

Reorganization Financial Analysis

Plumas Lake Elementary School District,
Wheatland School District, and
Wheatland Union High School District

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(Data collected as of November 2024)

Prepared by:

Brianna García
Vice President

Matt Phillips, CPA
Associate Vice President

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School Services of California, Inc.
1121 L Street, Suite 1060
Sacramento, CA 95814
(916) 446-7517
FAX (916) 446-2011
www.sscal.com

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Executive Summary

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 looked at the following:

- Analysis of the Local Control Funding Formula (LCFF) and other revenue sources
- Assessment of cost savings or increased expenditures resulting from reductions in district office staff and alignment of salary schedules
- Review of current developer fee collection programs
- Assessment of the above fiscal indicators should Wheatland SD not be included in the reorganization process

The Education Code allows an elementary district whose boundaries are completely encompassed within a high school district to be excluded from unification if the district receives approval for an exclusion from the county committee on district organization if certain conditions are met or from the State Board of Education if the conditions are not met. In this case, the elementary district would continue to feed into the high district under the same terms that existed before any action to reorganize.

As it pertains to the revenue impacts, LCFF revenues would decline by approximately \$1.4 million whether Wheatland SD is included or excluded from the reorganization due to the reduction in supplemental and concentration grant revenue. Expanded Learning Opportunities Program revenues would increase by approximately \$250,000 as a result of an aggregate increase to the unduplicated pupil percentage. Special Education, Mandate Block Grant, and Lottery revenues would be unaffected as the funding rates are based on average daily attendance and are homogenous, while Federal Impact Aid would decline by approximately \$750,000. The maximum eligibility would be unchanged, but the Learning Opportunity Threshold would decline significantly due to the inclusion of Plumas Lake ESD in the calculation.

Staffing would likely have the largest impact on the unified district due both to the number of staff and the associated staffing costs. As it pertains to district office staff, the unified district would eliminate several management positions that represent duplication of efforts (e.g., Superintendent, Chief Business Official, and various directors and coordinators). The potential savings from the elimination of these redundant positions, based on a calculated average cost per full-time equivalent (FTE), is approximately \$2.2 million in salary and benefits. Excluding Wheatland SD from the reorganization would continue to result in cost savings at the management level, though closer to \$1.3 million.

Savings or cost increases among other staff cannot be calculated without determining the educational programs and student support services that will be provided by the unified district, as well as which existing programs and services will remain, be eliminated, or some combination. The Education Code provides clear direction as to staff and the authority provided to the governing board of the unified district to adopt uniform salary schedules. While it has the power to increase or decrease salaries for teachers, all non-certificated staff must receive, for a period of two years, salaries and benefits equal to those existing at the time of unification. While actual savings or costs could not be calculated, an analysis has been completed wherein all staff in the unified district would be compensated based on the existing salary and benefits of each of the three existing districts.

The analysis completed shows that for certificated nonmanagement staff, the Wheatland SD salary schedule is significantly higher than both Plumas Lake ESD and Wheatland Union HSD. Therefore, based on a calculated average total compensation per FTE, the cost to implement either the Plumas Lake ESD or Wheatland Union HSD salary schedule and benefit caps for all teachers would result in a cost savings ranging from \$1.5 to \$1.8 million. Conversely, implementing the Wheatland SD salary schedule and benefit cap would result in additional costs of more than \$3.5 million. Excluding Wheatland SD from the reorganization, the cost to implement the Plumas Lake ESD salary schedule and benefit cap for all teachers would result in a cost of approximately \$79,000, while the implementation of the Wheatland Union HSD salary schedule and benefit cap would result in savings of approximately \$126,000.

For classified nonmanagement staff, the analysis shows that Plumas Lake ESD consistently offers the highest salaries, with Wheatland SD the second highest, and Wheatland Union HSD the lowest of the three districts. Once again, an average salary per FTE has been calculated and utilized to arrive at an estimate of savings or costs increases were one district's salary schedule utilized for staff across all three districts under a unified district. The cost to implement either the Wheatland SD or the Wheatland Union HSD salary schedule for all classified nonmanagement staff would result in a cost savings ranging from approximately \$145,000 to \$715,000. Conversely, implementing the Plumas Lake ESD salary schedule would result in additional costs of approximately \$700,000.

Additionally, health and welfare benefits for classified nonmanagement also need to be considered. While Plumas Lake ESD's benefit cap is higher than either Wheatland SD or Wheatland Union HSD, its average cost¹ is significantly lower. Therefore, there would be a cost savings based on Plumas Lake ESD's average cost per FTE of approximately \$310,000, while increases would be experienced if the average cost per FTE for either of the other two districts were implemented—ranging from approximately \$65,000 to \$315,000.

¹Takes into consideration that not all employees are eligible for benefits, while others are not eligible for the maximum benefit amount

Excluding Wheatland SD, implementing a uniform salary schedule for classified nonmanagement staff would result in a cost increase of approximately \$360,000 if the Plumas Lake ESD salary schedule were implemented, while a cost savings of approximately \$490,000 would result from implementing the Wheatland Union HSD salary schedule. Again, as it pertains to health and welfare benefits, a cost savings of approximately \$160,000 would be experienced from implementing the Plumas Lake ESD benefit cap on an average cost per FTE, while a cost increase of approximately \$215,000 would be experienced from implementing the Wheatland Union HSD benefit cap.

As it pertains to developer fees, all three districts are levying developer fees at Level 1 and the three districts have agreed to a 60% (elementary districts)/40% (high school district) split. Additionally, both Plumas Lake ESD and Wheatland SD have entered into several alternative impact agreements, in lieu of collecting standard developer fees, with residential developers within their boundaries. After reorganization, any fees collected prior to reorganization would need to be accounted for separately and used for the purposes for which they were originally collected until the funds, and any interest accrued, are fully expended. Alternative impact agreements would remain in place, with any outstanding fee collection assumed by the unified school district, though the funds would be accounted for and expended similar to funds collected prior to the unification. As for the unified school district, in order to levy developer fees, it would complete the necessary justification study/needs analysis and board resolution and account for the newly collected developer fees separately until such time as the funds collected prior to the unification are expended.

Lastly, there are several other areas that could result in savings, but that cannot be quantified at this time. The districts should consider and further analyze these areas should they decide to proceed with a reorganization.

- Facilities—While the assumption is that each district has sufficient facilities capacity to meet current needs, if this is not the case and there is the potential for school closures or consolidation, savings may be realized. Additionally, there may be duplicative districtwide facilities (e.g., district office, maintenance and/or bus yard, etc.) that could be consolidated and result in cost savings and the generation of revenues from their lease or sale.
- Software—Depending on the software used by each district, there could be savings either from the elimination of licenses for varying software across districts with similar purposes and/or from the reduction of licenses if the same software (e.g., attendance or financial reporting) is being used across multiple districts.
- Purchasing power—The unified district could benefit from greater purchasing power and reduced rates for textbooks, supplies, medical plans, food stuffs, etc.

Reorganization Financial Analysis

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. (SSC) to conduct a Reorganization Financial Analysis on the potential fiscal implications of a district reorganization. Specifically, the three districts have asked SSC to analyze three components—impacts on revenues, cost savings or increased expenditures, and any implications to the collection of developer fees should a unification proceed. The following was conducted:

