

# **California State Board of Education**

## **January 2018 Agenda**

### **Item #21**

#### **Subject**

Proposed Formation of a New Alpine Unified School District from the Alpine Union Elementary School District and Corresponding Portion of the Grossmont Union High School District in San Diego County.

#### **Type of Action**

Action, Information, Public Hearing

#### **Summary of the Issue(s)**

A petition to form a new unified school district from the Alpine Union Elementary School District (UESD), a component district of the Grossmont Union High School District (UHSD) in San Diego County was submitted to the San Diego County Superintendent of Schools (County Superintendent). The San Diego County Committee on School District Organization (County Committee) held public hearings and, following determinations that the petition substantially meets all minimum threshold requirements in California *Education Code (EC)* Section 35753, unanimously recommended that the California State Board of Education (SBE) approve the petition. SBE options are: (1) disapprove the proposal, (2) determine the proposal has merit and send it back to the local level for further action, or (3) delay action until additional information is received.

#### **Recommendation**

The California Department of Education (CDE) recommends the SBE disapprove the proposal to create a new Alpine unified school district from the Alpine UESD and corresponding portion of the Grossmont UHSD.

## Brief History of Key Issues

The action to form a new Alpine unified school district was initiated pursuant to *EC* Section 35700(a), which requires that a petition be signed by at least 25 percent of the registered voters residing in the territory proposed to be included in the new district. The County Superintendent contracted with an independent consultant to prepare a study on the feasibility of the proposed unification, which was then transmitted to the County Committee. This feasibility study recommended that seven of the nine minimum standards for reorganization were substantially met, and made the following recommendations regarding the remaining two:

- The proposal will result in an equitable division of property and facilities of the original district or districts (*EC* Section 35753[a][3]). The feasibility report noted that a clear finding of “met” or “not met” could not be determined due to the “lack of a set formula for determining the division of property.”
- Any increase in school facilities costs as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization (*EC* Section 35753[a][3]). The feasibility study contained a finding that this condition is not substantially met “due to a lack of existing facilities within the proposed Alpine Unified School District and the cost to construct such facilities.”

Despite the findings contained in the feasibility study, the County Committee voted that each of the nine conditions was substantially met and unanimously voted to recommend that the SBE approve the proposal to form a new Alpine unified school district. The governing board of the Alpine UESD supports the proposed unification and the governing board of the Grossmont UHSD opposes the proposal.

The *Education Code* requires that the SBE take action to approve or disapprove each proposal to form a new school district when the proposal is not supported by all affected local parties. Typically, the procedure for this SBE action is:

- Consider the CDE analyses and recommendations regarding the nine minimum threshold conditions contained in *EC* Section 35753.
- Conduct a public hearing on the proposal.
- Determine the proposal has merit or take action to disapprove it.
  - If the SBE determines the proposal has merit, inform local agencies and chief petitioners that they must comply, under SBE and CDE oversight, with the requirements of the California Environmental Quality Act (CEQA) before a final action to approve can be considered by the SBE.
  - If the SBE acts to disapprove the proposal, inform the San Diego County Superintendent and all affected parties of such disapproval.

However, the CDE has concerns regarding two circumstances specific to the Alpine unification proposal. These concerns are:

- Inconsistencies with, and lack of clarification and supporting data for, County Committee findings and recommendations regarding the unification proposal.
- Pending litigation regarding the disposition of Grossmont UHSD general obligation bond funds. The effect of the outcome of this litigation (currently on appeal) on the unification is unclear.

Therefore, the CDE includes an additional option for SBE consideration: delay action on the proposal until litigation concludes. Moreover, regardless of the option adopted, the SBE may request that the County Committee formulate new plans and recommendations for the unification proposal (pursuant to *EC* Section 35720 et seq.) if the SBE determines that it is necessary to obtain clarity regarding the County Committee's previous actions before it takes its own action.

The CDE finds that the proposal fails to substantially meet the following condition of *EC* Section 35753: "Any increase in school facilities costs as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization."

The CDE recommends that the SBE disapprove the petition to form a new unified school district from the Alpine UESD and corresponding portion of the Grossmont UHSD. The analyses upon which the CDE bases these recommendations are contained in Attachments 1–5.

## **Summary of Previous State Board of Education Discussion and Action**

The SBE previously has considered this specific issue. The SBE, at its November 2004 meeting, took action to disapprove an Alpine unification proposal. Pages 3–4 of Attachment 1 provide information on the reasons for that disapproval.

## **Fiscal Analysis (as appropriate)**

There are no fiscal effects if the SBE disapproves the proposal to form the new unified school district. However, the following fiscal effects may occur if the SBE finds the proposal has merit and ultimately approves it:

- Activities required by CEQA will be funded at the local level (at this time, there is no clear identification of a local funding source). Actual local costs associated with CEQA compliance also are unknown but, depending on environmental issues uncovered by the CEQA Initial Study, could range from approximately \$10,000 upwards to several hundred thousand dollars.
- SBE approval of the proposal triggers a local election to give final approval to a new unified school district. Actual election costs will be determined by the

election type (e.g., general, special, by-mail) and the electorate designated by the SBE (e.g., only the Alpine UESD or the entire Grossmont UHSD). Depending on existing county-level agreements between the San Diego County Board of Supervisors and the San Diego County Board of Education, costs for the election will be borne by the San Diego County general fund or the San Diego County Office of Education.

If the new district is approved both by the SBE and at an election, a new Local Control Funding Formula (LCFF) entitlement will be calculated for the Alpine unified school district and the remaining Grossmont UHSD. Based on 2016–17 data and assuming the new district was effective for that year, the CDE calculates that the 2016–17 LCFF entitlements would have been \$19.9 million for the new Alpine district and \$153 million for the remaining Grossmont UHSD—the combined total being slightly less than 1.3 percent above the 2016–17 LCFF entitlement received by the two current districts.<sup>1</sup> The actual LCFF entitlement recalculation will be based on data from one year prior to the effective year of the new district (assuming the new district is approved).

## **Attachment(s)**

Attachment 1: Report of Required Conditions for Reorganization (37 pages)

Attachment 2: Racial/Ethnic Report (15 pages)

Attachment 3: Educational Program Report (18 pages)

Attachment 4: School Facilities Analysis (7 pages)

Attachment 5: Fiscal Analysis (6 pages)

Attachment 6: Data for Enrollment Trend Bar Graphs (1 page)

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<sup>1</sup> These calculations assume Alpine-area students attending Grossmont UHSD charter schools all would have attended the new Alpine unified school district in 2016–17. Since Grossmont UHSD's actual 2016–17 LCFF entitlement does not include funding for its charter high schools, the percent increase is inflated due to the increase in average daily attendance by including charter students in the proposed Alpine unified district's LCFF calculations.

## **Attachment 1: REPORT OF REQUIRED CONDITIONS FOR REORGANIZATION**

### **Proposed Formation of a New Unified School District from the Alpine Union Elementary School District and Corresponding Portion of the Grossmont Union High School District in San Diego County**

#### **1.0 RECOMMENDATION**

The California Department of Education (CDE) recommends the State Board of Education (SBE) disapprove the proposal to create a new Alpine unified school district from the Alpine Union Elementary School District (UESD) and corresponding portion of the Grossmont Union High School District (UHSD).

#### **2.0 BACKGROUND**

##### **2.1 Alpine Union Elementary School District**

The Alpine UESD is one of eight component elementary districts of the Grossmont UHSD (see Figure 1, page 2). As a component of the high school district, students may attend high school in one of the schools of the Grossmont UHSD upon graduation from eighth grade.

Alpine is the easternmost community of the Grossmont UHSD, approximately 25 miles from the city of San Diego, and located in the foothills of the Laguna Mountains. The unincorporated Alpine community lies almost entirely within the boundaries of the Alpine UESD.

The Alpine UESD has 1,745 students in one early learning center (kindergarten), three elementary schools (two first through fifth grades and one kindergarten through fifth grade), one middle school (sixth through eighth), and one learning academy (kindergarten through eighth grade).

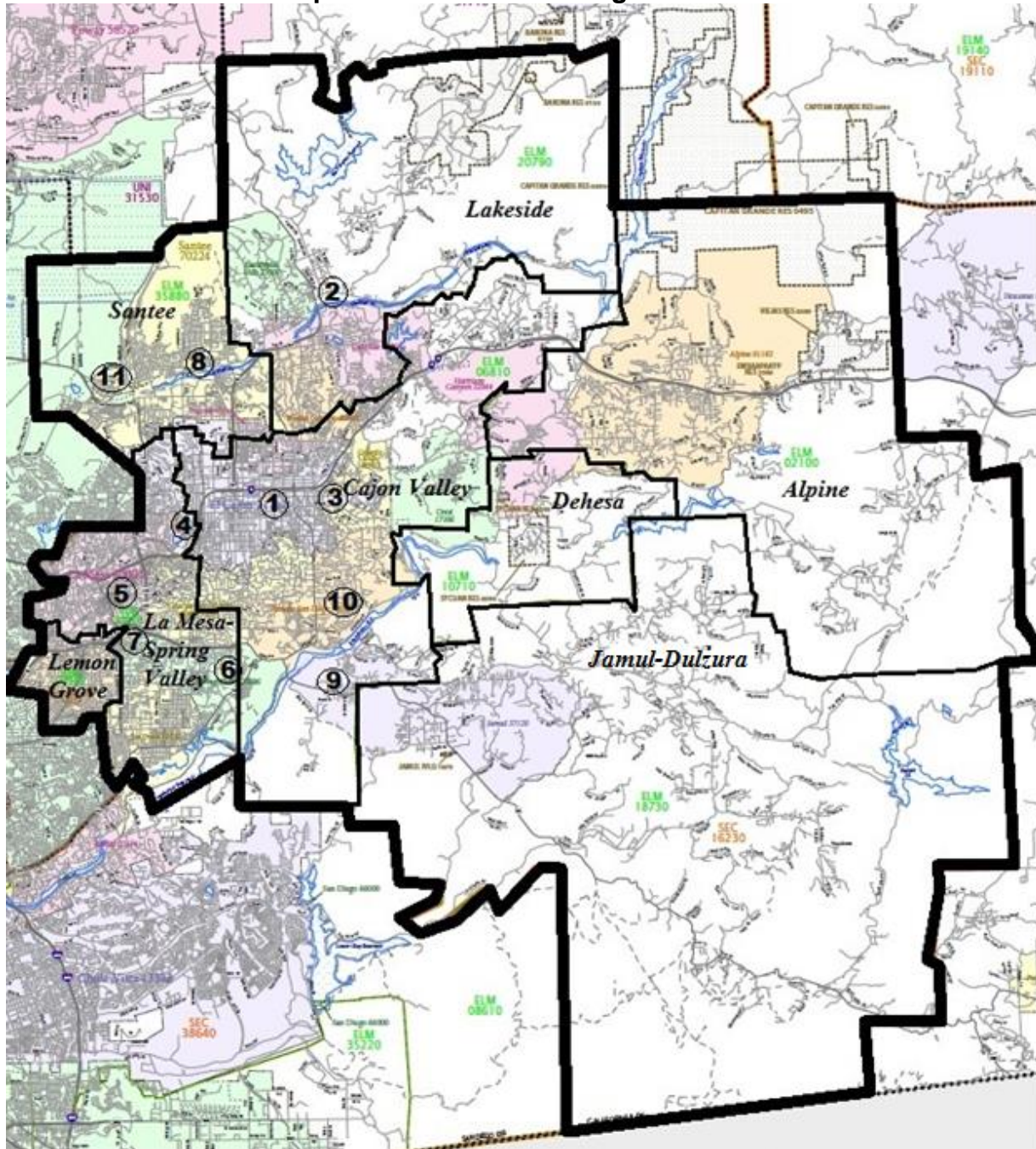
##### **2.2 Grossmont Union High School District**

The Grossmont UHSD is located in the central southern portion of San Diego County, directly east of the city of San Diego (small portions of that city are within the district's boundaries). Within the district are the cities of El Cajon, La Mesa, Lemon Grove, and Santee, along with numerous unincorporated communities, including Alpine.

The Grossmont UHSD serves 21,709 high school students in 11 comprehensive high schools (two of which are charter high schools), two alternative education sites, one continuation high school, and three special education programs. General locations of the 11 comprehensive high schools are shown in Figure 1.

**FIGURE 1**

**Grossmont UHSD: Component Districts and High School Locations**



Source map: U. S. Census Bureau, 2010

**Key to High Schools in the Grossmont UHSD**

- |                    |                 |                  |
|--------------------|-----------------|------------------|
| 1. El Cajon Valley | 5. Helix        | 9. Steele Canyon |
| 2. El Capitan      | 6. Monte Vista  | 10. Valhalla     |
| 3. Granite Hills   | 7. Mount Miguel | 11. West Hills   |
| 4. Grossmont       | 8. Santana      |                  |

### 2.3 Previous Attempt to Form an Alpine Unified School District

In October 2002, the governing boards of the Alpine UESD and the Grossmont UHSD submitted a joint resolution to the San Diego County Superintendent of Schools (County Superintendent) to form a new unified school district from the Alpine UESD. The County Superintendent determined that the joint resolution was a sufficient petition for reorganization (pursuant to *Education Code [EC] Section 35704*) and transmitted it to the SBE and the San Diego County Committee on School District Organization (County Committee).<sup>1</sup>

The County Superintendent contracted with a certified public accounting firm (Nigro Nigro & White, LLP) to prepare a study on the feasibility of the proposed unification, which was then presented to the County Committee. This feasibility study recommended that all nine minimum standards for reorganization<sup>2</sup> were substantially met but did identify a number of concerns, including:

- A sound secondary educational program in Alpine UESD “might be possible if the community accepts giving up some of the extras” (e.g., certain electives and a full sports program), but cautioned that the new district would have insufficient resources to offer the level of instructional options provided by the Grossmont UHSD.
- Although the proposed unification would not appear to increase school housing costs to the state, the Alpine community might have difficulty finding sufficient local funding to construct a new high school.
- Both districts “have a solid fiscal track record,” but formation of a new Alpine unified school district would increase salary costs in each district (in Grossmont UHSD, the district likely would have to lay-off teachers resulting in a larger percentage of senior teachers [thus, more expensive teachers]; in the new Alpine district, costs associated with that district’s salary schedule likely would rise to accommodate the higher salary levels of high school teachers).

In April 2003 the County Committee, in response to the concerns raised in the feasibility study, voted that the proposed Alpine unification failed to substantially meet the minimum educational program, increased school facility costs, and fiscal effect conditions. The County Committee voted to recommend that the SBE disapprove the proposal and the County Superintendent transmitted this recommendation to the SBE.

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<sup>1</sup> Pursuant to *EC* Section 4020, the SBE has transferred the authority of the San Diego County Committee on School District Organization to the San Diego County Board of Education (County Board). Throughout this report, “County Committee” will refer to the County Board acting with this authority.

<sup>2</sup> See Section 6.0 of this report for more detail regarding the nine minimum standards for reorganization (*EC* Section 35753).



During the summer of 2004, the governing boards of the Alpine UESD and the Grossmont UHSD transmitted resolutions to the SBE requesting that the SBE disapprove the unification proposal. These resolutions were in response to a March 2004 general obligation bond measure, approved by the voters in the Grossmont UHSD, which included funding to build a high school in the Alpine area. Thus, as noted by both districts in the resolutions, conditions supporting unification no longer existed. The SBE, at its November 2004 meeting, took action to disapprove the unification proposal.

## **2.4 Current Proposal to Form an Alpine Unified School District**

Almost 10 years after the Alpine UESD requested that the SBE disapprove the earlier unification proposal, the residents of the Alpine community submitted a voter petition to the County Superintendent proposing formation of a new Alpine unified school district. This petition (supported by the Alpine UESD) primarily was based on concerns that the Grossmont UHSD, despite two successful general obligation bond measures<sup>3</sup>, was not going to build a high school for Alpine-area high school students.<sup>4</sup> A cornerstone of this petition was a report prepared by the 2012–13 San Diego County Grand Jury.<sup>5</sup> The recommendations in this report are:

- The Grossmont UHSD makes a clear and final decision regarding the construction of the Alpine-area high school.
- If the district commits to the new high school, it should deposit appropriate bond funds in an escrow account and establish a timeline for the project.
- If the district does not commit to the new high school, it should support any unification effort from the Alpine community.

The County Superintendent contracted with School Services of California, Inc. to prepare another study on the feasibility of the proposed unification, which was then presented to the County Committee. The recommendations in this study contained a finding that the unification proposal failed to substantially meet the required condition for school facility costs. This finding was based, in part, on the concern that the Alpine community would have difficulty obtaining sufficient local funding to build a new high school (this concern is similar to the one expressed in the 2003 feasibility study).

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<sup>3</sup> In addition to the March 2004 bond measure, voters in the Grossmont UHSD approved a second measure in November 2008 that also referenced funding for an Alpine-area high school. Another bond measure was approved at the November 2016 election subsequent to the unification petition.

<sup>4</sup> The Grossmont UHSD did acquire property within the boundaries of the Alpine UESD for construction of a new high school (known as the Lazy A site) in 2009 and completed some preconstruction activities (e.g., environmental assessments, demolition, grading).

<sup>5</sup> *Grossmont Union High School District – Fool Us Once, Fool Us Twice?*  
([http://www.sandiegocounty.gov/content/dam/sdc/grandjury/reports/2012-2013/Grossmont\\_Union\\_High\\_School\\_District\\_Report.pdf](http://www.sandiegocounty.gov/content/dam/sdc/grandjury/reports/2012-2013/Grossmont_Union_High_School_District_Report.pdf))



Despite this concern with school facility costs, the County Committee voted that the proposal substantially meets all the required minimum standards, and subsequently voted to recommend that the SBE approve the proposal.

## **2.5 Litigation Regarding Usage of General Obligation Bonds**

Concerned that the Grossmont UHSD would deplete available funding from the voter-approved general obligation bonds before an Alpine-area high school could be built, the Alpine community and the Alpine UESD went to court seeking a preliminary injunction against the high school district from spending bond funds below the \$70 million dollars estimated to be the cost to construct the new high school. The court granted a preliminary injunction in the amount of \$42 million.

The Grossmont UHSD appealed the injunction. The Court of Appeal determined the preliminary injunction was valid and also concluded that there was a promise in the language of the general obligation bond measures that the Grossmont UHSD would build an Alpine-area high school within a reasonable time frame. The Court of Appeal remanded the case back to the trial court for a ruling on whether the preliminary injunction should become permanent. The court subsequently ordered a trial on the issue of Grossmont UHSD's obligation to build the high school pursuant to the language of the bond measures. The trial was conducted in April 2016.

At the conclusion of this trial, the court denied the injunction and determined that the Grossmont UHSD had the discretion to build the high school but was not bound by the language in the bond measures to do so. A key point in the court's decision was a condition (or trigger) in the bond language that construction on a new high school would begin when "...districtwide enrollment at the existing comprehensive high schools...equals or exceeds 23,245...at the time of release of request for construction bids...." As will be detailed in later sections of this report, enrollment in the Grossmont UHSD has been declining significantly since 2009–10, with current (2016–17) total enrollment at 21,709, including the two conversion charter high schools.

The court concluded that the Grossmont UHSD decision to put construction of the new high school on hold was a valid exercise of discretion given these enrollment levels, in addition to other factors including negative effects of the past recession on the district's finances and assessed valuation of property within the district.

The Alpine UESD and the Alpine community group appealed the outcome of this trial back to the Court of Appeal. At the time this SBE agenda item was prepared, the matter still was undecided.

## **3.0 REASONS FOR THE UNIFICATION**

In addition to the concerns regarding the loss of faith in Grossmont UHSD's commitment to build a new high school for the Alpine-area (see Section 2.4), the petitioners cite the following reasons for a proposed Alpine unified school district:

- Desire for a school district that will: (1) be responsive to the unique needs of the Alpine community and its geographically isolated high school students, (2) provide an articulated kindergarten through high school educational program, and (3) use district resources more effectively.
- Increased collaboration among elementary school staff, high school staff, and the community.
- A single board and administration to represent the Alpine community and meet educational and accountability goals for students.
- A local high school that will provide a shorter and safer commute for high school students.

#### **4.0 POSITION OF THE ALPINE UNION ELEMENTARY SCHOOL DISTRICT**

The Alpine UESD supports the goals of the unification petition and the efforts of the Alpine community in seeking unification. The district has formed an ad hoc committee of representatives from the Alpine UESD governing board, Alpine UESD administration, and Alpine community representatives to assure a smooth transition toward unification and provide an official channel of communication around issues related to the unification. The district also has joined the Alpine community in legal actions against the Grossmont UHSD (see Section 2.5).

