

**Plumas Lake ESD, Wheatland SD, and
Wheatland Union HSD**

Reorganization Financial Analysis

February 26, 2025

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1 Scope and Methodology

- The Plumas Lake Elementary School District (ESD), Wheatland School District (SD), and Wheatland Union High School District (HSD) contracted with School Services of California Inc. to conduct a Reorganization Financial Analysis on the potential fiscal implications of a district reorganization
- The analysis considered the following:
 - Analysis of the Local Control Funding Formula (LCFF) and other revenue sources
 - Assessment of cost saving or increased expenditures resulting from reductions in district office staff and alignment of salary schedules
 - Review of current developer fee collections programs
 - Assessment of the above fiscal indicators should Wheatland SD not be included in the reorganization process

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2 Revenue Impacts—LCFF

- Revenues are recorded in one of four major categories
 - LCFF
 - Federal Revenues
 - Other State Revenues
 - Other Local Revenues
- Each category includes multiple funding streams, and bases for allocation, that must be assessed on an individual basis

	Plumas Lake ESD		Wheatland SD		Wheatland Union HSD	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
LCFF	\$18,543,759	-	\$14,993,977	-	\$17,020,832	-
Federal Revenues	\$20,000	\$561,349	\$1,281,558	\$774,463	\$408,008	\$1,020,551
Other State Revenues	\$748,080	\$2,488,869	\$265,205	\$2,762,681	\$517,487	\$2,586,603
Other Local Revenues	\$375,194	\$1,569,735	\$85,000	\$1,842,429	\$130,000	\$892,488
Total	\$19,687,033	\$4,619,953	\$16,625,740	\$5,379,573	\$18,076,327	\$4,499,642

Source: 2024-25 Standardized Account Code Structure information from the June 2024 board-approved budgets

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3 Revenue Impacts—LCFF

- LCFF is an equity-based formula that provides funding based on three criteria:
 - Average daily attendance (ADA) and respective grade levels served
 - Demographics of students—percentage of students identified in one of the following three categories: eligible for free or reduced-price meals, English learner, or foster youth
 - Add-ons primarily carried over from 2012-13
- Results in varying levels of funding per ADA

Districts	LCFF Revenues	2024-25 ADA	LCFF Revenues per ADA
Plumas Lake ESD	\$18,788,934	1,560	\$12,043
Wheatland SD	\$15,182,649	1,172	\$12,950
Wheatland Union HSD	\$17,020,832	1,026	\$16,596
Aggregate Total	\$50,992,415	3,758	\$13,569

Source: Fiscal Crisis and Management Assistance Team (FCMAT) calculator with projected scenarios using enrollment as of June 2024

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4 Revenue Impacts—LCFF

- The demographic component results in Plumas Lake ESD receiving significantly less funding per ADA than the other two districts

	2024-25	UPP ¹
Plumas Lake ESD		44.92%
Wheatland SD		60.18%
Wheatland Union HSD		74.98%

Source: Data provided by the respective district
¹Unduplicated pupil percentage

- As a result, a unification of the three districts would have an overall negative impact on LCFF revenues

	2024-25	2025-26	2026-27
Aggregate Total	\$50,992,415	\$52,608,460	\$53,953,880
Unification Total	\$49,315,029	\$51,008,826	\$52,436,139
Difference	-\$1,677,386	-\$1,599,634	-\$1,517,741

Source: FCMAT calculator with projected scenarios

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5 Revenue Impacts—Federal Revenues

- All three districts receive allocations from the federal government for providing services to specific cohorts of students (e.g., underperforming, students with disabilities, etc.)
- In addition, all three districts receive additional federal funding known as Impact Aid, as part of their boundaries include untaxable federal land—Beale Air Force Base
- The Impact Aid funding is formula driven and considers the number of children connected to members of the base as a percentage of total children, number of adults living on the base, etc.
 - Similar to the student demographics for the LCFF, Plumas Lake ESD has the lowest percentage

District	LOT ¹	7003(b) Award
Plumas Lake ESD	3.59%	\$2,260
Wheatland SD	56.01%	\$1,613,419
Wheatland Union HSD	37.04%	\$499,404
Aggregate Total	N/A	\$2,115,083

Source: Final voucher payment for 2023-24 application year
¹Learning Opportunity Threshold

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6 Revenue Impacts—Federal Revenues

- The result is that a unification would significantly decrease Impact Aid revenues
 - Unlike the demographics for the LCFF, Plumas Lake ESD has no control over its LOT
 - This decrease would occur in perpetuity

	LOT	7003(b) Award
Aggregate Total	N/A	\$2,115,083
Unification Total	31.66%	\$1,360,288
Difference	N/A	-\$754,795

