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Attachment 3

Findings by Northern Humboldt Union High School District



Northern Humboldt Union High School District

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I. INTRODUCTION

Pursuant to the requirements of Education Code section 47605, subdivision (b), this Report provides findings and recommendations of the Northern Humboldt Union High School District ("District") staff and legal counsel regarding the second Samoa Beach Academy ("SBA") Petition ("Petition II"), submitted on June 18, 2021, to establish a charter school within the boundaries of the District, under the oversight of the District. Education Code section 47605, subdivision (b), requires publication of this report ("Report") fifteen days before the District's meeting to determine whether it will grant or deny the proposed charter.

The District's Governing Board will take action on the Petition at a public Board meeting on September 14, 2021, in compliance with the Charter Schools Act of 1992 (Ed. Code, § 47600, *et seq.*) and pursuant to agreement with Petitioners on the timeline for consideration of the Petition.

The District staff and legal team recommend denial of the SBA Charter Petition II on the grounds that the proposed charter school (1) presents an unsound educational program for both Career Technical Education ("CTE") and special education students; and (2) is demonstrably unlikely to succeed for budgetary and other reasons.

II. FACTUAL AND PROCEDURAL BACKGROUND

The Governing Board heard Petitioners' presentation about the proposed charter school at a public hearing held on August 10, 2021, pursuant to the agreed upon timeline and as required by Education Code section 47605, subdivision (b). The purpose of this public hearing was to consider the level of support for the Petition II by teachers, other employees, and parents. At the public hearing, representatives from SBA and the District addressed the Board, and the Board also heard public comment about the proposed charter. The Board was provided the opportunity to ask questions of Petitioners, District staff, the District's partners in labor, and the public.

Findings and recommendations for the District's Governing Board's consideration are provided in this Report. If the Board grants the Petition, SBA becomes a legal entity and the District will become responsible for oversight of SBA, including its compliance with the Charter Schools Act and laws governing special education.

In order to deny the Petition II, the Governing Board must adopt findings in support of denial, as required by Education Code section 47605, subdivision (c). If the Board denies the Petition II, Petitioner may appeal to the Humboldt County Office of Education ("HCOE"). (Cal. Educ. Code § 47605(k)(1)(A)(i)).

III. LEGAL OVERVIEW

As noted above, a "governing board of the school district shall publish all staff recommendations, including the recommended findings . . . regarding the petition at least 15 days before the public hearing at which the governing board of the school district will either grant or deny the charter." (Cal. Educ. Code § 47605(b).) There are limited basis to deny a charter petition. Of those relevant to the District's findings within this Report are:

- (1) The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.
- (2) The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.

. . .

(Cal. Educ. Code § 47605(c).)

The District considers a charter petition to be "consistent with sound educational practice" if it is likely to be of educational benefit to pupils who attend. A charter school need not be designed or intended to meet the educational needs of every student who might possibly seek to enroll in order for the charter to be granted. (See Cal. Code Regs., tit. 5, § 11967.5.1, subd. (a).)

The District considers a charter petition to present "an unsound educational program" if it is any of the following:

- (1) A program that involves activities that the District determines would present the likelihood of physical, educational, or psychological harm to the affected pupils.
- (2) A program that the District determines not to be likely to be of educational benefit to the pupils who attend. (See Cal. Code Regs., tit. 5, § 11967.5.1, subd. (b).)

The District takes the following factors into consideration in determining whether charter Petitioners are "demonstrably unlikely to successfully implement the program":

- ...(3) The petitioners have presented an unrealistic financial and operational plan for the proposed charter school. An unrealistic financial and operational plan is one to which any or all of the following applies:
 - (A) In the area of administrative services, the charter or supporting documents do not adequately:
 - 1. Describe the structure for providing administrative services, including, at a minimum, personnel transactions, accounting and payroll that reflects an understanding of school business practices and expertise to carry out the necessary administrative services, or a reasonable plan and time line to develop and assemble such practices and expertise. . . .