#### **5.0 POSITION OF THE GROSSMONT UNION HIGH SCHOOL DISTRICT**

The Grossmont UHSD opposes the formation of a new Alpine unified school district for the following reasons:

- School housing costs would increase significantly and resources of the new district would be “grossly insufficient” to address these costs.
- The additional financial complexities of constructing and operating a new high school, as well as providing the more expensive high school programs, would be beyond the capacity of the new district.
- Given the additional fiscal concerns, the new district would be at risk of financial failure, threatening the elementary programs of the district.

#### **6.0 CALIFORNIA DEPARTMENT OF EDUCATION ANALYSIS**

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

The SBE also may approve proposals if it finds that all *EC* Section 35753 conditions are not substantially met, but subsequently “determines that it is not practical or possible to apply the criteria of this section literally, and that the circumstances with respect to the proposals provide an exceptional situation sufficient to justify approval...” (*EC* Section 35753[b]).

For its analysis of the proposal, the CDE conducted its own studies of the issues considered by the County Committee and in the local feasibility study, and reviewed information provided by the County Superintendent, the Alpine UESD, the Grossmont UHSD, and the chief petitioners. Staff findings and conclusions regarding the *EC* Section 35753 conditions and 5 *CCR* regulations follow:

## **6.1 Adequate Number of Pupils Enrolled**

### ***Standard of Review***

*EC* Section 35753 condition: *The reorganized districts will be adequate in terms of number of pupils enrolled.*

It is the intent of the SBE that direct service districts not be created that 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 any new district becomes effective for all purposes: elementary district, 901; high school district, 301; unified district, 1,501 (5 *CCR* Section 18573[a][1][A]).

### ***County Committee Review and Evaluation***

In the feasibility report prepared for the County Committee, the consultant hired by the County Superintendent recommended that the petition substantially meets this requirement—enrollment in a new Alpine unified district would be greater than the threshold of 1,501; and enrollment in the remaining Grossmont UHSD would far exceed the 301 level.

Neither the Alpine UESD nor the Grossmont UHSD raised any concerns regarding these minimum thresholds. The County Committee voted unanimously (5-0) that this condition is substantially met.

### ***CDE Findings/Conclusion***

As stated previously, a new unified district is adequate in terms of pupils if projected enrollment is 1,501 or greater. Based on 2016–17 CALPADS enrollment data, the CDE calculates that enrollment in a new Alpine unified district would have been 2,516 in that year (1,745 kindergarten through eighth grade students plus 816 high school students), while enrollment in the remaining Grossmont UHSD would have been 20,893.<sup>6</sup>

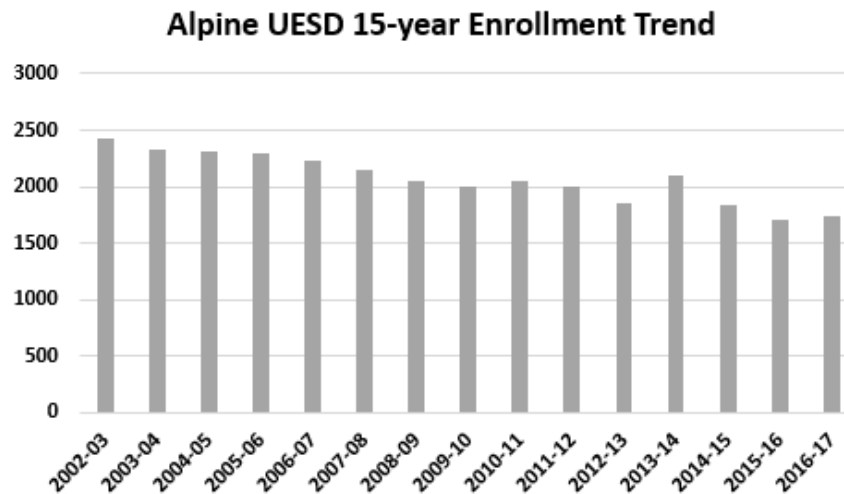
While a new Alpine unified school district clearly would meet the minimum enrollment standard in the short-term, the CDE does have concerns regarding population trends (see Figure 2). The Alpine UESD has seen at least a 15-year enrollment decline—student numbers have declined over 28 percent during this 15-year period, with a 13 percent decline in just the past

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<sup>6</sup> Students in the two Grossmont UHSD charter high schools (Helix and Steele Canyon) are included in the projected totals for **both** Grossmont UHSD and an Alpine unified school district.

five years.<sup>7</sup> However, there was a small (two percent) uptick in enrollment figures for the 2016–17 year, and the Alpine UESD long-term enrollment projections (calculated by an independent demographic consultant<sup>8</sup>) are that numbers of students will begin increasing in the 2016–17 year.

**Figure 2**



The above-described trends and projections are for kindergarten through eighth grade enrollments; however, a new Alpine unified school district also will have ninth through twelfth grade students enrolled. Enrollment in the Grossmont UHSD also has been declining for many years (an 8.3 percent drop over the past five years). The Grossmont UHSD projects that student enrollment in the district will continue to decline through the 2018–19 school year, and then slowly increase (a projected 2.2 percent increase by 2022–23). This high school enrollment trend is assumed to apply to high school enrollment projections in the new Alpine district.

Similarly, the San Diego Association of Governments (SANDAG)<sup>9</sup>, in its 2013 enrollment projection report, shows a decline of over 17 percent in the high school age population within the Alpine UESD by 2020. SANDAG then projects that numbers in this group will increase over the long-term.

Although past enrollment trends for both the Alpine UESD and the Grossmont UHSD have demonstrated steady declines for many years, it appears that enrollments in both districts will soon stabilize and begin to

<sup>7</sup> The enrollment jump for Alpine UESD in 2013–14 (over 230 students) reflects the opening of a charter school (Endeavour Academy) by the district to begin that year. That charter school was closed at the end of the 2014–15 academic year.

<sup>8</sup> The demographic consultant identified several factors that contribute to slow population growth in the Alpine area: (1) lack of housing; (2) lack of employment opportunities; and (3) daily commute to jobs.

<sup>9</sup> SANDAG is a public regional planning agency (which includes the county and the 18 cities in the county) that serves as a forum for regional decision-making.

increase (if projections of both districts and SANDAG remain true). The CDE concludes that this condition is substantially met.

## 6.2 Substantial Community Identity

### ***Standard of Review***

*EC Section 35753 condition: The school districts are each organized on the basis of a substantial community identity.*

The following criteria from 5 CCR Section 18573(a)(2) 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 Review and Evaluation***

The county feasibility study contains a recommendation that this “community identity” condition is substantially met, noting that:

- A new Alpine unified school district would have the same boundaries as the Alpine UESD and would strengthen the already existing community identity of the current school district.
- Although not geographically isolated (25 miles from the city of San Diego and directly connected by Interstate 8 and other roads), the primarily hilly terrain of Alpine differs from that of Grossmont UHSD.
- Alpine-area high school students must commute 10 to 20 miles to attend high school, with an average commute time of 30 minutes. An Alpine-area high school would reduce commute distance (and increase commute safety), while enhancing community identity.
- Alpine, though unincorporated, has an elected Community Planning Group, which provides input to county government on many issues.

The County Committee voted unanimously (5-0) that this “community identity” condition is substantially met.

### ***CDE Findings/Conclusion***

The CDE agrees with the findings in the county feasibility study and concludes that the reorganized districts (a new Alpine unified school district and the remaining Grossmont UHSD) both would be organized on the basis of substantial community identity. In the opinion of the CDE, this condition is substantially met.

## 6.3 Equitable Division of Property and Facilities

### ***Standard of Review***

*EC Section 35753 condition: The proposal will result in an equitable division of property and facilities of the original district or districts.*

To determine whether an equitable division of property and facilities will occur, the CDE reviews the proposal for compliance with *Education Code* statutes that govern the division of property, facilities, funds, and obligations. The CDE also ascertains that the affected districts and county offices of education are prepared to appoint the arbitration committee described in *EC* Section 35565 to settle disputes arising from such division (5 *CCR* Section 18573[a][3]).

### ***County Committee Review and Evaluation***

The following issues were addressed in the county feasibility study regarding the division of facilities, property, funds, and obligations:

#### **(a) Real Property**

The Grossmont UHSD has no facilities within the boundaries of the Alpine UESD but it does own a property (known locally, and referred to, as the Lazy A site) that is intended for construction of an Alpine-area high school. If a new Alpine unified school district is approved, the new district will take possession of the Lazy A site and, as a result, would assume a proportionate share of the bonded indebtedness of the Grossmont UHSD.

#### **(b) Personal Property**

Personal property of the Grossmont UHSD used for districtwide purposes (e.g., school buses) would be subject to division based on standards to be determined and agreements between the districts.

#### **(c) Bonded Indebtedness**

If an Alpine unified school district is formed, the outstanding bonded indebtedness of the Grossmont UHSD would be divided between the new district and the remaining portion of the high school district pursuant to provisions in the *Education Code*. *EC* Section 35576 provides that the Alpine district would be liable for the greater of the following:

- A pro rata share of outstanding bonded indebtedness based upon the ratio of the Alpine district's assessed valuation (AV) to the AV of the Grossmont UHSD; or
- The portion of outstanding bonded indebtedness incurred for acquisition or improvement of real property within the boundaries of the new Alpine district.

Pursuant to *EC* Section 35560(a)(2), the new Alpine unified school district also would receive a proportionate share of Grossmont UHSD's capital project reserve funds. The default division methodology is the AV pro rata methodology described above.

#### **(d) Fund Balance Reserves and Liabilities**

A reasonable methodology for dividing Grossmont UHSD's fund balance reserves and liabilities would be based upon how funds were



generated. General fund reserves and liabilities would be divided pro rata based on non-charter average daily attendance (ADA), while capital project reserves would be divided pro rata based on AV.

(e) Student Funds and Scholarships

All Grossmont UHSD student funds and scholarship funds not restricted to a specific school site would be divided pro rata based on secondary grade enrollment.

(f) Post-retirement Benefits

Since no operating school sites of the Grossmont UHSD exist within the boundaries of the Alpine UESD, all Grossmont UHSD employees would remain employees of that district. However, a new Alpine district would have a proportional responsibility for Grossmont UHSD liabilities from compensated absences and "Other Post-Employment Benefits."

Proponents of the unification proposal argue that the Grossmont UHSD has violated a "promise" to build a new high school in the Alpine area and, as a result, an "alternative division" of the Grossmont UHSD assets (including its bonding authority) is necessary to provide a new Alpine unified school district with sufficient funding to construct a new high school as provided for in the bond measures approved by Grossmont UHSD voters.

Although the exact dollar amounts required for construction of the school varied somewhat in local discussions, and a number of methodologies for obtaining the appropriate funding have been offered, proponents appear to claim that an Alpine unified district's equitable share of the total assets of the Grossmont UHSD would be somewhere in the neighborhood of \$94 million (including the value of the Lazy A site). This dollar amount, based on CDE's understanding of the issues, is an AV pro rata share of all Grossmont UHSD assets, including real property (i.e., facilities). Unification proponents also appear to recommend that a large portion of this share come from the approved, but unissued, bond funds of the high school district.

The Grossmont UHSD argues that dividing the value of the district's real property is expressly prohibited by *EC* Section 35560<sup>10</sup> (which excludes the division of real property in a district reorganization). The high school district further argues that such a division would equal nearly 50 percent of its operating budget and would result in an unprecedented financial burden on the district.

There is no recommendation in the county feasibility study regarding whether this condition is substantially met or not, since the exact methodology for division of property, funds, and obligations was not known.

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<sup>10</sup> *EC* Section 35560(a)(1) states: *The real property and personal property and fixtures normally situated thereat shall be the property of the district in which the real property is located.*

It was noted in the study that the ultimate decision on methodologies for such division rests with the SBE. It also is important to note that there was no analysis provided in the study (or to the County Committee) of the effects of any “alternative division” of assets proposed by the proponents of the Alpine unification proposal.

The County Committee voted (5-0) that the proposed new district would result in an equitable division of property and facilities of the Grossmont UHSD “conditional upon use of an alternative calculation of the division of assets and liabilities that includes consideration of all assets and liabilities of Grossmont Union High School District, rather than cash on hand.” The County Committee provided no additional information regarding what was meant by an “alternative calculation” and a review of the approved minutes and the video-recording of the County Committee’s meetings by CDE staff uncovered no further clarification. Absent such clarifying information, the CDE assumes the County Committee was referring to the recommendation of the unification proponents that the real property of the Grossmont UHSD be considered when dividing that district’s property, funds, and obligations. However, the County Committee provided no direction regarding a methodology to accomplish such a division.

### ***CDE Findings/Conclusion***

The CDE finds that existing *Education Code* provisions may be utilized to achieve equitable distribution of relevant property, funds, and obligations of Grossmont UHSD.<sup>11</sup> The CDE recommends the following regarding the distribution of property, funds, and obligations (other than outstanding bonded indebtedness):

- (a) All assets and liabilities of the Grossmont UHSD (other than capital funds) shall be divided based on the proportionate ADA of the students residing in the areas of the two affected districts (not including charter school ADA) on June 30 of the school year immediately preceding the date on which the proposed unification becomes effective for all purposes (*EC* Section 35736).
- (b) All capital funds (except school facility impact mitigation fees [i.e., developer fees]) of the Grossmont UHSD shall be divided pro rata based on the ratio of the AV of each district to the AV of the current Grossmont UHSD (*EC* sections 35560, 35736).
- (c) Developer fees shall go to the district in which the development that generated the fees is located.
- (d) For each non-charter high school, student body property, funds, and obligations shall be divided proportionately, each share not to exceed an amount equal to the ratio of the number of pupils leaving the

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<sup>11</sup> Information regarding the division of facilities may be found in the “Analysis of Condition 3” component of the report in Attachment 4. This report finds that the condition is met regarding division of real property.

schools to the total number of pupils enrolled. Funds from 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 (*EC* Section 35564).

- (e) As specified in *EC* 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. 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. The County Committee, at its meeting to consider the unification proposal, expressed support for an arbitration process that included all affected parties.

The SBE, pursuant to *EC* Section 35736, may include its own “proposal for dividing the property, other than real property, and obligations” of the Grossmont UHSD based on matters it deems pertinent and equitable. However, dividing real property of the Grossmont UHSD clearly is prohibited by the *Education Code*. Moreover, it is the CDE’s opinion that any division of property based on the value of real property similarly is prohibited.

The *Education Code* guides the division of the outstanding bonded indebtedness of the Grossmont UHSD. *EC* Section 35576 provides general methods for this division, indicating that the new Alpine unified school district would be liable for the greater of the following:

- A pro rata share of outstanding bonded indebtedness based upon the ratio of the Alpine district’s AV to the AV of the Grossmont UHSD; or
- The portion of outstanding bonded indebtedness incurred for acquisition or improvement of real property within the boundaries of the proposed new Alpine unified school district.

*EC* sections 35738 and 35754 provide the SBE the authority to select its own method of dividing bonded indebtedness if it determines such a method is more equitable than the above general guidance of *EC* Section 35576.

It also appears to the CDE that proponents of the unification proposal expect that a new Alpine unified school district will be able to access a portion of Grossmont UHSD’s authorized but unsold bonds to finance construction of a new high school. However, the CDE is not aware of any process that would permit a division of the authorized but unsold bonds of any district that continues to exist. *EC* Section 35577 describes a process by which such bonds of a district that ceases to exist are divided—however, in this case, the Grossmont UHSD continues to exist (minus the Alpine UESD territory). Thus, absent authorization in the *Education Code*, it is assumed that all approved but unsold bonds of the Grossmont UHSD would

remain with the high school district should a new Alpine unified school district be formed.

The CDE determines that this condition is substantially met if the SBE, pursuant to *EC* Section 35754, includes provisions in the plans and recommendations for the proposal to form a new Alpine unified school district that comply with the *Education Code*. Further detail regarding the CDE recommendations for these provisions is contained in Section 9.0 of this report.

#### **6.4 No Promotion of Racial or Ethnic Segregation**

##### ***Standard of Review***

*EC* Section 35753 condition: *The reorganization of the districts will preserve each affected district's ability to educate students in an integrated environment and will not promote racial or ethnic discrimination or segregation.*

In 5 *CCR* Section 18573(a)(4), the SBE 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 district to take steps, insofar as reasonably feasible, to alleviate segregation of minority pupils in schools regardless of its cause.

##### ***County Committee Evaluation/Vote***

The county feasibility study noted that the Alpine UESD, reflecting the Alpine community, is predominately white (over 70 percent) with

Hispanic/Latino (19.3 percent) and American Indian/Alaska Native (4.6 percent) being the two largest ethnic minority groups. There exists a higher concentration of minority students in the Grossmont UHSD enrollment (which had 47.3 percent white students at the time of the study). The two largest ethnic minority groups in the high school district are Hispanic/Latino (33.9 percent) and African American (6.9 percent).

The vast majority of Alpine-area high school students attend either Granite Hills High School or Steele Canyon High School. Information identifying the ethnicity of the Alpine-area students was unavailable from the districts in preparation of the county feasibility study—however, the ethnic composition of the Alpine-area high school students was assumed to reflect the ethnic group percentages of the Alpine UESD and the Alpine community.

Based on this assumption, the feasibility study reported that the ethnic composition of a new Alpine unified school district would be identical to the ethnic composition of the Alpine UESD. The study also noted that removing the Alpine-area high school students from the Grossmont UHSD would result in insignificant changes to the ethnic composition of the district—white students would decrease by one percentage point, Hispanic/Latino students would increase by one half of a percentage point, and there would not be measurable changes in the other ethnic groups.

The feasibility study also acknowledges that the ethnic percentages of any new Alpine-area high school would be the same whether the high school was built by the Grossmont UHSD or by an Alpine unified school district. Based on these findings, the county feasibility study contained a recommendation that this condition is substantially met.

Proponents of the unification proposal agree with the feasibility study that the effects of the unification proposal on racial/ethnic enrollments would be insignificant. The Grossmont UHSD is concerned that a new Alpine district would be less racially and ethnically diverse than the high school district.

After reviewing the information provided, the County Committee unanimously voted (5-0) that this condition is substantially met.

### ***CDE Findings/Conclusion***

The complete CDE analysis of factors set forth in 5 CCR Section 18573(a)(4) is Attachment 2. A summary of that analysis follows.

White students in the Alpine UESD are 64.5 percent of the total district population (based on 2016–17 CALPADS), while 42.6 percent of the Grossmont UHSD enrollment is white students. For both districts, the largest racial/ethnic group (other than the white group) is the Hispanic or Latino group. The percentage of Hispanic/Latino students within the Alpine UESD is 23.2 percent, while 38.7 percent of Grossmont UHSD students are Hispanic/Latino. American Indian/Alaska Native in the Alpine UESD is the

next largest racial/ethnic group at 4.7 percent, while African American in the Grossmont UHSD (at 6.8 percent) is the next largest group in that district.

Formation of a new Alpine unified school district (i.e., removing Alpine-area high school students from the Grossmont UHSD), would have insignificant effects on minority student enrollment at the district level. Minority students in a new Alpine unified school district would be 34.2 percent of the total student population—a 1.3 percentage point reduction in the current Alpine UESD minority population. For the Grossmont UHSD, districtwide minority students would increase less than one percentage point (from 57.4 percent to 58.3 percent).

At the school level, the effects of the reorganization on student population would only be seen at the high school level. Elementary and middle schools are located only in the Alpine UESD—thus the unification would have no direct effect on the student populations at these schools.

In the 2016–17 school year, over 92 percent of the Alpine-area high school students attended either Granite Hills High School or Steele Canyon High School. If Alpine-area students had been removed from those high schools for that school year, the minority student population at Granite Hills High School would have increased from 46.6 percent to 50.0 percent, while the minority students at Steele Canyon High School would have increased from 56.9 percent to 59.7 percent.

Although these school-level changes are greater than the district-level changes for the Grossmont UHSD, the magnitude of the changes, in the opinion of the CDE, is not substantial. Based on the available data, the CDE recommends that this condition is substantially met.

## **6.5 Increase in Costs to the State**

### ***Standard of Review***

*EC Section 35753 condition: Any increase in costs to the state as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.*

Although LCFF entitlements are considered in this section, only potential costs to the state other than those mandated by EC sections 35735 through 35735.10 are used to analyze the proposal's compliance with this condition.

### ***County Committee Evaluation/Vote***

As noted in the county feasibility study, the reorganization would not result in any material increase in costs to the State. Further, this study found that the proposal should not affect eligibility for state categorical programs, should not result in additional costs due to changes in affected districts' basic aid status or necessary small school funding, and should not affect



state funding provided to the County Office of Education for direct services to districts. Under LCFF, any state funds previously received would continue to be funded as part of the reorganized districts' base funding levels. Potential increases in state costs due to construction of new facilities were addressed in the "increased state housing costs" condition. The feasibility study's recommendation is that this condition is substantially met.

Proponents of the unification proposal state: (1) changes to LCFF entitlements would be insignificant; (2) costs to transport high school students will be substantially reduced once the new Alpine-area high school is built; and (3) costs to operate a new high school would be the same whether it was built by the Grossmont UHSD or the new Alpine district.

