FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

November 10, 2020

Honorable Keely Bosler, Director
California Department of Finance
915 L Street
Sacramento, CA 95814

Honorable Phil Ting, Chair
California State Assembly Committee on Budget
State Capitol, Room 6026
Sacramento, CA 95814

Honorable Holly J. Mitchell, Chair
California State Senate Committee on Budget and Fiscal Review
State Capitol, Room 5019
Sacramento, CA 95814

Dear Director Bosler, Chairperson Mitchell and Committee Members, and Chairperson Ting and Committee Members:

This letter is submitted for your consideration in accordance with FCMAT's responsibilities with regard to Inglewood Unified School District under Assembly Bill (AB) 1840 (Chapter 426/2018). The intent of this document is to provide an update of events that have occurred since our letter dated March 2, 2020.

Please note that Exhibits A through M are available here:

Second Interim

The county administrator for the Inglewood USD approved the second interim report (Exhibit A) on March 11, 2020 with a positive certification. On April 15, 2020, the Los Angeles County Superintendent of Schools responded to the district's second interim report concurring with the district's positive certification (Exhibit B). However, the county office points out that the district's reserve for economic uncertainties relies on continued apportionments under AB 1840 of $6.2 million in 2020-21 and $3.7 million in 2021-22 to achieve a balanced budget. The district's second interim report reflects reserves for economic uncertainties of 3.13% for 2019-20, 3.42% for 2020-21, and 3.51% for 2021-22. The county superintendent letter expressed concerns with the district's rising special education program costs and the continued impact of declining enrollment.

Included with the district's second interim report was an updated Fiscal Stabilization Plan (FSP) (Exhibit C), which contains both contingent and noncontingent cost savings and revenue enhancements totaling $6.3 million in 2020-21 and an additional $2.5 million in 2021-22. The newest item included in the district's FSP is the potential revenue generation from land lease agreements, which have yet to be finalized and approved.

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The district's second interim report used the latest information included in the Governor's January 2020-21 budget proposal, which was projected based on a positive economic forecast, with moderate funding growth for all school districts that included COLA adjustments, some one-time funds for new categorical programs and increased funding for other programs. However, in mid-March of 2020, the COVID pandemic caused severe negative economic impacts worldwide. California schools were closed for in-person instruction and school districts like Inglewood USD were immediately left to determine how to provide instruction to students remotely. As reflected in the table below, the 2019-20 second interim budget, which used pre-pandemic data, reflects a projected unrestricted deficit for the district of $634,765.

2019-20 Second Interim Projections			
	Unrestricted	**Restricted**	**Combined**
Surplus/(Deficit)	($634,765)	($457,462)	($1,092,227)
Beginning Fund Balance	$5,986,776	$1,260,455	$7,247,231
Audit Adjustment/Restatements	($1,268,852)	$0	($1,268,852)
Adjusted Beginning Fund Balance	$4,717,924	$1,260,455	$5,978,379
Ending Fund Balance	$4,083,159	$802,993	$4,886,152

The Governor's May Revision contained significant cuts to school districts including a 10% reduction to the Local Control Funding Formula (LCFF), which included the suspension of COLA, cash deferrals and cuts to numerous categorical programs. After negotiations between the Legislature and the Governor, the enacted 2020-21 state budget included suspension of the COLA but replaced further cuts to the LCFF and existing categorical programs with increased cash deferrals, provided temporary reductions to the employer contribution rates for employee pensions and included substantial one-time federal and state funds for costs due to the COVID-19 pandemic.

Certificated and Classified Layoffs

At the March 11, 2020 board meeting, along with the second interim report, the district's county administrator approved resolution 29/2019-2020 (Exhibit D) to reduce particular kinds of services by 46.0 full-time equivalents (FTEs) for the 2020-21 school year. Resolution 40/2019-2020, approved on May 6, 2020, revised this number to 38.0 FTE (Exhibit E). This resolution states that the district rescinded four preliminary layoff notices due to program needs and the other four were due to unfilled vacancies.