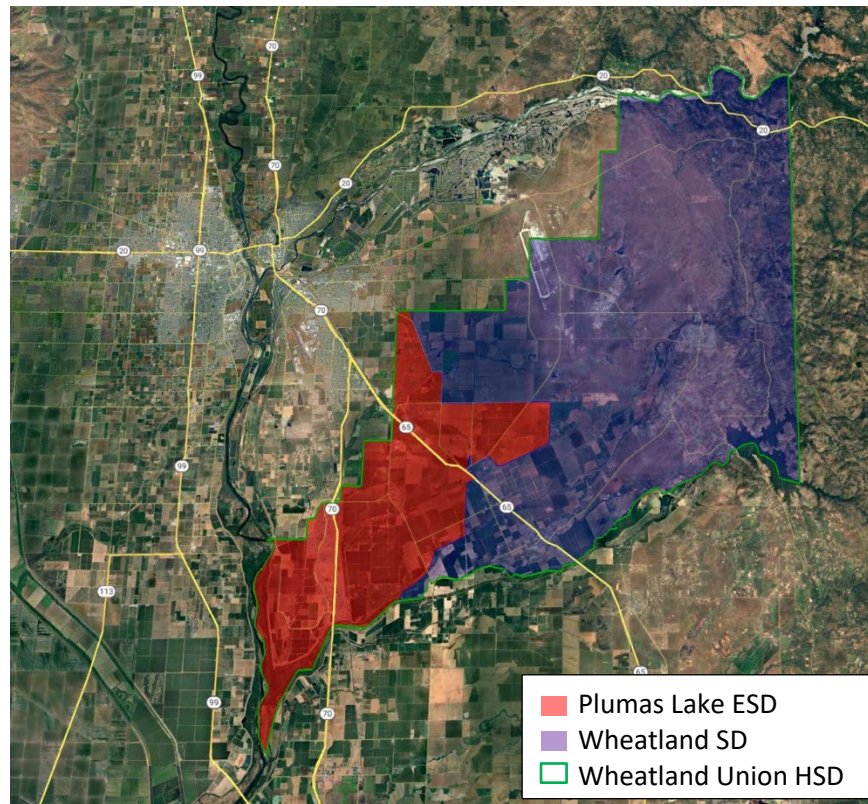
- Analysis of the Local Control Funding Formula’s (LCFF) revenue impact through projections of enrollment, average daily attendance (ADA), and the percentage of unduplicated students eligible for supplemental and concentration grant funding, as well as consideration of the impact on other material funding to the newly unified district
- Assessment as to whether cost savings or increased expenditures would result from potential reductions in district office staff and alignment of salary schedules from the unification, including a review of certificated and classified staffing and developing assumptions about necessary staffing levels for the unified school district, as well as identifying other potential changes that impact expenditures—such as facilities closures and site staffing ratios dependent on the instructional program—that cannot be quantified at this time
- Review of current developer fee collection programs within the existing three districts and how they may be impacted by the reorganization
- Assessment of the fiscal indicators above and the implications should Wheatland SD not be included in the reorganization process

The analysis and conclusions referenced within this report are based on a review and interpretation of existing law, as well as experience in this area and consultation with other experts in the field and should not be interpreted as a legal opinion. Should there be a question as to the applicability of a given provision or the legal impacts of such, SSC staff recommend legal counsel be consulted. In addition, the analysis provided is as of a point in time. Should the districts decide to proceed with reorganization at some point in the future, the fiscal and other factors available at that time could result in differing conclusions.

Background

Both Plumas Lake ESD and Wheatland SD feed into Wheatland Union HSD and are fully encompassed within the high school district’s boundaries (Figure 1).

Figure 1: Map of School Districts



Plumas Lake ESD serves approximately 1,600 students in grades TK-8 across three school sites—two TK-5 elementary schools and one 6-8 middle school. The district serves students in Plumas Lake, an unincorporated area of Yuba County. The student population is approximately 37.4% White, 32.5% Hispanic/Latino, 12.2% two or more races, 7.7% Asian, and 6.9% African American, with 15.3% split among American Indian or Alaska Native, Filipino, and Pacific Islander, and 0.2% not reported. Socio-economically disadvantaged students make up 41.5% of the student population, with 11.2% students with disabilities, 7.2% English learners, and 0.7% homeless youth.

Wheatland SD serves approximately 1,350 students in grades TK-8 across three school sites—two elementary schools, TK-3 and TK-5, and one 4-8 middle school, as well as a TK-5 charter school and two preschools. The district services students within the City of Wheatland and Beale Air Force Base in Yuba County. The student population is approximately 56.1% White, 30.4% Hispanic/Latino, and 8.6% two or more races, with 2.1% split among African American, American

Plumas Lake ESD, Wheatland SD, and Wheatland Union HSD

Indian or Alaska Native, Asian, Filipino, and Pacific Islander, and 2.8% not reported. Socio-economically disadvantaged students make up 58.4% of the student population, with 14.1% students with disabilities, 5.8% English learners, and 4.7% homeless youth.

Wheatland Union HSD services approximately 1,100 students in grades 9-12 in one comprehensive high school, a continuation school, and a community day school. The district is located in the rural sector at the southeastern end of Yuba County and spans nearly 150 square miles. The student population is approximately 40.7% White, 33.7% Hispanic/Latino, 11.4% two or more races, and 5.1% Asian, with 7.2% split among African American, American Indian or Alaska Native, Filipino, and Pacific Islander, and 1.9% not reported. Socio-economically disadvantaged students make up 77.0% of the student population, with 15.8% students with disabilities, 3.5% English learners, and 2.6% homeless youth.

Revenue Impacts

Local educational agencies (LEAs) receive funding in four main categories—LCFF, Federal, Other State, and Other Local. The focus of the analysis will be on the General Fund unrestricted revenues and restricted revenues that impact unrestricted reserves in each of these categories. Figure 2 summarizes the total revenues for each district as of the 2024-25 Adopted Budget.

Figure 2: 2024-25 Adopted Budget General Fund Revenues

| | 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 Revenue | \$20,000 | \$561,349 | \$1,281,558 | \$774,463 | \$408,008 | \$1,020,551 |
| Other State Revenue | \$748,080 | \$2,488,869 | \$265,205 | \$2,762,681 | \$517,487 | \$2,586,603 |
| Other Local Revenue | \$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 board-approved budgets in June 2024

Local Control Funding Formula

The LCFF represents the most significant revenue source for each of the three districts. The LCFF accounts for more 90% of unrestricted revenues—dollars that can be spent for nearly any education purpose—and the impact on these revenues must be weighted heavily in determining if the reorganization of the districts makes sense financially.

The LCFF is comprised of three components: a base grant, inclusive of grade span adjustments, supplemental and concentration grants, and four additional add-ons—Economic Recovery Target (ERT), Targeted Instructional Improvement Block Grant (TIIG), Home-to-School Transportation

(HTST), and Transitional Kindergarten (TK). The base grants and grade span adjustments are predefined rates, by grade span, and are uniform for all school districts and charter schools.

The supplemental and concentration grants are calculated in two parts. Under the LCFF, LEAs are eligible to receive additional funding based on the percentage of students who qualify based on one of three criteria: (1) eligibility for free or reduced-price meals; (2) English language learner; or (3) foster youth. The percentage, known as the unduplicated pupil percentage (UPP), is a three-year average—current, prior, and second prior year—calculated by dividing the total unduplicated count of eligible students (meaning a student may qualify under more than one category, but is only counted once) across all three years by the total number of students enrolled in the LEA across all three years. For each eligible student, a 20% augmentation is generated based on the grade span and the grade span adjustment, as appropriate. Once an LEA exceeds a UPP of 55%, an additional 65% augmentation is generated for each student above the 55% threshold. Figure 3 lists the funding level for each of these components using rates for the 2024-25 fiscal year.

Figure 3: 2024-25 LCFF Components

| Grade Span | Base Grant per ADA | Grade Span Adjustment per ADA | Supplemental Grant per ADA (Up To) | Concentration Grant per ADA (Up To) |
|--------------------|--------------------|-------------------------------|------------------------------------|-------------------------------------|
| Grades TK-3 | \$10,025 | \$1,043 | \$2,214 | \$3,237 |
| Grades 4-6 | \$10,177 | -- | \$2,035 | \$2,977 |
| Grades 7-8 | \$10,478 | -- | \$2,096 | \$3,065 |
| Grades 9-12 | \$12,144 | \$316 | \$2,492 | \$3,645 |

Source: California Department of Education (CDE) LCFF funding rates

To illustrate the potential impact on LCFF revenues and provide an objective recommendation, the analysis calculates the impact on the LCFF for the 2024-25 fiscal year utilizing enrollment, ADA, and UPP projections from each district as of June 2024 (Figure 4).

Figure 4: Projected 2024-25 LCFF Revenues

| Districts | Total 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

Using a simple aggregation of the current projections would result in a blended LCFF rate that is greater than what is currently received by the elementary school districts and lower than what is

received by the high school district. This is a result of the funding levels that are used in the LCFF calculation. However, it would be inappropriate to simply add the individual calculations to arrive at an aggregate total for two keys reasons.

First, LEAs are funded each year based on the greater of the current, prior, or average of the three prior years' reported ADA. In Figure 4, each of the LEAs uses a different source for its funded ADA in 2024-25. Plumas Lake ESD uses current-year ADA, Wheatland SD uses the average of the three prior years' ADA, and Wheatland Union HSD uses prior-year ADA. Assuming the unification was in effect in 2024-25, the unified district would aggregate the ADA from all three districts and the 2024-25 LCFF calculation would utilize the current-year ADA for funding purposes. This is due to the fact that the growth in Plumas Lake ESD's ADA outpaces the declining ADA in both Wheatland SD and Wheatland Union HSD.