The County Committee unanimously voted (5-0) that this condition is substantially met.

### ***CDE Findings/Conclusion***

If the new district is approved both by the SBE and at an election, a new LCFF entitlement will be calculated for the new Alpine unified school district and the remaining Grossmont UHSD. Based on 2016–17 data and assuming the new district was effective for that year, the CDE calculates that 2016–17 LCFF entitlements would have been \$19.9 million for the new Alpine district and \$153 million for the remaining Grossmont UHSD—the combined total being slightly less than 1.3 percent above the 2016–17 LCFF entitlement received by the current districts.<sup>12</sup> The actual LCFF recalculation would be based on data from one year prior to the effective year of the new district.

The CDE agrees with the findings of the county feasibility study that other state costs (e.g., categorical programs, necessary small school funding, direct service funding) should not be affected significantly by the proposed reorganization. State costs for construction of a new high school would not change significantly regardless of which district builds the high school. The CDE further agrees with the County Committee that the proposal substantially meets this condition.

## **6.6 Promotes Sound Education Performance**

### ***Standard of Review***

*EC Section 35753 condition: The proposed reorganization will continue to promote sound education performance and will not significantly disrupt the*

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<sup>12</sup> These calculations assume Alpine-area students attending Grossmont UHSD charter schools all would have attended the new Alpine unified school district in 2016–17. Since Grossmont UHSD's actual 2016–17 LCFF entitlement does not include funding for its charter high schools, the percent increase is inflated due to the increase in average daily attendance by including charter students in the proposed Alpine unified district's LCFF calculations.

*educational programs in the districts affected by the proposed reorganization.*

The proposal or petition shall not have a significantly adverse effect on the educational programs of districts affected by the proposal or petition, and the CDE 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 (5 CCR Section 18573[a][5]).

### ***County Committee Evaluation/Vote***

At the time that the county feasibility study was prepared, neither the Academic Performance Index (API) nor the Standardized Testing and Reporting (STAR) program were being utilized, since the State was transitioning to the Common Core State Standards and Smarter Balanced Assessments. However, the most recent API for the affected schools and districts was considered a measure of academic performance in the study.

The feasibility study included the following observations regarding the API scores of the affected schools and districts:

- Based on the most recent data, districtwide API scores for the Alpine UESD are higher than districtwide scores for the Grossmont UHSD, although scores for the Alpine UESD have declined slightly over previous years, while Grossmont UHSD's scores have increased;
- Average statewide and similar schools scores for the Alpine UESD also have declined slightly over previous years' scores; and
- Statewide and similar schools' scores for Granite Hills and Steele Canyon high schools have increased over previous years' scores.

The conclusion of the feasibility study is that the strong academic performance of students in the current Alpine UESD, over the long-term, should extend to a new secondary educational program offered by an Alpine unified school district. The study cautions that successful academic programs take years to develop and a new unified school district likely would not be able to provide educational or extracurricular programs similar to the Grossmont UHSD in the near term. Based on the effective elementary program offered by the Alpine UESD, an Alpine unified school district (over time and with hiring of secondary education experts) should be able to offer a quality high school program.

Proponents of the unification acknowledge that a new Alpine-area high school (regardless of whether it was built by the Grossmont UHSD or a new Alpine unified school district) would not be able to replicate the academic and extracurricular programs offered by the high schools of Grossmont UHSD, which each have more than twice as many students as would an Alpine-area high school. However, proponents argue that technology and distance learning concepts can allow smaller schools to offer a greater range of courses.

Proponents further note that considerable effort went into the development of school design and curriculum concepts when construction of an Alpine-area high school was actively considered by the Grossmont UHSD. This work can easily be updated and serve as framework for the educational program at a new high school operated by an Alpine unified school district.

Grossmont UHSD believes that a high school of fewer than 1,000 students will not be able to offer the diversity and quality of the educational and extracurricular programs currently available at all of its high schools, including:

- Full array of Advanced Placement and International Baccalaureate courses;
- Visual and performing arts classes;
- Student support services, family resource programs, Career Technical Education (CTE) opportunities, Advancement Via Individual Determination (AVID) programs, and alternative programs for special needs students;
- Variety of sports programs and full athletic facilities (including football stadiums and swimming pool); and
- Other extracurricular offerings (e.g., marching band, honor band, theater, Link Crew).

The County Committee unanimously voted (5-0) that this condition is substantially met.

### ***CDE Findings/Conclusion***

The complete CDE analysis of this condition is Attachment 3. The summary statement and conclusion from this analysis are repeated below.

The proposed Alpine USD, if approved, eventually could remove slightly less than four percent of the total Grossmont UHSD student population. Demographically, these Alpine-area students differ from the remainder of the students in the high school district. High school students from the Alpine-area are 2.5 percent English Learners, while 11.2 percent of the Grossmont UHSD students from other areas of the district are English Learners. Similarly, 25.2 percent of Alpine-area students are eligible for the Free and Reduced Price Meal (FRPM) program, while 54.3 percent of the other high school students are eligible. Finally, as noted in Attachment 2 of this agenda item, 34.2 percent of Alpine-area high school students are minority students and 58.3 percent of the Grossmont UHSD students from other areas of the high school district are minority students.

The academic performance of Alpine UESD students is very similar to the academic performance of students in the schools of the other elementary districts that are components of the Grossmont UHSD.

A new Alpine unified school district also would require construction of a new high school in the Alpine area, and with approximately 800 students, it would be significantly smaller than any of the comprehensive high schools in the Grossmont UHSD. This smaller high school likely would not be able to provide the range of academic course offerings and extracurricular activities available at the larger Grossmont UHSD high schools. A new Alpine high school likely would not be fully operational until 2025 at the earliest.

Given projected enrollment increases in the Grossmont UHSD, the relatively small number of Alpine-area students in the high school district, the similarities in academic performance of Alpine UESD with other component districts of the Grossmont UHSD, and effective dates of an approved new Alpine USD and operation of new Alpine high school, there likely will be minimal short-term or long-term effects on enrollment in the Grossmont UHSD or at any high school operated (or authorized) by the district.

If the proposed Alpine USD is approved, there likely will be no immediate changes to the educational programs in the districts or any of their existing schools. The primary long-term change would be the operation of a new Alpine-area high school. Based on the information in this report, a new Alpine USD should be able to offer a quality secondary educational program and existence of this program should not affect the quality of the Grossmont UHSD's educational programs.

The CDE agrees with the finding of the School Services of California, Inc. report and the recommendation of the County Committee that the proposal substantially complies with *EC* Section 35753(a)(6).

## **6.7 Increase in School Facilities Costs**

### ***Standard of Review***

*EC* Section 35753 condition: *Any increase in school facilities costs as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization.*

The SBE has not adopted regulations regarding this condition. However, an adequate analysis of the condition should include a determination of: (1) the availability of facilities to house all students at all grade levels in the reorganized area, (2) sources of funding for new construction, (3) effect on facilities and housing capacity of all affected districts, and (4) impact on bonding capacity of affected districts.

### ***County Committee Evaluation/Vote***

The following existing circumstances are noted in the county study:

- Grossmont UHSD enrollment decreased by 2,884 students over the previous five years—an average decline of three percent annually.
- Alpine UESD enrollment decreased by 272 students over the same five-year period, averaging a 3.5 percent annual decline.

- The Grossmont UHSD has an excess capacity of 2,736 classroom seats. Continual enrollment declines and the removal of Alpine-area high school students will add to the excess capacity figure.
- The excess capacity of Alpine UESD schools is insufficient to meet long-term needs and none of the existing sites are appropriate for a high school educational program.
- Although a new Alpine unified school district would have the land upon which to build a high school (the Lazy A site), it would not have the funds needed for construction of the building.

The feasibility study also states that there is no guarantee that an Alpine unified school district would qualify for any available state bond funds. Available capacity in both districts, combined with the understanding that one reason for excess capacity in the Grossmont UHSD is the formation of a new Alpine unified school district, could negatively affect eligibility. Notwithstanding this concern, the study recognizes that there is potential for state matching funds to construct a new Alpine-area high school by an Alpine unified school district.

Outlined in the feasibility study are three less expensive options a new Alpine district could pursue to provide high school facilities:

- Convert or add on to an existing school site to temporarily or permanently house high school students.
- Construct a new high school on the Lazy A site in phases, beginning with minimum classrooms and core facilities and expanding as enrollment grows and more funding is available.
- Utilize modular classrooms over an interim period, providing time to plan and find financing for construction of a permanent high school.

According to the feasibility study, these options could allow a new district to build a school within its bonding capacity and funding constraints.

Regardless of whether or not the new district pursues one of the less expensive options, costs to provide housing for high school students in the new district would not be insignificant or incidental to the unification proposal. The study recommends that this condition is not substantially met.

The Grossmont UHSD argues that a new Alpine unified district will not have sufficient funds to build the high school envisioned by proponents.

Unification proponents claim that costs associated with a new high school are the same whether it is built by the Grossmont UHSD, using bond funds authorized for that purpose, or built by the new unified school district using other funding sources. Proponents further argue that the new district's equitable share of Grossmont UHSD assets (which include real property

and approved but unissued bond funds) will be sufficient to cover costs for construction of a new high school.

The County Committee unanimously voted (4-0, with one abstention) that this condition is substantially met, conditional upon the new district pursuing a less expensive option to house high school students.

### ***CDE Findings/Conclusion***

The CDE analysis of this condition was prepared by the School Facilities and Transportation Services Division and is Attachment 4. A summary of the analysis follows.

A new Alpine school district may need to construct a high school and the CDE estimates that the cost of a basic 1,000-student high school would be at least \$45 million. Start-up furnishings, equipment and instructional materials also must be acquired. Additional space for continuation, independent study, and other alternative education programs is expected to be needed by the district. Also, the new district likely will require additional space for administration and support services/operations in addition to space for educational programs. The CDE notes that the new district would have limited funding available for construction of the needed facilities.<sup>13</sup>

California voters approved Proposition 51 at the November 2016 election<sup>14</sup>, so it is reasonable to assume that a new Alpine unified district will apply to the School Facilities Program for state construction funding. However, given that a new district likely could not be approved and operational for a number of years, the availability of such funding is uncertain. Additionally, it is uncertain whether a new Alpine unified district would be eligible for state funding.

Removing the Alpine-area students from the Grossmont UHSD would cause a small increase in the surplus student capacity at the high schools of that district. The nine comprehensive high schools of Grossmont UHSD (not including the two charter high schools) have a capacity of 22,866 students and currently (2016–17 enrollment) have 16,518 students (72.2 percent of capacity). Removal of the 579 Alpine-area students attending these schools would decrease utilization to 69.7 percent of capacity.

Formation of a new Alpine unified school district creates the need for a high school whether the new district builds a new school or converts an existing school. It is the opinion of the CDE that the cost of this school will not be insignificant and available funding sources have not been identified. The

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<sup>13</sup> The CDE further notes that Alpine UESD voters have not approved any bond measure for 20 years (Source: Ed-Data [<http://www.ed-data.org>]).

<sup>14</sup> Proposition 51 authorizes \$9 billion in general obligation bonds for new construction and modernization of K–12 public school facilities; charter schools and vocational education facilities; and California Community Colleges facilities.



reorganization proposal also would slightly add to the significant surplus (unused) pupil capacity in the Grossmont UHSD.

The CDE disagrees with the finding of the County Committee that this condition is substantially met.

## **6.8 Not Designed to Significantly Increase Property Values**

### ***Standard of Review***

*EC Section 35753 condition: The proposed reorganization is primarily designed for purposes other than to significantly increase property values.*

The SBE has not adopted regulations regarding this condition. The rationale for the reorganization should be analyzed and, if it is determined to be questionable or not compelling, there should be a consideration of increased property values as the primary reason for the reorganization.

### ***County Committee Evaluation/Vote***

The finding of the county feasibility study is that the goal of the proposed unification is to provide a “well-coordinated education program for the community from grades K through 12.” There is no evidence that the primary reason for the proposal is to raise property values.

Proponents of the unification proposal note that, although the addition of a new high school in the Alpine-area likely will raise property values in the community, increased property values are not the motivation for the more than a decade long effort of the Alpine community to form a new unified school district. The Grossmont UHSD has raised no significant concerns regarding this condition.

The County Committee voted unanimously (5-0) that this condition is substantially met.

### ***CDE Findings/Conclusion***

The CDE agrees with the proponents of the unification proposal and the County Committee that this condition is substantially met. Community interest in unification (and, more generally, providing an opportunity for high school education within the Alpine community) has persisted for decades. There is no evidence that the primary motivation behind these efforts is an increase in property values.

## 6.9 Does Not Cause a Substantial Negative Fiscal Effect

### ***Standard of Review***

*EC Section 35753 condition: The proposed reorganization will continue to promote sound fiscal management and not cause a substantial negative effect on the fiscal status of the affected district.*

The SBE has not adopted regulations regarding this condition. The standards and criteria adopted by the SBE pursuant to *EC Section 33127*, and published in 5 *CCR* sections 15440-15466, are recommended for evaluation of the financial conditions of the affected districts.

### ***County Committee Evaluation/Vote***

The county feasibility study noted that the Alpine UESD had been experiencing numerous fiscal challenges due to revenue losses caused by declining enrollment and state cuts to funding. The district was able to address many of its fiscal challenges through labor negotiations.<sup>15</sup>

A new Alpine unified school district, according to the county study, will face additional fiscal challenges associated with construction of a new high school (including debt service costs) and the operational and staffing costs for this new school. However, increased LCFF entitlements associated with the new high school ADA will be an ongoing source of revenue. Additionally, a commitment to fiscal discipline by the new district will help avoid a substantial negative fiscal effect. Since Alpine-area high school students are less than four percent of Grossmont UHSD ADA, the unification should have insignificant negative fiscal effects on the high school district. Based on these findings, the county study recommends that this condition is substantially met.

The Grossmont UHSD noted that the Alpine UESD's fiscal difficulties resulted in the first teacher strike in San Diego County in 18 years, and led to renegotiated employee contracts with significant employee salary cuts, increased employee costs for health care coverage, and a shortened school-year. The high school district claims that a new Alpine district will not have the fiscal capacity to construct and staff a high school, or operate the more expensive secondary educational programs. Further, the new district would not be able to attract and pay high-quality and experienced teachers such as the ones currently at Grossmont UHSD schools. The Grossmont UHSD also claims that the loss of ADA from its high schools due to the reorganization would impede its own ability to continue funding its high-quality educational programs.

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<sup>15</sup> School Services of California, Inc., the author of the county feasibility study, also was the consultant employed by the Alpine UESD to assist in its labor negotiations.

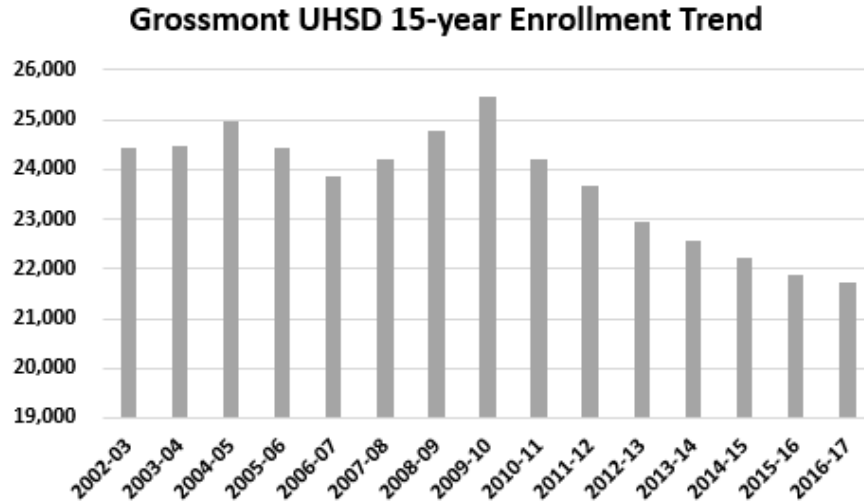
Proponents of the unification claim that the lack of an Alpine-area high school has been a dominant factor in the enrollment declines of the district. These declines have been the primary source of the financial difficulties faced by the district, including chronic budget deficits, staff layoffs, and a teacher strike with subsequent salary and benefit reductions. A new high school will: (1) greatly enhance enrollment prospects in the Alpine area by attracting new families to the community, (2) keep families with children from leaving, and (3) bring back students attending private and charter schools.

Proponents also note that LCFF entitlements for the new unified school district will increase compared to funding for the elementary school district. Moreover, the opportunity to hire a “wide range of experience levels for its credentialed high school teachers” will help to offset the top heavy salary scale that has resulted from years of budget-related layoffs based on seniority. Regarding financial effects of the unification on the Grossmont UHSD, proponents state that Alpine-area students are only about three percent of the high school ADA—loss of these students will not have a substantial effect on the high school district. The County Committee voted unanimously (5-0) that this condition is substantially met.

### ***CDE Findings/Conclusion***

At the time the County Committee considered the unification proposal, the Alpine UESD was experiencing some fiscal difficulties due in part to the declining enrollment the district was experiencing (see Figure 2, page 8 of this report). Although still deficit spending at the time of the County Committee’s review, the district has taken significant steps (including renegotiated collective bargaining agreements that reflected significant concessions on the part of employee bargaining agreements) to improve Alpine UESD’s fiscal stability.

Enrollment in the Grossmont UHSD began a steady decline many years after Alpine UESD enrollment began its decline (see Figure 3 on the next page). These enrollment declines now create fiscal challenges to the Grossmont UHSD similar to the challenges faced by the Alpine UESD. While the Alpine UESD projects that its enrollment will begin to increase beginning with the 2016–17 school-year, the Grossmont UHSD does not expect its enrollment declines to reverse until 2019 at the earliest.

**Figure 3<sup>16</sup>**

The CDE acknowledges that there will be increased administrative costs to the Alpine unified school district due to assumption of responsibilities for a secondary education program. Additionally, the new unified school district likely will encounter increased salary costs due to the inclusion of secondary teachers.<sup>17</sup> However, the CDE also assumes that it was not the Legislature's intent to prohibit all reorganizations that would divide a district—thus, additional administrative and potential salary costs due to the reorganization are not considered a sole reason for determining if this condition is met.

A full CDE analysis of this fiscal condition was prepared by the Financial Accountability & Information Services Office and is Attachment 5. A summary of this analysis follows:

*EC* Section 35735 requires that an integral part of any reorganization proposal shall be the LCFF entitlement computed for the fiscal year prior to the year the district will be reorganized (see Section 6.5). Toward this end, CDE's Principal Apportionment Section calculated hypothetical LCFF entitlements for a new Alpine unified school district and the remaining Grossmont UHSD, assuming the districts were reorganized for 2016–17 (see Section 6.5). Using this LCFF entitlement calculation and the 2016–17 unaudited actuals of both existing districts, the CDE developed a hypothetical fiscal scenario for use in analyzing this condition.

<sup>16</sup> Enrollment values listed in Figure 3 include charter school enrollment.

<sup>17</sup> According to 2015–16 data collected by CDE (*Salary and Benefits Schedule for the Certificated Bargaining Unit* [Form J-90]), the Grossmont UHSD "Salary at BA+60 Step 10" is \$76,676 while the similar value for the Alpine UESD is \$60,871. See CDE Annual Reports for Form J-90 (<https://www.cde.ca.gov/ds/fd/cs/>) for source data.

This scenario shows that the proposed Alpine unified school district would have had 2016–17 deficit spending of \$466,013 and the remaining Grossmont UHSD would have had deficit spending of \$213,241.

This analysis shows the potential for ongoing deficit spending that, without substantial budget reductions, would likely result in the proposed Alpine unified school district not meeting its minimum reserve for economic uncertainties in the second subsequent fiscal year. If the proposed Alpine district is unable to achieve spending reductions, the district could have a qualified interim certification. However, this scenario could be avoided if the high school program costs (i.e. salary, benefit, and other costs) newly established by the proposed Alpine unified district are more in line within its budget. Also, the proposed Alpine district likely would ramp up its new high school program over time thereby allowing the increased costs to be more easily absorbed into its budget.

The scenario also shows deficit spending for the proposed Grossmont UHSD without Alpine-area students. However, the existing Grossmont UHSD already has deficit spending, which would be somewhat alleviated by the proposed reorganization. With or without a district reorganization, Grossmont UHSD projects a need for future budget reductions, and because such a small percentage of its enrollment is affected, it is unlikely the reorganization as a stand-alone factor would cause a substantial negative fiscal effect on the high school district.

Based on this review, due to the potential for deficit spending that would be incurred by the proposed Alpine unified school district of \$466,013, or 2.1 percent of expenditures, the CDE would advise caution while the proposed district builds its new high school program and incurs associated costs. However, since there would be substantial leeway and a reasonable amount of time related to how and when the new program and its costs would be established, the recommended caution is not a disqualifying factor. It is the CDE's opinion that the proposed reorganization would not have a substantial negative effect on either of the two proposed districts.