The county administrator approved resolution 35/2019-2020 (Exhibit F) on April 22, 2020 to eliminate or reduce 17.5 FTE classified positions, and resolution 41/2019-2020 (Exhibit G) was approved on May 27, 2020 to reduce or discontinue services of 16 classified positions effective July 31, 2020. Of the 16 positions, nine of them were vacant.

Third Interim/End of Year Projection

On May 27, 2020, the county administrator approved the district's third interim financial report (Exhibit H). For the 2019-20 first interim report the district was projected to have a deficit of approximately $884,920. By second interim report, district leadership developed a new FSP, controlled costs by staffing efficiently and reduced operating budgets, which resulted in a deficit of $634,765. The third interim report reflects changes due to the COVID-19 pandemic causing school closures, additional expenses for distance learning and the impact of the Governor's May Revision state budget. Due to the impact of school closures, the district projected savings in utilities, overtime, extra duty, substitutes, and vacancies. Additionally, the attendance report for the district's City Honors charter school reflected an increase in attendance leading to approximately $1.7 million in additional revenues which, combined with the projected savings above, resulted in a net improvement in the ending fund balance of $2.4 million, as shown in the table below.

2019-20 Third Interim Projections			
	Unrestricted	**Restricted**	**Combined**
Surplus/Deficit	$2,400,573	($77,491)	$2,323,082
Beginning Fund Balance	$5,986,776	$1,260,455	$7,247,231
Audit Adjustment/Restatements	($1,268,852)	$0	($1,268,852)
Adjusted Beginning Fund Balance	$4,717,924	$1,260,455	$5,978,379
Ending Fund Balance	$7,118,497	$1,182,964	$8,301,461

Adopted Budget 2020-21

The district's 2020-21 adopted budget was approved by the county administrator on June 29, 2020 (Exhibit I). The final state Budget Act and trailer bills were not incorporated in the district's adopted budget. Additionally, employee benefit plan revisions had not been included because they were still pending approval by the committee. The district stated these changes and potentially others would be incorporated into the 45-day budget revision once the state Budget Act for 2020-21 was approved. The adopted budget as submitted to the county superintendent showed a reserve for economic uncertainties of 4.59% for fiscal year 2020-21, -1.98% for 2021-22, and -13.90% for 2022-23. To meet the reserve requirement, the district's budget included one-time AB 1840 revenues of $5.8 million in fiscal year 2020-21 and $3.8 million in fiscal year 2021-22. Under AB 1840 one of the conditions for the district to be considered for state assistance is that it meets the requirement of a positive budget certification in 2020-21 to qualify for additional funds. Even with the inclusion of the AB 1840 funds in fiscal year 2021-22 the district shows negative reserves, indicating that it must be more aggressive in identifying and implementing additional ongoing cost reductions and/or revenue increases.

In a letter dated September 15, 2020, the county superintendent approved the district's adopted budget, which acknowledged that the county administrator had approved a 45-day budget revision on August 12, 2020. The revision reflected higher enacted LCFF revenues, which left the district with a projected surplus of approximately $6.1 million in the unrestricted fund for fiscal year 2020-21. A deeper review of the district's multiyear projections shows that the district's restricted budget for the two subsequent fiscal years ends with a negative ending fund balance that ultimately impacts the unrestricted ending fund balance in those same fiscal years. FCMAT recognizes the discretion the county superintendent has to approve or disapprove budgets based on the established criteria and standards; however, the county superintendent had the opportunity to conditionally approve the budget and require the district to submit a revised multiyear projection that included the 45 day budget revisions and the analysis of the 2019-20 unaudited actuals, and addressed all inaccuracies reported in the restricted budget for the two subsequent fiscal years.

The district's adopted budget projects operating deficits of $41.4 million in Fund 21 – Building Fund and $2.1 million in Fund 40 – Special Reserve Fund for Capital Outlay Projects. Therefore, the county superintendent is requiring the district to prepare and submit budget adjustments and a narrative that restores both funds to positive ending fund balances with the district's first interim report. A copy of LACOE's approval letter is included as Exhibit J. These negative fund balance conditions should have also been considered by the county superintendent in their decision to approve, disapprove or conditionally approve the district's budget. Negative fund balances are a significant fiscal stability factor.

