

State of California

Department of Education

INFORMATION MEMORANDUM

DATE: July 22, 2004

TO: MEMBERS, STATE BOARD OF EDUCATION

FROM: Susie Lange, Deputy Superintendent
Finance, Technology & Administration Branch

SUBJECT: Proposed Dissolution of Folsom Cordova Unified School District and the Creation of Folsom Unified School District and Rancho Cordova Unified School District in Sacramento County

Attached is the California Department of Education (CDE) analysis and recommendation for a proposal to dissolve the Folsom Cordova Unified School District (USD) and create two new districts: a Folsom USD and a Rancho Cordova USD in Sacramento County. CDE will bring this item to the September 2004 meeting of the State Board of Education for Public Hearing and Action.

The action to dissolve the Folsom Cordova USD was initiated pursuant to *Education Code* Section 35700(d), which requires a petition to be signed by a majority of the members of the governing boards of each of the districts that would be affected by the proposed reorganization.

The Sacramento County Office of Education analyzed the effects of the proposed reorganization on the nine required conditions for approval listed in *Education Code* Section 35753(a). Using this analysis, the Sacramento County Committee on School District Organization determined that the proposed reorganization failed to substantially comply with four of nine conditions of *Education Code* Section 35753(a) and recommended disapproval of the reorganization.

CDE staff found that three conditions of *Education Code* Section 35753(a) are not substantially met, and will be recommending that the State Board of Education disapprove the proposal.

Attachment 1: Report of Required Conditions for Reorganization (26 Pages)

Attachment 2: Proposed Resolution (1 Page)

Attachment 3: Petition to Dissolve the Folsom Cordova Unified School District and to Create the Folsom Unified School District and the Rancho Cordova Unified School District (28 Pages) (This attachment is not available for web viewing. A printed copy is available for viewing in the State Board of Education Office).

- Attachment 4: Summary of Actions and Recommendations by the Sacramento County Committee on School District Organization on the Proposed Dissolution of the Folsom Cordova Unified School District to Form a Folsom Unified School District and a Rancho Cordova Unified School District (3 pages) (This attachment is not available for web viewing. A printed copy is available for viewing in the State Board of Education Office).
- Attachment 5: Racial and Ethnic Report (5 Pages) (This attachment is not available for web viewing. A printed copy is available for viewing in the State Board of Education Office).
- Attachment 6: Updated Fiscal Analysis of the Proposed Dissolution of the Folsom Cordova Unified School District to Form a Folsom Unified School District and a Rancho Cordova Unified School District (4 Pages) (This attachment is not available for web viewing. A printed copy is available for viewing in the State Board of Education Office).
- Attachment 7: Condition 6 Review of the Proposed Dissolution of the Folsom Cordova Unified School to Form a Folsom Unified School District and a Rancho Cordova Unified School District in Sacramento County (1 Page) (This attachment is not available for web viewing. A printed copy is available for viewing in the State Board of Education Office).
- Attachment 8: School Facilities Planning Division: Review of the Proposed Dissolution of the Folsom Cordova Unified School District to a Folsom Unified School District and a Rancho Cordova Unified School District (2 Pages) (This attachment is not available for web viewing. A printed copy is available for viewing in the State Board of Education Office).
- Attachment 9: Alternative Resolution (2 Pages)

PROPOSED DISSOLUTION OF FOLSOM CORDOVA UNIFIED SCHOOL DISTRICT AND THE CREATION OF FOLSOM UNIFIED SCHOOL DISTRICT AND RANCHO CORDOVA UNIFIED SCHOOL DISTRICT IN SACRAMENTO COUNTY

REPORT OF REQUIRED CONDITIONS FOR REORGANIZATION

1.0 RECOMMENDATION

Staff recommends disapproval of the proposal to dissolve the Folsom Cordova Unified School District (USD) and create two new districts: a Folsom USD and a Rancho Cordova USD. This recommendation is based on the analysis of required legal conditions (*Education Code*¹ Section 35753), which indicates that the proposal fails to substantially meet the following three conditions:

- Condition 4: The reorganization of the districts will not promote racial or ethnic discrimination or segregation.
- Condition 6: The proposed reorganization will not significantly disrupt the educational programs in the proposed districts and districts affected by the proposed reorganization and will continue to promote sound education performance in those districts.
- Condition 9: The proposed reorganization will not cause a substantial negative effect on the fiscal management or fiscal status of the proposed district or any existing district affected by the proposed reorganization.

A resolution containing this recommendation is included as Attachment 2.

2.0 BACKGROUND

The current proposal is not the first attempt to split the Folsom Cordova USD into two separate districts. In 1994, members of the Folsom community filed a proposal with the Sacramento County Office of Education (SCOE) to create a new Folsom USD along the boundaries of the City of Folsom. The Sacramento County Committee on School District Organization (SCC) determined that the proposal failed to meet the requirements of Section 35753, and in 1995, the proposal was presented to the State Board of Education (SBE) for final determination. California Department of Education (CDE) staff recommended that the SBE deny the proposal. CDE staff concluded, similar to the SCC's recommendation, that the proposed reorganization would significantly disrupt the educational programs and that the fiscal management would be negatively affected in the proposed district and the remaining Folsom Cordova USD. Against staff recommendation, the SBE approved the proposal and the area of election was defined as the area of the Folsom Cordova USD.

¹All subsequent statutory references are to the *Education Code* unless otherwise indicated.

The measure was defeated by a vote of 12,814 to 7,990. Approximately 62 percent of the City of Folsom voters were in favor of the measure, while approximately 90 percent of the Rancho Cordova area voters were against it. The petitioners filed their challenge to the SBE's determination regarding the election area. The petitioners contend that the election was invalid because the SBE unconstitutionally expanded the area of election to include all of the Folsom Cordova USD. The challenge and a subsequent appeal were denied in court.

On April 26, 2002, a proposal to dissolve the Folsom Cordova USD and to create a Folsom USD and a Rancho Cordova USD was submitted to the SCOE by the governing board of the Folsom Cordova USD. (Attachment 3). On May 29, 2002, pursuant to Section 35704, the SCOE found the proposal to be sufficient and signed as required by law.

At a November 19, 2002, deliberation meeting, the SCC heard the findings of the SCOE (Attachment 4). The SCC found that four of the nine conditions identified in Section 35753(a) were not substantially met. The SCC unanimously (7-0) recommended disapproval of the reorganization proposal. The proposal, along with the SCC's recommendation, was subsequently transmitted to the SBE.

On July 1, 2003, Rancho Cordova separated from the unincorporated area of the County of Sacramento. Local government in Rancho Cordova is now provided by the City of Rancho Cordova.