The CDE agrees with the feasibility report and the County Committee that the proposal substantially meets this condition.

## **7.0 COMPELLING REASONS AND CONCERNS**

Approval of any unification proposal by the SBE is a discretionary action, whether the SBE finds that all *EC* Section 35753 conditions are substantially met or even if all the conditions are not met. Although the SBE cannot approve the proposal to form a new Alpine unified school district at this time, it can decide whether or not the proposal has sufficient merit to move forward. The SBE may consider compelling reasons offered by affected districts, petitioners, community members within the affected districts, and the CDE in making its determination of sufficient merit. It also may consider any concerns raised by these same parties in its deliberations.

The Grossmont UHSD and the unification's proponents (including the Alpine UESD, chief petitioners, and members of the Alpine community) have offered compelling reasons and concerns regarding formation of a new Alpine unified school district, which have been included in other sections of this report and are not repeated here. However, in this section, the CDE summarizes potential compelling reasons and concerns that it considers relevant to its analyses.

### **7.1 Compelling Reasons for Approval**

The SBE may consider any issue it determines to be compelling as a reason to move forward the formation of a new Alpine unified school district, including (but not limited to) the following:

- Long standing interest and efforts on the part of the Alpine UESD and the Alpine community to form a unified school district to serve all students in the Alpine area.
- Historical interest and joint efforts by Grossmont UHSD, Alpine UESD, and the Alpine community to build an Alpine-area high school.
- Geographic location of the Alpine community and its distance from Grossmont UHSD high schools.
- Support from countywide agencies like the San Diego County Grand Jury and the County Board of Education.

### **7.2 Concerns Regarding Moving the Proposal Forward**

Similar to consideration of compelling reasons to move forward the proposal, the SBE may consider any concerns that warrant disapproving the proposal or delaying action on the proposal, including (but not limited to) the following:

- The Alpine UESD has experienced at least 15 years of declining student enrollments. Although kindergarten through eighth grade enrollment increased slightly for the 2016–17 school year and the district projects enrollments to continue to climb in future years, SANDAG projects the numbers of high school age students in the district to be below current numbers until past 2020. SANDAG further projects that the 62+ age group will increase significantly as a percentage of the Alpine-area population (from approximately 20 percent to over 30 percent by 2035). Continued enrollment declines and general population shifts (especially a significantly increased concentration in the 62+ age group) could affect not only the size and scale of a new Alpine-area high school, but also community financial support for its construction and maintenance.
- The academic and extracurricular opportunities of a smaller Alpine high school are unlikely to be comparable to the options available in schools of the Grossmont UHSD (e.g., IB Diploma program at Granite Hills High School, greater variety of AP courses at all high schools, more athletic and other extracurricular opportunities).



- There is little evidence of available financial resources to fund construction of an Alpine unified school district high school.
- There are inconsistencies with, and lack of clarification and supporting data for, some County Committee findings and recommendations regarding the unification proposal. The County Committee determined that the “equitable division of property” condition is met only if an alternative method of dividing property is employed—however, the County Committee provided no details regarding its alternative method of dividing property and obligations (see Section 6.3). Further, if it is assumed that the County Committee’s “alternative method” determines that full funding for a new high school would come from some combination of the resources of the Grossmont UHSD, it is not clear why the County Committee determined that the “increased facilities cost” condition is substantially met only if the new unified district uses existing facilities to house high school students.
- As noted in Section 2.5, there is pending litigation regarding the disposition of Grossmont UHSD general obligation bond funds. The effect of the outcome of this litigation (currently on appeal) on the unification proposal is unclear. Under this circumstance, it is clearly not possible for CDE to analyze the effects of a court-ordered plan and equally not possible for the SBE to consider the effects of any such plan at this time.

## **8.0 COUNTY COMMITTEE *EC* SECTION 35707 REQUIREMENTS**

The *Education Code* requires county committees to make certain findings and recommendations and send them along with the reorganization petition to the SBE. Although many of these required findings and recommendations have been presented previously in this report, they are summarized here:

### **8.1 County Committee Recommendation for the Petition**

*EC* Section 35706 requires county committees to recommend to the SBE approval or disapproval of a petition for unification. The County Committee voted unanimously (4-0)<sup>18</sup> to recommend approval of the proposal to form an Alpine unified school district.

### **8.2 Effect on School District Organization of the County**

*EC* Section 35707 requires a county committee to report whether the proposal would adversely affect countywide school district organization. The

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<sup>18</sup> One of the five members of the County Committee left the meeting prior to completion of all actions. All votes subsequent to this departure are from the four remaining members.

County Committee voted unanimously that the reorganization would not adversely affect school district organization in that county.

### **8.3 County Committee Opinion Regarding EC Section 35753 Conditions**

A county committee must submit its opinion regarding whether the proposal complies with the provisions of EC Section 35753. The County Committee found that all nine conditions in EC Section 35753(a) are substantially met. However, two of the findings came with conditions placed on them by the County Committee. The findings along with vote totals and conditions are:

- Adequate Enrollment (5-0).
- Community Identity (5-0).
- Equitable Division of Property (5-0); assuming an alternative calculation of the division of assets and liabilities that includes consideration of all assets and liabilities of Grossmont UHSD, rather than cash on hand.
- Promotion of Segregation (5-0).
- Increased Costs to State (5-0).
- Educational Program (5-0).
- Increased Housing Costs (4-0, one abstention); assuming Alpine phases in its high school students and uses existing facilities.
- Increased Property Values (5-0).
- Fiscal Effects (5-0).

## **9.0 STAFF RECOMMENDED AMENDMENTS TO THE PETITION**

The SBE has authority to make certain amendments to the plans and recommendations of proposal to reorganize school districts. Although the SBE cannot approve the proposal at this time, the CDE still recommends that the SBE adopt the following amendments recommended by the CDE should it find the proposal has merit and warrants return to the local level for CEQA. It is noted that the SBE may make further amendments to these recommendations if and when it reconsiders the proposal at a later date. The CDE recommendations also are presented as an additional aid to the SBE in determining whether or not the proposal has sufficient merit to move forward.

### **9.1 Article 3 Amendments**

Petitioners may include, and county committees or the 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:

#### ***Membership of Governing Board***

A proposal for unification may include a provision for a governing board of seven members. The petition contains no such provision, but the County

Committee voted to include a provision for a five-member board. The CDE recommends the County Committee provision be included.

### ***Trustee Areas***

The proposal for unification may include a provision for establishing trustee areas for the purpose of electing governing board members of the unified district. No provision regarding trustee areas for governing board elections is included in this petition, but the County Committee voted to include a provision that members would be elected at-large. The CDE recommends the County Committee provision be included.

### ***Election of Governing Board***

A proposal for unification may include a provision specifying that the election for the first governing board be held at the same time as the election on the unification 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 petition does not contain such a provision.

The CDE believes that there are at least two advantages in holding the governing board election at the same time as the election on the unification proposal. First, only one election is required, which reduces local costs. Second, the earlier election of board members gives the new board at least an additional four months to prepare for the formation of the new district.

The County Committee recommended that the election for the first governing board be held at the same time as the election on the unification of the school district. The County Committee further recommended 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.

The CDE recommends the County Committee provision be included.

### ***Computation of Local Control Funding Formula Entitlement***

A proposal for reorganization of school districts must include a computation of the LCFF entitlement for each reorganized district. The CDE's Principal Apportionment Section has calculated that the 2016–17 LCFF entitlements would have been \$19.9 million for the new Alpine district and \$153 million for the remaining Grossmont UHSD—the combined total being slightly less

than 1.3 percent above the 2016–17 LCFF entitlement received by the two current districts.<sup>19</sup>

If the unification is approved, the CDE will recalculate the LCFF entitlements based on information from one year prior to the effective date of the new school district.

### ***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 6.3 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 (other than real property and bonded indebtedness) of Grossmont UHSD. Specifically, staff recommends the following:

- (a) All General Fund and unrestricted reserves and liabilities of the Grossmont UHSD shall be divided based on the proportionate ADA of the high school students residing in the areas of the two affected districts (and not attending a Grossmont UHSD charter high school) on June 30 of the school year immediately preceding the date on which the proposed unification becomes effective for all purposes (*EC* Section 35736).
- (b) All capital project reserves of the Grossmont UHSD shall be divided based on the proportionate AV of the Alpine UESD to the AV of the Grossmont UHSD on June 30 of the school year immediately preceding the date on which the proposed unification becomes effective for all purposes (*EC* Section 35736).
- (c) For each non-charter high school, 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 (*EC* Section 35564).
- (d) As specified in *EC* 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,

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<sup>19</sup> These calculations assume Alpine-area students attending Grossmont UHSD charter schools all would have attended the new Alpine unified school district in 2016–17. Since Grossmont UHSD's actual 2016–17 LCFF entitlement does not include funding for its charter high schools, the percent increase is inflated due to the increase in average daily attendance by including charter students in the proposed Alpine unified district's LCFF calculations.

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 Outstanding Bonded Indebtedness***

The *Education Code* guides the division of the outstanding bonded indebtedness of the Grossmont UHSD. *EC* Section 35576 provides general methods for this division, indicating that the new Alpine district would be liable for the greater of the following:

- A pro rata share of outstanding bonded indebtedness based on the ratio of the Alpine district's AV to the AV of the Grossmont UHSD; or
- The portion of outstanding bonded indebtedness incurred for acquisition or improvement of real property within the boundaries of the new Alpine district.

*EC* Section 35738 also provides the SBE authority to include its own provision for the division of outstanding bonded indebtedness for the purpose of providing greater equity in the division. Due to the pending litigation discussed in Section 2.5 of this report, the Grossmont UHSD is holding approximately \$42 million in capital fund accounts pending a court decision that may require the district to permanently set aside these funds for construction of a new high school. Given this situation, the CDE recommends that the SBE adopt a revised version of the provision for dividing outstanding bonded indebtedness (*EC* Section 35576), in which the new Alpine district would be liable for the greater of the following:

- A pro rata share of outstanding bonded indebtedness based on the ratio of the Alpine district's AV to the AV of the Grossmont UHSD; or
- The portion of outstanding bonded indebtedness incurred for acquisition or improvement of real property within the boundaries of the Alpine UESD and any funds from sold Grossmont UHSD bonds that, for any reason, are transferred to the new Alpine school district.

## **9.2 Area of Election**

*EC* Section 35756 provides that, if the proposal will be sent to an election, the SBE must determine the area of election. Plans and recommendations from the County Committee may include a specified election area, but such specification is not required (*EC* Section 35732). If a plan does not specify the area of election, statute provides that "the election shall be held only in the territory proposed for reorganization." The County Committee has recommended that the election area for the proposed formation of an Alpine unified school district should be this default election area. The SBE may expand this area, but the expansion must comply with the principles discussed below.

In establishing the area of election, the CDE and SBE follow the legal precedent set by the California Supreme Court in *Board of Supervisors of Sacramento County, et al. v. Local Agency Formation Commission* (1992) 3 Cal. 4<sup>th</sup> 903 (“*LAFCO*”). *LAFCO* holds that elections may be confined to the boundaries of the territory proposed for reorganization (the “default” area), provided there is a *rational basis* for doing so. *LAFCO* requires we examine: (1) the public policy reasons for holding a reorganization election within the boundaries specified, and (2) whether there is a genuine difference in the relevant interests of the groups that the election plan creates (in the current reorganization, the analysis examines the interests of voters in the territory of the proposed Alpine district and the interests of voters residing in the remaining Grossmont UHSD).

The reduced voting area must have a fair relationship to a legitimate public purpose. State policy favors procedures that promote orderly school district reorganization statewide in a manner that allows for planned, orderly community-based school systems that adequately address transportation, curriculum, faculty, and administration.

The primary concern of the CDE is the effect on the property owners, parents, and voters remaining in the Grossmont UHSD if the Alpine unification proposal is approved with an “alternative division” of assets as proposed by supporters of the unification effort. If a new Alpine unified district received a share of existing Grossmont UHSD bonded indebtedness that is disproportionate to the elementary school district’s pro rata AV percentage, without a corresponding transfer of bond debt liability, property owners in the remaining Grossmont UHSD could be saddled with a significant increase in property taxes. If the division of assets provides the Alpine district with a disproportionate share of Grossmont UHSD General Fund reserves, the resultant negative effects on the high school district’s fiscal status could jeopardize educational programs.

If the SBE decides the proposal has sufficient merit to move forward, the next step in the process will be compliance with CEQA.<sup>20</sup> The CDE further notes that removal of a disproportionate share of bond funds from the Grossmont UHSD may impede the high school district’s future construction and modernization projects. Such impediment may have environmental effects in addition to the previously described effects on the remaining Grossmont UHSD students, voters, and property owners.

Although the CDE believes that it is too early to recommend an election area, it is likely that serious consideration would be given to recommending expansion of the election area to the entire Grossmont UHSD if either of the

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<sup>20</sup> The California Supreme Court has determined that the reorganization of school districts is a project within the scope and meaning of CEQA (*Fullerton Joint Union High School District v. State Board of Education* [1982], 32 C. 3d 779, 187 Cal. Rptr. 398). Thus, the SBE (as lead agency) is required to consider the impact of a unification proposal on the environment.

alternative divisions of assets is incorporated into the plans and recommendations of the unification proposal.

## **10.0 STATE BOARD OF EDUCATION RECOMMENDED ACTION**

### **10.1 SBE Options**

The SBE has a number of options regarding the proposal to form an Alpine unified school district. Its two primary options are:

- (a) Disapprove the proposal.
- (b) Determine the proposal has sufficient merit to move forward if:
  - (1) The SBE determines:
    - All the conditions in *EC* Section 35753(a) have been substantially met; or
    - All the conditions in *EC* Section 35753(a) are not substantially met, but it is not possible to apply those conditions literally and an exceptional situation exists pursuant to *EC* Section 35753(b).

and,

- (2) The SBE finds there is a compelling reason to move the proposal forward.

If the SBE determines there is sufficient merit to move the proposal forward, it may send it back to the local level for compliance with CEQA, after which the proposal will return to the SBE for final action.

The SBE also has an option to delay taking action, which would allow it to obtain additional information prior to making its decision. In particular, the SBE may wish to delay action until litigation has concluded and it knows what, if any, conditions the court may impose on the disposition of Grossmont UHSD bonds funds (e.g., the \$42 million the district currently holds in capital fund accounts).

Moreover, the SBE has the authority to direct the County Committee to formulate plans and recommendations for the unification proposal (pursuant to *EC* Section 35720 et seq.) regardless of which of the previous stated options it adopts. If the SBE desires to obtain more clarity regarding the County Committee's previous actions (see Section 7.2 for CDE concerns regarding inconsistencies in the County Committee's actions), it may choose to provide such direction.

### **10.2 Recommended Action**

The CDE recommends the SBE disapprove the proposal to create a new Alpine unified school district from the Alpine UESD and corresponding portion of the Grossmont UHSD.

This recommendation is based primarily on concerns that the proposal would significantly increase school facility costs and the new Alpine unified school district likely would be unable to obtain sufficient funding for local facility construction costs (see Section 6.7). This concern has been voiced almost universally throughout the long history of Alpine unification efforts, including:

- A concern in the earlier feasibility study and one of the reasons the County Committee recommended the SBE disapprove the earlier unification effort (see Section 2.3 of this report).
- The primary rationale for the School Services of California, Inc. recommendation that the facilities condition is not substantially met.
- A condition adopted by the County Committee (in its recommendation for the current unification proposal) that the facilities cost standard is met only if the new unified district pursues less costly options to house secondary students.
- Grossmont UHSD's argument that a new Alpine unified school district would be unable to fund construction of a new high school on its own.
- Unification supporters' acknowledgement that the new district could not build a new high school without Grossmont UHSD resources.

Additionally, the CDE has other concerns (as documented in Section 7.2), including high school academic and extracurricular opportunities in a smaller Alpine high school unlikely to be comparable to the options available in schools of the Grossmont UHSD (resulting in some attrition of Alpine-area high school students from an Alpine high school), existence of factors related to slow population growth (e.g., lack of employment opportunities), and projected "aging" of the Alpine-area population.

Should the SBE decide that there is merit to moving the unification proposal forward, the CDE recommends that the SBE adopt the plans and recommendations identified by the CDE in Section 9.0. Such adoption would provide clear direction to the local agencies regarding the provisions that likely will be part of the unification proposal. If the proposal is moved forward to the local level by the SBE, the CDE believes that the affected districts and the Alpine community can use clear SBE directions regarding the proposal to determine what future local actions are in the best interests of the districts and the community.

If the SBE determines the proposal has merit and moves it back to the local level for further action, there will be no time constraints placed upon the petitioners, the Alpine community, or the affected districts. Local parties will have the opportunity to consider numerous issues in light of SBE adopted amendments to the unification petition, including:

- The timing to initiate activities related to CEQA (and expend the funds necessary to comply with CEQA). The parties responsible for



these activities and costs could initiate the process immediately or delay action until: (a) the litigation is settled; (b) questions regarding funding for construction of the high school are resolved; (c) the Grossmont UHSD builds the Alpine-area high school; or for any other related reason. However, the SBE still is the lead agency for CEQA and any local actions regarding CEQA should not be initiated until the SBE approves the actions.

- The appropriate time to bring the unification proposal back to the SBE for final action based on local consideration of issues such as current (and potential) litigation, possible special legislation to address obstacles to the proposed unification, and feasibility of negotiations among affected parties to address concerns related to the unification and/or construction of a new Alpine-area high school.

Similarly, should the SBE choose to delay taking action, the CDE also recommends that it adopt the plans and recommendations identified in Section 9.0 in order to provide local agencies a clear understanding of the provisions that the SBE believes should be part of the unification proposal.

## **Attachment 2: Racial/Ethnic Report**

### **Formation of a New Unified School District from the Alpine Union Elementary School District Portion of the Grossmont Union High School District in San Diego County**

#### **Background**

The San Diego County Committee on School District Organization (County Committee) recommends that the California State Board of Education (SBE) approve a proposal to create an Alpine Unified School District (USD) from the Alpine Union Elementary School District (UESD) and the corresponding geographic portion of the Grossmont Union High School District (UHSD).

Before making its recommendation, the County Committee was required to determine if the proposal substantially met a number of conditions including the following:

The reorganization of the districts will preserve each affected district's ability to educate students in an integrated environment and will not promote racial or ethnic discrimination or segregation. (*Education Code [EC] Section 35753[a][4]*)

The San Diego County Office of Education (COE) contracted with School Services of California, Inc. to prepare a report and recommendations regarding the proposed formation of an Alpine unified school district. The recommendation to the County Committee in this report is that the Alpine unification proposal substantially meets the *EC* Section 35753(a)(4) condition, noting that:

*...it would have no effect on the ethnic or racial makeup of the (Alpine) district because the 9<sup>th</sup> through 12<sup>th</sup> grade students in question are already residents of the district. With regard to the ethnic and racial makeup of Grossmont UHSD following the unification of Alpine Union SD, the reorganization would have minimal impact because the Alpine area high school students account for less than 4% of the enrollment of Grossmont UHSD.*

The County Committee unanimously voted that the proposed formation of an Alpine unified school district substantially meets the *EC* Section 35753(a)(4) condition.

Following is a racial/ethnic report regarding the proposal to form a new Alpine unified school district from the Alpine UESD and the corresponding geographic portion of the Grossmont UHSD, prepared by the California Department of Education (CDE).

## Criteria by which the Unification Proposal was Evaluated

Pursuant to *EC* Section 35753(a)(4), a proposal to reorganize a school district may be approved if it is substantially determined that it would not promote racial or ethnic discrimination or segregation. Section 18573 of Title 5, *California Code of Regulations* (5 *CCR*), requires five factors to be considered in determining whether school district reorganization would promote racial or ethnic discrimination:

- 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.
- 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.
- 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 to alleviate racial or ethnic discrimination or segregation.
- The effect of factors such as distance between schools and attendance centers, terrain, and 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.
- 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.

Each of these factors will be evaluated in light of available information, including information derived from the California Longitudinal Pupil Achievement Data System (CALPADS).

## Discussion and Analysis

### 1. Current Racial/Ethnic Enrollment: District Level Analysis

Table 1a depicts current racial/ethnic enrollment and percentages in the Alpine UESD and the Grossmont UHSD.

**Table 1a. Racial/ethnic enrollment within the existing districts\***

District	African American	American Indian / Alaska Native	Asian	Filipino	Hispanic or Latino	Pacific Islander	White	Two or more
Alpine UESD (number of students)	37	81	18	17	400	7	1,111	51
Grossmont UHSD (number of students)	1,477	136	479	337	8,403	111	9,249	1,500
Alpine UESD (percent of students)	2.1%	4.7%	1.0%	1.0%	23.2%	0.4%	64.5%	3.0%
Grossmont UHSD (percent of students)	6.8%	0.6%	2.2%	1.6%	38.7%	0.5%	42.6%	6.9%

Source data: CALPADS (2016–17)

\* Students with no listed racial-ethnic classification (i.e., no response) are not included in the table. This will be the case for all tables in this report using CALPADS as source data.