- (B) In the area of financial administration, the charter or supporting documents do not adequately:
 - 1. Include, at a minimum, the first-year operational budget, start-up costs, and cash flow, and financial projections for the first three years.
 - 2. Include in the operational budget reasonable estimates of all anticipated revenues and expenditures necessary to operate the school, including, but not limited to, special education, based, when possible, on historical data from schools or school districts of similar type, size, and location.
 - 3. Include budget notes that clearly describe assumptions on revenue estimates, including, but not limited to, the basis for average daily attendance estimates and staffing levels.
 - 4. Present a budget that in its totality appears viable and over a period of no less than two years of operations provides for the amassing of a reserve equivalent to that required by law for a school district of similar size to the proposed charter school.
 - 5. Demonstrate an understanding of the timing of the receipt of various revenues and their relative relationship to timing of expenditures that are within reasonable parameters, based, when possible, on historical data from schools or school districts of similar type, size, and location.

. . .

- (D) In the area of facilities, the charter and supporting documents do not adequately. . . . Reflect reasonable costs for the acquisition or leasing of facilities to house the charter school, taking into account the facilities the charter school may be allocated under the provisions of Education Code section 47614.
- (4) The petitioners personally lack the necessary background in the following areas critical to the charter school's success, and the petitioners do not have a plan to secure the services of individuals who have the necessary background in these areas:
 - (A) Curriculum, instruction, and assessment.
 - (B) Finance and business management.

(See Cal. Code Regs., tit. 5, § 11967.5.1, subd. (c).)

We are mindful that chartering authorities "shall be guided by the intent of the Legislature that charter schools are and should become an integral part of the California educational system and

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that the establishment of charter schools under this part if it is satisfied that granting the charter is consistent with sound educational practice." (Cal. Educ. Code § 47605(c).)

IV. FACTUAL AND LEGAL FINDINGS

- A. The Petition Presents an Unsound Educational Program for Pupils Enrolled in the Charter School.
 - 1. The Career Technical Education ("CTE") Program Is Not Likely to Be of Educational Benefit to Students.

We believe that SBA will provide inferior Career Technical Education to students. The proposal does not reflect a robust or sequential CTE program. "For core content areas, SBA plans to use the Savvas Curriculum Suite and instructional materials." This curriculum described in Petition II is "my Perspectives", which Savvas describes as "optimal for digital learning." Savvas mathematics curriculum is also digital software. Petition II notes science will also be provided by Savvas' "blend print and digital materials," p. 31, and social science provided by Savvas will also be digital and possibly print. *Id.* Online instruction is subpar to in-person instruction and the dynamic kinesthetic program promised by SBA.

These classes will still need to be overseen by credentialed teachers, as required by Education Code section 47605(1)(1). With six teachers and one resource teacher budgeted for year one, a sophomore bound for college with physical education would take – as a sample course sequence -- English 10 with CTE; Geometry with CTE; World History with CTE; CTE Introduction; Biology with CTE; PE II, and Spanish II. This sample sequence requires a minimum of four different single subject credentials, or six single subject credential holders if the California Commission on Teacher Credentialing determines by June 30, 2022 that non-core, nonpreparatory courses must be taught by properly credentialed teachers. See Cal. Educ. Code §§ 47605(h)(1); 47605.4. At any rate, these courses account for the six general education teachers that SBA intends to hire. But, each CTE pathway – and they intend to have three (1) Residential and Commercial Construction Pathway (Sector - Building and Construction Trades), (2) Patient Care Pathway (Sector - Health Science and Medical Technology), and (3) Business Management Pathway (Sector – Business and Finance) – requires the CTE credential holder to have industry work experience in their industry. So, if SBA is truly going to be what it represents, the crème de la crème of CTE high schools, how will students be able to select from these three dramatically different industries when it is nearly impossible the CTE teachers will hold the appropriate credential for three sectors?

We know SBA intends to provide on-line instruction. But, the numbers indicate that it also intends to provide CTE instruction on-line or by non-certified teachers. This is not High Quality Curriculum and Instruction, one of the Eleven Elements to a High Quality CTE Program acknowledged by SBA in Petition II. See page 27.

We have serious concerns regarding the quality of instruction SBA will be able to provide to its students. As addressed below, we foresee that recruitment of teachers will be a major barrier to

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the success of SBA, and that reliance upon online courses will be required. The Petition II acknowledges the lack of available CTE teachers and proposes hiring 6.0 full time equivalent ("FTE") general education teachers and 1.0 resource in year one. But, the description of Curriculum is largely reliant on digital instruction.