Source: Applications and final voucher payment for 2023-24 application year

7 Revenue Impacts—Other State Revenues

- All three districts receive allocations from the state in addition to the LCFF
- Allocations are either for specific services or for specific items
- Of the following funding sources, only the Expanded Learning Opportunity Program (ELO-P) dollars are subject to fluctuation as a result of a unification
 - Similar to the LCFF, this is due to the application of each district’s UPP

Funding Source	Funding Determination
Special Education	Statewide rate multiplied by ADA
Lottery	Statewide rate multiplied by ADA
Mandate Block Grant	Statewide rate multiplied by ADA
ELO-P	Statewide rate multiplied by classroom ADA for grades TK-6 multiplied by UPP



8 Revenue Impacts—Other State Revenues

- Unlike the LCFF, the funding for ELO-P would increase
 - Currently, Wheatland Union HSD does not receive any ELO-P funding because it does not serve students in grades TK-6
 - However, Wheatland Union HSD has a much higher UPP so if the UPP were to be included in the calculation, the revenues generated by students in grades TK-6 would increase

ELO-P Funding	2024-25	2025-26	2026-27
Aggregate Total	\$1,914,544	\$1,987,680	\$1,998,239
Unification Total	\$2,159,879	\$2,298,628	\$2,254,702
Difference	\$245,335	\$310,948	\$256,463

Source: District-provided data

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9 Staffing Impacts—Certificated Staff

The following is provided in the California Department of Education (CDE) School District Organization Handbook (Handbook)

Board of a new unified district may or may not adopt a salary schedule equal to or better than the best salary schedule of the original districts



The board has the power to increase or decrease salaries, and the new board could establish a lower salary schedule for teacher, thus decreasing salaries

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10 Staffing Impacts—Certificated Management Staff

	Plumas Lake ESD	Wheatland SD	Wheatland Union HSD	Total
Total FTE¹	14.00	13.00	14.00	41.00

¹full-time equivalent

- Two duplicative positions—potential savings **\$903,960**
 - Superintendent
 - Director, Student Services
- There are several other positions that may have duplicative duties, but the titles do not align
 - Wheatland Union HSD employs an Executive Director, Student Services and Director, Student Services
 - Plumas Lake ESD employs a Director, Curriculum and Instruction/Special Education while Wheatland SD employs a Coordinator, Special Education

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11 Staffing Impacts—Certificated Nonmanagement Staff

- Each of the school districts has varying levels of compensation and contributions towards employee health and welfare benefit premiums
 - Wheatland SD offers the greatest earning potential whereas Plumas Lake ESD offers the largest contribution towards employee health and welfare benefit premiums

District	BA+30, Step 1	BA+60, Step 10	Maximum Earning Potential	Maximum Contribution for Health and Welfare
Plumas Lake ESD	\$61,121	\$89,441	\$118,646	\$18,300
Wheatland SD	\$64,217	\$101,551	\$126,229	\$14,000
Wheatland Union HSD	\$57,990	\$85,788	\$115,100	\$13,589
Average of Three Districts	\$61,109	\$92,260	\$119,992	\$15,296

Source: 2024-25 salary schedules from respective district websites

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12 Staffing Impacts—Certificated Nonmanagement Staff

- Using the most recently available state-certified data, the cost difference is extrapolated assuming all the staff were placed onto each district’s current compensation structure based on the average cost of an FTE relative to the current aggregate total
 - As illustrated below, implementing the Plumas Lake ESD compensation structure for all staff would result in a savings of \$1.5 million relative to the aggregate total

District	Average Total Compensation	FTE	Increase/(Decrease) to Implement for Unified District
Plumas Lake ESD	\$87,446	89.48	-\$1,521,770
Wheatland SD	\$111,071	67.77	\$3,516,261
Wheatland Union HSD	\$86,030	56.00	-\$1,823,732

Source: 2022-23 state-certified data—J-90

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13 Staffing Impacts—Classified Staff

Any reorganization of a school district cannot affect the rights of those employed in non-certificated positions to retain the salary, leaves, and other benefits that they would have enjoyed, had the reorganization not occurred

In a new unified district, non-certificated employees must continue in employment for not less than two year

All non-certificated personnel must receive, for a period of two years, salaries, and benefits equal to those existing at the time of the election



The Education Code states that “The governing board of the unified district shall establish a system of uniform salaries, employee benefits and working conditions for employees performing like services . . .”