As indicated in Table 1a, the percentage of racial/ethnic minority students in the Grossmont UHSD<sup>1</sup> is greater than in the Alpine UESD for all racial/ethnic groups, except for the American Indian/Alaska Native group. Almost five percent of students from the Alpine UESD are in this group compared to about half a percent of the students from the Grossmont UHSD. This increased percentage in the Alpine UESD primarily reflects the Ewiiapaayp and Viejas Bands of Kumeyaay Indians headquartered within the boundaries of the Alpine UESD.

<sup>1</sup> Students from the two charter high schools of Grossmont UHSD (Helix and Steele Canyon) are included in the district totals. This is consistent with CALPADS data collection, CDE data reporting (<https://dq.cde.ca.gov/dataquest/>), and the School Services of California, Inc. feasibility study.

For both districts, the largest racial/ethnic group (other than the white group) is the Hispanic or Latino group. The percentage of Hispanic or Latino students within the Alpine UESD is 23.2 percent, while 38.7 percent of Grossmont UHSD students are Hispanic or Latino. American Indian/Alaska Native in the Alpine UESD is the next largest racial/ethnic group at 4.7 percent, while African American students in the Grossmont UHSD (at 6.8 percent) are the next largest group in that district.

In review of school district organization proposals (consistent with direction provided in the *Handbook for Conducting Racial and Ethnic Studies in School Districts* (Appendix M of the *School District Organization Handbook*<sup>2</sup>), “all minority groups are combined into one numerical quantity for comparison with the white group; this is consistent with the definition of segregation set forth by the California Supreme Court.” Table 1b depicts this combined minority student population in the two districts compared to the white student enrollment.

**Table 1b. Minority student enrollment within the existing districts**

District	Minority	White
Alpine UESD (number of students)	<b>611</b>	<b>1,111</b>
Grossmont UHSD (number of students)	<b>12,443</b>	<b>9,249</b>
Alpine UESD (percent of students)	<b>35.5%</b>	<b>64.5%</b>
Grossmont UHSD (percent of students)	<b>57.4%</b>	<b>42.6%</b>

Source data: CALPADS (2016–17)

Overall, minority student enrollment in the Alpine UESD is 35.5 percent, while students in the Grossmont UHSD are 57.4 percent minority.

## **2. Minority Enrollment in Proposed Unification: District Level Analysis**

Table 2a depicts racial/ethnic enrollment of the proposed Alpine USD and the remaining Grossmont UHSD. The number of students in the proposed district is obtained by combining enrollment of the Alpine UESD with enrollment of students at high schools operated by the Grossmont UHSD that the high school district determined resided within the boundaries of the proposed new district.

As with determination of district enrollment totals for the Grossmont UHSD, all high school students residing within the boundaries of the Alpine UESD (including those

<sup>2</sup> School District Organization Handbook (<https://www.cde.ca.gov/re/lr/do/>).

attending a charter high school) are assumed to be students in a proposed Alpine USD. The CDE recognizes that there will be an undetermined margin of error in actual enrollment in the new district due to students choosing a charter high school, in addition to those students who choose to attend a different school district or make other educational choices as a result of the proposed unification.

**Table 2a. Racial/ethnic high school enrollment in proposed districts**

<b>District</b>	<b>African American</b>	<b>American Indian / Alaska Native</b>	<b>Asian</b>	<b>Filipino</b>	<b>Hispanic or Latino</b>	<b>Pacific Islander</b>	<b>White</b>	<b>Two or more</b>
Proposed Alpine USD (number of students)	<b>8</b>	<b>19</b>	<b>8</b>	<b>7</b>	<b>182</b>	<b>1</b>	<b>537</b>	<b>54</b>
Remaining Grossmont UHSD (number of students)	<b>1,469</b>	<b>117</b>	<b>471</b>	<b>330</b>	<b>8,221</b>	<b>110</b>	<b>8,712</b>	<b>1,446</b>
Proposed Alpine USD (percent of students)	<b>1.0%</b>	<b>2.3%</b>	<b>1.0%</b>	<b>0.9%</b>	<b>22.3%</b>	<b>0.1%</b>	<b>65.8%</b>	<b>6.6%</b>
Remaining Grossmont UHSD (percent of students)	<b>7.0%</b>	<b>0.6%</b>	<b>2.3%</b>	<b>1.6%</b>	<b>39.4%</b>	<b>0.5%</b>	<b>41.7%</b>	<b>6.9%</b>

*Source data: CALPADS (2016–17) and Grossmont UHSD*

The combined minority student populations for a proposed Alpine USD and the remaining Grossmont UHSD are shown in Table 2b below, and are compared with white student populations in those districts. A proposed Alpine USD, based on 2016–17 enrollment data, would be 34.2 percent minority, which is more than one percentage point lower than the 35.5 percent minority value of the Alpine UESD (see Table 1b). The remaining Grossmont UHSD would be 58.3 percent minority, almost a one percentage point increase over the current 57.4 percent (Table 1b).

**Table 2b. Minority high school enrollment in proposed districts**

<b>District</b>	<b>Minority</b>	<b>White</b>
Proposed-Alpine USD	<b>279 (34.2%)</b>	<b>537 (65.8%)</b>
Remaining Grossmont UHSD	<b>12,164 (58.3%)</b>	<b>8,712 (41.7%)</b>

*Source data: CALPADS (2016–17) and Grossmont UHSD*

As can be seen in Table 2b, minority students in the proposed Alpine USD would be slightly over one-third of the total district student enrollment, while minority students in the remaining Grossmont UHSD would be over 58 percent of that district's student population.

### **3. Racial and Ethnic Enrollment: Trends and Rates of Change**

The following tables depict five-year trends and rates of change in minority student enrollment for the Alpine UESD, the Grossmont UHSD, and the two high schools with the greatest number of students residing in the Alpine area (Granite Hills and Steele Canyon high schools).

Over the past five years, the Alpine UESD has experienced almost a 13 percent decrease in student population. The values in Table 3a suggest this decrease is driven by a substantial decline in the white student population (22.4 percent) and, to a lesser degree (because of the smaller numbers in the group), the Asian student population (33.3 percent). All other minority student groups have increased over the five-year period with the two most populated groups (Hispanic or Latino and American Indian/Alaska Native) increasing by 5.5 percent and 5.2 percent, respectively.

**Table 3a. Alpine UESD historical racial/ethnic enrollment**

<b>Year</b>	<b>African American</b>	<b>American Indian / Alaska Native</b>	<b>Asian</b>	<b>Filipino</b>	<b>Hispanic or Latino</b>	<b>Pacific Islander</b>	<b>White</b>	<b>Two or more</b>
2011–12	14	77	27	13	379	3	1,432	50
2012–13	17	86	33	23	359	11	1,329	1
2013–14	41	95	31	23	411	14	1,444	19
2014–15	41	91	21	20	355	11	1,270	31
2015–16	33	91	19	13	365	9	1,130	29
2016–17	37	81	18	17	400	7	1,111	51
% change 2011–12 to 2016–17	164.3%	5.2%	-33.3%	30.8%	5.5%	133.3%	-22.4%	2.0%

*Source data: CALPADS*

Table 3b provides a similar five-year trend for the Grossmont UHSD. High school student enrollment in this district has declined by over eight percent since 2011–12. As with the Alpine UESD, this decline appears to be attributable primarily to the reduction of white students (19.5 percent decrease). Enrollment in other groups also has declined over the past five years, including African American by 12.6 percent and Filipino by 4.5 percent.

However, enrollment in some of the racial/ethnic groups has increased over the past five years. The group with the largest numeric increase is the Hispanic or Latino group (642 students, or 8.3 percent increase). Both the Asian and Two or More groups also increased (13 percent and 14.4 percent respectively).



**Table 3b. Grossmont UHSD historical racial/ethnic enrollment**

Year	African American	American Indian / Alaska Native	Asian	Filipino	Hispanic or Latino	Pacific Islander	White	Two or more
2011–12	1,689	192	424	353	7,761	185	11,484	1,311
2012–13	1,583	168	353	332	7,774	155	10,870	1,512
2013–14	1,622	138	370	353	7,842	139	10,425	1,460
2014–15	1,623	133	389	371	7,889	130	10,067	1,502
2015–16	1,580	146	446	339	8,172	119	9,498	1,537
2016–17	1,477	136	479	337	8,403	111	9,249	1,500
% change 2011–12 to 2016–17	-12.6%	-29.2%	13.0%	-4.5%	8.3%	-40.0%	-19.5%	14.4%

Source data: CALPADS

As with previous comparisons, all minority groups are combined for historical comparisons with the white group. Table 3c provides this comparison for the Alpine UESD. After the past five years, minority student enrollment has increased by 8.5 percent compared with a white student group decrease of 22.4 percent.

**Table 3c. Alpine UESD minority enrollment change**

Year	Minority	White	Total
2011–12	563	1,432	1,995
2016–17	611	1,111	1,722
% change 2011–12 to 2016–17	8.5%	-22.4%	-13.7%

Source data: CALPADS

Table 3d provides a similar comparison for the Grossmont UHSD. Minority student enrollment in this district has increased by 4.4 percent compared to a 19.5 percent decline in white student population.

**Table 3d. Grossmont UHSD minority enrollment change**

Year	Minority	White	Total
2011–12	11,915	11,484	23,399
2016–17	12,443	9,249	21,692
% change 2011–12 to 2016–17	4.4%	-19.5%	-7.3% <sup>3</sup>

Source data: CALPADS

Table 3e provides information regarding the number of Alpine-area high school students attending schools in the Grossmont UHSD. Over 92 percent of these students attend either Granite Hills High School (519 students) or Steele Canyon High School (232 students). These high schools are the only two Grossmont UHSD schools subject to the historical comparisons of this section. The racial/ethnic disaggregation of Alpine-area students attending all Grossmont UHSD schools is provided in Table 3e.

**Table 3e. 2016–17 high school enrollment of Alpine area students**

High School	Total	African American	American Indian / Alaska Native	Asian	Filipino	Hispanic or Latino	Pacific Islander	White	Two or more
El Capitan	30	0	1	0	0	7	0	21	1
Granite Hills	519	4	16	5	4	119	1	340	30
Grossmont	10	0	0	0	0	5	0	5	0
Steele Canyon	232	3	1	3	3	47	0	154	21
Valhalla	11	1	0	0	0	3	0	6	1
All Other	14	0	1	0	0	1	0	11	1

Source data: Grossmont UHSD (2016–17)

As can be seen in Tables 3f and 3g, overall enrollment change over the past five years at the two high schools differs significantly. Enrollment at Granite Hills High School has declined over 13 percent, while Steele Canyon High School enrollment levels are almost completely unchanged. Both high schools have experienced significant declines of over 20 percent in enrollment of white students, while minority

<sup>3</sup> As noted previously, students making no response are not included in table totals in this report. The “No Response” group dropped from 276 students in 2011–12 to 17 students in 2016–17. If this “No Response” group is included, total enrollment in the Grossmont UHSD declined 8.3 percent during the time frame of the table.

student enrollment change is quite different between the two schools. Minority student enrollment at Granite Hills High School decreased slightly while at Steele Canyon High School it increased significantly (35.4 percent).

**Table 3f. Historical enrollment change at Granite Hills High School**

Year	Minority	White	Total
2011–12	1,102	1,588	2,690
2016–17	1,088	1,248	2,336
Percent change 2011–12 to 2016–17	-1.3%	-21.4%	-13.2%

Source data: CALPADS

**Table 3g. Historical enrollment change at Steele Canyon High School**

Year	Minority	White	Total
2011–12	904	1,244	2,148
2016–17	1,223	926	2,149
Percent change 2011–12 to 2016–17	35.3%	-25.6%	0.0%

Source data: CALPADS

It is difficult to draw any conclusions from these differences between the two high schools. Grossmont UHSD policy allows students to attend any high school in the district as long as there is space available. Moreover, Steele Canyon High School is a charter high school that can enroll students from the entire district, as well as from outside of the district's boundaries.<sup>4</sup>

CDE makes no assumptions about charter school attendance of Alpine-area high school students following formation of an Alpine USD. However, the CDE removes these students from Steele Canyon High School, for purposes of this report, to demonstrate the potential effect on that school's racial/ethnic student makeup.

#### **4. Minority Student Enrollment: Projections**

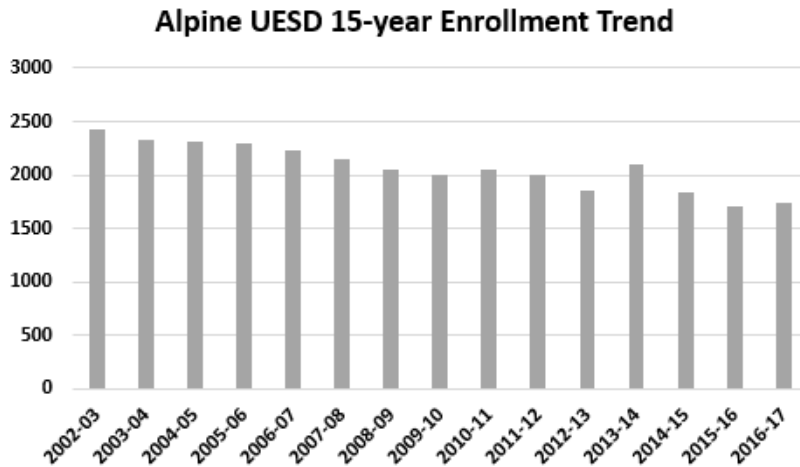
This section addresses minority student enrollment projections in a new Alpine USD and the remaining portion of the Grossmont UHSD. As noted previously, minority student enrollment in the existing districts has increased over the past five years

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<sup>4</sup> The Steele Canyon charter high school gives enrollment preference to students that live within the historical boundary that existed before it converted to charter status. Next in order of preference are students living within other areas of the Grossmont UHSD. The school then can and does accept students from outside Grossmont UHSD, space permitting.

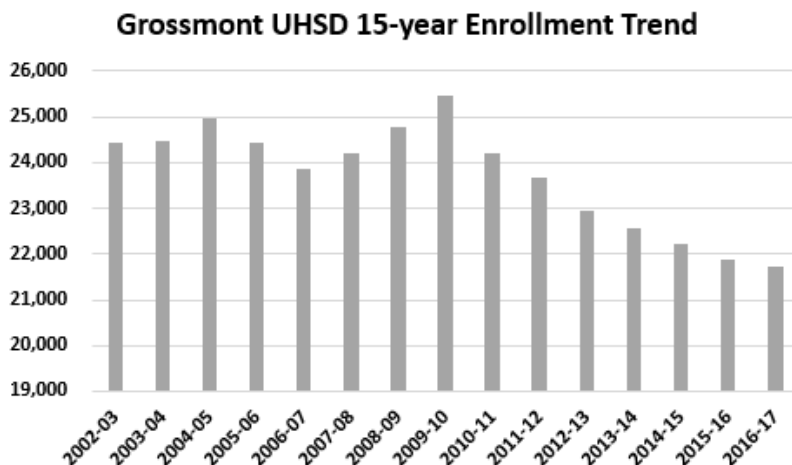
despite overall enrollment declines for each district (see Tables 3c and 3d). These declines, however, have not been confined to the past five years, especially for the Alpine UESD. Figure 4a is a 15-year enrollment trend for the Alpine UESD showing that enrollments in that district have been declining steadily for at least this 15-year period. While Table 3c shows a 13.7 percent decline in Alpine UESD enrollment over the past five years, Figure 4a depicts a greater than 28 percent enrollment decline over the past 15 years (from 2,428 in 2002–03 to 1,745 for 2016–17).

**Figure 4a**



The enrollment jump for Alpine UESD in 2013–14 (over 230 students) reflects the opening of a charter school (Endeavour Academy) by the district to begin that year. That charter school was closed at the end of the 2014–15 academic year. Enrollment in the Grossmont UHSD, as seen in Figure 4b, also has declined from 2002–03 (over 11 percent), but not as significantly as for the Alpine UESD.

**Figure 4b**



Enrollment in the high school district displayed somewhat of a “roller-coaster” ride from 2002–03 until a peak in 2009–10, after which enrollment has been steadily declining (almost a 15 percent decline since the 2009–10 peak).

As noted previously, minority student enrollment has continued to increase in the districts despite declines in overall enrollment (see Tables 3c and 3d). That fact, plus the opening and subsequent closing of the Endeavour Academy in the Alpine UESD, makes it difficult to use historical enrollment trends to project minority student enrollment in the Alpine area. Tables 4a and 4b show annual changes in minority and white students in the Alpine UESD, with the enrollment of Endeavour Academy included and excluded. For each year of the table, the displayed values are the percentage changes in enrollment from the previous year.

**Table 4a. Alpine UESD annual enrollment percentage growth of minority students**

Year	With Endeavour Academy Enrollment	Without Endeavour Academy Enrollment
2012–13	-5.9%	-5.9%
2013–14	19.6%	-3.2%
2014–15	-10.1%	-0.6%
2015–16	-1.9%	9.6%
2016–17	9.3%	9.3%

Source data: CALPADS

**Table 4b. Alpine UESD annual enrollment percentage growth of white students**

Year	With Endeavour Academy Enrollment	Without Endeavour Academy Enrollment
2012–13	-7.2%	-7.2%
2013–14	8.7%	-5.2%
2014–15	-12.1%	-6.7%
2015–16	-11.0%	-3.8%
2016–17	-1.7%	-1.7%

Source data: CALPADS

The enrollment growth for the Alpine UESD, without considering the Endeavour Academy charter school, provides a much “smoother” picture of the enrollment trends in the district. Moreover, the CDE believes that enrollment minus the Endeavour Academy provides a more accurate indicator of enrollment change in the Alpine UESD. As such, the enrollment changes without the charter school are used to project future minority and white student enrollment in the Alpine UESD.

Using a weighted cohort projection model (i.e., giving greater weight to more recent annual enrollment changes), the CDE projects that minority student enrollment would increase by 26 percent in the Alpine UESD over the next five years, while white student enrollment would decrease 20 percent. Given those projections, minority students would be over 46 percent of the student population in the Alpine UESD by the 2021–22 school year.

Given similarities in minority student enrollment in the Alpine UESD and minority student enrollment among Alpine-area high school students attending Grossmont UHSD schools (see Tables 1b and 2b), the CDE assumes that the values calculated for the Alpine UESD will apply to a proposed Alpine USD.

Table 4c depicts annual enrollment changes in minority student and white student enrollment for the Grossmont UHSD.

**Table 4c. Grossmont UHSD annual enrollment percentage growth**

Year	Minority	White
2012–13	-0.3%	-5.3%
2013–14	0.4%	-4.1%
2014–15	0.9%	-3.4%
2015–16	2.5%	-5.7%
2016–17	0.8%	-2.6%

*Source data: CALPADS*

Using a model identical to that used for the Alpine UESD, the CDE projects that minority student enrollment would increase by about six percent in the Grossmont UHSD over the next five years, while white student enrollment would decrease approximately 21 percent. Given those projections, minority students would be over 64 percent of the student population in the Grossmont UHSD by the 2021–22 school year. Alpine-area high school students are less than four percent of the total Grossmont UHSD enrollment. Removal of this small percentage of students would have a small effect on projected growth of minority students in the high school district, increasing the projected percentage of minority students in Grossmont UHSD by approximately one percentage point.

## **5. Effects of Unification on Minority Student Enrollment in Schools**

The proposed unification should have no effects on minority student enrollment at any elementary or middle school in the Alpine UESD and would have insignificant effects on most high schools of the Grossmont UHSD. As depicted in Table 3e, the vast majority of Alpine-area high school students (over 92 percent) attend either

Granite Hills High School or Steele Canyon High School. This section will examine the effects of the unification proposal on minority and white student enrollment at those two high schools. Given the significant and long-term enrollment declines in the Grossmont UHSD (see Figure 4b) and the high school district's policy of allowing students to attend any high school in the district that has available space, the CDE will not attempt to project future enrollment trends for the two high schools.

**Table 5a. Minority enrollment change at Granite Hills High School  
due to removal of Alpine-area students**

Year	Minority	White	Total
2016–17	46.6%	53.4%	2,336
2016–17 (minus Alpine students)	50.0%	50.0%	1,817

*Source data: CALPADS (2016–17) and Grossmont UHSD*

**Table 5b. Minority enrollment change at Steele Canyon High School  
due to removal of Alpine-area students**

Year	Minority	White	Total
2016–17	56.9%	43.1%	2,149
2016–17 (minus Alpine students)	59.7%	40.3%	1,917

*Source data: CALPADS (2016–17) and Grossmont UHSD*

As can be seen in the above Tables 5a and 5b, 2016–17 minority student enrollment at Granite Hills High School and Steele Canyon High School would increase by over three percentage points at each school, while white student enrollment would decrease by about 3.5 percentage points at Granite Hills High School and decrease by over three percentage points at Steele Canyon High School.