3.0 REASONS FOR THE UNIFICATION

The Folsom Cordova USD, as chief petitioners cite the following reasons for the proposed reorganization (Attachment 3):

- (a) To improve educational opportunities and services through the establishment of two smaller school districts, with locally responsive administration and governance, which will be more focused upon, and adaptable to the educational needs and concerns of two separate communities.
- (b) To offer an opportunity for structural reform and the election of a school board with a shared vision in tune with each community's unique expectations.

4.0 POSITION OF SACRAMENTO COUNTY COMMITTEE ON SCHOOL DISTRICT ORGANIZATION

The SCC recommends disapproval of the proposal, primarily focusing on the failure of the proposal to meet the following four conditions of Section 35753(a).

- Condition 4: The reorganization of the districts will not promote racial or ethnic discrimination or segregation.

- Condition 5: The proposed reorganization will not result in any substantial increase in costs to the state.
- Condition 6: The proposed reorganization will not significantly disrupt the educational programs in the proposed districts and districts affected by the proposed reorganization and will continue to promote sound education performance in those districts.
- Condition 9: The proposed reorganization will not cause a substantial negative effect on the fiscal management or fiscal status of the proposed district or any existing district affected by the proposed reorganization.

5.0 SECTION 35753 CONDITIONS

The SBE may approve proposals for the reorganization of districts if the SBE has determined the proposal substantially meets the nine conditions in Section 35753. Those conditions are further clarified by Section 18573, Title 5, *California Code of Regulations (CCR)*.

For its analysis of the current proposal, staff reviewed CDE studies of specific issues related to the proposal and the following information provided by SCOE:

- (a) Petition for the proposed reorganization, including maps of the area.
- (b) "Updated Information and Data, Proposed Dissolution of the Folsom Cordova Unified School District and Forming a Folsom Unified School District and a Rancho Cordova Unified School District" prepared by SCOE, November 2002.
- (c) "Additional Information Provided by the Folsom Cordova Unified School District Relating to the Proposed Reorganization," prepared by SCOE, November 2002.
- (d) "Folsom Cordova Unified Updated Fiscal Projections for Potential District Reorganization" prepared by Educational Research Consultants, Inc., February 2002.
- (e) "Evaluation of the State's Ninth Criteria for School District Reorganization – Fiscal Status and Management for the Proposed Split of Folsom-Cordova Unified School District," prepared by School Services of California, Inc., March 1, 2000.
- (f) Updated information provided by Folsom Cordova USD.
- (g) Various letters and reports in support of and opposition to the proposed reorganization.
- (h) Miscellaneous related reports.

Staff findings and conclusions regarding the Section 35753 and Title 5 conditions follow:

5.1 The new districts will be adequate in terms of number of pupils enrolled.

Standard of Review

It is the intent of the State Board of Education that direct service districts not be created which will become more dependent upon county offices of education and state support unless unusual circumstances exist. Therefore, each district affected must be adequate in terms of numbers of pupils, in that each such district should have the following projected enrollment on the date the proposal becomes effective or any new district becomes effective for all purposes: Elementary district, 901; high school district, 301; unified district, 1,501. (Section 18573(a)(1)(A), Title 5, CCR)

County Committee Evaluation/Vote

The report prepared by SCOE for the SCC indicates that both of the proposed unified school districts would be of sufficient size to meet minimum qualifications of the school districts within the unified school district category.

The SCC voted unanimously (7-0) that this condition is substantially met.

Staff Findings/Conclusion

As stated previously, a new unified district is adequate in terms of number of pupils if projected enrollment is 1,501 or greater on the date the new district becomes effective for all purposes. The table below depicts historical and projected enrollment for the Folsom Cordova USD from the 2000-01 to the 2007-08 school years. If voters at a Spring 2005 election approve the proposal to create a Folsom USD and a Rancho Cordova USD, the new districts would be effective for all purposes on July 1, 2006. Projected enrollments for the proposed new districts are included in the table, beginning with the 2006-07 school year.

Historical and Projected Enrollments

Year	Folsom Cordova USD	Proposed Folsom USD	Proposed Rancho Cordova USD
2000-01	15,799		
2001-02	16,682		
2002-03	17,149		
2003-04*	17,972		
2004-05*	18,842		
2005-06*	19,742		
2006-07*	20,711	11,114	9,958
2007-08*	21,849	11,952	10,378

* Projections

Source for Historical Enrollment: California Basic Educational Data System (CBEDS) and Sacramento County Office of Education

Enrollment in the proposed Folsom USD is projected to be 11,114 in 2006-07, while projections for Rancho Cordova USD show enrollment of 9,958.

Staff concludes that this condition has been substantially met.

5.2 The districts are each organized on the basis of a substantial community identity.

Standard of Review

The following criteria from Section 18573(a)(2), Title 5, *CCR*, should be considered to determine whether a new district is organized on the basis of substantial community identity: isolation; geography; distance between social centers; distance between school centers; topography; weather; community, school and social ties; and other circumstances peculiar to the area.

County Committee Evaluation/Vote

The report prepared by SCOE for the SCC indicates that since its inception, the Folsom Cordova USD has represented or encompassed two communities: the City of Folsom and the area (now City) of Rancho Cordova. The report concludes that a side-by-side comparison of these communities supports a finding that the proposed unified school districts are organized on the basis of substantial community identity.

The SCC voted unanimously (7-0) that this condition is substantially met.

Staff Findings/Conclusion

As is the case in most relatively compact urban/suburban settings, the Title 5 criteria of isolation, geography, and weather are not applicable to the analysis of substantial community identity. No further discussion of these criteria is warranted, as they cannot be used to define community identity in this particular reorganization proposal.

The two proposed unified districts would correspond to the boundaries of separate and distinct communities that already exist. This is evidenced by local governance in Folsom, which is provided by the City Council of the City of Folsom, and the incorporation of Rancho Cordova as a city within Sacramento County on July 1, 2003.

There are two high schools, Folsom High School and Cordova High School, in the Folsom Cordova USD. The high school attendance area of each high school is coterminous with the boundaries of the two proposed districts.

Staff finds that the districts would be organized on the basis of a substantial community identity and concludes that this condition is substantially met.

5.3 The proposal will result in an equitable division of property and facilities of the original district or districts.

Standard of Review

To determine whether an equitable division of property and facilities will occur, the California Department of Education reviews the proposal for compliance with the provisions of Education Code sections 35560 and 35564 and determines which of the criteria authorized in Section 35736 shall be applied. The California Department of Education also ascertains that the affected districts and county office of education are prepared to appoint the committee described in Section 35565 to settle disputes arising from such division of property. (CCR, Title 5, Section 18573(a)(3))

County Committee Evaluation/Vote

The report prepared by SCOE for the SCC indicates that, in prior reorganizations, the SCC has recommended that all property, other than real property, and all funds and obligations and bonded indebtedness of the districts be divided by average daily attendance between the respective districts, which is consistent with petitioners' proposal.

The SCC voted 4-3 that this condition is substantially met.