2. The Petition Reflects a Lack of Understanding About the Charter School's Obligations Towards Students with Disabilities, Indicating Success In Serving These Students Is Not Likely.

According to Petition II:

In Year One, SBA has budgeted for one (1) Special Education Teacher/Coordinator for an estimated 15.2% of [Students with Disabilities "SWD"] which would be 27 students. Special Education Consultant costs include all outside service provider costs estimated at \$84,313 (or 100% over the amount received in special education revenue) in year 1. COLA adjustments and increases based on population growth has been added each year thereafter. This includes psychological, speech language, and occupational therapy services to SBA's SWD. This cost is in addition to the in-house special education positions included in the personnel costs. In total, School has budgeted more than 3 times the special education expenses than revenues in its first year (or an encroachment of 267% in the first year).

As with Petition I, SBA has not accounted for the numerous other related services that may be necessary for students with disabilities, such as special education teachers credentialed to serve students with whose disabilities require them to spend more than 50% of their day in special day classes; behavioral consultants; physical therapists; school nurses; services for students with low incidence disabilities; adaptive physical education; transportation; educationally related intensive counseling services; to name some related services that all districts typically provide.

By SBA's calculations, they will have a low special education population of 15.2%, far below the county average. Indeed, in Petition I, SBA predicted that 19.5% of its population would be students with disabilities. If the special education caseload calculation is based on an unrealistic 15.2%, the expected number of students to be served in year one is 22-23, not 27 as stated. If the special education caseload calculation is based on 19.5%, which is more realistic, the expected number of students to be served in year one is 29-30, which means that SBA would need to hire more than one Special Education Teacher in year one in order to comply with relevant state and federal law. SBA has no budget for this, so the result would be a significantly negative year one cash

In 2017, it was determined that Humboldt County had the highest number of special education students at 17% https://humboldtgov.org/DocumentCenter/View/64260/Humboldt-We-Have-a-Problem-Special-Education-is-Not-the-Answer---Humboldt-County-Civil-Grand-

Jury?bidId=#:~:text=According%20to%20the%20California%20Department,having%20one%20or%20more%20dis abilities.

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balance, which would be compounded annually. Additionally, no explanation is provided for the change in special education population from 19.5% to 15.2%. However, in contradiction to the lower estimate of special education students it will serve, Petition II explicitly states, "SBA understands the hands-on authentic real-life learning environment offered by the Charter School will be attractive to many students and families, and that the CTE program may attract a disproportionate number of students with disabilities." p. 79. Nonetheless, SBA budgeted that they would spend an average of \$3,123 per special education student. (\$84,313 divided by 27 students.) By contrast, Northern Humboldt's Six Rivers charter school, with 110 total students, spends \$8,550.05 per special education student, a shortfall of \$5,427.05 per student, or \$146,530.35. The District itself spends \$14,255 annually per pupil on its special education students. Consider further that SBA predicts it will reach 300 students by its third year, doubling this deficit to \$168,642. Yet, it predicts its "special education encroachment" in Year Five to be a mere \$7,636. Petition II, Appendix J, Table O. It is important to note that a comparison with Six Rivers Charter School is a conservative comparison to the petitioner's benefit because Six Rivers is a dependent charter, meaning that items such as alternative placement and transportation are not figured into their overall expenditures, whereas SBA would be required to pay for those items.

Furthermore, the above costs do not account for a nonpublic school placement in residential treatment centers or a special day class, which can cost between \$100,000-\$200,000 per student per year.

And, although Petition II represents it will hire paraprofessionals, see, e.g., page 80-82, 88, the budget reflects no employees who are paraprofessionals. See Appendix J, Table G. As stated in our response to Petition I, if SBA's student population is, in fact, similar to that of the District, SBA would potentially require full-time paraprofessionals each year. The cost for a single paraprofessional working 6 hours per day, 5 days per week at minimum wage is \$17,730 plus statutory benefits. Applying the District's rate of employing paraprofessionals to SBA's projected enrollment would result in the potential need for 2.25 paraprofessionals in year one at a cost of \$39,892 plus statutory benefits. This would result in a *negative* year one cash balance of \$26,933. By year three, the potential negative impact to the budget is doubled.