## 6. Governing Board Policies

The governing boards of both the Alpine UESD and the Grossmont UHSD have adopted policies of non-discrimination in district programs and activities to promote equal opportunity for all individuals and programs.

## 7. Factors Affecting Feasibility of Integration

The Grossmont UHSD has plans to build a high school in the Alpine area once the current declining enrollment trends in the district have reversed and total district enrollment reaches a target level. If the new Alpine USD is approved, the new district will be required to provide a high school within its boundaries. Thus, regardless of the success of the Alpine unification proposal, a new high school in the

Alpine area potentially will be available. The feasibility of integrating an Alpine-area high school with other Grossmont UHSD students likely would be limited.

## **8. Summary Statement: Findings of Fact**

The Grossmont UHSD student population currently is 57.4 percent minority. High school students from the Alpine-area are less than four percent of the total Grossmont UHSD enrollment—thus, if the Alpine UESD were to withdraw from the district, the overall minority student population of the Grossmont UHSD would be relatively unchanged, at 58.3 percent.

The Alpine-area high school students are 34.2% minority. Over 92 percent of these students attend either Granite Hills or Steele Canyon high schools, which are 46.6 percent minority and 56.9 percent minority, respectively. Removal of the Alpine-area students from these two high schools would result in increasing the minority student population by just over three percentage points in each of the schools.

Minority students in the Alpine UESD, based on historical enrollment trends, are increasing more rapidly than the percentage of minority students in the Grossmont UHSD. Over the past five years, Alpine UESD's minority student population has increased by 8.5 percent, while the increase in the Grossmont UHSD over the same time period has been 4.4 percent. The largest increases at Alpine UESD have been in the past two years (over nine percent increases in each of these years)—given this trend, a weighted projection model suggests that Alpine UESD minority students could increase by about 26 percent over the next five years.

An Alpine-area high school potentially will be available regardless of the unification proposal's success. Alpine-area high school students will make choices to attend (or not attend) the new high school regardless of which district ultimately builds it.

## **9. Conclusion**

Given the above findings of fact, the CDE recommends that the proposal to form a new Alpine USD substantially complies with *EC* Section 35753(a)(4).



## **Attachment 3: Educational Program Report**

### **Formation of a New Unified School District from the Alpine Union Elementary School District Portion of the Grossmont Union High School District in San Diego County**

#### **1. Background**

The San Diego County Committee on School District Organization (County Committee) recommended that the California State Board of Education (SBE) approve a proposal to create a new Alpine Unified School District (USD) from the Alpine Union Elementary School District (UESD) and the corresponding geographic portion of the Grossmont Union High School District (UHSD).

Before making its recommendation, the County Committee was required to determine if the proposal substantially met a number of conditions, including the following (*Education Code [EC] Section 35753[a][6]*):

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

The San Diego County Office of Education (COE) contracted with School Services of California, Inc. to prepare a report and recommendations regarding the proposed formation of an Alpine unified school district. The recommendation to the County Committee in this report is that the Alpine unification proposal substantially meets the *EC Section 35753(a)(6)* condition, noting that:

*Given the assumption that all students currently attending Alpine Union SD will continue on into high school at the Alpine Unified School District, it can be inferred that the school site rankings and API currently prevailing in Alpine Union SD will continue through to the Alpine Unified School District high school program. And while the Alpine Unified School District will be building a high school program from the ground up, there is reason to believe that with time and the hiring of experts in secondary education, the Alpine Unified School District will be able to offer a quality secondary education to its high school students.*

The County Committee unanimously voted that the proposed formation of an Alpine unified school district substantially meets this *EC Section 35753(a)(4)* condition.

Following is an educational program report regarding the proposal to form a new Alpine USD from the Alpine UESD and the corresponding geographic portion of the Grossmont UHSD, prepared by the California Department of Education (CDE).

## 2. Schools in Affected Districts

The Alpine UESD has three elementary schools (two have first through fifth grades and one has kindergarten through fifth grade), one middle school (sixth through eighth grade), one early learning center (kindergarten only), and one alternative program (kindergarten through eighth grade). The six schools (listed in the following table) have a combined kindergarten through eighth grade enrollment of 1,745. All enrollment data is from the California Longitudinal Pupil Achievement Data System (CALPADS) for the 2016–17 academic year.

**Table 2a: Schools in Alpine UESD**

School	Grade Levels	Enrollment
Creekside Early Learning Center	K	247
Alpine Elementary School	1-5	260
Boulder Oaks Elementary School	1-5	270
Shadow Hills Elementary School	K-5	334
Joan MacQueen Middle School	6-8	556
Mountain View Learning Academy	K-8	78

*Source data: CALPADS (2016–17)*

The Alpine UESD is a component district of the Grossmont UHSD—therefore eighth grade students graduating from Joan MacQueen Middle School become resident students of the Grossmont UHSD. There are 11 comprehensive high schools in the Grossmont UHSD, four special education programs, two alternative education sites, and one continuation high school.

Based on residential address, Alpine-area students are assigned to Granite Hills High School. However, the high school district also offers a school “Choice Enrollment” opportunity each spring, where students may request enrollment at another school, as long as there is sufficient space available at that school. As such, Alpine-area high school students were enrolled in seven of the 11 Grossmont UHSD comprehensive high schools during the 2016–17 school year. However, 92 percent of the students were enrolled in one of two comprehensive high schools: Granite Hills High School and Steele Canyon High School. For purposes of this report, school level educational program data will be provided only for these two schools.

Two of the 11 comprehensive high schools in Grossmont UHSD are charter schools—Helix High School and Steele Canyon High School. Both schools are conversion charter schools authorized by the Grossmont UHSD.<sup>1</sup> No Alpine-area

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<sup>1</sup> Helix became a charter school effective 8/31/1998, while Steele Canyon’s effective date was 8/16/2007.

high school students currently attend Helix High School, but Alpine students are almost 11 percent of the student population of Steele Canyon High School.

Enrollment of Alpine-area students in each Grossmont UHSD school for the 2016–17 year is displayed in the following table.

**Table 2b: Schools in Grossmont UHSD**

<b>School</b>	<b>Type</b>	<b>Total enrollment*</b>	<b>Alpine-area enrollment*</b>
El Cajon High	<b>Comprehensive</b>	<b>1,815</b>	<b>0</b>
El Capitan High	<b>Comprehensive</b>	<b>1,600</b>	<b>30</b>
Granite Hills High	<b>Comprehensive</b>	<b>2,337</b>	<b>519</b>
Grossmont High	<b>Comprehensive</b>	<b>2,253</b>	<b>10</b>
Helix High	<b>Comprehensive</b>	<b>2,511</b>	<b>0</b>
Monte Vista High	<b>Comprehensive</b>	<b>1,683</b>	<b>0</b>
Mount Miguel High	<b>Comprehensive</b>	<b>1,302</b>	<b>0</b>
Santana High	<b>Comprehensive</b>	<b>1,601</b>	<b>4</b>
Steele Canyon High	<b>Comprehensive</b>	<b>2,163</b>	<b>232</b>
Valhalla High	<b>Comprehensive</b>	<b>2,101</b>	<b>11</b>
West Hills High	<b>Comprehensive</b>	<b>1,826</b>	<b>5</b>
Chaparral High	<b>Continuation</b>	<b>65</b>	<b>0</b>
Grossmont Middle College High	<b>Alternative</b>	<b>72</b>	<b>1</b>
IDEA Center	<b>Alternative</b>	<b>156</b>	<b>1</b>
Elite Academy	<b>Special Education</b>	<b>43</b>	<b>0</b>
MERIT Academy	<b>Special Education</b>	<b>73</b>	<b>1</b>
REACH Academy	<b>Special Education</b>	<b>33</b>	<b>1</b>

Source data: CALPADS (2016–17) and Grossmont UHSD

\* Not listed are 75 total students (one from the Alpine area) in nonpublic, nonsectarian schools.

### **3. Schools in Proposed Districts**

If the proposal to form a new Alpine unified school district is approved, the new district will operate the school sites located within its boundaries, while the remaining

portion of Grossmont UHSD will retain all schools located within its boundaries that are not within the boundaries of the proposed Alpine district.

The proposed unification will not affect operation of the two Grossmont UHSD charter high schools as both schools are authorized by the high school district and the school sites are located outside the boundaries of the Alpine UESD. Although recognizing that Alpine-area students may make choices other than attending a smaller local high school (e.g., charter schools, specific academic programs or extracurricular activities offered at larger high schools), CDE assumes for purposes of this report that all Alpine-area students will attend schools in the proposed Alpine USD. This assumption follows previous CDE practice when analyzing school district reorganization proposals and reflects the analysis of this condition contained in the School Services of California, Inc. feasibility study.

Since the Grossmont UHSD has no schools within the Alpine boundaries, a new Alpine unified school district would operate the schools listed in Table 2a and Grossmont UHSD would continue to operate the schools listed in Table 2b.

There is no comprehensive high school located within the Alpine UESD. A new Alpine unified district will have to provide housing for its 816 high school students<sup>2</sup> currently in Grossmont UHSD facilities. Pursuant to subdivision (b) of *Education Code* Section (EC) 35780, the district could be subject to lapsation if facilities are not provided within five years of formation of the new district. Between the date a new Alpine district is effective and the time it can provide housing for its high school students, the new district is required to contract with another district to provide educational services for its unhoused students (EC Section 46304).

The new district also will need to provide for the education of its alternative educational and special education high school students.

#### **4. Students in Current and Reorganized Districts and Schools**

California's Local Control Funding Formula (LCFF) provides additional funding, through supplemental and concentration grants, based on the percentage of the targeted disadvantaged students in a school district (those students classified as English learners [EL], eligible to receive a free or reduced-price meal [FRPM], foster youth, or any combination of these factors). The additional funding is to provide increased or improved services to disadvantaged students to help them succeed academically. The two primary factors determining supplemental and concentration grant funding are the EL students and students eligible for the FRPM program. Table 4a depicts the percentages of students in these two groups who attend schools in either the Alpine UESD or the Grossmont UHSD.

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<sup>2</sup> This number includes five students in special education and alternative education programs.

As can be seen in the following Table 4a, students in the Alpine UESD are less likely to be classified as EL or eligible for the FRPM program. These differences also exist when comparing just high school students.

**Table 4a: EL and FRPM Students in Current Districts/Schools**

<b>District/School</b>	<b>English Learners</b>	<b>Free/Reduced Price Meals</b>
Alpine UESD	<b>5.0%</b>	<b>27.8%</b>
Creekside Early Learning Center	<b>1.2%</b>	<b>23.5%</b>
Alpine Elementary School	<b>11.9%</b>	<b>44.6%</b>
Boulder Oaks Elementary School	<b>4.4%</b>	<b>21.9%</b>
Shadow Hills Elementary School	<b>4.5%</b>	<b>26.9%</b>
Joan MacQueen Middle School	<b>4.5%</b>	<b>25.7%</b>
Mountain View Learning Academy	<b>1.3%</b>	<b>24.4%</b>
Grossmont UHSD	<b>10.9%</b>	<b>53.2%</b>
Granite Hills High School	<b>5.3%</b>	<b>47.2%</b>
Steele Canyon High School	<b>7.9%</b>	<b>26.0%</b>

*Source data: CALPADS (2016–17)*

Tables 4b and 4c show the percentages of EL and FRPM students attending Grossmont UHSD and the two selected high schools: Granite Hills High School and Steele Canyon High School. Comparisons between Alpine-area students and all other students also are displayed.

**Table 4b: Percentage of High School EL Students from Alpine Area**

<b>School</b>	<b>Alpine-area students in Grossmont UHSD</b>	<b>Non-Alpine-area students in Grossmont UHSD</b>	<b>All Students</b>
All Grossmont UHSD Schools	<b>2.5%</b>	<b>11.2%</b>	<b>10.9%</b>
Granite Hills High School	<b>2.7%</b>	<b>6.0%</b>	<b>5.3%</b>
Steele Canyon High School	<b>2.2%</b>	<b>8.6%</b>	<b>7.9%</b>

*Source data: CALPADS (2016–17) and Grossmont UHSD*

**Table 4c: Percentage of High School FRPM Students from Alpine Area**

<b>School</b>	<b>Alpine-area students in Grossmont UHSD</b>	<b>Non-Alpine-area students in Grossmont UHSD</b>	<b>All Students</b>
All Grossmont UHSD Schools	<b>25.2%</b>	<b>54.3%</b>	<b>53.2%</b>
Granite Hills High School	<b>30.4%</b>	<b>52.0%</b>	<b>47.2%</b>
Steele Canyon High School	<b>11.2%</b>	<b>27.8%</b>	<b>26.0%</b>

*Source data: CALPADS (2016–17) and Grossmont UHSD*

Removing Alpine-area students from the Grossmont UHSD would result in a small increase in the percentages of Grossmont UHSD students classified as EL or eligible for the FRPM program. The percentage of Grossmont UHSD students classified as EL increases from 10.9 percent to 11.2 percent when Alpine-area students are removed. Similarly, the percentage of Grossmont UHSD students eligible for the FRPM program increases from 53.2 percent to 54.3 percent. Such increase will represent a slight increase in the Unduplicated Pupil Count for Grossmont UHSD, which may affect (increase) the calculated supplemental and concentration grant funding portion of its Local Control Funding Formula.

Similar changes occur at Granite Hills High School and Steele Canyon High School when the Alpine-area students are removed.

## **5. Districtwide Educational Issues**

### ***Academic Accountability***

California's new accountability and continuous improvement system is based on a five-by-five grid that produces 25 results and five performance levels (Blue, Green, Yellow, Orange, and Red). This five-by-five grid combines a district's or a school's Status and Change to make an overall determination for each academic measure (equal weight is provided to both Status and Change).

Status is based on the most recent year of data for a particular accountability indicator. The five Status levels are:

- Very high
- High
- Medium
- Low
- Very low

Change is the difference between performance from the most recent year of data and the prior year data. The five Change levels are:

- Increased significantly
- Increased
- Maintained
- Declined

- Declined significantly

Combining Status and Change results in a color-coded performance level for each accountability indicator. The five color-coded performance levels in order are: blue (highest), green, yellow, orange, and red (lowest). The first release of data for this accountability system was March 2017.<sup>3</sup>

Districtwide results for the Grossmont UHSD on the English Learner Progress and Graduation indicators are displayed in Table 5a.

**Table 5a: Grossmont UHSD Placement in California Accountability Model**

Indicator	Status	Change	Performance Level
English Learner Progress	Medium	Maintained	Yellow
Graduation	Low	Increased Significantly	Yellow

*Source: 2017 (Spring) California Accountability Model*

The English Learner Progress Indicator measures the percent of English Learner (EL) students who are making progress toward language proficiency from one year to the next on the California English Language Development Test (CELDT) and the number of ELs who were reclassified from EL to fluent English proficient in the prior year. The Graduation indicator is based on four-year cohort graduation rates. A graduation cohort is a group of high school students who could potentially graduate with a regular high school diploma within four years of entering grade nine.

The California Accountability Model indicators apply not only to the overall student population but also to all student subgroups (e.g., race/ethnicity, socioeconomically disadvantaged, ELs, and students with disabilities). Table 5b displays student subgroup placement on the Graduation Indicator for the Grossmont UHSD.

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<sup>3</sup> For more information on the accountability system, including descriptions of indicators used in the remainder of this section, see the CDE California Accountability Model & School Dashboard (<https://www.cde.ca.gov/ta/ac/cm/>).

**Table 5b: Grossmont UHSD Graduation Rate for Select\* Subgroups**

<b>Subgroup</b>	<b>Status</b>	<b>Change</b>	<b>Performance Level</b>
All Students	<b>Low</b>	<b>Increased Significantly</b>	<b>Yellow</b>
English Learners	<b>Low</b>	<b>Increased Significantly</b>	<b>Yellow</b>
Socioeconomically Disadvantaged	<b>Low</b>	<b>Increased Significantly</b>	<b>Yellow</b>
Students with Disabilities	<b>Very Low</b>	<b>Increased Significantly</b>	<b>Red</b>
African American	<b>Low</b>	<b>Increased Significantly</b>	<b>Yellow</b>
Hispanic	<b>Low</b>	<b>Increased Significantly</b>	<b>Yellow</b>
Two or More Races	<b>Medium</b>	<b>Increased</b>	<b>Green</b>
White	<b>Medium</b>	<b>Increased Significantly</b>	<b>Green</b>

Source: 2017 (Spring) California Accountability Model

\* Subgroups selected contain at least 100 students

Elementary schools and districts have a different set of indicators than do schools and districts serving high school students. The high school Graduation Indicator clearly would not apply to schools and districts that do not serve high school students. Moreover, elementary schools and districts have Academic Indicators that do not apply to high school students.

Academic Indicators are based on California Assessment of Student Performance and Progress (CAASPP) English language arts/literacy and mathematics results, and apply to districts and schools serving grades three through eight.

Districtwide results for the Alpine UESD on the English language arts/literacy (ELA) and mathematics components of the Academic Indicator are in Table 5c.

**Table 5c: Alpine UESD Placement in California Accountability Model**

<b>Indicator</b>	<b>Status</b>	<b>Change</b>	<b>Performance Level</b>
English Learner Progress	<b>High</b>	<b>Increased Significantly</b>	<b>Blue</b>
English Language Arts	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
Mathematics	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>

Source: 2017 (Spring) California Accountability Model



As noted previously, the California Accountability Model indicators apply not only to the entire student population but also to all student subgroups. Table 5d displays student subgroup results for the Alpine UESD on the ELA assessment.

**Table 5d: Alpine UESD ELA Assessment for Select\* Subgroups**

<b>Subgroup</b>	<b>Status</b>	<b>Change</b>	<b>Performance Level</b>
All Students	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
English Learners	<b>Low</b>	<b>Increased Significantly</b>	<b>Yellow</b>
Socioeconomically Disadvantaged	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
Students with Disabilities	<b>Very Low</b>	<b>Maintained</b>	<b>Red</b>
American Indian	<b>Low</b>	<b>Increased Significantly</b>	<b>Yellow</b>
Hispanic	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
White	<b>Medium</b>	<b>Increased</b>	<b>Green</b>

*Source: 2017 (Spring) California Accountability Model*

*\* Subgroups selected contain at least 50 students.*

Alpine UESD subgroup results on the ELA assessment reflect the trends seen on the Graduation Indicator for the Grossmont UHSD (see Table 5b). Performance levels for the “white” subgroups in both districts exceed the performance levels of all other subgroups. However, performance of all subgroups in both districts (with one exception: Alpine UESD “students with disabilities”) “increased” or “increased significantly” over the previous year.

Alpine UESD subgroup results on the mathematics assessment mirror Performance Levels similar to the district’s subgroup results on the ELA assessment. However, fewer subgroups demonstrated a performance increase over the previous year’s results. The following Table 5e displays the mathematics assessment results for the Alpine UESD.

**Table 5e: Alpine UESD Math Assessment for Select\* Subgroups**

<b>Subgroup</b>	<b>Status</b>	<b>Change</b>	<b>Performance Level</b>
All Students	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
English Learners	<b>Low</b>	<b>Maintained</b>	<b>Yellow</b>
Socioeconomically Disadvantaged	<b>Low</b>	<b>Maintained</b>	<b>Yellow</b>
Students with Disabilities	<b>Very Low</b>	<b>Maintained</b>	<b>Red</b>
American Indian	<b>Low</b>	<b>Increased Significantly</b>	<b>Yellow</b>
Hispanic	<b>Low</b>	<b>Maintained</b>	<b>Yellow</b>
White	<b>Medium</b>	<b>Increased</b>	<b>Green</b>

Source: 2017 (Spring) California Accountability Model

\* Subgroups selected contain at least 50 students.

### ***Alternative Education***

The Grossmont UHSD provides alternative education programs for Alpine-area grade nine through twelve students. If the proposal to form a new Alpine USD is approved, the new district eventually will need to provide facilities, staff, and resources to serve its students who are in these alternative education programs.

### ***Special Education***

Both the Alpine UESD and the Grossmont UHSD are part of the East County Special Education Local Plan Area (SELPA). In addition to Alpine UESD and Grossmont UHSD, the East County SELPA is composed of the remaining seven component elementary districts of Grossmont UHSD, the Mountain Empire USD, and the Barona Indian Charter School.

In addition to providing services to eligible students in the appropriate grade ranges, most of the elementary districts in this SELPA provide services to three to five year-olds with disabilities. Both the Grossmont UHSD and Mountain Empire USD also provide special education and transition services for eligible 18 to 22 year-old students.

If an Alpine USD is approved, it is likely that this new district would become part of the East County SELPA.