Second, under the LCFF, the higher an LEA's UPP, the more it will receive in supplemental and concentration grants to fund increased and/or improved services for the targeted students (i.e., students from low-income families, English language learners, and foster youth). As noted above, the funding increases quite significantly for districts with higher percentages of unduplicated pupils.

Using student enrollment and UPP counts for 2024-25 from June 2024, Figure 5 summarizes the projected UPP.

Figure 5: 2024-25 Projected UPP

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

Source: Data provided by the respective district

Assuming the unification was in effect in 2024-25, the blended UPP would decrease to 58.06%, which would have an adverse effect on the amount of supplemental and concentration grant revenues. Although supplemental and concentration grant revenues are technically unrestricted, the law requires that those dollars be spent to principally increase or improve services for the students who generate the funding. The decline in revenues may not have a direct impact on base programs but would likely impact the number of supplemental services that are offered to students.

The net impact of the two items above would have a negative fiscal impact on the LCFF revenues for the unified school district as compared to funding for the three individual school districts. Figure 6 summarizes the net impact for the 2024-25, 2025-26, and 2026-27 fiscal years.

Figure 6: LCFF Funding Comparison

| | 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

The decrease in revenues is driven by the two factors noted earlier in the review—change in methodology for funded ADA and decline in unduplicated pupil counts. However, the decline in unduplicated counts is the primary cause of the decline in LCFF revenues. Figure 7 illustrates the decline in supplemental and concentration grant revenues that would result from the unification.

Figure 7: Supplemental and Concentration Grant Revenue Comparison

| | 2024-25 | 2025-26 | 2026-27 |
|--------------------------|---------------------|---------------------|---------------------|
| Aggregate Total | \$6,977,263 | \$7,421,131 | \$7,487,987 |
| Unification Total | \$5,501,208 | \$6,039,035 | \$6,085,147 |
| Difference | -\$1,476,055 | -\$1,382,096 | -\$1,402,840 |

Source: FCMAT calculator with projected scenarios

The remaining components of the LCFF—ERT, TIIG, HTST, and TK add-ons—would not be impacted by a unification of the three districts. Figure 8 summarizes the applicable factors and rationale for why the components would not be impacted.

Figure 8: LCFF Add-Ons

| Add-On | Factors |
|-------------|--|
| ERT | This add-on provides funding to LEAs that would have benefited financially by staying with Revenue Limits rather than transitioning to the LCFF. The funding amount was implemented over an eight-year period—2013-14 through 2020-21—and the funding is provided annually at the 2020-21 funding level. The CDE, in its publication, <i>Instructions for Calculating LCFF Funding Rates for Reorganizing School Districts</i> , directs that “the consolidation of two or more districts into a new district, or the complete transfer/lapse of one or more districts into an existing (acquiring) district shall result in ERT funding being added together for the reorganized district.” Thus, the unification would have no impact on this funding. |
| TIIG | Both of these add-ons were stand-alone categorical grants when Revenue Limits were operative. Beginning with the 2013-14 fiscal year, any funding for these two categorical grants were frozen at the 2012-13 rates ¹ and provided as an add-on to the LCFF. Education Code Sections (EC §) 42238.02(g)-(h) codify this practice, which means the unification of the districts would have no impact on the continuation of this funding. |
| HTST | |

| Add-On | Factors |
|--------|---|
| TK | This add-on provides funding on the basis of TK ADA to support two adults in each classroom. The unification does not impact the TK ADA reported to the state, nor the rate at which the ADA is funded. Thus, the unification would have no impact on this funding. |

¹Beginning in 2023-24, HTST funding is increased by the annual statutory cost-of-living adjustment

Federal Revenues (Impact Aid)

Much of the funding received by school districts is derived on the number of students enrolled as well as the rate at which those students attend school, also known as ADA. Students who reside within the boundaries of a school district will generally attend a school within the school district. However, each of the three school districts in this review include the Beale Air Force Base within their boundaries. The presence of the air force base eliminates the ability for any commercial or residential development, which has an adverse impact on the number of students who reside within the district boundaries, and consequently, will enroll in the school.

To offset the loss of enrollment and loss in the local tax base resulting from the presence of the air force base, the federal government provides annual funding, known as Impact Aid,² to each of the school districts. Each of the school districts must apply annually for the Impact Aid funding. The funding is provided in one of the following five categories:

Figure 9: Federal Impact Aid Funding Types

| Funding Type | Funding Description |
|------------------------|---|
| Section 7002 | Payments to help LEAs that have lost a part of their local tax base because of federal ownership of property. |
| Section 7003(b) | Payments to help LEAs educate federally connected children. These include the children of members of uniformed services, children who live on federal property, or children whose parents work on federal property. To be eligible, an LEA must educate at least 400 such children or the federally connected children must make up at least 3% of the LEA’s total ADA. |
| Section 7003(d) | Payments to LEAs to educate federally connected children who also have Individualized Education Programs. |
| Section 7007 | Payments to LEAs that educate high percentages of children who parents are member of uniformed services. These payments help pay for construction and repair of school buildings. |
| Section 7008 | Payments to LEAs that operate school facilities owned by the United States Department of Education. These payments help pay for the restoration and improvements of the school facilities. |

Source: Office of Elementary and Secondary Education Impact Aid Handbook for Applicant

²Title VII of the Elementary and Secondary Education Act of 1965

The preponderance of revenues received by each of the districts are derived from Sections 7003(b) and 7003(d). Therefore, the analysis will assess the impact on those revenues and will determine the impact if a unification were to occur, similar to the analysis performed for the LCFF.

First, the review will assess the components of the Section 7003(b) formula and whether the components are altered in a unification. Figure 10 summarizes the components of Section 7003(b) funding.

Figure 10: Section 7003(b) Formula

| Component | Inputs | Altered upon unification? (Y/N) |
|--|--|---------------------------------|
| ADA | Federally connected child count multiplied by the statewide attendance ratio | N |
| Weighted Student Units (WSU) | ADA from step 1 multiplied by category weight in statute | N |
| Maximum Basic Support Payment (Max BSP) | WSU from step 2 multiplied by the Local Contribution Rate | N |
| Learning Opportunity Threshold (LOT) | Max BSP from step 3 multiplied by the LEA's LOT percentage—LOT percentage is calculated by summing the following: <ul style="list-style-type: none"> • Total eligible federally connected children/membership x 100; plus • Maximum Impact Aid payment/total current expenditures x 100 The LOT cannot exceed 100% | Y |

Source: Office of Elementary and Secondary Education Impact Aid Handbook for Applicants

The first three categories do not contain any inputs that would be impacted if the calculation is performed after a unification rather than on an LEA-by-LEA basis. The only component of the calculation that may be impacted is the LOT. Based on a review of the application for funding in the 2023-24 fiscal year, the LOT varies greatly among the three districts. Figure 11 summarizes the 2023-24 LOT as well as the corresponding entitlement for the 7003(b) award.

Figure 11: Section 7003(b) Award

| District | LOT | 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

The LOT figures cannot be summed together to assess the impact, but rather, the factors used to calculate the LOT must be aggregated to arrive at a new LOT. Plumas Lake ESD is the largest of the three school districts, but has the lowest LOT and, as a result, the inclusion of Plumas Lake ESD would reduce the Impact Aid revenues by more than \$750,000. Figure 12 summarizes the 2023-24 LOT and related 7002(b) award if the unification were to occur.

Figure 12: Section 7003(b) Award Comparison

| | 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

The second component of funding is Section 7003(d)—funding for federally connected children with disabilities (CWD). This formula is much simpler and Figure 13 summarizes the components.

Figure 13: Section 7003(d) Formula

| Component | Inputs | Altered upon unification? (Y/N) |
|------------------------|---|---------------------------------|
| ADA | Multiply the number of CWDs by the state’s attendance ratio | N |
| WSU | ADA from step 1 multiplied by category weight in statute | N |
| Maximum Payment | WSU from step 2 multiplied by federally determined payment rate | N |

Source: Office of Elementary and Secondary Education Impact Aid Handbook for Applicants

None of the components in the Section 7003(d) calculation would be altered if the calculation were to be completed after the unification, as each of the components is purely based on student counts and statewide data. The calculation does not contemplate student demographics nor other unique data that would be altered after a unification.

Other State Revenues

LEAs receive a plethora of other state revenues; however, the analysis is going to focus on the four major sources—Special Education, Expanded Learning Opportunities Program (ELO-P), Mandate Block Grant (MBG), and Lottery.