Staff Findings/Conclusion

Department staff finds that existing provisions of the *Education Code* may be utilized to achieve equitable distribution of property, funds, and obligations of Folsom Cordova USD and concludes that this condition is substantially met. Staff further recommends the following:

- (a) Capital assets and liabilities of Folsom USD, except real property and the personal property and fixtures normally situated thereat, shall be divided on the basis of the relative assessed valuations of the new unified districts.
- (b) Bonded indebtedness of Folsom Cordova USD should be divided based upon the ratios of the assessed valuation of the property in the proposed new unified school districts to the assessed valuation in the current Folsom Cordova USD.
- (c) All other assets and liabilities of the Folsom Cordova USD shall be divided based on the proportionate average daily attendance (ADA) of the students residing in the areas of the two districts on June 30 of the school year immediately preceding the date on which the proposed reorganization becomes effective for all purposes. (Section 35736)

- (d) Student body property, funds, and obligations shall be divided proportionately, except that the share shall not exceed an amount equal to the ratio which the number of pupils leaving the schools bears to the total number of pupils enrolled; and funds from devises, bequests, or gifts made to the organized student body of a school shall remain the property of the organized student body of that school and shall not be divided. (Section 35564)
- (e) As specified in Section 35565, disputes arising from the division of property, funds, or obligations shall be resolved by the affected school districts and the county superintendent of schools through a board of arbitrators. The board shall consist of one person appointed by each district and one by the county superintendent of schools. By mutual accord, the county member may act as sole arbitrator; otherwise, arbitration will be the responsibility of the entire board. Expenses will be divided equally between the districts. The written findings and determination of the majority of the board of arbitrators is final, binding, and may not be appealed.

5.4 The reorganization of the districts will not promote racial or ethnic discrimination or segregation.

Standard of Review

In Section 18573(a)(4), Title 5, CCR, the State Board of Education set forth five factors to be considered in determining whether reorganization will promote racial or ethnic discrimination or segregation:

- (a) The current number and percentage of pupils in each racial and ethnic group in the affected districts and schools in the affected districts, compared with the number and percentage of pupils in each racial and ethnic group in the affected districts and schools in the affected districts if the proposal or petition were approved.
- (b) The trends and rates of present and possible future growth or change in the total population in the districts affected, in each racial and ethnic group within the total district, and in each school of the affected districts.
- (c) The school board policies regarding methods of preventing racial and ethnic segregation in the affected districts and the effect of the proposal or petition on any desegregation plan or program of the affected districts, whether voluntary or court ordered, designed to prevent or alleviate racial or ethnic discrimination or segregation.
- (d) The effect of factors such as distance between schools and attendance centers, terrain, geographic features that may involve safety hazards to pupils, capacity of schools, and related conditions or circumstances that may have an effect on the feasibility of integration of the affected schools.

- (e) The effect of the proposal on the duty of the governing board of each of the affected districts to take steps, insofar as reasonably feasible, to alleviate segregation of minority pupils in schools regardless of its cause.

County Committee Evaluation/Vote

The SCOE analyzed the historical racial and ethnic composition of the Folsom Cordova USD and found that the minority student population of the proposed Folsom USD is considerably lower than the minority student population of the proposed Rancho Cordova USD and the existing Folsom Cordova USD.

The SCC voted 6-1 that this condition is not substantially met.

Staff Findings/Conclusion

The CDE's Office of Equal Opportunity (OEO) provides support to the CDE review of reorganization proposals. The OEO report on this proposal is provided as Attachment 5.

OEO analyzed the five factors set forth in Section 18573 of Title 5, *CCR* in light of information provided in the feasibility study. Findings are further compared to California Basic Educational Data System (CBEDS) information on file with the CDE.

(a) Racial and Ethnic Enrollment: Analysis by District

OEO analyzed current enrollment (from 2002-03 CBEDS) in the Folsom Cordova USD. OEO found that the existing Folsom Cordova USD currently enrolls 17,149 kindergarten through twelfth grade students. The total combined minority enrollment is 31.8 percent compared to a 68.2 percent White enrollment.

The proposed Folsom USD and Rancho Cordova USD would enroll over 17,000 students. As noted in the table below, Folsom USD would enroll 8,657 kindergarten through twelfth grade students with minority enrollment of 20.6 percent compared to a 79.4 percent White enrollment. Rancho Cordova USD would enroll 8,492 kindergarten through twelfth grade students with minority enrollment of 43.2 percent compared to a 56.8 percent White enrollment. Overall, for 2002-03, Rancho Cordova USD's minority enrollment of 43.2 percent would be 22.6 percentage points greater than Folsom USD's minority enrollment of 20.6 percent.

Ethnic Enrollment in Affected Districts

District	White Students	Minority Students
Folsom Cordova Unified School District	11,705 (68.2%)	5,444 (31.8%)
<i>Proposed Folsom Unified School District</i>	6,874 (79.4%)	1,783 (20.6%)
<i>Proposed Rancho Cordova Unified School District</i>	4831 (56.8%)	3,661 (43.2%)

Source: 2002-03 CBEDS

(b) Racial and Ethnic Enrollment: Trends and Rates of Change

OEO charted K-12 racial/ethnic student enrollment growth for five years for the Folsom Cordova USD. The percentage of minority students in Folsom Cordova USD increased from 26.9 percent to 31.8 percent over the five-year period (1998-99 to 2002-03).

(c) School Board Policies: Desegregation Plans and Programs

There are no current court-ordered desegregation plans or programs in Folsom Cordova USD.

(d) Factors Affecting Feasibility of Integration

No information was provided to identify any specific effects of factors such as distance from schools, attendance areas, or geographic features on the feasibility of integration.

(e) Duty of School to Alleviate Segregation

OEO notes that the governing board of the Folsom Cordova USD has a duty to alleviate segregation, regardless of the cause. This duty would be reflected in the policies of any newly created school district.

OEO finds that the proposal to dissolve Folsom Cordova USD and create in its place a Folsom USD and a Rancho Cordova USD would form two districts with substantial different minority populations than currently exist. The proposed Rancho Cordova USD would have a minority population that is significantly greater (43 percent to 21 percent) than the minority population at the proposed Folsom USD. OEO finds that if approved, the net result of this proposal would promote racial and ethnic

discrimination. OEO concludes that the proposal does not appear to be in substantial compliance with EC Section 35753(a)(4).