The district continues to experience declining enrollment caused by both declining birthrates and the number of students who reside within the boundaries. The projected average daily attendance (ADA) is estimated to be 7,564 in 2020-21, 7,275 in 2021-22, and 6,973 in 2022-23. Additionally, the number and size of charter schools that operate both within and outside, but adjacent to, the district's boundaries have a direct impact on enrollment. To ensure funding stability regardless of a district's instructional model, the enacted state budget includes a hold harmless provision for 2020-21 ADA. To estimate a district's LCFF apportionment in fiscal year 2020-21, the hold harmless provision uses a district's 2019-20 P-2 attendance in place of reporting attendance for current year apportionment. While the hold harmless provision provides a one-year reprieve on declining enrollment in fiscal year 2020-21, the district needs to be prepared for the impact of the diminished LCFF revenues in fiscal years 2021-22 and 2022-23 without the hold harmless provision.

Other Budgetary Considerations

As stated, in our March 2, 2020 letter, the district had denied a renewal petition for two of its sponsored charter schools. Therefore, both charter schools ceased operation in fiscal year 2019-20 and neither provided instruction in fiscal year 2020-21. As mentioned above, the state budget enacted a hold harmless provision for districts' LCFF apportionments in the current fiscal year. Senate Bill (SB) 820 (Chapter 110/2020) provides that for charters that closed in fiscal year 2019-20 and did not operate in 2020-21, the sponsoring school district shall increase its average daily attendance as reported by the charter school for the 2019-20 school year. For Inglewood USD, this is an increase of 827.5 ADA in fiscal year 2020-21 for the purpose of its LCFF apportionment, which is approximately $9.1 million of one-time revenues. This additional revenue has not been incorporated in the district's 2020-21 financial plan. The district will need to track how many of these charter school students enroll in the district to determine how much ADA may be considered as ongoing in its multiyear projections.

Unaudited Actuals and General Fund Analysis

The 2019-20 unaudited actuals report had an unrestricted surplus of $6.5 million and $2.5 million in the restricted fund balance. The unrestricted surplus is approximately $4.1 million more than what was estimated on the district's third interim report. Most of the unexpected surplus can be attributed to reduced special education expenses due to required school closures in response to the pandemic, which reduced a number of support services, behavioral aides and contracted services typically provided to these students when school is in session. Additionally, the district used approximately $1.4 million of learning loss mitigation funds (which are comprised mainly of federal CARES Act funds) to offset expenditures from other professional services provided for special education students. A concern regarding the district's inability to provide special education services due to the school closures is that it may generate demand and obligation for remedial services to be provided in subsequent years, which will increase district expenditures that may not be currently captured in the district's multiyear projection.

Upon closing the books, the district transferred out approximately $3.093 million to other district funds. Of those funds, $245,000 was transferred to the cafeteria fund and the additional $2.848 million was transferred to Fund 67 – Workers Compensation Self-Insurance Fund. In response to the district's 2018-19 financial audit report, the Workers Compensation Self-Insurance Fund required a $2.3 million audit adjustment that left the fund with a negative ending fund balance. Further review shows that this fund is not self-supporting, in that the revenues received are insufficient to support the expenditures. The district is aware of this and is researching ways to address this concern.

The district continues to be plagued by prior year audit adjustments. Since the 2018-19 financial report was not completed until April 2020, the district could not reflect any audit adjustments until the third interim report. Additional audit adjustments were required during the closing of the books, so the total prior year audit adjustments to the beginning fund balance at year end were approximately a negative $1.6 million. This adjustment aligned with the concern raised by FCMAT in the December 2019 letter Exhibit F regarding a year end accrual activity that posted a second debit entry of $1.6 million that ultimately understated the district's expenditures.