Special Education—The state funds special education under AB 602, which was passed by the Legislature in 1997. This funding model established a set-amount per ADA to be allocated to Special Education Local Plan Areas (SELPA). All three of the districts are currently members of the Yuba County SELPA, which receives special education funding from the state at the rate of

approximately \$897 per unit of ADA. Due to the fact that the per-ADA rate is established statewide, and all three districts currently belong to the same SELPA, there would be no impact on special education revenues for the three districts if they were to unify.

ELO-P—Beginning in 2021-22, the state allocated more than \$4 billion annually to fund ELO-P. This program is intended to provide wrap-around services to students in grades TK-6, including before and after school on each instructional day and 9 hours of enrichment for 30 noninstructional days annually. The state provides funding in two tiers. Tier 1 includes LEAs with a UPP of 75% or greater and tier 2 is all other LEAs. Tier 1 is funded at a rate of \$2,750 per eligible ADA and the tier 2 rate is however much is remaining after allocating dollars for tier 1. The tier 2 rate in 2023-24 was \$1,801. Both Plumas Lake ESD and Wheatland SD are tier 2 districts because their UPPs are under 75%.

A unification will not change the tier—recall that a unification would result in a revised UPP of 58.06%, which is significantly higher than the Plumas Lake ESD rate of 44.92% and marginally less than the Wheatland SD rate of 60.18%. The ELO-P formula multiplies ADA in TK-6 by the tier 2 rate and the UPP. The net impact would result in additional ELO-P dollars upon unification as the UPP from Wheatland Union HSD of 74.98% would bring up the aggregate percentage of the unified district to 58.06%. Figure 14 summarizes the fiscal impact.

Figure 14: ELO-P Funding Changes

| Districts | 2024-25 | 2025-26 | 2026-27 |
|----------------------------|-------------|-------------|-------------|
| Plumas Lake ESD | \$901,411 | \$1,006,483 | \$1,006,483 |
| Wheatland SD | \$1,013,133 | \$981,197 | \$991,756 |
| Wheatland Union HSD | - | - | - |
| 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

MBG—The MBG has been in existence for approximately ten years and was introduced by then Governor Jerry Brown as a means to reduce the administrative work surrounding mandated reporting and reimbursements. The state developed statewide funding rates by grade span. For school districts, the rates for 2024-25 are \$38.21 per K-8 ADA and \$73.62 per 9-12 ADA. Due to the fact that the funding is based solely on ADA and the rate is homogenous statewide, a unification of the three districts would not impact the aggregate revenues.

Lottery—The California Commission on State Lottery is responsible for allocating a portion of Lottery proceeds to education in the California. This was established based on two initiatives— Proposition 37 in 1984 and Proposition 20 in 2000. The allocation to each LEA is a statewide rate that is multiplied by ADA and an enrollment factor of 1.04446. Similar to the MBG, as the funding

is based solely on ADA and the rate is homogenous statewide, a unification of the three districts would not impact the aggregate revenues.

Other Local Revenues

LEAs receive local revenues from a variety of sources including, but not limited to, facility rentals, interest income on cash held in the county treasury, memorandums of understanding with surrounding entities, and donations from parent associations. Additionally, local revenues tend to make up the smallest amount of total revenues. Based on historical norms and familiarity with the local revenues collected, there do not appear to be any local revenues sources that would be impacted by unification.

Staffing Impacts

In addition to the unification’s impact on overall revenues, the unification is also likely to impact staffing and staffing-related costs. This section reviews staffing separated between certificated and classified and analyzes savings and/or increases in expenditures attributable to salaries and benefits as well as duplication of staff were the three districts to reorganize.

Certificated Staffing

It is necessary to separate staffing considerations between certificated management and certificated nonmanagement positions. At the management level, there is likely to be duplication and redundancies in each of the three individual school districts as compared with the staffing levels that would be needed to operate one unified school district. Conversely, there is less likely to be duplication in the nonmanagement positions as those positions are providing direct services to students. Figure 15 lists the certificated management full-time equivalent (FTE), by position, at each of the three districts.

Figure 15: Certificated Management Positions and FTE

| Position | Plumas Lake ESD | Wheatland SD | Wheatland Union HSD | Total |
|--|-----------------------------|--------------|---------------------|-------|
| | Administrative (FTE) | | | |
| Superintendent | 1.00 | 1.00 | 1.00 | 3.00 |
| Executive Director, Educational Services | | | 1.00 | 1.00 |
| Executive Director, Student Services | | | 1.00 | 1.00 |
| Executive Director, RTAP | | | 2.00 | 2.00 |
| Director, Curriculum and Instruction/Special Education | 1.00 | | | 1.00 |
| Director, Health Services | | | 1.00 | 1.00 |
| Director, Student Services | 1.00 | | 1.00 | 2.00 |
| Director, Community Schools and Mental Health | | | 1.00 | 1.00 |

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| Position | Plumas Lake ESD | Wheatland SD | Wheatland Union HSD | Total |
|--|-----------------|--------------|---------------------|-------|
| Coordinator, Bridge Program | | | 1.00 | 1.00 |
| Coordinator, Special Education | | 1.00 | | 1.00 |
| Assistant Manager, Expanded Learning | | 1.00 | | 1.00 |
| Subtotal | 3.00 | 3.00 | 9.00 | 15.00 |
| Direct Support (FTE) | | | | |
| Occupational Therapist | 1.00 | 2.00 | | 3.00 |
| Prevention and Intervention Specialist | | | 1.00 | 1.00 |
| Psychologist | 3.00 | 3.00 | 1.00 | 7.00 |
| Principal | 3.00 | 3.00 | 1.00 | 7.00 |
| School Nurse | 1.00 | 1.00 | | 2.00 |
| Vice Principal | 3.00 | 1.00 | 2.00 | 6.00 |
| Subtotal | 11.00 | 10.00 | 5.00 | 26.00 |
| Total | 14.00 | 13.00 | 14.00 | 41.00 |

Source: District-provided staffing lists

The list of certificated management positions is bifurcated into two sections—positions responsible with overseeing programs and services (administrative) and positions tasked with implementing programs and services and/or overseeing the day-to-day operations at school sites (direct support). At the administrative level, two positions stand out with respect to the duplication of effort in a unified school district. Those positions are the Superintendent and Director, Student Services. To estimate the cost savings associated with the elimination of the duplication of effort, the average cost for both positions is calculated in Figure 16.

Figure 16: Savings from Duplicate Certificated Management Positions

| Position | Total Salary | Total Benefits | FTE | Average Cost per FTE Reduction | Potential Savings |
|-----------------------------------|--------------|----------------|------|--------------------------------|-------------------|
| Superintendent | \$815,600 | \$236,187 | 3.00 | \$350,596 | \$701,192 |
| Director, Student Services | \$331,035 | \$74,500 | 2.00 | \$202,768 | \$202,768 |
| Total | \$1,146,635 | \$310,687 | - | - | \$903,960 |

Source: District-provided data—salaries as of October 30, 2024

Note that there may be further duplication of effort in other program areas. Though the position titles do not appear equivalent, based on local idiosyncrasies, districts afford differing titles to positions even if they are responsible for similar work. In this case, Wheatland Union HSD employs an Executive Director, Student Services, while Plumas Lake ESD employs a Director, Student Services. Further, Wheatland Union HSD has both an Executive Director and Director for Student Services. It is likely these three positions have similar scopes of responsibility and all three would not be needed under a unified school district. The same is true for special education. Plumas Lake ESD employs a Director, Curriculum and Instruction/Special Education, while Wheatland

SD employs a Coordinator, Special Education. And, while there is no similarly titled position within Wheatland Union HSD, it is likely that either the administrator for educational services or student services also oversees special education.

The remaining 26 positions are categorized as direct support and without a deeper analysis into staffing ratios and caseload it would be premature to project any cost savings from the unification of the three school districts. However, positions such as Occupational Therapists and Psychologists generally have specified caseload staffing ratios and it is conceivable that the unification of the three school districts would create an economy of scale and allow for a reduction in FTE without a commensurate reduction in services provided.

The analysis for certificated nonmanagement is less focused on a duplication of services, but rather, the focus is on the impact to employee remuneration. The duplication of services is less relevant because the assumption is that any unification will not result in school closures or consolidations and that students will continue to attend their current schools. The CDE School District Organization Handbook (Handbook) provides the following directive on remuneration to school boards of a newly formed unified school district:

“The 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 teachers, thus decreasing their salaries. However, 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. (EC 45022, 45121, 45160) In summary, a new unified school board may reduce certificated employees’ salaries but may not reduce noncertificated employees’ salaries.”