Staff examined the general guidelines identified in the CDE's "Handbook for Conducting Racial and Ethnic Studies in School Districts" to examine the quantitative effects on segregation. The guidelines that are most relevant to this analysis are as follows:

The statutes do not provide a precise quantitative definition of segregation. In the analysis, the districts and/or affected school(s) are evaluated in terms of differences in racial/ethnic composition "before" and "after" the transfer or reorganization. There could be a finding of promotion of segregation when the following statistical conditions are present:

- 1. The minority group percentage in a district or affected schools is more than 50-60 percent as a result of the proposed transfer or reorganization, or becomes more than 50-60 percent as a result of the proposal, and is steadily increasing; and*
- 2. The trend and rate of minority group increase has been in evidence over a period of at least five years; and*
- 3. The trend will likely continue and become "disproportionate" in five years or less. This determination relies on the use of statistical data and analysis procedures.*

The "Handbook for Conducting Racial and Ethnic Studies in School Districts" addresses "disproportionate" as follows:

As a general rule, minority student enrollment of approximately 75 percent may be characterized as disproportionate. Lower limits such as 60-65 percent may also be considered disproportionate if records over a significant period of time (at least five years) and an assessment of present and future demographic factors indicate the minority percentage has been steadily increasing and will likely continue to do so.

Application of Guidelines

In the following paragraphs, enrollment trends developed and analyzed by staff are discussed in the context of the guidelines contained in the "Handbook for Conducting Racial and Ethnic Studies in School Districts."

- 1. The minority group percentage of the district is more than 50-60 percent as a result of the proposed reorganization.*

The proposed reorganization would create two new unified school districts—Folsom USD and Rancho Cordova USD. Using the most current enrollment figures, Folsom USD would be **20.6 percent** minority and Rancho Cordova USD would be **43.2 percent** minority.

- 2. The trend and rate of minority group increase has been in evidence over a period of at least five years.*

Enrollment data demonstrate that minority student enrollment in Folsom Cordova USD has been increasing steadily over the past years and should continue to increase steadily for the foreseeable future. Additionally, minority enrollment for both the proposed Folsom USD and the Rancho Cordova USD is projected to increase in the future.

3. *The trend will likely continue and become "disproportionate" in five years or less. According to the "Handbook for Conducting Racial and Ethnic Studies in School Districts" "disproportionate" may be defined as **60-65 percent** minority when the percentage of minority students is steadily increasing.*

Five-year enrollment projections suggest that Folsom USD will be **32.7 percent** minority and Rancho Cordova USD would be **54.5 percent** minority in 2007-08 if the proposed reorganization were successful. Enrollment projections for Folsom Cordova USD indicate that that district will be 42.3 percent minority by 2007-08 with no reorganization.

According to the above guidelines the proposed reorganization does not meet the quantitative definition for promotion of segregation. However, the OEO report finds that the proposal does promote racial and ethnic discrimination because the reorganization would form two districts with substantially different minority populations than currently exists, The proposed Rancho Cordova USD would have a minority population that is significantly greater (43 percent to 21 percent) than the minority population at the proposed Folsom USD. Thus, OEO finds that the proposal does not appear to be in substantial compliance with EC Section 35753(a)(4). Staff supports the SCC findings and the OEO recommendation that this condition is not substantially met.

5.5 The proposed reorganization will not result in any substantial increase in costs to the state.

Standard of Review

Education Code sections 35735 through 35735.2 mandate a method of computing revenue limits without regard to this condition. Although the estimated revenue limit is considered in this section, only potential costs to the state other than those mandated by sections 35735 through 35735.2 are used to analyze the proposal for compliance with this condition.

County Committee Evaluation/Vote

The report prepared by SCOE for the SCC indicates that since the resultant school districts would still be unified school districts, there would be no change in the revenue limit available to either of the proposed districts. The revenue limit for the proposed districts would remain the same as the current revenue limit for Folsom

Cordova USD. There are no factors, under current law, which would increase or decrease the revenue limit for the proposed school districts.

The SCC is concerned that creating separate districts will cause duplication of services, resulting in increased administration costs. For example, there will be a need for two separate administrative facilities, two superintendents, and possibly two transportation facilities.

The SCC voted 4-3 that this condition is not substantially met.

Staff Findings/Conclusion

The CDE's Office of Management Assistance and Categorical Programs (MACP) provides support to the CDE review of reorganization proposals. The MACP report on this proposal is provided as Attachment 6.

MACP did not identify any increased costs to the state resulting from the proposed reorganization. Although it is clear that there will be both start-up costs and additional ongoing costs for the two new districts, these costs will be borne by each respective district. The MACP report indicates that when one district dissolves into two, there is no statutory increase to the salary schedules through the revenue limit. The calculation of each district's revenue limit is neutral and does not yield any increased funding to the new districts. MACP also believes that the reorganization will not result in increased costs to the state due to property tax distribution or change to categorical program entitlements.

State costs for categorical programs entitlements, as well as transportation and regular programs should not be affected significantly by the proposed reorganization since, typically, funding for these programs would follow the students.

Staff disagrees with the SCC findings and concludes this condition is substantially met.

5.6 The proposed reorganization will not significantly disrupt the educational programs in the proposed districts and districts affected by the proposed reorganization and will continue to promote sound education performance in those districts.

Standard of Review

The proposal or petition shall not significantly adversely affect the educational programs of districts affected by the proposal or petition, and the California Department of Education shall describe the district-wide programs, and the school site programs, in schools not a part of the proposal or petition that will be adversely affected by the proposal or petition. (Section 18573(a)(5), Title 5, CCR)

County Committee Evaluation/Vote

The study, "Evaluation of the State's Ninth Criteria for School District Reorganization – Fiscal Status and Management for the Proposed Split of Folsom Cordova Unified School District," conducted by School Services of California, Inc. identified that the Folsom USD would lose some flexibility and educational benefits from the loss of a high level of categorical funding. The specific concerns are as follows:

- (a) Folsom USD will continue to receive equitable allocations of discretionary type funds (e.g. class-size reduction, staff development, mentor teachers, vocational education, and school improvement funds), but not program revenues funded based on CalWORKs (formerly known as AFDC) or English Learner (EL) students (formerly known as Limited-English-Proficient or LEP) counts. The smaller-sized Folsom USD will have less total categorical funds and there will be some flexibility lost in how the funds received can be shifted among school sites.
- (b) There are some funding formulas that are weighted to give more credit to school districts with a higher percentage of low-income students, e.g. Eisenhower Math/Science funds and Title VI, and yet allow for considerable local discretion in how those funds are allocated amongst school sites. For example, Title VI funds are apportioned based on CalWORKs-weighted CBEDS counts, but could be used to set up a computer lab that benefits all students. After reorganization, Folsom USD would not receive the same comparable funding levels in these programs because of its low CalWORKs count, and therefore would lose some potential education benefit.

The SCC voted 6-1 that this condition is not substantially met.

Staff Findings/Conclusion

The Evaluation and Analysis Unit in CDE's Policy and Evaluation Division (PED) provides support in reviewing the educational implications of school district reorganization proposals. To assess the educational impacts of the proposed reorganization, PED staff reviewed the materials submitted by the petitioners and the SCOE. A report prepared by PED (Attachment 7) finds that the proposed Rancho Cordova USD has a greater percentage of Free and Reduced Meal and CalWORKS recipients, lower Academic Performance Index (API) scores, a greater number of English Learners, and lower California High School Exit Exam passing rates (approximately 30% lower). The proposed Folsom USD demographically reflects a higher socioeconomic representation and all of the benefits that go along with it. For example, the proposed Folsom USD has a greater number of elementary teachers (27 vs. 3) that hold a Professional Development Certificated for Teachers of the Gifted. The report concludes that the proposed reorganization would significantly disrupt the education program in the proposed districts and would not continue to promote sound educational performances in those districts.