2019-20 Unaudited Actuals			
	Unrestricted	**Restricted**	**Combined**
Surplus/(Deficit)	$6,455,047	$2,488,739	$8,943,786
Beginning Fund Balance	$5,986,776	$1,260,455	$7,247,231
Audit Adjustment/Restatements	($1,686,826)	$0	($1,686,826)
Adjusted Beginning Fund Balance	$4,299,950	$1,260,455	$5,560,405
Ending Fund Balance	$10,754,997	$3,749,194	$14,504,191

On review of the district's 2019-20 unaudited actuals, FCMAT found the same issues raised in our letter dated December 27, 2019, which leads us to conclude that the district is not monitoring its budget, expenditures and general ledger. Despite expert outside assistance in the year-end closing process, FCMAT continues to be cautious about the unaudited actuals as submitted to LACOE. A detailed list of the concerns has been shared with the district, and staff have stated that they are researching the variances and will work to resolve them. Neither the district nor LACOE has reached the same conclusion as FCMAT. A copy of the district's unaudited actuals financial reports is included as Exhibit K.

Key Personnel Changes

The chief business official resigned as of July 2020, after holding the position for less than one year. Additionally, the fiscal services manager position had remained vacant most of the fiscal year. This left the district to rely heavily on various consultants and the county office to assist the district with all day to day functions of the business office, and complete all year-end processing and required financial reports. As of September 24, 2020, a new chief business official has been hired and the district continues to pursue filling the fiscal services manager position.

Status of Annual Audits

The district received its 2018-19 audit report in April 2020 (Exhibit L). The district had a contract with its current auditors to conduct the financial audit report for fiscal years 2018-19 and 2019-20. As a result of the pandemic, Education Code 41020.9 was added effective June 29, 2020 to extend the normal deadline for LEA annual audits from December 15, 2020 to March 31, 2021.

Benchmarks

Education Code 42126 (c) provides a list of benchmarks to be measured as a condition of apportionment of one-time funds to assist the district. The benchmarks are examples of activities to improve the district's fiscal solvency, and the district may include them but is not limited to them.

Prior to the first AB 1840 March 1 letter in 2019, FCMAT, the county office and the district agreed on the benchmarks that would be monitored. They include required benchmarks derived from code and district-established benchmarks added by the district. The county office has taken an active role in helping the district and has created a targeted plan of action that is intended to guide the district toward the goal of achieving long-term fiscal stability and recovery. Together, they are working to identify key areas for improvement based on the listed benchmarks below.

1. Completion of comprehensive operational reviews that compare the needs of the school district with similar school districts and provide data and recommendations regarding changes the school district can make to achieve fiscal sustainability.

   Status:

   The district has completed operational reviews for the following departments: maintenance and operations, fiscal services, transportation, human resources, technology, and educational services.

   At the board meeting on July 22, 2020 the county administrator approved a revised organizational chart and related job descriptions resulting in the restructuring of the Division of Human Resources. The revised organizational chart reflects staffing changes recommended by the School Services of California, Inc. (SSC) report that was issued March 1, 2019. The revisions to the departments staffing are projected to result in a net savings of $304,404 to the general fund. To date no other departments have been restructured.

   The district has not yet entered into an agreement for an operational review of its police department. With the retirement of the chief of police back in December 2019 and the resignation of two police officers, the district is currently left with one police officer and 15 school safety assistant which currently has one vacant position.

2. Adoption and Implementation of necessary budgetary solutions.

   Status:

   The district submitted a positive certification at second interim report to the county office. This is the first positive certification of an interim report since the state takeover in 2012. The district's Fiscal Stabilization Plan approved with its 2019-20 second interim report included budget reductions of $6.3 million for fiscal year 2020-21 and an additional $2.5 million for 2021-22. Included in the plan was the reliance on $1.8 million in fiscal year 2021-22 in contingent revenues generated from a yet to be approved land lease agreement. The district had anticipated that an agreement would be finalized within a few months.