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14 Staffing Impacts—Classified Management Staff

	Plumas Lake ESD	Wheatland SD	Wheatland Union HSD	Total
Total FTE	4.70	5.00	14.82	24.52

- Five duplicative positions¹—potential savings **\$1,321,142**
 - Chief Business Official (CBO)
 - Director, Facilities, Maintenance, Operations, and Transportation (FMOT)
 - Director, Food Services
 - Director, Technology
 - Coordinator, After School Program

¹Titles may vary

15 Staffing Impacts—Classified Nonmanagement Staff

- Analysis focused on the impact to employee remuneration and not duplication of services
 - However, there are some classified nonmanagement and confidential staff that could be duplicative
 - Additionally, there could be savings depending on how staff is allocated within each district
- Four benchmark job classifications
 - Selected based on the number of FTE and identification of similar job classifications across all districts
 - Bus Driver
 - Custodian
 - Food Service Worker
 - Paraeducator—Special Education

Generally, Plumas Lake ESD offers the highest hourly rates, followed by Wheatland SD, and then Wheatland Union HSD



16 Staffing Impacts—Classified Nonmanagement Staff

- Average salary per FTE, including vacancies, at Step 4

District	Average Salary per FTE	Percent Difference
Plumas Lake ESD	\$52,780	-
Wheatland SD	\$49,318	-6.6%
Wheatland Union HSD	\$46,980	-11.0%

Source: District-provided position control reports and scattergrams

- Impact of implementing uniform hourly rate

District	Average Salary per FTE	FTE	Increase/(Decrease) to Implement for Unified District
Plumas Lake ESD	\$52,780	83.72	\$696,064
Wheatland SD	\$49,318	96.92	-\$144,571
Wheatland Union HSD	\$46,980	62.15	-\$712,222

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17 Staffing Impacts—Classified Nonmanagement Staff

- Health and welfare benefits caps

District	Cap	Percent Difference
Plumas Lake ESD	\$18,300	-
Wheatland SD	\$14,000	-23.5%
Wheatland Union HSD	\$13,651	-25.4%

Source: District-provided data

- Impact of implement uniform health and welfare benefits

District	Total Actual Health and Welfare Benefits Costs	Average Cost per FTE	Increase/(Decrease) to Implement for Unified District
Plumas Lake ESD	\$434,939	\$5,195	-\$308,655
Wheatland SD	\$652,554	\$6,733	\$64,688
Wheatland Union HSD	\$482,482	\$7,764	\$314,914
Total	\$1,569,975	-	-

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18 Developer Fee Impacts



Each school district has the authority to levy fees against construction projects for the purpose of funding the construction or reconstruction of school facilities to mitigate the impact of new developments on the facilities

- All three districts are levying developer fees at Level I



In the event where two nonunified school districts have common territorial jurisdiction that in total would exceed the maximum amount allowed to be levied, the school districts must enter into an agreement that specifies the allocation of fee revenue among the districts and the duration of the agreement

- Agreed split—60% (elementary districts) and 40% (high school district)



School districts have the ability to negotiate and enter into an alternative reimbursement agreements if mutually agreed upon by all parties

- Both Plumas Lake ESD and Wheatland Union HSD have entered into mitigation agreements

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19 Developer Fee Impacts

1. School districts that collect fees must deposit them in a separate capital facilities account or fund to avoid commingling with other funds and expend those fees solely for the purpose for which they were collected
 - Any interest earned must also be deposited in the account or fund and expensed only for the purpose for which the fees were originally collected
 - Therefore, any fees collected prior to unification would need to be accounted for separately and used for the purposes for which they were originally collected
2. Alternative impact agreements would remain in place, with any outstanding fee collection assumed by the unified school district
 - That said, the funds would be accounted for and expended similar to funds collected prior to the unification
3. The new unified school district would complete the necessary justification study/needs analysis and board resolution and account for the fees collected separately until such time as the funds collected prior to the unification are expended

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20 Bonded Indebtedness—General Obligation Bonds

When any school district is merged with one or more school districts to form a single school district, the newly formed district is liable for all the outstanding bonded indebtedness of the merged districts

- The amount of outstanding bonded indebtedness, exclusive of interest, of the former districts that is equal to the liability incurred by the new district will be considered a liability of the new district for purposes of computing the bonding capacity of the new district

When a district is included as a whole into another district, its unsold bonds may be issued by the board of supervisors on behalf of the new district

- These funds can only be expended for the purposes for which the bonds were originally authorized
- The newly issued bonds are a liability of the new district and considered as such for purposes of computing bonding capacity for the new district

Funds from the sale of previously issued school bonds may be used for the acquisition, construction, or improvement of only the school property that was a part of the original district

- Liability for the bonded indebtedness would remain with the property owners within the current school districts, CFDs, and/or SFIDs

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21 Bonded Indebtedness—CFDs and SFIDs

Community facilities district (CFD)

- Special taxing district that funds public improvements in a specific area
- State law provides no guidance for the transfer of a CFD among school districts
- Per the CDE Handbook:
 - The governance structure can become a problem in the event of a reorganization
 - Legal steps must be taken to change the board of directors of a CFD
 - Bond counsel should be consulted