Moreover, Petitioners' ignorance of special education extends beyond the budget. On page 43 of Petition II, SBA states one of its available courses is "Resource Specialist Program (RSP) – RSP courses typically cover topics that support special education students to be successful in grade-level academic courses". Special education support courses present students with the opportunity to receive additional instruction to assist them in their regular academic courses. While resource classes are classes that provide supports for students in special education, no special education specialist would refer to these classes as "courses." Petitioner has not described their special education program so it is impossible to understand how they intend to serve students needing a Resource Program.

Similarly, SBA provides this description of a course:

"Special Day Class – Special Day Class will meet the requirement for graduation and addresses the students with disabilities whose IEPs require a Special Day Class. Class See Cal. Educ. Code § 56364.2. It requires a person whose credential authorizes them to teach the particular type of disabilities of the students in the class or receiving the service. From the Administrators Assignment Manual, published by the California Commission on Teacher Credentialing,² this chart reflects that an SDC with these student populations requires teachers with specific credentials. focuses on basic skills, problem solving, social development, and vocational skills." Page 43. A Special Day Class is a classroom placement, not a course, typically with a small student:teacher ratio and paraprofessionals.

Special Education	
Mild/Moderate	Title 5 80047
Moderate/Severe	Title 5 80047.1
Emotional Disturbance (Serious)	Title 5 80047.2
Multiple Disabilities	Title 5 80047.3
Autism	Title 5 80047.4
Speech and Language Impairment	Title 5 80047.5
Deafness or Hearing Impairment	Title 5 80047.6
Deaf-Blindness	Title 5 80047.7
Visual Impairment including Blindness	Title 5 80047.8
Orthopedic Impairment, Other Health Impairment, or Traumatic Brain Injury	Title 5 80047.9
Adapted Physical Education	Title 5 80046 & Title 5 80046.1

SBA states it will provide a "SDC course" but clearly does not understand what a SDC is, or how it affects their budget or their course offerings. It is likely that SBA would need to find alternate placements for students needing a Special Day Class placement; however, their budget does not support their ability to do so.

The dangerous combination of misapprehending special education and not providing appropriate services, invites expensive litigation. Failures to serve special education students come with steep fiscal consequences, as each due process case in which the LEA does not prevail entirely requires the LEA to pay for the other party's attorneys' fees, in addition to the LEA's own attorneys' fees. (20 U.S.C. Section 1415(i)(3).)

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- B. The Petition Presents a Program That Is Demonstrably Unlikely to Succeed.
 - 1. The Budget Does Not Account for All Expenses and Reflects a Lack of Expertise at SBA in Such Matters.

In addition to the lack of planning with respect to addressing the needs of students with IEPs *supra*, other aspects of the special education budget reflect a lack of understanding of how special education funds are disbursed and what those funds are. The projected revenue includes \$103.8442 per ADA and refers to it as a base rate. However, this funding is provided, based on a prior year ADA, which SBA does not have until year 2. If you remove the \$14,797.80 for base rate funding, the projected year one cash balance is \$1,839.20. This confusion indicates a strong likelihood of not succeeding in serving this population, as required by law.

Furthermore, some numbers are drawn from a 2019-2020 projection prepared by the Humboldt County Office of Education, dated 5/14/2020. The assumption of SBA is that they will not need to serve "severe" students that produce related high costs. As an independent charter, one high cost student could be devastating to a budget with virtually no reserve. In the multi-year forecast, the dollar amount \$42,157 is listed as "state special education" funding, without explanation. On the Monthly Cash Flow sheet, the state special education amount is \$8,431 beginning in March, for a stated "annual budget" of \$42,157. The four months of March through June equal a total of \$33,724, not \$42,157. These numbers were reviewed by the Humboldt-Del Norte SELPA Director, and we are collectively unable to determine from where these numbers were derived, and why March is listed as the beginning of this entitlement. Finally, special education encroachment is also listed to begin in March, in the sum of \$464. There is no explanation for these numbers and timelines.

Given the increase in facilities costs budgeted from \$321,600 to \$629,220 over five years, and the margins that SBA will be operating under based on their own assumptions, SBA will really need to hit its Average Daily Attendance ("ADA") growth to 300 students by the 2027-2028 school year. However, local history indicates that SBA will not meet this target.

