



2004-2005 SANTA CLARA COUNTY CIVIL GRAND JURY REPORT

FINANCIAL AND ENROLLMENT PRACTICES OF THE CUPERTINO UNION SCHOOL DISTRICT

Summary

Responding to citizens' complaints, the 2004-2005 Santa Clara County Civil Grand Jury (Grand Jury) inquired into the procedures of the Cupertino Union School District (CUSD or District) regarding the use of individual school foundation funds and the permitting of students from other school districts to enroll in Cupertino's alternative programs.

The Grand Jury concluded that the CUSD is not legally required to have a district policy preventing contributions to individual school foundation funds or to parent group funds from being used for staffing and materials costs at an individual school. The CUSD encourages such individual school contributions and uses. The CUSD practice of allowing enrollment of students from other districts into its alternative programs follows proper procedures. No recommendations were made.

Background and Discussion

The complaints received by the Grand Jury alleged the following issues regarding CUSD:

- The District fosters inequality among schools within the District by encouraging the creation of individual school foundations to fund both staff and materials for their schools.
- The District has opted for individual foundations instead of a more equitable large parcel tax to meet the schools funding needs.
- The Cupertino Language Immersion Program (CLIP), also known as the Mandarin Immersion Program, improperly enrolls out-of-district students while the District's other three alternative programs strictly exclude such students.
- The District has established a two-tiered system on one school site. The Mandarin Immersion Program at the Meyerholz School has private foundation financial support. The Meyerholz School does not have a school foundation.

Complaints regarding inequitable school funding have been made for many years. The seminal case on this matter, *Serrano v. Priest*, was decided in 1976 by the California Supreme Court. The Court held that California State financing of public school districts must give students equal opportunities regardless of wealth-based tax disparities among

school districts. The Grand Jury interviewed personnel at the CUSD who, stated that funds allocated by the state were budgeted to all the schools within the District according to the formula for school funding.

CUSD also receives funds from the Cupertino Educational Endowment Foundation (CEEF) which allocates its funds directly to the District for uniform distribution to the individual schools. There is no inequitable treatment among District schools with either State or CEEF funds.

The basis for the complaints being addressed in this inquiry is that individual school foundation funds and other parent group funds have been established for schools within the District. There are eight schools which have individual school foundations. Of the 23 schools in the District, there are six schools that have a local Parent Teacher Organization (PTO) other than a chapter of the Parent Teacher Association (PTA). The PTA has a policy that funds raised by its chapters cannot be used for personnel expenses while the PTO is not similarly restricted. PTO funds and foundation funds donated to an individual school are administered by the District for the benefit of that individual school, similar to categorical funds which are restricted monies that can only be used for a specific purpose. Although all funds for the schools are funneled through the District, the CUSD policy does not prevent the schools from using their individual foundation and PTO funds for personnel costs. While *Serrano v. Priest* governs the distribution of state funds, it does not govern the individual district's handling of other gifts and funds. The complainants contend that public monies, in conjunction with private funds, are being used to create a two-tiered system among various schools within the District.

Funds received for any individual school are actually handled through its district office. The variety of funds available is large and their distribution is complicated. The funds include:

- State funds: based on a complex formula, and must comply with *Serrano v. Priest*;
- Title I funds: designated federal funds specifically for students from low-income households;
- Categorical funds: designated for a specific purpose, e.g., School Improvement Program;
- Foundation funds: designated for use district-wide or to individual schools or programs;
- Restricted funds: used only for their designated purpose or program;
- PTA funds: used for materials but not for staffing;
- PTO funds: used for materials and/or staffing if permitted by the district policy;
- Grants: applied for by districts or individual schools for specific purposes.

For comparison, the Grand Jury examined the Palo Alto Unified School District (PAUSD) policies and procedures. PAUSD has addressed the alleged problem of funding inequities. The Grand Jury found that the PAUSD Board of Education has a written policy that allows it to take control of the foundation contributions made to individual schools and to allocate those funds throughout PAUSD in a uniform manner (see Appendix A).

California's Education Code permits school districts to exercise this authority but it is not required (see Appendix B).