   The June 12, 2020 board agenda shows that two actions were to be approved by the county administrator, including a resolution allowing the district to enter into an agreement with a developer to construct fee producing facilities (per G.C. 5956) on the subject property based on a request for quotation (RFQ) advertised in January 2020 and an item to approve an exclusive negotiating agreement (ENA) with the developer selected subsequent to the RFQ process. As outlined in the ENA item, the developer was to begin paying rent as soon as the participating ground lease (PGL) was negotiated but not later than six months after approval of the ENA. The terms of the agreement required that the developer pay $535,000 per year for up to the first 18 months of the PGL while entitlements were approved, then $1,350,000 per year until the development was constructed. The agreement fell apart at the 11th hour and the district is working to identify a new developer for the 22.6-acre site.

   The district continues to include potential revenues from the leasing or sale of surplus property in the two subsequent fiscal years, dating back to the district's 2018-19 first interim report. However, no agreement has been finalized yet. Potential revenue enhancements, no matter how likely, should not be included in the district's multiyear projections until approved by the county administrator and developer(s). The county administrator approved a resolution in March to reduce particular kinds of services by 46.0 certificated FTEs for the 2020-21 school year. A resolution approved in May implemented the certificated layoffs; however, the number was reduced to 38.0 FTEs. The resolution stated that the district rescinded four preliminary notices due to program needs and the other four were due to unfilled vacancies.

The county administrator approved a resolution in April to eliminate or reduce 17.5 classified FTE positions and approved in May to reduce or discontinue services of 16 classified positions effective July 31, 2020. Of the 16 positions, nine were vacant.

The district's Fiscal Stabilization Plan approved with its 2020-21 adopted budget included expenditure reductions of $6.3 million and an additional $3.0 million in 2021-22. The largest variance in the latest plan is the district's estimate for revenue enhancement with regard to a land lease agreement in fiscal year 2021-22. As mentioned above, the district had included revenue enhancement of $1.8 million. However, because no formal action has been taken the district has lowered the estimate of those revenues to $500,000 without providing any specific agreement to support the revenue claims. The reliance on these revenues in the district's multiyear financial projections is unrealistic and the 2020-21 first interim report should not include these revenues without the corresponding document approval.

The district continues to experience declining enrollment and recognizes that its fiscal recovery is contingent on stabilizing or increasing student enrollment. The district historically experiences a decline in student enrollment between elementary and middle school. In an attempt to keep students from leaving, the district has initiated a grade level expansion program at various elementary schools that will convert them to K-8 configurations. The expansion is projected to be accomplished over three years. The table below outlines the three -year plan:

School	Change	2019-20	2020-21	2021-22
Beulah Payne STEAM Academy	Convert from K-6 to K-8	P-8		
Bennett-Kew Elementary	Convert from TK-5 to TK-8	TK-6	TK-7	TK-8
Worthington Elementary	Convert from TK-5 to TK-6	TK-5	TK-6	
Oak Street Elementary	Convert from TK-6 to TK-8	TK-6	TK-7	TK-8
Centinela Elementary	Convert from TK-6 to TK-8	TK-6	TK-7	TK-8
Woodworth-Monroe Elementary	Consolidated with Monroe Middle	TK-8	TK-8	TK-8

In addition to encouraging families to remain in the district by expanding grade levels at schools, new and renewal charter petitions are being carefully evaluated against the established criteria. This is a change from the district's prior practice where petitions were not carefully evaluated and the required oversight of existing charter schools was not being performed. This past year, the district successfully challenged two charter renewal petitions for the 2020-21 school year. While one of the schools has other campuses and may transfer students there, taking advantage of current distance learning requirements, significant outreach has been made to charter school families and a concierge type service is offered to encourage and help families transition to the district's schools. The district remains encouraged that as in-person learning again becomes the norm, more students will attend its schools.

The district has retained a demographics firm to update student enrollment projections, identify and validate further school consolidation opportunities, and analyze the effectiveness of the grade level expansion. The district continues to refine its plan to consolidate sites to increase operational efficiencies and to generate revenue. Although various properties have been considered for consolidation, the district should consider that moving students from one school to another could encourage the continued exodus of students. This is especially true on the east side of the district where the next closest school to Warren Lane (formerly Daniel Freeman) Elementary School (2019 enrollment of less than 200 students) is not an Inglewood school. As mentioned above, with the closure of two charter schools, the district expects to gain students and will want to factor in these new students to any school consolidation plan.

