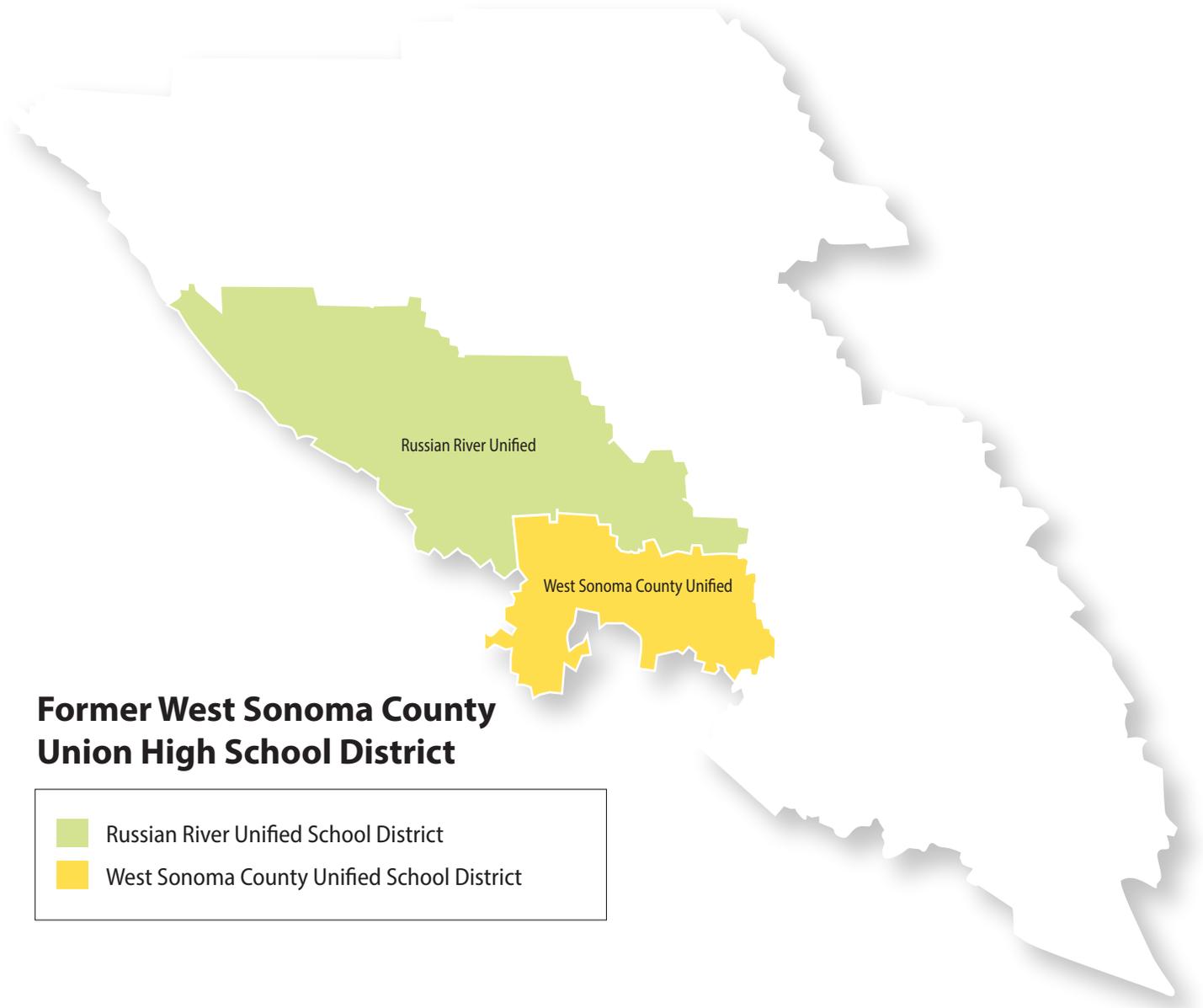
# SCENARIO 1

## Unification of WSCUHSD with All 10 Elementary Districts



# SCENARIO 2

## Two Unified Districts



### Former West Sonoma County Union High School District



# SCENARIO 3

## Twin Hills Unifies with WSCUHSD, other elementary districts opt out and consolidate