The following sections provide a review of data and issues that are either contained in the PED report or are included in this section to complement the PED report.

(a) Academic Performance Index

The API provides a means to compare the performance of schools and districts in the state. The following table aggregates the 2002 and 2003 API Base scores of the schools in the proposed districts.

2002 and 2003 API Base Scores

District by Grade Level*	2002 API Base	2003 API Base
Elementary		
Proposed Folsom USD	845	883
Proposed Rancho Cordova USD	679	729
Middle		
Proposed Folsom USD	837	861
Proposed Rancho Cordova USD	636	678
High		
Proposed Folsom USD	740	796
Proposed Rancho Cordova USD	603	625

As noted in the above table, the student population in the new Folsom USD would have significantly higher API Base scores when compared with the students of the proposed Rancho Cordova USD in all grade levels. This disparity in scores is consistent with the differences in the statewide ranks of the schools within each district. For example, the 2003 API statewide rank for the Folsom High School, which would be part of the proposed Folsom USD is 10. However, the statewide rank for Cordova High School, which would be part of the new Rancho Cordova USD, is only 4.

(b) English Learner Students

The state Language Census collects the number of EL students, and other related data. The following table aggregates the 2002-03 Language Census data for grade levels in the proposed unified school districts.

English Learner Students by Proposed Unified School District

District by Grade Level*	Student Population	EL Student Population	% EL Students
Elementary			
Proposed Folsom USD	4,246	188	4.43%
Proposed Rancho Cordova USD	4,287	1,037	24.19%
Middle			
Proposed Folsom USD	1,889	14	0.74%
Proposed Rancho Cordova USD	1,877	330	17.58%
High			
Proposed Folsom USD	2,565	24	0.94%
Proposed Rancho Cordova USD	2,624	388	14.79%

* Data do not include alternative education programs.

The student population in the new Rancho Cordova USD would have a significantly greater percentage of EL students than would the proposed Folsom USD.

(c) Annual CalWORKs² Data Collection

The annual CalWORKs data collection gathers information including the number of CalWORKs children residing in the school attendance area and the number of students enrolled in free or reduced-price meal programs. The following table presents this 2002-03 information for the schools in the proposed Folsom USD and Rancho Cordova USD.

Meals Program and CalWORKs by District

District by Grade Level*	% Students in Meals Program	% CalWORKs Students
Elementary		
Proposed Folsom USD	6.64%	1.75%
Proposed Rancho Cordova USD	59.49%	27.54%
Middle		
Proposed Folsom USD	6.23%	1.15%
Proposed Rancho Cordova USD	57.83%	25.25%
High		
Proposed Folsom USD	3.72%	0.86%
Proposed Rancho Cordova USD	32.56%	22.82%

* Data do not include alternative education programs.

²California Work Opportunity and Responsibility to Kids – a product of the Welfare to Work Act of 1997.

As can be seen in the previous table, the proposed Folsom USD would have significantly fewer students in CalWORKs and the Free/Reduced-Price Meals Program than would the new Rancho Cordova USD.

(d) High School Flexibility

Approximately two-thirds of the unified school districts in California have only one high school. Although staff understands that unified districts with a single, high school can offer an effective and balanced educational program, transition from a district with multiple high schools to a district with a single high school does offer some disadvantages. Staff reassignments are difficult, if not impossible, in a district that has only one school for a particular grade level. Similarly, students who would benefit from placement in a different environment will have nowhere to transfer within the district.

The reorganization would result in two school districts having significantly different demographic populations. The proposed Rancho Cordova USD would be confronted with educating a significantly different student population. The students, on average, would have lower test scores. The percentages of EL students and lower income students would be significantly higher. The increased concentrations of lower income and EL students could shift the focus of the educational program and would increase per student educational program costs in the district (since such students typically require increased levels of services); thus threatening educational variables and programs such as quality of teachers, class size, and the breadth of course offerings.

Staff agrees with the PED report and with the SCC's determination that this condition is not substantially met by the unification proposal.

5.7 The proposed reorganization will not result in a significant increase in school housing costs.

County Committee Evaluation/Vote

The report prepared by SCOE for the SCC indicates that this criterion has become less significant because districts may now use funds from general obligation bonds passed by voters to fund new construction. In recent years, the Folsom Cordova USD was divided into two School Facilities Improvement Districts that correspond to the boundaries of the proposed districts. Specifically, in March 5, 2002, the electorate in the respective School Facilities Improvement Districts, within each of the proposed boundaries of the proposed Rancho Cordova USD and Folsom USD, approved General Obligation Bond Measures B and C. The table below identifies funds earmarked for new construction and modernization of existing facilities.

Measure	School Facilities Improvement District	Amount of General Obligation Bond
Measure 'B'	SFID #1 Community of Rancho Cordova	\$49 Million
Measure 'C'	SFID #2 Community of Folsom	\$53 Million

The SCC voted unanimously (7-0) that this condition is substantially met.

Staff Findings/Conclusion

The CDE’s School Facilities Planning Division (SFPD) provides support to the CDE review of reorganization proposals. The SFPD report is Attachment 8 to this Board item. Based on analysis of information available, SFPD makes the following findings:

- The dissolution of the Folsom Cordova USD will not create a significant increase in school housing costs. However, the new districts may face potentially significant costs in providing district support facilities.
- Voters in each community (Folsom and Rancho Cordova) have passed School Facility Improvement District (SFID) bonds to fund construction of new classrooms and the reconstruction of existing schools in each community. The boundaries of each SFID are the proposed boundaries of each district.
- There is empty middle school classroom space in the Cordova High School attendance area. If a new district were formed in Rancho Cordova and state school bond funds were available, the newly formed Rancho Cordova Unified School District would not be eligible for funds until the excess middle school classroom space is occupied.

Dissolving the Folsom USD and forming two new districts will not create a significant increase in school housing costs. Although the SFPD does caution that the new districts may face potentially significant costs in providing district support facilities, the magnitude of such costs cannot be determined at this time. The Folsom Cordova USD currently has administrative and support facilities in both communities. The two new districts have the option to purchase or lease space not currently provided in their community or jointly use some of the existing support facilities of the Folsom Cordova USD.

Given the above considerations, staff agrees with the finding of the SCC that this condition is substantially met.

5.8 The proposed reorganization is not primarily designed to result in a significant increase in property values causing financial advantage to property owners because territory was transferred from one school district to an adjoining district.