By example, Six Rivers Charter High School, a very successful charter school, has an enrollment of slightly above 100 students. They opened with approximately 35 students in 2005 and took three years to reach their goal of 25 students per grade level. Hard work and building on their reputation allowed them to reach and maintain their enrollment goals. Also locally, Northcoast Preparatory Academy which was founded in 2000, has developed a national reputation and added a middle school program. Their annual high school enrollment is just over 100 students. Northern United - Humboldt Charter High School's typical enrollment is 150 students county-wide though currently it stands at 90 students. Conversations with administration and faculty at charter schools across the county have revealed stories of fighting to make it in the early years and then working hard to keep their enrollment where they need or want it to be.

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In addition, Eureka, Fortuna, Ferndale, Arcata and McKinleyville high schools have thriving TE programs and growing partnerships across the region. It is unlikely that 300 students would leave these programs for a school that has only three pathways, that has no academic track for advanced academics, and that is not offering transportation to their remote site.

Additionally, SBA is projecting ADA based on the state average of 95% while actual ADA in Humboldt County runs at approximately 92%. Without offering transportation, SBA is unlikely to meet its targets, resulting in a loss of revenue that could run into the tens of thousands of dollars annually.

Because we think there are superior CTE programs competing in the same region, compounded by the lack of student transportation, questionable food services provisions, and misguided attendance assumptions, we do not believe SBA will be able to cover the costs of the facilities, because we do not foresee SBA meeting its ADA numbers.

Petition II references external funding to provide necessary cash in year 1 to year 4,with an assumption that cash flow will not be a factor beginning in year 5. The budget includes an interest payment equal to 2% of receivable sales. This must be how they are referencing a drawdown of funds from Capital Asset Management. Interest payments at 2% would be as follows: Year 1- \$790,100, Year 2 - \$1,056,750, Year 3 - \$1,031,550, Year 4 - \$408,700. No interest payment is budgeted in year 5. We cannot locate principal payments in the projected budget. The letter of intent from CAM is not a binding agreement and totals \$800,000. The letter references a Memorandum of Understanding attachment, which would identify the terms of the loan. This attachment was not included in the petition. The District requested a copy of the attachment, which was never provided. When a budget includes an interest payment (code 7438), there should also be a principal payment (code 7439), which is omitted from the budget.

SBA is projecting a cash balance of \$325,000 at the end of year 5. The cash balances in year 1 and year 2 are only \$16,637 and \$41,201 respectively. The budget fails to project any expense for food service salary/benefits, even though SBA references that they have done so in the petition. The Special Education budget is lacking a safety net for higher costs for individual students and transportation. The payment of principal for the cash loan is not reflected in the budget. The budget is based on unrealistic enrollment/ADA and the expenses are incomplete, which makes the budget unrealistic and unsustainable.

2. Petitioners Have Not Laid the Foundation to Implement What They Say They Will in CTE or Dual Enrollment.

In addition to what has been noted *supra*, we are incredulous that SBA will be able to establish a Health Science and Medical Technology partnership with industry partners in Humboldt County. Medical CTE is an area that local districts have explored exhaustively, but it is simply

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not possible to recruit qualified CTE teachers in this area, as people with expertise in this field have many more lucrative options.

In addition, SBA represents that the letters from Humboldt State University ("HSU") and College of the Redwoods (Appendix C to Petition II) promise dual enrollment for students at SBA. Humboldt State University's letter makes no mention of "dual enrollment," and our experience teaches us that this is not available to students free of charge, which is contrary to the free public education that SBA must provide. Perplexingly, the HSU letter is addressed to "Dan Johnson," the person from whom SBA will lease facilities, but not an individual on the Board or the Lead Petitioner.

The letter from College of the Redwoods is nothing more than a letter of support of Petition II. In the District's experience and in speaking with other District Superintendents, College of the Redwoods is reluctant to provide dual enrollment on any school campus, meaning that even if College of the Redwoods was willing to provide dual enrollment to SBA students, they would have to get to College of the Redwoods, without transportation provided by SBA.