Given that the new board would have the full authority in law to establish a new salary schedule, the analysis will focus on current salary schedule and benefit plans to show whether a significant disparity exists between the three districts. Figure 17 measures the salary schedule at three career levels—BA+30, Step 1; BA+60, Step 10, and maximum earning potential, as well the maximum annual contribution for health and welfare benefits.

Figure 17: 2024-25 Teacher Salary and Benefit Summary

| 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

The compensation package at Wheatland SD significantly exceeds the compensation levels at the other two districts especially at the middle and end of a teacher’s career. As the districts consider whether a unification makes sense financially, they will also need to consider which financial components they want to enact as part of a new collective bargaining agreement (CBA). The Plumas Lake ESD total compensation most closely aligns with the average of the three school districts and may represent a good starting point for future discussions.

Utilizing the most recently available state-certified data, Figure 18 shows the average total compensation for teachers at each of the three school districts, as well as the estimated cost increase and/or savings if the unified school district implemented the respective district’s salary schedule and health benefit cap.

Figure 18: Impact of Implementing Uniform Total Compensation

| 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

The cost to implement either the Plumas Lake ESD or the Wheatland Union HSD salary schedule and benefit caps for all teachers would result in a cost savings ranging from \$1.5 to \$1.8 million, with the teachers from Wheatland Union HSD bearing the brunt of the cost savings through reduced salaries and benefits. Conversely, implementing the Wheatland SD salary schedule and benefit cap would result in additional costs of more than \$3.5 million.

Classified Staffing

Similar to certificated staff, classified staffing has been separated between classified management and classified nonmanagement positions as there is likely to be duplication and redundancies at the management level in each of the three individual school districts as compared to one unified school district. Conversely, there is less likely to be duplication in the nonmanagement positions as those positions are providing direct services to students. Figure 19 lists the classified management FTE, by position, at each of the three districts.

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Figure 19: Classified Management Positions and FTE

| Position | Plumas Lake ESD | Wheatland SD | Wheatland Union HSD | Total |
|--|-----------------|--------------|---------------------|-------|
| | FTE | | | |
| Chief Business Official (CBO) | | 1.00 | 1.00 | 2.00 |
| Director, Business Services | 1.00 | | | 1.00 |
| Director, Capital Facility Projects/FMOT | 1.00 | | 1.00 | 2.00 |
| Director, Food Services | 1.00 | | 1.00 | 2.00 |
| Director, Innovation & Instructional Technology | 1.00 | 1.00 | 1.00 | 3.00 |
| Director of Transportation | | 1.00 | | 1.00 |
| Coordinator, After School Program | | 1.00 | 0.94 | 1.94 |
| Coordinator, CALPADS/SIS | | | 1.00 | 1.00 |
| Coordinator, College Readiness | | | 0.94 | 0.94 |
| Coordinator, Community Schools | | | 1.00 | 1.00 |
| Coordinator, Family Engagement | | | 1.00 | 1.00 |
| Coordinator, Transition & Intervention Lab | | | 0.94 | 0.94 |
| Supervisor, Custodian & Operations | | | 1.00 | 1.00 |
| Supervisor, Maintenance & Facilities | | | 1.00 | 1.00 |
| Behaviorist | 0.70 | | | 0.70 |
| Cafeteria Lead | | 1.00 | | 1.00 |
| Mental Health Clinician | | | 1.00 | 1.00 |
| Payroll, Benefits, & Accounting Specialist | | | 1.00 | 1.00 |
| School Administrative Manager | | | 1.00 | 1.00 |
| Total | 4.70 | 5.00 | 14.82 | 24.52 |

Source: District-provided staffing lists

There are five positions that are duplicative across the three districts—CBO; Director, FMOT; Director, Food Services; Director, Technology; and Coordinator, After School Program. As it pertains to the CBO, while the position titles differ, it is likely that the CBO (Wheatland SD and Wheatland Union HSD) and Director of Business (Plumas Lake ESD) have oversight for the business operations within the districts and therefore similar scopes of responsibility, so that all three would not be needed under a unified school district. Figure 20 provides the average cost of each position in order to estimate the cost savings associated with the elimination of the duplication of effort.

Figure 20: Savings from Duplicate Classified Management Positions

| Position | Total Salary | Total Benefits | FTE | Average Cost per FTE Reduction | Potential Savings |
|--|--------------------|------------------|------|--------------------------------|--------------------|
| CBO/Director, Business Services | \$491,321 | \$201,835 | 3.00 | \$231,052 | \$462,104 |
| Director, Capital Facility Projects/FMOT | \$279,241 | \$131,560 | 2.00 | \$205,400 | \$205,400 |
| Director, Food Services | \$197,755 | \$102,607 | 2.00 | \$150,181 | \$150,181 |
| Director, Innovation & Instructional Technology | \$390,512 | \$134,832 | 3.00 | \$175,115 | \$350,230 |
| Coordinator, After School Program | \$221,783 | \$75,476 | 1.94 | \$153,226 | \$153,226 |
| Total | \$1,580,613 | \$646,310 | - | - | \$1,321,142 |

Source: District-provided data—salaries and benefits as of October 30, 2024

As it pertains to classified nonmanagement, once again, similar to certificated nonmanagement, the analysis is less focused on a duplication of services, but rather, the focus is on the impact to employee remuneration. The duplication of services is less relevant because the assumption is that any unification will not result in school closures or consolidations and that students will continue to attend their current schools. Therefore, classified nonmanagement staff that are currently supporting each district would be more apt to remain. That said, there could be some savings depending on how each district allocates its staff. For example, one district may be allocating its custodial staff based on a ratio that considers the number of students and/or classrooms at each site, while another may simply assign a set number or FTE of custodians to each school site regardless of size. This could result in the first district allocating more custodial staff to school sites than the second district. Depending on how the unified district decides to allocate its staff, savings could result.

The CDE Handbook notes three important factors as it pertains to retention and remuneration for classified staff. First, the Handbook notes that “Any reorganization of a school district shall not affect the rights of persons employed in positions not requiring certification to retain the salary, leaves, and other benefits that they would have enjoyed, had the reorganization not occurred. (EC 35556, 45121)” Additionally, the Handbook states that “In a new unified district, non-certificated employees shall continue in employment for not less than two years. (EC 45121)” Lastly, as noted in the certificated nonmanagement discussion, “However, 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. (EC 45022, 45121, 45160) In summary, a new unified school board . . . may not reduce non-certificated employees’ salaries.”

Further, EC § 45121 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 . . .” The Education Code section does not provide a deadline for the establishment of a uniform salary schedule, so some flexibility could be available to the unified district to continue using the three existing salary schedules for a period of time until it has established, and bargained

as applicable, a new salary schedule. Given the declining revenues previously estimated, the ability of the unified district to increase salaries for all classified nonmanagement staff to that of the highest schedule could be difficult without other fiscal adjustments.

Ultimately, a comprehensive analysis of the responsibilities and compensation for each classified nonmanagement job classification would need to be undertaken should a unification proceed. While a job classification-by-job classification comparison is beyond the scope of this analysis, the following is an attempt to determine order of magnitude cost impacts of a unified salary schedule.

The following analysis provides a review of select classified nonmanagement job classifications as benchmarks to determine whether a significant disparity exists between the three districts. Utilizing the position control data and scattergrams provided, four job classifications were selected based on the number of FTE and identification of similar job classifications across the three districts—Bus Driver, Custodian, Food Service Worker, and Paraeducator—Special Education³—and a comparative analysis was conducted. The following should be noted as it relates to the comparative analysis in Figure 21, Figure 22, Figure 23, and Figure 24.

- The figures include the beginning and maximum hourly rates prior to longevity and are ranked by the maximum hourly rate of each job classification.
- The beginning hourly rate is the first step on the salary schedule.
- The maximum hourly rate would typically be the maximum step on the salary schedule; however, the three districts' salary schedules vary significantly.
 - Plumas Lake ESD's salary schedule includes 11 steps, excluding longevity.
 - Wheatland SD's salary schedule includes a total of 30 steps, with frozen steps beginning at the seventh step—meaning that increases are provided annually up to Step 7 and from that point forward, the increases occur every four years. Additionally, the salary schedule notes that steps 11-30 are longevity steps.
 - Wheatland USD's salary schedule has a total of 26 steps, with frozen steps beginning at Step 8 and increases every three years. It is unclear whether the district considers these longevity steps, though they are not designated as such on the salary schedule.