County Committee Evaluation/Vote

The SCOE identified no evidence that the proposal is primarily designed to increase property values in the territory proposed for reorganization.

The SCC voted unanimously (7-0) that this condition is substantially met.

Staff Findings/Conclusion

No evidence was presented to indicate that the proposed dissolution of the Folsom Cordova USD and the formation of a Folsom USD and a Rancho Cordova USD would increase property values in either of the districts. Nor is there any evidence from which it can be discerned that an increase in property values could be the primary motivation for the proposed reorganization. Staff concludes this condition is substantially met.

5.9 The proposed reorganization will not cause a substantial negative effect on the fiscal management or fiscal status of the proposed district or any existing district affected by the proposed reorganization.

County Committee Evaluation/Vote

The impact of the proposed reorganization on the fiscal management or fiscal status of the proposed and affected unified school districts was the subject of two major studies at the county level:

- “Evaluation of the State’s Ninth Criteria for School District Reorganization – Fiscal Status and Management for the Proposed Split of Folsom-Cordova Unified School District,” prepared by School Services of California, Inc., March 1, 2000, and
- “Folsom Cordova Unified Updated Fiscal Projections for Potential District Reorganization” prepared by Educational Research Consultants, Inc., February 2002

The School Services of California, Inc. (SSC) study reports that the proposed reorganization of Folsom Cordova USD into two separate school districts does not meet the state’s ninth condition for reorganization. The study indicates that there will be additional costs for the start-up and operation of two administrative structures. These costs may be significant, based on statewide comparisons, and thus negatively affect the two new districts financially. There are also concerns about the excess cost of special education for the new Rancho Cordova USD. The study indicates that if organized as of March 2000, based on pupils served, Rancho Cordova USD would bear the expense of approximately 57% of the special education costs, and would be projected to not meet its reserve for economic uncertainty. The SCC report concludes “the added costs associated with reorganization that are

projected for both districts would necessitate the reduction of student programs and services.”

The Educational Research Consultants Inc. study projected that \$500,000 would be needed between the two districts to provide district level staff needed at the appropriate positions. This additional cost, combined with the allocation of special education encroachment, will result in a deficit in both districts of approximately \$3,263,000 in Rancho Cordova USD and \$3,084,000 in FUSC (based on 2001-02 fiscal data).

The SCC voted unanimously (7-0) that this condition is not substantially met.

Staff Findings/Conclusion

To assess the financial impact of the proposed reorganization, the MACP reviewed information provided by the SCOE and the Folsom Cordova USD. The MACP report (Attachment 6) includes the following findings:

- Invariably, when one district divides into two, there will be some increase in administrative costs. The MACP report indicates that administrative costs would increase by approximately \$400,000 in each of the new districts if the proposed reorganization were to occur.
- The Rancho Cordova area serves 54% of the total current special education population. That means 54% of the program revenues and expenditures would be allocated to the new Rancho Cordova USD. Presently Folsom Cordova USD spends approximately \$10.2 million more on special education services than it receives in revenues. Thus, the Rancho Cordova USD would be responsible for 54%, or \$5.5 million, of the excess costs.
- Projections in the MACP report show that the Folsom Cordova USD will deficit spend \$2.6 million in 2004-05, and \$1.7 million in 2005-06. The majority of the deficit, which is primarily due to excess special education costs, will be allocated to the new Rancho Cordova USD under the proposed reorganization. Projections indicate that the Rancho Cordova USD will struggle financially and continue to deficit spend, ending 2006-07 with inadequate reserves.

The MACP report indicates that although it is possible for the Rancho Cordova USD to make deep spending cuts that would alleviate the deficit, it is not certain whether these reductions could be sustained without real consequence to the instructional program. Achieving the projected level of spending reduction would be exacerbated by competing demands from the contemporaneous creation of a new administration and governance structure. The MACP believes that the Rancho Cordova USD would emerge financially and academically vulnerable, with the possibility of becoming insolvent.

CDE staff agrees with the findings of the MACP report and concludes this condition is not substantially met.

5.10 Criteria Summary

CDE staff found the proposal did not substantially comply with three of the nine criteria of Section 35753, specifically:

- Criterion 4: The reorganization of the districts will not promote racial or ethnic discrimination or segregation.
- Criterion 6: The proposed reorganization will not significantly disrupt the educational programs in the proposed districts and districts affected by the proposed reorganization and will continue to promote sound education performance in those districts.
- Criterion 9: The proposed reorganization will not cause a substantial negative effect on the fiscal management or fiscal status of the proposed district or any existing district affected by the proposed reorganization.

6.0 COUNTY COMMITTEE SECTION 35707 REQUIREMENTS

Section 35707 requires the county committee on school district organization to make certain findings and recommendations and to expeditiously transmit them along with the reorganization petition to the SBE. These required findings and recommendations are:

6.1 County Committee Recommendation for the Petition

A county committee must recommend to the SBE approval or disapproval of a petition for reorganization. The SCC voted unanimously to recommend disapproval of the proposal to dissolve the Folsom Cordova USD and form a Folsom USD and a Rancho Cordova USD.

6.2 Effect on School District Organization of the County

Section 35707 requires a county committee to report whether the proposal would adversely affect countywide school district organization. The SCC voted unanimously that the proposal would not adversely affect countywide school district organization.

6.3 County Committee Opinion Regarding Section 35753 Conditions

A county committee must submit to the SBE its opinion regarding whether the proposal complies with the provisions of Section 35753. The SCC found that five of the nine conditions in Section 35753(a) are substantially met by the following votes:

- Adequate Enrollment (7-0);
- Community Identity (7-0);
- Equitable Division of Property (4-3);

- Increased Housing Costs (7-0); and
- Increased Property Values (7-0).

The SCC found that the remaining four conditions are not substantially met by the following votes:

- Promotion of Segregation (6-1);
- Increased Costs to State (4-3);
- Educational Program (6-1); and
- Financial Effects (7-0).

7.0 STAFF RECOMMENDED AMENDMENTS TO THE PETITION

The SBE has authority to amend or add certain provisions to any petition for reorganization. This section contains CDE staff recommendations for such amendments.

7.1 Article 3 Amendments

Petitioners may include, and the county committee or SBE may add or amend, any of the appropriate provisions specified in Article 3 of the *Education Code* (commencing with Section 35730). These provisions include:

Voting on a Single Proposition

Whenever the recommendation is to divide the entire territory of an existing school district into two or more separate school districts, the recommendation may provide that plans and recommendations be voted upon as a single proposition. No such provision is included in the petition, or was added by the SCC.