3. Petitioners' Representations About Multi-Tiered Systems of Support ("MTSS") are Illusory.

Although SBA has stated that they will utilize MTSS, there is no indication that SBA understands MTSS. MTSS cannot simply exist within a school. Rather, it must be built with intention based upon the utilization of data by the administrators and the staff to meet the needs of the school. This requires collaborative work with a foundation of intensive staff training and data collection, and a deep commitment to Positive Behavioral Interventions and Support ("PBIS"). PBIS requires clearly stated schoolwide norms, behavior expectations, and social and emotional learning; along with establishing Tier1, Tier 2, and Tier 3 teams to review and analyze academic and behavioral data to appropriately identify interventions and supports; universal design for learning; differentiated instruction; utilization of fidelity tools and associated action plans; dedicated oversight; and more.

Yet, SBA only employs a school counselor at 0.5 FTE in Year 1, who presumably is responsible for monitoring grades; meeting with each student each year; credit recovery counseling; and presumably all counseling students receive through IEPs, Section 504, SST plans, and for students having an acute circumstantial need.

The representation that SBA will utilize MTSS is not credible. SBA has no plans, timelines, professional understanding, professional development dollars nor technical knowledge that would support MTSS. There is no indication that SBA understands systems alignment, resource alignment or LCAP alignment to an MTSS. SBA has not indicated that any of their startup personnel are capable of driving such a large and complex initiative. SBA did not provide a substantive response or a documented plan when the District asked for clarification regarding SBA's MTSS intervention plans in regards to Petition I, and has not added any additional substantive plan to address these deficits in Petition II.

4. Petitioner's Budget Does Not Account for Promised Services

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In addition to not accounting for paraprofessionals, as described *supra*, Petitioners do not account for the cost of food service employees. In reviewing Petition I, we noted that SBA failed to account for food services. Petition II represents it will provide:

"[A n]utritionally Adequate Free or Reduced Price Meal[.] The Charter School shall provide each needy student, as defined in Education Code Section 49552, with one nutritionally adequate free or reduced-price meal, as defined in Education Code Section 49553(a), during each school day. Petition II, p. 143. Yet, the budget for classified staff does not include a single food service employee. See Appendix J, Table H, noting all classified staff are administrative (none in year one), or clerical.

5. The Petition Does Not Reflect a Budget That Is Likely to Recruit Qualified Teachers.

Credentialed CTE instructors are difficult to recruit. In addition to the near impossibility of staffing a Medical track for CTE programs in Humboldt, discussed *supra*, there are no teacher preparation pipelines at the university level in place in California to fill vacant CTE positions. This means that most CTE teachers are currently recruited from industry sectors themselves. This requires the additional time needed to obtain a credential, paying for the credential process, and the oftentimes non-competitive salaries when compared to industry. Therefore, among LEAs offering CTE, there is intense competition. SBA is not competitive.

Northern Humboldt UHSD uses the same salary schedule for CTE teachers as for non-CTE education teachers. Based on a C-5 placement, which is what SBA is utilizing for it's projections, the total compensation package would be \$87,719.34 (based on 2021-2022) for the District as compared to \$68,223.97 (based on 2023-2024). Northern Humboldt UHSD is projected to increase its salary schedule by 3% in 2022-2023 in addition to step/column. SBA is projecting a 2% total cost increase, which includes step/column and COLA. Due to this \$19,495.37 disparity and the dearth of CTE teachers in the region, it seems highly likely that SBA's CTE courses will have to be online.

The retirement rate in 2023-2024 is estimated to be 19.1% for NHUHSD in 2023-2024, compared to a 403b match of 5% for SBA. They also contribute 6.2% for OASDI, where the District does not pay for Certificated employees. SBA will not participate in STRS, so that is a loss for teachers who are already participating in STRS who would not be able to continue to do so at SBA.

The health and welfare package offered to Northern Humboldt UHSD is full Oak in 2020-2021 or \$21,532.20 for a family. SBA is offering \$9,000 to cover health and welfare to each full-time teacher.

The compensation package for teachers with the District, which is comparable to other regional schools with CTE programs, is significantly better than what SBA is offering. That, combined with the difficulties in hiring credentialed CTE teachers detailed above in section A(1) ensures that it will be extremely difficult for SBA to recruit qualified teachers.

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V. CONCLUSION

In order to deny the Petition on the grounds set forth above, Education Code section 47605, subdivision (b), requires the Board to make "written factual findings, specific to the particular petition, setting forth specific facts to support one or more" grounds for denying the Petition. Should the Board decide to deny the Petition, the District recommends that the Board adopt these Findings as its own.