

Date of Hearing: May 13, 2015

ASSEMBLY COMMITTEE ON EDUCATION
Patrick O'Donnell, Chair
AB 480 (Harper) – As Amended March 26, 2015

SUBJECT: School districts: reorganization: study of benefits and impacts of unification

SUMMARY: Requires the Legislative Analyst's Office (LAO) to conduct a study of the potential benefits and impacts of school district unification. Specifically, **this bill:**

- 1) Requires the LAO to conduct a study of the potential benefits and impacts of school district unification.
- 2) Requires the study to include discussion of all of the following topics:
 - a) the benefits of school district unification for purposes of matriculation
 - b) the benefits of having a uniform school calendar for all grade levels
 - c) the benefits of combined maintenance and operation of schools within a unified school district
 - d) the benefits of school district unification for purposes of facilities management
 - e) the impact of school district unification on overall costs, including the impacts on certificated salary schedules, classified salaries and positions, and certificated administrative positions
 - f) the impact on the application of the Local Control Funding Formula
 - g) the short-term and long-term benefits of school district unification over periods of 5, 10, and 15 years

EXISTING LAW:

- 1) Prescribes procedures for school district reorganization, depending on the type of reorganization (transfer of territory, unification, etc.) and the method by which the reorganization was initiated (petition, school board resolution, etc.).
- 2) Requires each county to establish a County Committee on School District Organization (CCSDO), made up of county school board members or their designees.
- 3) Establishes a process whereby locally developed reorganization petitions dealing with a transfer of territory are reviewed by the CCSDO for approval or disapproval in a public hearing, and allows for the county committee decision on a petition dealing with a transfer of territory to be appealed to the SBE for review and consideration.

- 4) Establishes a process whereby locally developed reorganization petitions dealing with all other district organizational issues are reviewed by the county committee in public hearing and submitted with a recommendation to the SBE, and requires the SBE to hear such petitions in public hearing, receive a recommendation from California Department of Education (CDE) staff, and formally approve or disapprove those petitions.
- 5) Subjects these petitions to review under California Environmental Quality Act (CEQA).
- 6) Requires the return of approved petitions to the local jurisdiction, where the county superintendent of schools is required to call for an election at which the petition is put to a vote of the affected electorate.
- 7) Authorizes a CCSDO to approve petitions to create new school districts without having to submit the proposal to the State Board of Education when the governing boards of the affected districts consent and the county superintendent(s) with jurisdiction over the affected districts approve, and where there is an agreement to share the costs of complying with the requirements of the CEQA.

FISCAL EFFECT: This bill has been keyed non-fiscal by the Office of Legislative Counsel.

COMMENTS:

Need for the bill. The author's office states that the intent of this bill is to examine ways in which school districts can reduce costs through unification. The author's office offers as examples of possible cost savings bulk ordering, textbook purchasing, administrative services, food services, and credential and assignment monitoring. The author's office also notes that unification might reduce the need for administrative staff and the election of governing board members, and that unification might provide more uniformity in curriculum across schools.

2011 LAO study answers some questions raised by this bill. The *Supplemental Report of the 2010–11 Budget Act* directed the LAO to study school district consolidation and determine whether the state should more actively promote consolidating small districts into larger districts.

This report addressed the merits of consolidation, spending patterns, student performance, incentives and disincentives to consolidate, and concluded that “neither the academic research nor our own review offers persuasive evidence that consolidating small districts would necessarily result in substantial savings or notably better outcomes for students.”

The report noted that the state has about half as many districts as it did fifty years ago (963 in 2009–10 compared to 2,091 in 1950–51), largely as a result of state policies to encourage consolidation. The LAO noted that throughout the 1950's and 1960's the state provided a number of fiscal incentives for consolidation, including increasing the funding rates for unified districts and funding transportation costs associated with unifications.

The LAO found that small districts currently tend not to pursue consolidation because the state provides fiscal incentives for districts to remain small and disincentives for consolidation. The report found that these incentives are strongest in very small school districts, which on average receive more than twice as much funding per pupil compared to middle and large sized districts. The LAO also found that “certain state laws, including those related to environmental reviews

and district staffing, coupled with community preferences for small districts, serve as disincentives for districts to consolidate.” The report recommended eliminating fiscal advantages provided for districts to remain small.

The LAO has indicated to staff that it does not view additional analysis of this topic a priority, and does not have more to report on this topic. In view of the work that the LAO has already done, and their lack of further comment on the issue, *staff recommends* that the bill be amended to make an agency other than the LAO responsible for this report. The Fiscal Crisis Management Assistance Team (FCMAT), which is charged with providing management and fiscal advice and assistance to school districts, may be the more appropriate agency to conduct this study.

Unification under the LCFF. The Local Control Funding Formula (LCFF) enacted in 2013 changed the allocation of K-12 funding by creating base, supplemental, and concentration grants in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. Base grants vary by grade span, supplemental grants are allocated based on the number of “unduplicated pupils” who are low income, English learners, and in foster care, and concentration grants are provided to school districts with unduplicated students comprising more than 55% of their enrollment.

The LAO report was completed before the LCFF was enacted, and the new funding system may alter some of the factors involved school district unification. This may pose some interesting questions for research, especially with regard to fiscal incentives and disincentives for unification.

Recommended amendments. Staff recommends the following amendments to address issues discussed above:

1. Change the agency responsible for producing the study from the LAO to the FCMAT.
2. Focus the requirements of the study around two topics involved in school district unification: management and finance. Related amendments are recommended to focus the topics outlined in the bill around issues the FCMAT can adequately address given the data available to it.
3. Make the implementation of the bill contingent upon appropriation of funding for this purpose.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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