In an effort to ensure comparability for this analysis, all three districts' maximum hourly rate has been capped at Step 7—the highest step all three districts have in common before any frozen or longevity steps begin.

³Note that the identification of similar positions is based on job title alone

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- A maximum hourly rate variance has been calculated as the percentage difference between the highest ranked district’s maximum hourly rate and each of the other two district’s maximum hourly rate.

With the exception of the beginning hourly rate for the Paraeducator—Special Education job classification, Plumas Lake ESD offers the highest hourly rates of the three districts, with Wheatland SD second and Wheatland Union HSD third. And in the case of Paraeducator—Special Education, the difference between Wheatland SD and Wheatland Union HSD is only \$0.04. This, however, is where the consistency across job classifications ends.

Figure 21: Bus Driver

| District | Job Classification | Beginning Hourly Rate | Beginning Hourly Rate Variance | Beginning Hourly Rate Rank | Maximum (Max) Hourly Rate | Max Hourly Rate Variance | Max Hourly Rate Rank |
|----------------------------|--|-----------------------|--------------------------------|----------------------------|---------------------------|--------------------------|----------------------|
| Plumas Lake ESD | Bus Driver | \$22.41 | 0.0% | 1 | \$30.03 | 0.0% | 1 |
| Wheatland SD | Bus Driver | \$22.22 | -0.8% | 2 | \$29.71 | -1.1% | 2 |
| Wheatland Union HSD | Bus Driver/Custodian/Grounds/Maintenance | \$22.03 | -1.7% | 3 | \$28.01 | -6.7% | 3 |

Figure 22: Custodian

| District | Job Classification | Beginning Hourly Rate | Beginning Hourly Rate Variance | Beginning Hourly Rate Rank | Max Hourly Rate | Max Hourly Rate Variance | Max Hourly Rate Rank |
|----------------------------|--------------------|-----------------------|--------------------------------|----------------------------|-----------------|--------------------------|----------------------|
| Plumas Lake ESD | Custodian | \$21.24 | 0.0% | 1 | \$28.47 | 0.0% | 1 |
| Wheatland SD | Custodian | \$20.50 | -3.5% | 2 | \$27.46 | -3.5% | 2 |
| Wheatland Union HSD | Custodian/Grounds | \$17.96 | -15.4% | 3 | \$22.82 | -19.8% | 3 |

Figure 23: Food Service Worker

| District | Job Classification | Beginning Hourly Rate | Beginning Hourly Rate Variance | Beginning Hourly Rate Rank | Max Hourly Rate | Max Hourly Rate Variance | Max Hourly Rate Rank |
|----------------------------|-----------------------|-----------------------|--------------------------------|----------------------------|-----------------|--------------------------|----------------------|
| Plumas Lake ESD | Food Service Worker I | \$20.14 | 0.0% | 1 | \$26.98 | 0.0% | 1 |
| Wheatland SD | Food Service Worker | \$18.67 | -7.3% | 2 | \$24.54 | -9.0% | 2 |
| Wheatland Union HSD | Cook | \$17.21 | -14.5% | 3 | \$21.36 | -20.8% | 3 |

Figure 24: Paraeducator—Special Education

| District | Job Classification | Beginning Hourly Rate | Beginning Hourly Rate Variance | Beginning Hourly Rate Rank | Max Hourly Rate | Max Hourly Rate Variance | Max Hourly Rate Rank |
|----------------------------|--------------------------------------|-----------------------|--------------------------------|----------------------------|-----------------|--------------------------|----------------------|
| Plumas Lake ESD | Paraprofessional—Special Education | \$22.41 | 0.0% | 1 | \$30.03 | 0.0% | 1 |
| Wheatland SD | Para Educator Special Education | \$20.50 | -8.5% | 3 | \$27.46 | -8.6% | 2 |
| Wheatland Union HSD | Paraeducator—Specialized Health Care | \$20.54 | -8.3% | 2 | \$26.10 | -13.1% | 3 |

Because the percentage difference between the districts at both beginning and maximum hourly rate vary widely (Figure 25), it is not possible to use this data to extrapolate broader cost implications for classified nonmanagement staff post-unification. Therefore, a different approach was considered.

Figure 25: Max Hourly Rate Variance Comparison

| Job Classification | Beginning Hourly Rate | Maximum Hourly Rate |
|---------------------------------------|-----------------------|---------------------|
| Bus Driver | 0.8%-1.7% | 1.1%-6.7% |
| Custodian | 3.5%-15.4% | 3.5%-19.8% |
| Food Service Worker | 7.3%-14.5% | 9.0%-20.8% |
| Paraeducator—Special Education | 8.3%-8.5% | 8.6%-13.1% |

Using these four benchmark job classifications, as they account for 36% of classified nonmanagement staff, an average salary per FTE, including vacancies, was calculated using the hourly rate at Step 4—mid-way between Step 1 (beginning hourly rate) and Step 7 (maximum hourly rate utilized in this analysis)—accounting for all FTE within the given job classifications. For example, Step 4 for the Plumas Lake ESD Bus Driver job classification offers an hourly rate of \$25.94. With 6.50 FTE and assuming an 8-hour, 12-month work calendar, the total cost for salaries is \$350,709. This calculation was completed for all four job classifications and then an average was calculated. The results are in line with the comparative analysis in that Plumas Lake ESD has the highest average salary per FTE, Wheatland SD the second, and Wheatland Union HSD the lowest of the three districts (Figure 26).

Figure 26: Average Salary per FTE

| 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

Figure 27 shows the estimated cost increase and/or savings if the new unified school district implemented the respective district’s salary schedule.

Figure 27: Impact of Implementing Uniform Hourly Rates

| 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 |

The cost to implement either the Wheatland SD or the Wheatland Union HSD salary schedule for all classified nonmanagement staff would result in a cost savings ranging from approximately \$145,000 to \$715,000. Similar to certificated nonmanagement, staff from Wheatland Union HSD would bear the brunt of the cost savings through reduced salaries. Conversely, implementing the Plumas Lake ESD salary schedule would result in additional costs of almost \$700,000.

Lastly, there may be some additional cost savings among classified nonmanagement staff assigned to the district office. It is possible that while a unified district with one district office could consolidate services so that one FTE accounting technician, for example, could process fiscal transactions for the volume attributable to all three districts with the appropriate software and administrative support and, therefore, the unified district would not need to maintain all three accounting technicians currently employed between Plumas Lake ESD and Wheatland Union HSD. It is, however, more likely that some job classifications will require more than one FTE due to the increased work that will come from increasing enrollment and FTE—from three districts of approximately 1,000 to 2,000 students to a single district of over 4,000 students.

Figure 28 provides a list of the classified nonmanagement staff that would typically be assigned to the district office, excluding maintenance personnel that, though they may be assigned to the district office, are typically working at school sites. In addition, all three districts also employ some confidential staff. Both Plumas Lake ESD and Wheatland Union HSD employ an Executive Assistant FTE. They also each—Wheatland SD, 1.00 FTE, and Wheatland Union HSD, 0.94 FTE—employ a Tech System Specialist. The confidential job classifications have been included in Figure 28 with the classified nonmanagement staff, though they may be considered management within some or all the districts, due to the job classifications and their similarity to classified nonmanagement job classifications within the other districts.

Figure 28: Classified Nonmanagement and Confidential Staff and FTE

| Job Classification | Plumas Lake ESD | Wheatland SD | Wheatland Union HSD | Total |
|--|-------------------|-------------------|---------------------|--------------|
| | FTE | | | |
| Accounting Technician | 2.00 | 1.00 ¹ | | 3.00 |
| Accounts Payable | | 1.00 ¹ | | 1.00 |
| Administrative Assistant | | 7.00 ² | | 7.00 |
| Administrative Assistant Special Education | | 1.00 | | 1.00 |
| Administrative Secretary | | | 4.00 | 4.00 |
| Clerk | | | 0.94 | 0.94 |
| Computer Network Technician | 1.00 | | | 1.00 |
| Department Secretary | 2.38 | | | 2.38 |
| Dispatch | 1.00 | | | 1.00 |
| Executive Assistance | 1.00 ¹ | | 1.00 ¹ | 2.00 |
| HR Coordinator | | 1.00 ¹ | | 1.00 |
| Office Technician | 2.88 | | | 2.88 |
| Payroll Specialist | | 1.00 ¹ | | 1.00 |
| SPED SARB Secretary | | | 0.94 | 0.94 |
| Student Info Systems/CALPADS | 1.00 | 1.00 ¹ | | 2.00 |
| Technology Facilitator | | 3.00 | | 3.00 |
| Technology System Specialist | | 1.00 ¹ | 0.94 ¹ | 1.94 |
| Technology Help Desk Tech | 1.00 | | | 1.00 |
| Technology Support Specialist | | | 1.00 | 1.00 |
| Total | 12.25 | 17.00 | 8.82 | 38.07 |

¹Identified as confidential

²1.00 FTE identified as confidential

Currently, only a few job classifications appear to be duplicative based on their job titles.⁴ Some, such as the secretaries and/or administrative assistants would ultimately represent a duplication of effort as they likely support departments and/or department administrators that would be reduced with the consolidation of the district office. A determination as to whether the remainder would represent a duplication of effort would be dependent on the workload and systems in place, which would dictate whether a single FTE or multiple FTEs would be needed given the increased enrollment and employees of a unified district.