The CUSD is aware of the disparity among schools and created the Funding Equity Committee, later renamed Resource Equity Committee, to look into this issue. The committee found a large range of site-based funding from \$28,000 to \$260,000 per site and \$45 to \$494 per student. The committee report of April 30, 2003 recommended establishing the Cupertino Schools Volunteer Network to reduce staffing inequities by recruiting volunteers and providing low-funded schools with strategies to increase fund-raising revenues. The District has chosen to seek a small parcel tax instead of a larger one which would have generated more revenue to support programs and staffing equally at all schools. The smaller tax revenue would necessitate continued use of individual school foundations and PTO support for staffing needs. CUSD's Resource Equity Committee recommended continued support for individual site-based funding.

The CUSD has a written policy encouraging contributions and volunteer assistance, while permitting individual contributions to be used for staffing and materials costs at individual schools. CLIP, a unique alternative program in this county, might not have been possible without the practice of permitting individual school contributions to be used for staffing and materials.

The Grand Jury's role here is not to determine policy but rather to determine whether stated policies are being properly followed. PAUSD has a policy regarding public participation in school funding that allows it to capture the majority of contributed funds and to disburse them uniformly among the schools. CUSD does not have a policy like PAUSD and is not legally required to have such a policy. CUSD has a policy favoring individual school funding. It could have a policy preventing individual school funding, or it could have no policy at all. Any policy change would be a matter for the CUSD Board of Education and the voters of the District to decide.

A complainant also alleges that CLIP enrolls out-of-district students while three other alternative programs at CUSD do not, and that CLIP was improperly relocated to a different campus. The District showed that there was space available in CLIP as well as in the other programs, and that the inter-district transfer requirements and the enrollment rules of the California Education Code were being followed. The District also showed that relocation of CLIP to a different campus was necessitated by the closing of the school where it had been located.

Conclusions

The Grand Jury concluded its inquiry with three findings and no recommendations.

Finding I

The CUSD is not legally required to have a policy preventing contributions to individual school foundations or to parent groups from being used for staffing and/or materials costs at individual schools.

Recommendation I

None.

Finding II

The CUSD encourages individual school foundations and parent groups to contribute to staffing and/or materials costs at individual schools.

Recommendation II

None.

Finding III

The CUSD enrolls students from other districts into its alternative programs according to the rules governing such enrollments.

Recommendation III

None.

PASSED and ADOPTED by the Santa Clara County Civil Grand Jury on this fourth day of November, 2004.

Michael A. Smith
Foreperson

References

Documents

1. *Serrano v. Priest*, 18 Cal.3d 728 (1976). Supreme Court of California
2. District Statistics, Fax Transmission from Cupertino Union School District to Grand Jury, August 26, 2004
3. A. Cupertino Union School District Board Policy BP3290 (rev. June 22, 1993)
B. Cupertino Union School District Administrative Regulation AR 3290 (rev. June 22, 1993)
C. Cupertino Union School District Administrative Bulletin No. 04-303 (dated August 1, 2004)
4. California Education Code § 48204, and §§ 46600 – 46611

Interviews

1. PAUSD Foundation members, Personal Interview, August 6, 2004
2. CUSD and CEEF Officials, Personal Interview, August 13, 2004
3. Santa Clara County Office of Education Attorney, Personal Interview, September 27, 2004

Appendix A

PALO ALTO UNIFIED SCHOOL DISTRICT POLICY AND PROCEDURES MANUAL

[...]

CHAPTER IX – COMMUNITY RELATIONS

[...]

C. PUBLIC PARTICIPATION IN SCHOOLS

[...]

6. Gifts or Loans to Schools. Gifts or loans may be accepted by schools, with written permission of the Superintendent prior to making any final arrangements for the donation. Where loans of books, machine apparatus or other property are accepted, it is to be distinctly understood that they are at the loaner's risk and that the district is not responsible for any damage or for loss by fire or theft. All gifts to individual schools shall be the property of the district and shall be maintained by the district. Where purchases are involved with donated funds, all such purchases shall be channeled through the appropriate school district services to ensure educational appropriateness and quality control. All final purchases shall conform to existing Business Office practices and procedures. (Education Code, Section 41032)

Appendix B

CALIFORNIA EDUCATION CODE § 41032. (a)

41032. (a) The governing board of any school district may accept on behalf of, and in the name of, the district, gifts, donations, bequests, and devises that are made to the district or to or for the benefit of any school or college administered by the district. The gifts, donations, bequests, and devises may be made subject to conditions or restrictions that the governing board may prescribe.