Treating the proposals to form a Folsom USD and a Rancho Cordova USD as separate election propositions would mean that voter approval of either unification would result, by default, in the approval of the other unification regardless of voter action on that unification. Staff has determined that the proposed unifications would have negative effects on the new Rancho Cordova USD (see discussion in Section 7.2 – Area of Election). Again, treating the proposals as separate propositions could result in the formation of a Rancho Cordova USD without approval of voters in the Rancho Cordova area. Thus, staff recommends that the proposal to divide the entire territory of Folsom Cordova USD into two separate districts be voted upon as single proposition to ensure that Rancho Cordova voters have a voice in approving a Rancho Cordova USD.

Membership of Governing Board

A proposal for reorganization may include a provision for a governing board of seven members. The proposal for reorganization includes a provision that a five member board of education govern each of the new districts.

Trustee Areas

A proposal for reorganization may include a provision for establishing trustee areas for the purpose of electing governing board members of the unified district. The proposal for reorganization includes a provision that the trustees of each new governing board should be elected at large.

Election of Governing Board

A proposal for reorganization may include a provision specifying that the election for the first governing board be held at the same time as the election on the reorganization of the school district. The *Education Code* also requires that, if this provision is included, the proposal specify the method whereby the length of the initial terms may be determined so that the governing board will ultimately have staggered terms that expire in years with regular election dates. The proposal for reorganization includes a provision that the election of the new trustees will coincide with the election for district organization. However, no provision regarding the length of the initial terms of the governing board is included in the proposal.

Staff recommends that the following method be employed to ensure the staggering of the terms of office for governing board members:

The three governing board candidates receiving the highest number of votes will have four-year terms and the two candidates receiving the next highest number of votes will have two-year terms. All terms will be for four years in subsequent governing board elections.

Computation of Base Revenue Limit

The base revenue limits for the two successor districts will be the same as the base revenue limit that would have applied to the existing Folsom Cordova USD, which is \$4,782 based upon 2003-04 data. Neither the proposed Folsom USD nor the Rancho Cordova USD would receive any additional state funding as a result of the reorganization.

Division of Property and Obligations

A proposal for the division of property (other than real property) and obligations of any district whose territory is being divided among other districts may be included. As indicated in section 5.3 of this attachment, CDE staff finds that existing provisions of the *Education Code* may be utilized to achieve equitable distribution of property, funds, and obligations of Folsom Cordova USD. Staff further recommends the following:

- (a) Capital assets and liabilities of Folsom Cordova USD, except real property and the personal property and fixtures normally situated thereat, shall be divided on the basis of the relative assessed valuations of the new unified districts.
- (b) All other assets and liabilities of the Folsom Cordova USD shall be divided based on the proportionate ADA of the students residing in the areas of the two affected districts on June 30 of the school year immediately preceding the date on which the proposed reorganization becomes effective for all purposes. (Section 35736)
- (c) Student body property, funds, and obligations shall be divided proportionately, except that the share shall not exceed an amount equal to the ratio which the number of pupils leaving the schools bears to the total number of pupils enrolled; and funds from devises, bequests, or gifts made to the organized student body of a school shall remain the property of the organized student body of that school and shall not be divided. (Section 35564)
- (d) As specified in Section 35565, disputes arising from the division of property, funds, or obligations shall be resolved by the affected school districts and the county superintendent of schools through a board of arbitrators. The board shall consist of one person appointed by each district and one by the county superintendent of schools. By mutual accord, the county member may act as sole arbitrator; otherwise, arbitration will be the responsibility of the entire board. Expenses will be divided equally between the districts. The written findings and determination of the majority of the board of arbitrators is final, binding, and may not be appealed.

Method of Dividing Bonded Indebtedness

A proposal for reorganization may include a method of dividing the bonded indebtedness other than the method established in Section 35576 for the purpose of providing greater equity in the division. Staff recommends that any district-wide bonded indebtedness of Folsom Cordova USD should be divided based upon the ratios of the assessed valuation of the property in the proposed new unified school districts to the assessed valuation in the current Folsom Cordova USD.

All bond expenditures related to the Rancho Cordova School Facilities Improvement District #1 would remain with the proposed Rancho Cordova USD. All bond expenditures related to the Folsom School Facilities Improvement District #2 would remain with the proposed Folsom USD.

7.2 Area of Election

A provision specifying the territory in which the election to reorganize the school districts will be held is one of the provisions under Article 3 (see 7.1 above) that the SBE may add or amend. However, the inclusion of this provision is highlighted since

Section 35756 indicates that, should the SBE approve the proposal, the SBE must determine the area of election.

The area proposed for reorganization is the Folsom Cordova USD. Thus, the “default” election area is this school district (Section 35732). The SBE may alter this “default” election area if it determines that such alteration complies with the following area of election legal principles. Again, the election area must be determined only if the SBE approves the unification proposal.

Area of Election Legal Principles

The Local Agency Formation Commission (LAFCO)³ court decision provides the most current legal interpretations to be followed in deciding the area of school district reorganization elections. This decision upheld a limited area of election on a proposal to create a new city, citing the "rational basis test." The rational basis test may be used to determine whether the area of election should be less than the total area of the district affected by the proposed reorganization unless there is a declared public interest underlying the determination that has a real and appreciable impact upon the equality, fairness, and integrity of the electoral process, or racial issues. If so, a broader area of election is necessary.

In applying the rational basis test, a determination must be made as to whether:

- (a) There is a genuine difference in the relevant interests of the groups, in which case an enhancement of the minority voting strength is permissible.
- (b) The reduced voting area has a fair relationship to a legitimate public purpose. The fair relationship to a legitimate public purpose is found in *Government Code* Section 56001, which expresses the legislative intent "to encourage orderly growth and development," such as promoting orderly school district reorganization statewide that allows for planned, orderly community-based school systems that adequately address transportation, curriculum, faculty, and administration. This concept includes both:
 1. Avoiding the risk that residents of the area to be transferred, annexed, or unified might be unable to obtain the benefits of the proposed reorganization if it is unattractive to the residents of the remaining district; and
 2. Avoiding islands of unwanted, remote, or poorly served school communities within large districts.

However, even under the rational basis test, a determination to reduce the area of election would, according to LAFCO, be held invalid if the determination constituted

³*Board of Supervisors of Sacramento County, et al., v. Local Agency Formation Commission (3 Cal. 4th 903, 1992)*

an invidious discrimination in violation of the constitutional Equal Protection Clause (e.g., involving a racial impact of some degree).

CDE Staff Recommendation for Area of Election

As indicated in the Section 35753 criteria analysis, CDE finds that the proposed reorganization would disrupt delivery of the educational programs and would cause financial hardship in the new Rancho Cordova USD. It is the opinion of CDE that, under LAFCO, these negative effects on the newly formed school district constitute significant adverse impacts on the voters in the Rancho Cordova USD. Also, as indicated in the Section 35753 criteria analysis, CDE finds that the proposed reorganization would concentrate minority students in the new Rancho Cordova USD. It is the opinion of CDE that, under LAFCO, this constitutes a significant racial/ethnic impact on that district.