For classified nonmanagement staff, it is important to analyze a district’s total compensation, similar to certificated nonmanagement. Total compensation comprises salary and maximum employer contribution to health and welfare benefits, and can also include any applicable stipends, to contemplate the financial exposure for a district and the potential compensation achievable by an employee. Depending on the level offered, the employer contribution to health and welfare

⁴Job descriptions were not analyzed; therefore, this assertion is based on job title alone

benefits can make up a significant percentage of total compensation. Similar to the hourly rates, Plumas Lake ESD offers a more generous maximum contribution toward health and welfare benefits costs, as shown in Figure 29.

Figure 29: 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

However, not all employees are eligible for benefits, while others are not eligible for the maximum benefit amount. Given this, when considering actual costs currently being expended by the three districts for health and welfare benefits, the average cost per FTE is significantly lower than the caps. Figure 30 shows the actual costs for existing classified nonmanagement employees and the average cost per FTE, as well as the estimated cost increase and/or savings if the unified school district’s health and welfare benefits contribution were to align with the respective district’s average cost.

Figure 30: Impact of Implementing 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 | - | - |

Source: District-provided data

While Plumas Lake ESD’s cap is higher than either Wheatland SD or Wheatland Union HSD, its average cost is significantly lower. Therefore, there would be a cost savings based on Plumas Lake ESD’s average cost per FTE, while increases would be experienced if the average cost per FTE for either of the other two districts were implemented.

Other Staffing Impacts

With the exception of the administrative staff at the district office, the prior analysis assumes that the site-based staff or those assigned centrally, but working at sites, will remain after unification. Not only because of the requirement to retain certain classified staff for a period of two years, but also because it is assumed that each district is staffed to meet its existing needs and student

enrollment, and the unification of the districts would not impact enrollment. That said, there are other savings and/or expenditures related to staffing that cannot be quantified at this time and would be impacted by unification. Therefore, it is important that the districts consider these when determining whether to pursue unification.

Each district has its individual complement of instructional and support programs and services. The unified district would need to take a comprehensive look at those programs and services and determine if changes are needed either because it decides to expand a program districtwide that is currently only offered within one of the existing districts or reduce or eliminate such a program.

Further, as new CBAs are developed, salary and benefits are not the only items that will need to be negotiated with labor partners. Staffing ratios for certificated nonmanagement staff will need to be negotiated that may be different from those within a given district or any of the existing districts. If one elementary district is meeting the 24:1 TK-3 class ratios while the other has a collectively bargained alternative, for example, a consensus will need to be reached and negotiated as to how the unified school district will staff its TK-3 classes. Further, how classified nonmanagement staff are allocated, which is typically not included in the CBA for all job classifications, will also need to be determined. For example, if one district currently allocates one custodian per school site while another bases its allocations on enrollment and/or number of classrooms, a decision will need to be made as to how the unified school district will allocate staff.

These considerations will ultimately impact the number of staff that will need to be retained or reduced by the unified district, while abiding by the initial two-year requirement to retain classified staff.

Developer Fee Impacts

There are limited resources for new school construction and modernization. Historically, school districts have relied upon a combination of local bonds, state bonds, and developer fees. As it pertains to developer fees, 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. 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.

There are three levels of developer fees—Level I, Level II, and Level III. Level I fees are set by Government Code Section (GC §) 65995(b) and increased every two years by the State Allocation Board (SAB). As of its meeting on January 24, 2024, the fees are \$5.17 per square foot (sf) and \$0.84 per sf for residential and commercial/industrial, respectively. A school district must adopt a resolution for the collection of these fees and, pursuant to GC § 66001, prepare a justification study that includes identification of the purpose of the fee; use for the fee and, if the use is financing

public facilities, then the facilities must be identified; determination of a nexus between the fee and the type of development on which the fee is imposed; and a determination that there is a nexus between the need for the public facility and the type of development on which the fee is imposed.

A school district may impose alternative fees—Level II and Level III—on residential construction if they meet certain requirements pursuant to GC § 65995.5 and 65995.7, respectively. For Level II, the school district must make an application to the SAB for new construction funding and meet the eligibility requirements; conduct and adopt a school facility needs analysis pursuant to GC § 65995.6; and meet other eligibility requirements. For the collection of Level II and III developer fees, a school facility needs analysis, pursuant to GC § 65995.6, must be completed to determine the need for the new school facilities for “unhoused pupils that are attributable to projected enrollment growth from the development of new residential units over the next five years.”

All three districts are levying developer fees at Level I. Additionally, Plumas Lake ESD, Wheatland SD, and Wheatland Union HSD have agreed to a 60% (elementary districts)/40% (high school district) split, wherein Plumas Lake ESD and Wheatland SD collect \$3.10 per sf for residential construction and \$0.50 per sf for commercial/industrial construction, with the exception of mini-storage, which is charged at \$0.02 per sf; and Wheatland Union HSD collects \$2.07 per sf for residential construction and \$0.34 per sf for commercial/industrial construction, and \$0.01 per sf for mini-storage.

Additionally, GC § 65995.7(f) provides a school district the ability to negotiate and enter into an alternative reimbursement agreement if mutually agreed upon by all parties. GC § 65995.7(g) further acknowledges that the school district may provide that the rights granted by the reimbursement agreement be assignable. Both Plumas Lake ESD and Wheatland Union HSD have entered into several mitigation agreements, in lieu of collecting standard developer fees, with residential developers within their boundaries. Some of the agreements provide funding to the districts while others provide for land and/or construction of school facilities.

GC § 66006 requires a school district that collects fees to deposit those fees 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 from the fees in the account or fund 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. For example, if one of the elementary districts collected developer fees for the modernization of its elementary schools due to enrollment growth, then the unified district would need to utilize the identified funds for those purposes until the funds, and any interest accrued, are fully expended. Additionally, any 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. As for the unified school district, in order to levy developer fees, it would complete the necessary justification study/needs analysis and board resolution and account for them separately until such time as the funds collected prior to the unification are expended.

There are three additional items that were not part of the scope of work for this analysis that should be briefly mentioned. First, it appears that at least one district has established community facilities districts (CFDs) in order to finance school construction in connection with several residential development projects. It is important to note that current state law provides no guidance for transfer of a CFD among school districts. The CDE Handbook provides little guidance on the processes that should be followed when CFDs are the subject of a reorganization. It notes that, when CFDs are formed, the school district board is usually designated as the board of directors for the CFD. This governance structure, however, can become a problem in the event of a reorganization that includes a CFD. As an example, the CDE Handbook offers a situation in which a high school district operates as the board of directors of a CFD within the high school district boundaries. If a unified school district is formed along these same boundaries, “legal steps must be taken to change the board of directors of the CFD from the high school district board to a newly formed unified school district board.” The CDE Handbook goes on to advise that bond counsel be consulted to make any necessary changes to the conditions prescribed in the CFD’s organization and bond documents and that “in some cases, legislation may be necessary.”

Second is the treatment of general obligation bonds. Per EC § 35573 and 35574, 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. Further, 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.

Additionally, pursuant to EC § 35578 and 35579, when a district is included as a whole into another, its unsold bonds may be issued by the board of supervisors on behalf of the new district. These funds, however, can only be expended for the purposes for which the bonds were originally authorized. Once again, 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.

Further, pursuant to EC § 35561, 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 school facilities improvement districts (SFIDs).

Lastly, similar to CFDs, at least one of the districts has SFIDs. 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 districtwide basis and would therefore be treated in a similar manner.

Unification Process

In addition to the foregoing analysis, the districts requested that SSC consider the impacts if only two of the three districts unified—Plumas Lake ESD and Wheatland Union HSD. As it pertains to the unification process itself, EC § 35542 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 for an exclusion from the county committee on district organization if the conditions of EC § 35710(b) are met or from the State Board of Education if the conditions are not met. In this case, the elementary district would continue to feed into the high district under the same terms that existed before any action to unify.