School facilities improvement district (SFID)

- SFIDs allow a school district to limit the area within which general obligation bonds are issued and accompanying facilities constructed and/or improved
- The general obligation bonds issued for an SFID are nearly identical to those issued on a district-wide basis and would therefore be treated in a similar manner

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22 Unification Excluding Wheatland SD

- The Education Code allows an elementary district that has boundaries that are completely encompassed within a high school district to be excluded from unification if the district receives approval from:
 - The county committee on district organization, if certain conditions are met; or
 - The State Board of Education, if the conditions are not met
- The elementary district would continue to feed into the high district under the same terms that existed before any action to unify

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23 Unification Excluding Wheatland SD—Revenue Impacts

- LCFF
 - The low UPP of Plumas Lake ESD would result in revenue losses of approximately **\$1,400,000**
- Federal Revenues
 - The low LOT of Plumas Lake ESD would result in revenue losses of approximately **\$247,000**
- Other State Aid
 - The high UPP of Wheatland Union HSD would result in ELO-P growth of approximately **\$328,000**
- Other Local Revenue
 - No material changes as local revenues are comprised of donations to each school district

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24 Unification Excluding Wheatland SD—Certificated Staffing Impacts

- **Certificated management**
 - **Two positions remain duplicative—potential savings \$528,676**
 - **Superintendent and Director, Student Services**
- **Certificated nonmanagement**
 - **Implementation of the Plumas Lake ESD compensation package results in a savings of approximately \$79,000**
 - **Implementation of the Wheatland Union HSD compensation package results in a cost of approximately \$127,000**

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25 Unification Excluding Wheatland SD—Classified Staffing Impacts

- **Classified management**
 - **Four positions remain duplicative—potential savings \$775,096**
 - **CBO; Director, FMOT; Director, Food Services; and Director, Technology**
- **Classified nonmanagement**
 - **Uniform hourly rates**
 - **Cost increase of \$360,484 with Plumas Lake ESD salary schedule**
 - **Cost savings of \$485,617 with Wheatland Union HSD salary schedule**
 - **Uniform health and welfare benefits**
 - **Cost increase of \$215,024 with Wheatland Union HSD contribution**
 - **Cost savings of \$159,617 with Plumas Lake ESD contribution**

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Summary of Fiscal Impacts for Unification of All Three Districts

Funding Source	Estimated Savings	Estimated Costs
LCFF		-\$1,677,386
Federal Revenue		-\$754,795
Other State Revenue	\$245,335	
Other Local Revenue	-	-
Certificated Management	\$903,960	
Classified Management ¹	\$1,321,142	
Certificated Nonmanagement	\$1,823,732	-\$3,516,261
Classified Nonmanagement ¹	\$1,020,877	-\$1,010,978
Developer Fees	-	-

¹No savings can be achieved for the first two years

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Summary of Fiscal Impacts Excluding Wheatland SD

Funding Source	Estimated Savings	Estimated Costs
LCFF		-\$1,446,122
Federal Revenue		-\$247,000
Other State Revenue	\$328,753	
Other Local Revenue	-	-
Certificated Management	\$528,676	
Classified Management ¹	\$775,096	
Certificated Nonmanagement	\$126,704	-\$79,296
Classified Nonmanagement ¹	\$645,234	-\$575,508
Developer Fees	-	-

¹No savings can be achieved for the first two years

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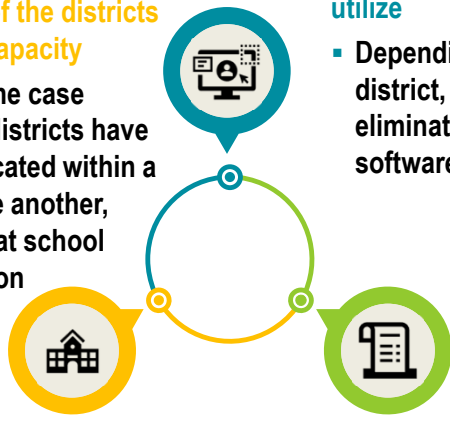
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28 Other Considerations

Facilities—Analysis assumes that each district has sufficient facilities to meet current needs and none of the districts have significant excess capacity

- However, if this is not the case and/or the elementary districts have school sites that are located within a short distance from one another, there is the potential that school closures or consolidation may be warranted
- If this were to be the case, the cost savings could be realized



Software—There are numerous software programs and/or licenses that school districts utilize

- Depending on the software used by each district, there could be savings either from the elimination and/or reduction of licenses for software with similar purposes

Purchasing power—The unified district would be more than double the size of the largest individual district

- This could result in greater purchasing power and reduced rates for textbooks, supplies, medical plans, food stuffs, etc.

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Thank you!

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