Should the SBE approve the reorganization proposal, staff recommends that the SBE establish the entire Folsom Cordova USD as the area of election and, as stated previously, determine that the proposal to form the two districts be voted upon as a single proposition.

8.0 STATE BOARD OF EDUCATION OPTIONS

Sections 35753 and 35754 outline the SBE's options:

- (a) The SBE shall approve or disapprove the proposal.
- (b) The SBE may approve the proposal if it determines all the conditions in Section 35753(a) have been substantially met.
- (c) The SBE may approve the proposal pursuant to Section 35753(b) if it determines the conditions in Section 35753(a) are not substantially met but it is not possible to apply the conditions literally and an exceptional situation exists.
- (d) If the SBE approves the formation of the proposed districts, it may amend or include in the proposal any of the appropriate provisions of Article 3, commencing with Section 35730. In this case, several items would be incorporated into the proposal and also approved if the SBE approves the overall petition:
 - 1) The proposal to divide the entire territory of Folsom Cordova USD into two separate districts shall be voted upon as single proposition.
 - 2) The governing boards of each new unified school district will have five members elected at-large with the first governing board election held at the same time as the election on reorganization. To ensure staggered terms of office, the three governing board candidates receiving the highest number of votes will have four-year terms and the two candidates receiving the next highest number of votes will have two-year terms.

- 3) The base revenue limit per unit of average daily attendance is \$4,782 based on 2003-04 data and shall be recalculated using second prior fiscal year data from the time the reorganization becomes effective for all purposes.
- 4) Any district-wide bonded indebtedness of Folsom Cordova USD should be divided based upon the ratios of the assessed valuation of the property in the proposed new unified school districts to the assessed valuation in the current Folsom Cordova USD. The bonded indebtedness for the School Facilities Improvement Districts (Measures B and C) will remain within the each district.
- 5) Capital assets and liabilities of the Folsom Cordova USD, except real property and the personal property and fixtures normally situated thereat, shall be divided on the basis of the relative assessed valuations of the new unified districts.
- 6) All other assets and liabilities of the Folsom Cordova USD shall be divided based on the proportionate ADA of the students residing in the areas of the new unified districts on June 30 of the school year immediately preceding the date on which the proposed reorganization becomes effective for all purposes.
- 7) Student body property, funds, and obligations shall be divided proportionately, except that the share shall not exceed an amount equal to the ratio which the number of pupils leaving the schools bears to the total number of pupils enrolled; and funds from devises, bequests, or gifts made to the organized student body of a school shall remain the property of the organized student body of that school and shall not be divided.
- 8) Any disputes involving the division of property, funds, and obligations will be resolved through binding arbitration pursuant to Section 35565.

(e) If the SBE approves the proposal, it must determine the area of election (Section 35756). As previously discussed, staff recommends the territory of the entire Folsom Cordova USD as the area of election.

9.0 RECOMMENDED ACTION

After finding three of the nine conditions of Section 35753 not substantially met, staff recommends that the SBE adopt the proposed resolution (Attachment 2) disapproving the proposal to dissolve the Folsom Cordova USD and create a Folsom USD and a Rancho Cordova USD. If the SBE should decide to approve the petition, an alternative resolution incorporating the above listed provisions [8.0(d) and (e)] is provided as Attachment 9.

CALIFORNIA STATE BOARD OF EDUCATION
September 2004

PROPOSED RESOLUTION

Petition to Dissolve the Folsom Cordova Unified School District
and Create Two New Districts: a Folsom Unified School District
and a Rancho Cordova Unified School District

RESOLVED, that under the authority of *Education Code* Section 35754, the proposal to dissolve the Folsom Cordova Unified School District and create a Folsom Unified School District and a Rancho Cordova Unified School District, which was filed on or about April 29, 2002, with the Sacramento County Office of Education pursuant to *Education Code* Section 35700(a), is hereby disapproved because the proposal does not substantially comply with the provisions of Section 35753(a) of the *Education Code*; and be it

RESOLVED further, that the Secretary of the State Board of Education notify, on behalf of said Board, the Sacramento County Office of Education and the Folsom Cordova Unified School District of the action taken by the State Board of Education.

CALIFORNIA STATE BOARD OF EDUCATION
September 2004

ALTERNATIVE RESOLUTION

Petition to Dissolve the Folsom Cordova Unified School District
and Create Two New Districts: a Folsom Unified School District
and a Rancho Cordova Unified School District

RESOLVED, that under the authority of *Education Code* Section 35754, the proposal to dissolve the Folsom Cordova Unified School District and create a Folsom Unified School District and a Rancho Cordova Unified School District, which was filed on or about April 29, 2002, with the Sacramento County Office of Education pursuant to *Education Code* Section 35700(a), is hereby approved.

RESOLVED further, that the base revenue limit per unit of average daily attendance is \$4,782 based on 2003-04 data and shall be recalculated using second prior fiscal year data from the time the reorganization becomes effective for all purposes; and be it

RESOLVED further, that capital assets and liabilities, except real property and the personal property and fixtures normally situated thereat, shall be divided on the basis of the relative assessed valuations of the proposed new unified districts; and be it

RESOLVED further, that all other assets and liabilities of the Folsom Cordova Unified School District shall be divided based on the proportionate average daily attendance of the students residing in each of the new unified school districts on June 30 of the school year immediately preceding the date on which the proposed reorganization becomes effective for all purposes; and be it

RESOLVED further, that any district-wide bonded indebtedness of Folsom Cordova Unified School District shall be divided based upon the ratios of the assessed valuation of the property in the proposed new unified school districts to the assessed valuation in the current Folsom Cordova Unified School District; and be it

RESOLVED further, student body property, funds, and obligations shall be divided proportionately, except that the share shall not exceed an amount equal to the ratio which the number of pupils leaving the schools bears to the total number of pupils enrolled; and funds from devises, bequests, or gifts made to the organized student body of a school shall remain the property of the organized student body of that school and shall not be divided; and be it

RESOLVED further, that the governing boards of each new unified school district shall consist of five members elected at large, with the first governing board elections held at the same time as the election on the reorganization and staggered terms of office ensured by the three governing board candidates with the highest number of votes receiving four-year terms and the two candidates with the next highest number of votes receiving two-year terms; and be it

RESOLVED further, that the State Board of Education shall direct the county superintendent of schools to call for the election and sets the area of election to be the territory of the entire Folsom Cordova Unified School District; and be it

RESOLVED further, that the plans and recommendations to create a Folsom Unified School District and a Rancho Cordova Unified School District shall be voted upon as a single proposition; and be it

RESOLVED further, that the Secretary of the State Board of Education shall notify, on behalf of said Board, the Sacramento County Office of Education and the Folsom Cordova Unified School District of the action taken by the State Board of Education; and be it

RESOLVED further, that any disputes involving the division of property, funds, and obligations will be resolved through binding arbitration pursuant to *Education Code* Section 35565.