As such, the following presents the figures that were included earlier in the review, but only considers the impact of a unification between Plumas Lake ESD and Wheatland Union HSD. Much of the background information and narrative, which would be duplicative, will be excluded so that the financial impact can be assessed more expeditiously.

Local Control Funding Formula

Similar to the unification of all three districts, the LCFF revenues would decline as compared with the aggregate total (Figure 31).

Figure 31: LCFF Funding Comparison

| | 2024-25 | 2025-26 | 2026-27 |
|--------------------------|---------------------|---------------------|---------------------|
| Aggregate Total | \$35,809,766 | \$36,755,894 | \$37,686,218 |
| Unification Total | \$34,363,644 | \$35,373,407 | \$36,261,308 |
| Difference | -\$1,446,122 | -\$1,382,487 | -\$1,424,910 |

Source: FCMAT calculator with projected scenarios

The decrease in revenues is driven entirely by the decline in unduplicated pupil counts, which lowers the supplemental and concentration grant revenues based on an effective UPP of 59.17%.

Federal Revenues (Impact Aid)

Impact Aid revenues, specifically the 7003(b) award, would decline by nearly 50%, or \$247,000, if Plumas Lake ESD and Wheatland Union HSD reorganized. This is due to the low LOT of Plumas Lake ESD. The 7003(d) award would be unaffected by the unification.

Other State Aid

Special Education—Due to the fact that the funding is based solely on ADA, and the rate is homogenous statewide, a unification of the two districts will not impact the aggregate revenues.

ELO-P—Although a unification will not change the tier, a unification of the two districts would result in a revised UPP of 59.17%, which is significantly higher than the Plumas Lake ESD UPP of 44.92%. The ELO-P formula multiplies ADA in TK-6 by the tier 2 rate and the UPP. The net impact would result in additional ELO-P dollars upon unification because the UPP from Wheatland Union HSD of 74.98% would bring up the aggregate percentage to 59.17%. Figure 32 summarizes the fiscal impact.

Figure 32: ELO-P Funding Changes

| Districts | 2024-25 | 2025-26 | 2026-27 |
|--------------------------|-------------|-------------|-------------|
| Plumas Lake ESD | \$901,411 | \$1,006,483 | \$1,006,483 |
| Unification Total | \$1,230,164 | \$1,330,506 | \$1,301,067 |
| Difference | \$328,753 | \$324,023 | \$294,585 |

Source: District-provided data

Lottery—Due to the fact that the funding is based solely on ADA, and the rate is homogenous statewide, a unification of the two districts will not impact the aggregate revenues.

Mandate Block Grant—Due to the fact that the funding is based solely on ADA, and the rate is homogenous statewide, a unification of the two districts will not impact the aggregate revenues.

Other Local Revenues

Based on historical norms, and familiarity with the local revenues collected, there do not appear to be any local revenues sources that would be impacted by unification.

Certificated Staffing

Based on review of the certificated management staffing (Figure 15), the unification of the two districts would result in an overlap of the same two positions noted in Figure 16. The financial analysis with just the two districts is noted in Figure 33. Additionally, as previously noted, there may be duplication of efforts with the Executive Director, Student Services in Wheatland Union HSD, as well as the administrators with oversight of special education.

Figure 33: Savings from Duplicate Certificated Management Positions

| Position | Total Salary | Total Benefits | FTE | Average Cost per FTE Reduction | Potential Savings |
|-----------------------------------|--------------|----------------|------|--------------------------------|-------------------|
| Superintendent | \$507,627 | \$144,109 | 2.00 | \$325,868 | \$325,868 |
| Director, Student Services | \$331,035 | \$74,500 | 2.00 | \$202,768 | \$202,768 |
| Total | \$838,662 | \$218,609 | - | - | \$528,676 |

Source: District-provided data

Utilizing the most recently available state-certified data, Figure 34 shows the average total compensation for teachers for the two school districts, as well as the estimated cost increase and/or savings if the unified school district implemented the respective district’s salary schedule and health benefit cap.

Figure 34: Impact of Implementing Uniform Total Compensation

| District | Average Total Compensation | FTE | Increase/(Decrease) to Implement for Unified District |
|----------------------------|----------------------------|-------|---|
| Plumas Lake ESD | \$87,446 | 89.48 | \$79,296 |
| Wheatland Union HSD | \$86,030 | 56.00 | -\$126,704 |

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

The cost to implement the Plumas Lake ESD salary schedule and benefit cap for all teachers would result in a cost of approximately \$79,000, while the implementation of the Wheatland Union HSD salary schedule and benefit cap would result in savings of approximately \$126,000.

Classified Staffing

Of the five positions identified as duplicative in Figure 20 four would remain duplicative were only Plumas Lake ESD and Wheatland Union HSD to reorganize. The financial analysis for the four positions is shown in Figure 35.

Figure 35: Classified Management Positions and FTE

| Position | Total Salary | Total Benefits | FTE | Average Cost per FTE Reduction | Potential Savings |
|--|--------------|----------------|------|--------------------------------|-------------------|
| CBO/Director, Business Services | \$349,687 | \$153,843 | 2.00 | \$251,765 | \$251,765 |
| Director, Capital Facility Projects/FMOT | \$279,241 | \$131,560 | 2.00 | \$205,400 | \$205,400 |
| Director, Food Services | \$197,755 | \$102,607 | 2.00 | \$150,181 | \$150,181 |
| Director, Innovation & Instructional Technology | \$248,702 | \$86,798 | 2.00 | \$167,750 | \$167,750 |
| Total | \$1,075,385 | \$474,807 | - | - | \$775,096 |

Source: District-provided data—salaries as of October 30, 2024

Using the same methodology outlined for Figure 27, Figure 36 shows the average salary per FTE of the two districts for classified nonmanagement and the estimated cost increase and/or savings if the unified school district implemented the respective district’s salary schedule. The result is a cost increase of approximately \$360,000 if the Plumas Lake ESD salary schedule were implemented, while a cost savings of approximately \$490,000 would result from implementing the Wheatland Union HSD salary schedule.

Figure 36: Impact of Implementing Uniform Hourly Rates

| District | Average Salary per FTE | FTE | Increase/(Decrease) to Implement for Unified District |
|----------------------------|------------------------|-------|---|
| Plumas Lake ESD | \$52,780 | 83.72 | \$360,484 |
| Wheatland Union HSD | \$46,980 | 62.15 | -\$485,617 |

Reviewing the actual costs for existing classified nonmanagement employees and the average cost per FTE, Figure 37 shows the estimated cost increase and/or savings if the unified school district’s health and welfare benefits contribution were to align with the respective district’s average cost.

Figure 37: Impact of Implementing 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 | -\$159,617 |
| Wheatland Union HSD | \$482,482 | \$7,764 | \$215,024 |
| Total | \$917,421 | - | - |

Source: District-provided data

Other Considerations

There are several other areas that could result in savings, which cannot be quantified at this time, but which the districts should consider and further analyze should they determine to proceed with a unification. The following includes some, though not all, of the possible areas where savings could be achieved.

- **Facilities**—As stated previously, the analysis generally assumes that each district is staffed to meet its existing needs and student enrollment, and that unification would not impact this. The scope of work did not include an analysis of the districts’ facilities and whether they have excess or a deficit in capacity to meet current and future needs. The assumption is that each district has sufficient facilities capacity to meet current needs and while additional facilities may be needed in the future to accommodate growth, 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.

Facilities that in fact may be duplicative are any that hold districtwide uses. The most likely facility would be the district office. If each district has its district office on a property separate and apart from a school site, then all three sites would not be needed. And if any of the district offices are located on a school site, then there would be excess facilities on an existing campus. If not used for another district purpose upon unification, these properties or facilities could be leased or sold to generate income. At a minimum, there would be some savings from reduced maintenance and utility costs. Another example would be the maintenance or bus yard.

- Software—There are numerous software programs and/or licenses that school districts utilize—from those in the district office to help with operations (e.g., attendance or financial reporting) to individual licenses for educational programs. Depending on the software used by each district, there could be savings either from the elimination of licenses for varying software across districts with similar purposes and/or from the reduction of licenses if the same software is being used across multiple districts.
- Purchasing power—The unified district would be more than double the size of the largest individual district, Plumas Lake ESD. This could result in greater purchasing power and reduced rates for textbooks, supplies, medical plans, food stuffs, etc.