## 6. Schoolwide Educational Issues

### ***Academic Accountability***

As noted in Section 2, the Alpine UESD has three elementary (K–5) schools and one middle school—the Academic Indicator applies to these four schools (on the basis of serving students in grades three through eight). ELA and mathematics results of the Academic Indicator for the four schools are displayed in Tables 6a and 6b.

**Table 6a: Alpine UESD School Placement on English Language Arts Indicator**

<b>School</b>	<b>Status</b>	<b>Change</b>	<b>Performance Level</b>
Alpine Elementary School	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
Boulder Oaks Elementary School	<b>High</b>	<b>Increased Significantly</b>	<b>Blue</b>
Shadow Hills Elementary School	<b>Low</b>	<b>Declined Significantly</b>	<b>Red</b>
Joan MacQueen Middle School	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>

*Source: 2017 (Spring) California Accountability Model*

**Table 6b: Alpine UESD School Placement on Mathematics Indicator**

<b>School</b>	<b>Status</b>	<b>Change</b>	<b>Performance Level</b>
Alpine Elementary School	<b>Medium</b>	<b>Maintained</b>	<b>Yellow</b>
Boulder Oaks Elementary School	<b>High</b>	<b>Increased Significantly</b>	<b>Blue</b>
Shadow Hills Elementary School	<b>Low</b>	<b>Declined Significantly</b>	<b>Red</b>
Joan MacQueen Middle School	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>

*Source: 2017 (Spring) California Accountability Model*

Performance levels for the three elementary schools demonstrate a wide variance, with the performance level of Shadow Hills Elementary School at the lowest level (red), the performance level of Boulder Oaks Elementary School at the highest level (blue), and Alpine Elementary School in between with a yellow level. The performance level of Joan MacQueen Middle School, which receives students from all three of the elementary schools, also receives a yellow performance level for both the ELA and mathematics results of the Academic Indicator.

As noted in Section 2, 92 percent of the Alpine-area high school students were enrolled at either Granite Hills High School or Steele Canyon High School. English Learner Progress and Graduation indicator placements on the California Accountability Model for these two schools are shown in Tables 6c and 6d.

**Table 6c: High School Placement on English Learner Progress Indicator**

<b>School</b>	<b>Status</b>	<b>Change</b>	<b>Performance Level</b>
Granite Hills High School	<b>Medium</b>	<b>Increased</b>	<b>Green</b>
Steele Canyon High School	<b>Very High</b>	<b>Increased Significantly</b>	<b>Blue</b>

*Source: 2017 (Spring) California Accountability Model*

**Table 6d: High School Placement on Graduation Rate Indicator**

<b>School</b>	<b>Status</b>	<b>Change</b>	<b>Performance Level</b>
Granite Hills High School	<b>Medium</b>	<b>Increased</b>	<b>Green</b>
Steele Canyon High School	<b>Very High</b>	<b>Maintained</b>	<b>Blue</b>

*Source: 2017 (Spring) California Accountability Model*

The English Learner Progress and Graduation indicator performance levels for both Granite Hills High School and Steele Canyon High School exceed the Grossmont UHSD districtwide performance levels for these indicators (see Table 5a).

### ***Advanced Placement Courses***

The Advanced Placement (AP) test program is administered by the College Board, a non-profit organization with a mission to help prepare high school students for college. AP courses are intended to be offered by high schools as rigorous, college-level classes in a variety of subjects. For a course to be designated as AP, the College Board must determine that it meets requirements of the AP curriculum.

The total numbers of students enrolled in AP courses in 2016–17, as well as total school enrollments, at both the Granite Hills and Steele Canyon high schools are shown in Tables 6e and 6f. The numbers of Alpine-area high school students also are disaggregated from these schoolwide enrollment figures.

**Table 6e: Granite Hills High School AP Enrollment**

<b>Enrollment Type</b>	<b>All Students</b>	<b>Alpine-area Students</b>	<b>Percent Alpine-area Students</b>
Total School Enrollment	<b>2,337</b>	<b>519</b>	<b>22.2%</b>
AP Course Enrollment*	<b>612</b>	<b>143</b>	<b>23.4%</b>

*Source: Grossmont UHSD*

*\* The numbers represent course enrollment and are not indicators of an unduplicated count of students*

**Table 6f: Steele Canyon High School AP Enrollment**

<b>Enrollment Type</b>	<b>All Students</b>	<b>Alpine-area Students</b>	<b>Percent Alpine-area Students</b>
Total School Enrollment	<b>2,163</b>	<b>232</b>	<b>10.7%</b>
AP Course Enrollment*	<b>1,207</b>	<b>192</b>	<b>15.9%</b>

Source: Grossmont UHSD

\* The numbers represent course enrollment and are not indicators of an unduplicated count of students

For the 2016–17 school year, Granite Hills High School offered 11 AP courses with a total enrollment of 612<sup>4</sup>, while Steele Canyon High School offered 15 AP courses with a total enrollment of 1,207. Alpine-area high school students are well-represented in the AP courses offered at both high schools. They account for 23.4 percent of the AP course enrollment at Granite Hills High School (they are 22.2 percent of the total enrollment at that school). At Steele Canyon High School, Alpine-area students are 15.9 percent of the AP course enrollment and 10.7 percent of the total enrollment.

### ***Granite Hills High School International Baccalaureate Program***

Granite Hills High School also provides an International Baccalaureate (IB) Diploma program. It is one of only eight high schools in San Diego County offering the IB program, and the only such school serving eastern San Diego County.

The IB Diploma program is an advanced, comprehensive program of study offering an integrated approach to learning across academic subjects with an emphasis on meeting the challenges of living and working in a global, technological society. Students at Granite Hills High School who are not IB Diploma candidates may still take IB Diploma courses and earn college credit by passing tests in those selected subject areas.

As with the AP program at the school, Alpine-area high school students are well-represented in Granite Hills IB Diploma courses. Table 6g displays the total numbers of students enrolled in the IB Diploma courses, as well as total school enrollment. The numbers of Alpine-area high school students also are disaggregated from these schoolwide enrollment figures. As can be seen in Table 6g, Alpine-area students are 22.5 percent of the IB Diploma course enrollment at Granite Hills High School and 22.2 percent of the total school enrollment.

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<sup>4</sup> Granite Hills High School provides an International Baccalaureate diploma program in addition to its selection of AP courses.

**Table 6g: Granite Hills High School IB Diploma Program Enrollment**

<b>Enrollment Type</b>	<b>All Students</b>	<b>Alpine-area Students</b>	<b>Percent Alpine-area Students</b>
Total School Enrollment	<b>2,337</b>	<b>519</b>	<b>22.2%</b>
IB Course Enrollment*	<b>659</b>	<b>148</b>	<b>22.5%</b>

Source: Grossmont UHSD

\* The numbers represent course enrollment and are not indicators of an unduplicated count of students

## 7. High School Education Programs

The *Education Code* would require the new Alpine district to have sufficient facilities to provide educational services to all of its students within five years.<sup>5</sup> Thus, the new district would need to build a facility to house all of its high school students. During this construction period, the new Alpine district would contract with another district (likely the Grossmont UHSD) to provide for the education of its secondary students.

Given the need for a new Alpine USD to educate its high school students in its own facilities, a successful unification proposal could eventually result in creation of a new high school and removal of a number of Alpine-area students from Grossmont UHSD schools (particularly Granite Hills and Steele Canyon high schools).

### ***New Alpine High School***

Currently, there are 816 high school students who reside within the boundaries of the Alpine UESD and attend Grossmont UHSD. If the unification proposal is approved, it is reasonable to assume that a new Alpine high school would be fully operational by 2025 and would enroll approximately 800 students.<sup>6</sup> This is much smaller than any of the comprehensive high schools in the Grossmont UHSD (see Table 2b), which range in size from about 1,300 to 2,500 students (as noted previously, 92 percent of Alpine-area high school students attend either Granite Hills High School [2,337 students] or Steele Canyon High School [2,163 students]).

It is unlikely that an Alpine high school, due to its smaller enrollment, could match the academic options (e.g., number of AP courses, IB Diploma program) or extra-curricular activities (e.g., athletic opportunities) currently offered at the Granite Hills

<sup>5</sup> If a new district fails to provide sufficient facilities to educate all secondary students within five years, the SBE may direct the County Committee on School District Organization to lapse the district or revert it to its original status (*EC* Section 35780).

<sup>6</sup> Although high school enrollments have been declining for many years in the area, Grossmont UHSD long-term projections are that the numbers of high school age students will begin to increase in the next few years. For the Alpine area, the San Diego Association of Governments projects 752 15 to 17 year-olds in 2020, with numbers in this group increasing in subsequent years.

and Steele Canyon high schools. This inability could result in some Alpine-area high school students seeking to attend either Granite Hills High School (with its IB Diploma program) on an interdistrict transfer or Steele Canyon High School (it is anticipated that Alpine-area students could apply to attend that charter school).<sup>7</sup>

As noted previously, CDE recognizes that Alpine-area students, as they do now, may choose (for a variety of reasons) to attend a high school that is not within the district in which they reside (e.g., private schools, charter schools, specific academic programs or extracurricular activities offered at larger high schools). However, CDE assumes for purposes of this report that all Alpine-area students will attend schools in the proposed Alpine USD.

The academic performance of Alpine UESD students is comparable to the academic performance of students in the other component elementary school districts of Grossmont UHSD (see Tables 7a and 7b). Similarities in the Academic Indicators across these districts suggest that academic performance of students in an Alpine USD secondary program would be comparable to the Grossmont UHSD.

**Table 7a: English Language Arts Indicator for Component Districts**

<b>Component District</b>	<b>Status</b>	<b>Change</b>	<b>Performance Level</b>
Alpine Union Elementary	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
Cajon Valley Union	<b>Low</b>	<b>Maintained</b>	<b>Yellow</b>
Dehesa Elementary	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
Jamul-Dulzura Union Elementary	<b>Medium</b>	<b>Increased</b>	<b>Green</b>
Lakeside Union Elementary	<b>Medium</b>	<b>Increased</b>	<b>Green</b>
La Mesa-Spring Valley	<b>Medium</b>	<b>Increased</b>	<b>Green</b>
Lemon Grove	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
Santee	<b>High</b>	<b>Increased</b>	<b>Green</b>

*Source: 2017 (Spring) California Accountability Model*

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<sup>7</sup> The Steele Canyon charter high school gives enrollment preference to students who live within the historical boundary that existed before the school converted to charter status. Next in order of preference are students living within other areas of the Grossmont UHSD. The school then can and does accept students from outside Grossmont UHSD, space permitting.

**Table 7b: Mathematics Indicator for Component Districts**

<b>Component District</b>	<b>Status</b>	<b>Change</b>	<b>Performance Level</b>
Alpine Union Elementary	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
Cajon Valley Union	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
Dehesa Elementary	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
Jamul-Dulzura Union Elementary	<b>Low</b>	<b>Declined</b>	<b>Orange</b>
Lakeside Union Elementary	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
La Mesa-Spring Valley	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
Lemon Grove	<b>Low</b>	<b>Increased</b>	<b>Yellow</b>
Santee	<b>Medium</b>	<b>Increased</b>	<b>Green</b>

*Source: 2017 (Spring) California Accountability Model*

Irrespective of potential attrition and more limited academic and extracurricular options expected in an Alpine high school, an Alpine USD should be able to operate an effective secondary education program with a high school enrollment of 800 students. In California, there are 79 high schools (three in San Diego County) with enrollments between 650 and 950 students.

### ***Remaining Grossmont UHSD Academic Program***

Approval of the Alpine unification proposal would result in removal of a relatively small number (less than four percent) of the total Grossmont UHSD enrollment (including charter school enrollment). Although the high school district has been experiencing long-term enrollment declines, it projects that enrollments will begin to increase in 2019. In addition, given existing legal and procedural requirements, the earliest likely effective date for a new Alpine USD would be July 1, 2020. It likely would be four to five years after that before the new district was providing educational services to students from all four high school grade levels (a new high school will take at least a year to build and then typically would start with students from just grade nine [or grades nine and ten], adding the sophomore, junior, and senior classes in subsequent years). During that four to five year period, the new Alpine USD likely would contract with the Grossmont UHSD to provide secondary education services to those students not housed in Alpine USD facilities (pursuant to *EC* Section 46304). Thus, the ultimate districtwide effects on enrollment for the Grossmont UHSD should be minimal.

However, approval of the unification proposal could result in the eventual loss of significant numbers of students from the Granite Hills and Steele Canyon high schools. In 2016–17, the 519 Alpine-area students were over 22 percent of the Granite Hills High School enrollment and the 232 Alpine-area students were almost



11 percent of the Steele Canyon High School enrollment. However, the effects from this loss of students should be ameliorated for a number of reasons:

- As discussed above, the timing of the formation of a new Alpine USD, the projected enrollment increases in the Grossmont UHSD, and the transition to a fully operational high school will help to ameliorate enrollment losses at the two high schools.
- Grossmont UHSD policy allows students to attend any school in the district as long as there is space available. The existence of the IB Diploma program at Granite Hills High School likely is, and will continue to be, a positive factor in attracting district (as well as out-of-district) students to this school.
- Steele Canyon High School is a charter school and can attract students from both within the district and outside the district (including, potentially, students residing within the Alpine community). Despite districtwide enrollment declining since 2009, enrollment at Steele Canyon High School has remained steady.
- Projected enrollment growth in the Grossmont UHSD.

Finally, as shown in Table 7a, the academic performance of students in the Alpine UESD is very similar to the academic performance of students in other component elementary districts of the Grossmont UHSD. Thus, the proposed unification (if approved) will not remove a group of students that is either higher performing or lower performing than the students continuing to enroll in the high schools of the Grossmont UHSD.

## **8. Summary Statement**

The proposed Alpine USD, if approved, eventually could remove slightly less than four percent of the total Grossmont UHSD student population. Demographically, these Alpine-area students differ from the remainder of the students in the high school district. High school students from the Alpine area are 2.5 percent English Learners, while 11.2 percent of the Grossmont UHSD students from other areas of the district are English Learners. Similarly, 25.2 percent of Alpine-area students are eligible for the FRPM program, while 54.3 percent of the other high school students are eligible. Additionally, as noted in Attachment 2 of this agenda item, 34.2 percent of Alpine-area high school students are minority students and 58.3 percent of the Grossmont UHSD students from other areas of the district are minority.

Despite the demographic differences, the academic performance of Alpine UESD students is very similar to the academic performance of students in the schools of the other elementary districts that are components of the Grossmont UHSD.

A new Alpine USD would require construction of a new high school in the Alpine area that (with approximately 800 students) would be significantly smaller than any of the comprehensive high schools in the Grossmont UHSD. This smaller high school would not be able to provide the range of academic course offerings and

extracurricular activities available at the larger Grossmont UHSD high schools. It is expected that a new Alpine high school would not be fully operational until 2025 at the earliest.

Given projected enrollment increases in the Grossmont UHSD, the relatively small number of Alpine-area students in the high school district, the similarities in academic performance of Alpine UESD with other components districts of the Grossmont UHSD, and effective dates of an approved new Alpine USD and operation of new Alpine high school, there should be minimal short-term or long-term effects on enrollment in the Grossmont UHSD or at any high school operated (or authorized) by the district.

## **9. Conclusion**

If the proposed Alpine USD is approved, there should be no immediate changes to the educational programs in the districts or any of their existing schools. The primary long-term change would be the operation of a new Alpine-area high school. Based on the information in this report, a new Alpine USD should be able to offer a quality secondary educational program; and the existence of this program should not affect the quality of the Grossmont UHSD's educational programs.

The CDE agrees with the finding of the School Services of California, Inc. report and the recommendation of the County Committee that the proposal to form a new Alpine USD substantially complies with *EC* Section 35753(a)(6).

## Attachment 4

### California Department of Education Memorandum

**Date:** November 14, 2017

**To:** Caryn Moore, Director  
School Fiscal Services Division

**From:** Juan Mireles, Director  
School Facilities & Transportation Services Division

**Subject:** **School Facilities Analysis**  
Proposed Alpine Unified School District (San Diego County)

*Education Code* Section 35753(a) requires that nine conditions must be substantially met for the State Board of Education to approve a school district reorganization. Two conditions address school facilities, real property and bonded indebtedness:

- Condition 3 requires that "The proposal will result in an equitable division of property and facilities of the original district or districts."
- Condition 7 requires that "Any increase in school facilities costs as a result of the proposed reorganization will be insignificant and otherwise incidental to the reorganization."

A proposal has been made to create the Alpine Unified School District by combining Kindergarten through eighth grade students from the Alpine Union Elementary School District (AUESD) with ninth through twelfth grade students from the same geographic area who now are served by the Grossmont Union High School District (GUHSD).

Reorganization was supported by the San Diego County Board of Education sitting as the San Diego County Committee on School District Organization. The matter is now presented to the State Board of Education.

CDE's School Facilities & Transportation Services Division (SFTSD) has reviewed available information regarding the proposed reorganization including relevant documents in the record from the San Diego County Office of Education.

SFTSD's analysis concludes that the proposal will result in an equitable division of property and facilities of the original districts. Therefore, SFTSD recommends a finding that condition 3 is MET.

SFTSD's analysis further concludes that any increase in school facilities costs due to the reorganization will not be insignificant or incidental to the reorganization. Therefore, SFTSD recommends a finding that condition 7 is NOT MET.

The primary significant increase in school facilities costs due to the reorganization will be construction or other development of a new high school as no high school now operates within the boundaries of the proposed Alpine Unified School District.

If the State Board of Education approves formation of a new Alpine Unified School District, it will determine:

- How outstanding bonded indebtedness will be divided between the new district and the remaining portion of the GUHSD. *Education Code* sections 35576 and 35738 will guide this determination.
- How previously sold but unspent bond proceeds and other capital funds including reserve funds will be allocated.
- How school facility impact mitigation fees ("developer fees") will be divided between the two districts.

If the State Board of Education adheres to *Education Code* Section 35576, a new Alpine Unified School District would be liable for approximately 5.6 percent of the existing outstanding bonded indebtedness of GUHSD plus the same percentage of any bond funds expended on projects within the new district boundaries before the new district becomes effective.

### Analysis of Condition 3

#### *Post-reorganization ownership of existing properties*

AUESD owns six schools as listed in Table 1 plus a District Office facility.

**Table 1:**  
**2016–17 AUESD School Grades, Enrollment, Capacity, and Excess Capacity**

School	Grades Served	2016-17 Enrollment	School Capacity	Excess Capacity
Creekside Early Learning Center	K	247	539	292
Alpine Elementary School	1–5	260	565	305
Boulder Oaks Elementary School	1–5	270	663	393
Shadow Hills Elementary School*	K–5	412*	926	514
Joan MacQueen Middle School	6–8	556	904	348
Totals	K–8	1,745	3,597	1,852

\**Mountain View Learning Academy enrollment (78 K–8 students) is included in this total.*

*Shadow Hills Elementary School enrollment is 334.*

Currently Alpine area high school students primarily attend either Granite Hills High School in El Cajon or Steele Canyon Charter High School in Spring Valley. Both schools are located outside of the proposed unified district's boundary.

Granite Hills High School is approximately 13 miles from Alpine via Interstate 8 with an estimated travel time of 25 minutes. Steele Canyon Charter High School is approximately 20 miles from Alpine via Interstate 8 and State Route 54 with an estimated travel time of 45 minutes.

GUHSD owns a partly developed vacant school site in the unincorporated community of Alpine of 93 gross acres commonly known as the "Lazy A" site. The site has been approved by CDE for use as a school, however no school buildings have been constructed. Extensive soil cleanup and grading has been started by GUHSD as have environmental mitigation measures. The site is constrained by slopes, existing riparian areas, possible impacts to native species and wildlife, possible cultural artifacts, limited streetscape improvements, and other factors not uncommon in a rural mountain community.

If unification were to occur, all real property assets would become property of the school district in which the asset is physically located (*Education Code* Section 35576). The Lazy A site would transfer from GUHSD to the new Alpine Unified School District because it is located within the proposed new unified district.

Real property assets of the AUESD would transfer to the new Alpine Unified School District and the AUESD would cease to exist. The new Alpine Unified School District would have no claim on high school facilities located outside of its borders.

As reported in the August 1, 2014 District Unification Feasibility Study prepared by School Services of California for the San Diego County Office of Education, school funds, receivables, non-real estate property would be divided by either the ratio of Assessed Value or enrollment.

Outstanding bonded debt would be pro-rated by Assessed Value. AUESD's Assessed Value is 5.6 percent of Grossmont's total Assessed Value. The proposed unified district's Assessed Value would have the same Assessed Value. Alpine would be responsible for repaying 5.6 percent of Grossmont's outstanding bonds which will count against Alpine Unified's bonding capacity. Operating funds, unspent bond funds and others are generally allocated by the ratio of enrollment in the two districts.

Outstanding bonded debt of the GUHSD was \$554.9 million in March 2017. Alpine's share of this debt based on the ratio of the AUESD to GUHSD Assessed Value amounts will be 5.6 percent or \$31.2 million. *Education Code* 35576 allocates the larger of the percentage share of existing debt (\$31.2 million) or bond funds spent within the new district, which in this case is the Lazy A site (approximately \$23 million).

Condition 3 requires that "The proposal will result in an equitable division of property and facilities of the original district or districts." This condition is MET.

## **Analysis of Condition 7**

### ***School Facility Utilization and Condition***

No Multi-Track or Year-Round programs have been proposed in the reorganization materials. For this analysis all schools are anticipated to operate on a single-track, traditional school year calendar.

Condition of AUESD school facilities was not identified as a concern by the San Diego County Office of Education. No evidence is available that any of the existing schools are in poor condition. Annual school inspections summarized in each school's most recent School Accountability Report Card (SARC) showed three as "Exemplary," three as "Good," and none as "Fair" or "Poor." Items needing repair were minor and all were noted as since completed.

### ***Projected Enrollment of the Proposed Alpine Unified School District***

A detailed enrollment projection was prepared in May 2013 for AUESD. Enrollment slowly but steadily declined from 2,363 students in 2000–01 to 1,826 students in 2012–13, a decline over 12 years of 537 students or 22.7 percent.

Projections called for slow decline until an enrollment low point of 1,689 students in 2015–16 followed by a slow but steady increase to 1,887 students in the tenth year of the projection period (school year 2022–23).

California Longitudinal Pupil Achievement Data System (CALPADS) data for 2016–17 (last school year) reported 1,745 K–8 pupils enrolled in the Alpine Union Elementary School District, or 39 students more than was projected. In each year between 2013 and 2016 actual enrollment slightly exceeded the projection made in 2013.

No evidence was presented to the San Diego County Office of Education showing demographic assumptions in the May 2013 projections are no longer valid. CDE notes that actual enrollment growth has tracked the projections reasonably well which validates the projection method used for this district.

### ***Facilities Available for the Proposed Alpine Unified School District***

The Unification Feasibility Analysis reports that both AUESD and GUHSD have available capacity in their respective facilities resulting from declining enrollment. The most significant facility need will be a new high school for the proposed unified district.

### ***Providing School Facilities for the Proposed Alpine Unified School District***

The 2014 District Unification Feasibility Study estimated about 850 high school age students would enroll from the Alpine area in the 2017–18 school year. This aligns with

the average enrollment of approximately 200 students in eighth grade for the last three school years.

Future growth in the Alpine community is expected to be modest; however, a high school to serve 1,000 pupils is reasonable in the next ten years. Some students from Alpine are expected to continue at Granite Hills High School, Steele Canyon Charter High School or other schools because of specialized programs available at those campuses.

High schools typically provide a minimum of 90 square feet per pupil, suggesting the need for a high school of at least 90,000 square feet to serve 1,000 students. Current cost for a basic high school is at least \$500 per square foot including site improvements, infrastructure, construction, fixed equipment and soft costs. No additional land acquisition cost is expected as the Lazy A site has been acquired by the GUHSD. Future site development, additional soil testing, and off-site costs may reasonably be expected and are part of the cost per square foot. Start-up furnishings, fixtures, and equipment also must be acquired.

Therefore, construction costs of at least \$45 million in current year dollars may be expected for a basic 1,000 pupil high school on the existing site.

Alternatives noted in the record include converting Joan MacQueen Middle School into a high school and assigning all middle school students to elementary schools which then would operate as K–8 schools. Significant costs will be faced in this alternative, especially for science labs, vocational/career education, and athletic facilities.

As shown in Table 1, AUESD schools have capacity for approximately 3,600 students with fewer than 1,800 K–8 students enrolled. Converting an existing school to serve 1,000 future high school students is possible without overcrowding other schools. Note that significant costs will be incurred for an existing school to be converted into a comprehensive high school as an alternative to building a new high school.

The Alpine Unified School District could consider operating a charter high school in order to be able to purchase or lease one or more commercial buildings for use as a high school. Unlike buildings used by school districts which must be approved by the Division of the State Architect, charter schools may use facilities approved by the local jurisdiction.

Continuation, Independent Study, and other Alternative Education programs are expected to be needed in the proposed Alpine Unified School District and likely will require additional space. In addition, the proposed Alpine Unified School District likely will need additional space for administration and support services/operations.

The ability to provide needed school facilities within five years is important to the reorganized districts. The CDE School District Organization Handbook (Chapter 9: The Effects of School District Organization [2010 edition]) states at page 181:

*If, after five years from the date of reorganization, the district is still unable to provide school facilities to educate all of its own students, the CDE shall annually report and recommend to the State Board of Education whether the district should be lapsed. If lapsation is recommended by the CDE, the State Board of Education may direct the County Committee on School District Organization to revert the reorganized district to its former status or to have it annexed to one or more neighboring districts.*

### **General Obligation Bonds and Other Sources of Capital Outlay Funding**

Potential General Obligation bonding capacity available to the proposed Alpine Unified School District has been estimated using information provided in 2017 by the two school districts. Please note that the bonding capacity specified in *Education Code* Section 15102 is 1.25 percent of Assessed Value for non-unified school districts while *Education Code* 15106 specifies a bonding capacity of 2.50 percent for unified school districts. The new unified district's bonding capacity would be approximately \$24.8 million based on the calculations shown in Table 2:

**Table 2: Projected Alpine Unified Bonding Capacity**

<b>Components of Calculating Bonding Capacity</b>	<b>Amount</b>
Projected Alpine Unified assessed value	<b>\$2,456,000,000</b>
Statutory bonding capacity for unified school districts	<b>2.50%</b>
Potential Alpine Unified bonding capacity	<b>\$61,400,000</b>
Less outstanding bonds of the AUESD	<b>- \$5,354,000</b>
Less allocated share of outstanding GUHSD bonds	<b>- \$31,200,000</b>
<b><i>Remaining Alpine Unified bonding capacity</i></b>	<b>\$24,846,000</b>

AUESD has issued all authorized bond debt. Local voters would have to approve a new bond issue to utilize any remaining bonding capacity.

Selling bonds to provide the additional \$20.2 million needed to construct a new high school (\$45.0 million less available \$24.8 million equals \$20.2 million) would lead to a debt to Assessed Value ratio of approximately 3.32 percent or 132 percent of the statutory 2.50 percent capacity limit. The State Board of Education may waive the 2.50 percent limit.

Committing all available bonding capacity to a new high school would leave the new unified districts with limited or no access to bonds for future repairs or upgrades at the other campuses and district facilities.



***State Bond Funds for Needed School Facilities***

Proposition 51 (November 2016) provided \$3 billion for new K–12 school construction as part of a \$9 billion state bond for K–14 school facilities. However, funding applications for just under \$2 billion have already been received by the state. It is not possible to guarantee that future state capital funding will be available or that the Alpine Unified School District will be eligible for funding.

State bond funds for site acquisition costs in the amount of approximately \$8 million were provided to GUHSD in 2013. Potential state bond funds for construction costs are based on a grant amount for each pupil housed in the new school. Under current grant amounts approximately \$15.2 million of the \$45.0 million construction cost could be provided by the state School Facilities Program, leaving a remaining local cost of approximately \$29.8 million. However, as noted previously, the availability of state capital funding is speculative at this point.

While potential state construction grants of \$15.2 million and using all available bonding capacity of \$24.8 million would provide \$40.0 million toward the \$45.0 million construction cost, there is no assurance the state bond program will be funded or operating under the same rules in the future when the new unified district has been formed and will be able to apply for state construction funding. There is no assurance that voters would support a future bond measure. This funding scenario, whether built by a new unified school district or GUHSD, depends on use of the existing partly developed Lazy A site in Alpine and does not include any unforeseen site development, offsite improvement, or mitigation costs.

Reorganization will not have a significant effect on pre-K, elementary and middle school facility eligibility under the state School Facilities Program.

At the high school level the proposed Alpine Unified School District will gain eligibility as it assumes responsibility for high school students. Loss of GUHSD eligibility for state bond funding will be mitigated by the loss of enrollment and will be a small percentage impact to the district of approximately 22,000 students.

***Conclusion***

Approval of the proposed reorganization creates the need for a new high school, the cost of which will not be insignificant and for which sufficient funding sources have not been identified. The cost of building a new high school, converting an existing campus into a high school, or renovating an existing building into a charter high school will not be incidental to the reorganization. Therefore Condition 7 is NOT MET.

## Attachment 5

### California Department of Education Memorandum

**Date:** November 16, 2017

**To:** Larry Shirey, Field Representative  
Principal Apportionment Systems Office

**via:** Caryn Moore, Director  
School Fiscal Services Division

**From:** Joel Ryan, Education Fiscal Services Consultant  
Financial Accountability and Information Services

**Subject:** **Fiscal Analysis**  
Proposal to Form an Alpine Unified School District from the Alpine Union Elementary School District and the Alpine Community Portion of the Grossmont Union High School District

We have reviewed the proposal to form the Alpine Unified School District (Alpine USD) from the existing Alpine Union Elementary School District (Alpine UESD) and the Alpine community portion of the existing Grossmont Union High School District (Grossmont UHSD) to determine whether the potential reorganization would comply with Criteria #5 and #9 as provided in *Education Code* Section 35753(a).

#### **Criterion #5**

#### **The proposed reorganization must not result in any significant increase in costs to the State**

The Principal Apportionment Policy Office provided hypothetical Local Control Funding Formula (LCFF) revenue estimates as if the proposed district reorganization was in effect as of the 2016–17 Second Principal Apportionment. The estimates were based on student counts provided to the county from the affected districts, in which Alpine community-area high school students were distributed from the existing Grossmont UHSD to the proposed Alpine USD. The effect of the reorganization increased LCFF entitlements by an approximate \$2,163,159 for the year reviewed, only a 1.3 percent

increase above current LCFF entitlements.<sup>1</sup> Based on the LCFF estimates, we believe Criterion #5 is met and the proposed reorganization would not result in significant increased costs to the State.

## **Criterion #9**

### **The proposed reorganization must 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**

Based on Grossmont UHSD's 2016–17 unaudited actuals, the district ended the year with unrestricted deficit spending of \$1.3 million and an unrestricted ending fund balance of \$17.4 million. Alpine UESD's 2016–17 unaudited actuals show that the district ended the year with an unrestricted surplus of \$637,034 and an unrestricted ending fund balance of \$1.8 million. Based upon 2016–17 LCFF revenue calculations, assuming that the two districts had been in existence in that year, we developed a hypothetical fiscal scenario for 2016–17 as if the reorganization had taken place (see Tables 1a-1d).

This scenario shows that the proposed Alpine USD would have had 2016–17 deficit spending of \$466,013 and the remaining Grossmont UHSD would have had deficit spending of \$213,241. These amounts take into consideration the additional revenues and expenditures that Alpine USD would have incurred had its prorated share of Grossmont UHSD's revenues and expenditures for that year been included in its 2016–17 unaudited actuals. We assumed 4.8 percent of Grossmont UHSD's revenues and expenditures based on enrollment of 816 pupils (see the assumptions for further explanation). Applying this assumption to the proposed Alpine USD's revenues and expenditures results in the proposed district inheriting a portion of Grossmont UHSD's current deficit spending. As a result, the proposed Alpine USD's deficit spending is 2.1 percent of expenditures and 33.7 percent of the unrestricted ending fund balance.

This scenario shows the potential for unsustainable and steep deficit spending that, without substantial budget reductions, would likely result in the proposed Alpine USD not meeting its minimum reserve for economic uncertainties in the second subsequent fiscal year. If the proposed Alpine USD is unable to achieve spending reductions, the district could become qualified in certification. However, this scenario could be avoided

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<sup>1</sup> Not included in this calculation are any changes to the LCFF entitlement for a charter school authorized by Grossmont UHSD, which could potentially lose Alpine-area students to the proposed Alpine USD, thereby losing some of its LCFF entitlement and offsetting some of the 1.3 percent increase in current LCFF entitlements. Further increasing the LCFF entitlement estimate is that our hypothetical scenario assumes that all Alpine-area students attending Grossmont UHSD's authorized charter schools would attend the proposed Alpine USD.

if the high school program costs (i.e. salary, benefit, and other costs) newly established by the proposed Alpine USD are more in line within its budget. Also, the proposed Alpine USD would likely ramp up its new high school program over time thereby allowing the increased costs to be more easily absorbed into its budget. Ultimately, it is important to note that the scenario illustrates the potential fiscal solvency risks involved in taking on the additional enrollment and forming a new high school program.

This scenario also shows deficit spending for the proposed Grossmont UHSD without Alpine-area students. However, the existing Grossmont UHSD already has deficit spending, which would be somewhat alleviated by the proposed reorganization. In 2017–18, in order to achieve a balanced budget, the existing Grossmont UHSD made \$10.3 million in budget reductions and has projected additional budget reductions of \$4.7 million in 2018–19 and \$8.0 million in 2019–20. With or without a district reorganization, Grossmont UHSD projects a need for future budget reductions, and because such a small percentage of its enrollment is affected, it is unlikely the reorganization as a stand-alone factor would cause a substantial negative fiscal effect.

Based on our review, due to the potential for deficit spending that would be incurred by the proposed Alpine USD of \$466,013, or 2.1 percent, of expenditures, we would advise caution while the proposed district builds its new high school program and incurs associated costs. However, since there is substantial leeway and a reasonable amount of time related to how and when the new program and its costs are established, the recommended caution is not a disqualifying factor. It is our opinion that the proposed reorganization would not have a substantial negative effect on either of the two proposed districts, so the proposed reorganization substantially meets Criterion #9.

**Tables 1a through 1d are attached and contain the following assumptions:**

- 2016–17 LCFF revenues were calculated assuming the reorganized districts were in existence in 2016–17.
- The proposed Alpine USD gains 816 enrollment, which is the total number of high school students currently residing within the Alpine UESD boundaries (584 currently attend school in Grossmont UHSD, and 232 attend Steele Canyon High School, a charter school authorized by Grossmont UHSD).
- Grossmont UHSD's revenues and expenditures are a better proxy, than the charter school's revenues and expenditures, for the purposes of estimating the proposed Alpine USD's revenues and expenditures. Therefore, to show the proposed Alpine USD's revenues and expenditures, we increased the existing Alpine UESD's 2016–17 revenues and expenditures (except for LCFF revenues) by the prorated revenue and expenditure amounts for the equivalent of 816 of Grossmont UHSD's 17,035 total enrollment, or about 4.8 percent of the existing Grossmont UHSD's revenues and expenditures.
- The amounts for the proposed Alpine USD's beginning fund balance, nonspendable, assigned, reserve for economic uncertainties, and Fund 17 ending fund balance were the result of increasing the existing Alpine UESD's amounts by the prorated amounts for 584 of Grossmont UHSD's 17,035 total enrollment, or about 3.4 percent of the existing Grossmont UHSD's beginning fund balance, nonspendable, assigned, reserve for economic uncertainties, and Fund 17 ending fund balance.
- The proposed Grossmont UHSD's revenues, expenditures, beginning fund balance, nonspendable, assigned, reserve for economic uncertainties, and Fund 17 ending fund balance decrease by only 3.4 percent to estimate the impact of losing 584 enrollment.
- Since the charter school reports its budget separately from Grossmont UHSD, there are no charter school revenues or expenditures included in Grossmont UHSD's unaudited actuals data.
- While the assumptions assume all Alpine-area charter high school students would move to the proposed Alpine USD, impacts to the charter school's budget are not shown.

**Table 1a: Revenues**

<b>FY 2016–17 Revenues</b>	<b>Grossmont (Before Reorg) Unrestricted GF Unaudited Actuals</b>	<b>Proposed Grossmont (without Alpine)</b>	<b>Alpine (Before Reorg) Unrestricted GF Unaudited Actuals</b>	<b>Proposed Alpine Unified</b>
LCFF Revenue	\$157,328,339	\$152,995,127	\$13,410,753	\$19,907,124
Federal Revenue	\$356,984	\$344,746	\$64,550	\$81,650
Other State Revenue	\$6,797,465	\$6,564,432	\$638,865	\$964,473
Other Local Revenue	\$11,027,229	\$10,649,190	\$628,586	\$1,156,805
Transfers In/Other Sources	\$63,335	\$61,164	\$0	\$3,034
Total Revenue	\$175,573,353	\$170,614,659	\$14,742,753	\$22,113,086

**Table 1b: Expenditures**

<b>FY 2016–17 Expenditures</b>	<b>Grossmont (Before Reorg) Unrestricted GF Unaudited Actuals</b>	<b>Proposed Grossmont (without Alpine)</b>	<b>Alpine (Before Reorg) Unrestricted GF Unaudited Actuals</b>	<b>Proposed Alpine Unified</b>
Certificated Salaries	\$62,219,483	\$60,086,452	\$6,081,804	\$9,062,203
Classified Salaries	\$26,869,077	\$25,947,941	\$1,837,704	\$3,124,770
Employee Benefits	\$29,065,161	\$28,068,739	\$2,589,352	\$3,981,614
Books and Supplies	\$5,339,695	\$5,156,638	\$281,470	\$537,248
Services and Other Operating	\$9,767,925	\$9,433,057	\$1,159,830	\$1,627,727
Capital Outlay	\$580,983	\$561,065	\$0	\$27,830
Other Outgo	(\$1,333,248)	(\$1,287,541)	\$435,022	\$371,158
Transfers Out/Other Uses	\$750	\$724	\$13,481	\$13,517
Contributions	\$44,382,355	\$42,860,823	\$1,707,056	\$3,833,032
Total Expenditures	\$176,892,181	\$170,827,900	\$14,105,719	\$22,579,099

**Table 1c: Fund Balances and Enrollment**

<b>FY 2016–17 Fund Balances</b>	<b>Grossmont (Before Reorg) Unrestricted GF Unaudited Actuals</b>	<b>Proposed Grossmont (without Alpine)</b>	<b>Alpine (Before Reorg) Unrestricted GF Unaudited Actuals</b>	<b>Proposed Alpine Unified</b>
Net Increase (Decrease) in Fund Balance	(\$1,318,828)	(\$213,241)	\$637,034	(\$466,013)
Beginning Fund Balance July 1	\$18,691,120	\$18,050,344	\$1,176,369	\$1,817,145
Ending Fund Balance June 30	\$17,372,292	\$17,837,103	\$1,813,403	\$1,351,132
Enrollment	17,035	16,451	1,745	2,561

**Table 1d: Components of Ending Fund Balances**

<b>FY 2016–17 Components of Ending Fund Balances</b>	<b>Grossmont (Before Reorg) Unrestricted GF Unaudited Actuals</b>	<b>Proposed Grossmont (without Alpine)</b>	<b>Alpine (Before Reorg) Unrestricted GF Unaudited Actuals</b>	<b>Proposed Alpine Unified</b>
Ending Fund Balance June 30	\$17,372,292	\$17,837,103	\$1,813,403	\$1,351,132
Nonspendable	\$265,781	\$256,670	\$113,075	\$122,187
Assigned	\$7,420,325	\$7,165,939	\$0	\$254,386
Unassigned	\$0	\$1,060,373	\$1,700,328	\$642,494
Reserve for Economic Uncertainties	\$9,686,186	\$9,354,121	\$0*	\$332,065
Fund 17 Ending Fund Balance	\$881,737	\$851,509	\$0	\$30,228

\* In its unaudited actuals, Alpine UESD did not classify any of its 2016–17 ending fund balance as reserves for economic uncertainties. However, the \$1.7 million that Alpine UESD classified as unassigned allows the district to maintain more than minimum required amount of reserves.

## Attachment 6

### Data for Enrollment Trend Bar Graphs

The following table contains the data used to create the historical enrollment trend bar graphs for the Alpine Union Elementary School District (UESD) and the Grossmont Union High School District (UHSD) that are used in the preceding attachments of this agenda item. The bar graphs appear as the following figures in the item:

- Figure 2: Alpine UESD 15-Year Enrollment Trend (Attachment 1, page 8)
- Figure 3: Grossmont UHSD 15-Year Enrollment Trend (Attachment 1, page 26)
- Figure 4a: Alpine UESD 15-Year Enrollment Trend (Attachment 2, page 10)
- Figure 4b: Grossmont UHSD 15-Year Enrollment Trend (Attachment 2, page 10)

Year	Alpine UESD	Grossmont UHSD
2002–03	2,428	24,447
2003–04	2,329	24,456
2004–05	2,316	24,971
2005–06	2,290	24,444
2006–07	2,227	23,870
2007–08	2,143	24,195
2008–09	2,048	24,768
2009–10	2,009	25,466
2010–11	2,049	24,224
2011–12	2,001	23,675
2012–13	1,863	22,965
2013–14	2,095	22,555
2014–15	1,845	22,220
2015–16	1,707	21,860
2016–17	1,745	21,709

Source: California Longitudinal Pupil Achievement Data System (CALPADS)