The district also has focused on a campaign and strategies to increase awareness of the importance of student attendance. The Student Support Services team has developed a districtwide Attendance Improvement Implementation plan. Each school can review and analyze its attendance and data and discuss strategies for improvements. The district also recognizes the importance that the instructional programs, student achievement, learning environment, facilities and the safety of the school have on creating safe and welcoming schools. Unfortunately, the remote learning scenario implemented due to COVID restrictions has made it difficult to implement the plan and assess the results.

Funding from the Los Angeles World Airports (LAWA) for sound mitigation due to the commercial aviation noise, with supplemental funding from the district's prior GO bond, Measure GG, is ongoing at Oak Street Elementary and Morningside High School. Those projects are expected to be complete in early 2021. The district has applied to LAWA for more funding for additional buildings at Morningside High School and is appealing the FAA determination that some buildings at Inglewood High School are not eligible for full sound mitigation funding. No funding for Inglewood High School has been provided to date.

To address the condition of the district's physical plants, the county administrator placed Measure I, a general obligation bond, on the November 3 ballot. The measure was successful and will authorize the sale of up to $240 million in bonds for continuing facility modernization. Using Measure I funds to help meet the extensive modernization needs of the district will allow revenue generated from the sale/lease of surplus property to be used to service the district's debt to the state and is part of the multiyear plan to regain local governance. So as to not confuse the community with other revenue enhancement strategies while Measure I was being considered, school consolidations and sale/lease of surplus properties were suspended until after the November election.

3. Completion and implementation of multiyear, fiscally solvent budgets and budget plans.

   Status:

   The district's fiscal stabilization plan approved with the 2020-21 adopted budget included cost savings, expenditure reductions and revenue enhancements totaling $6.3 million in 2020-21, and an additional $3.1 million in 2021-22. The district is also relying on additional apportionment under AB 1840 which is included in 2020-21 and 2021-22. Although the district continues to identify expenditure reductions/revenue enhancements it does not have a plan that eliminates the deficit and establishes the minimum required reserve levels.

4. Qualification for positive certification pursuant to Article 3 (commencing with Section 42130 of Chapter 6.

Status:

The district submitted a positive certification at second interim report; the county office concurred with this certification. The district projected deficit spending of approximately $600,000 for 2019-20, and no deficit spending in the two subsequent fiscal years mainly due to additional apportionments under AB 1840 of $6.2 million in 2020-21 and $3.7 million in 2021-22.Reserves were projected to be 3.13 percent for 2019-20, 3.42 percent for 2020-21, and 3.51 percent for 2021-22. The fiscal stabilization plan submitted with the district's second interim report identified cost savings and revenue enhancements of $6.3 million in 2020-21 and an additional 4.3 million in 2021-22. Part of the $4.3 million in fiscal year 2021-22, was potential revenues generated from a yet to be approved land lease agreement which ultimately fell apart at the 11th hour. Had the district not included these revenues, the district would not have met the State Criteria and Standards minimum reserve requirements. Potential revenue enhancements should not be included in the district's multiyear projections until approved by the county administrator and developer(s).

5. Adoption of a preliminary school and school district facility closure and consolidation plan and initiation of any regulatory approval process, including the California Environmental Quality Act and other state or local approval, related to the sale or lease of surplus property.

Status:

As mentioned above, the district retained the services of an experienced school demographics firm to assist with the analysis of student enrollment projections over the next seven years and current school capacities. The district has a districtwide open enrollment policy to allow parents to choose which school they want their students to attend. The demographics study will help highlight the schools that parents are self-selecting and will be critical in determining which schools to consolidate. Consolidation decisions should be based both on where students reside and on where they attend school. Integral to deciding which schools to consolidate is the question of which schools will be modernized. The finite resources of a successful bond election will need to be allocated to those schools that continue to serve the community, not to schools that will be closed. Additionally, the strategy of increasing grade levels at schools (from K-5/6 to K-8) will help to better utilize existing classroom capacities and further help identify schools to be consolidated.

In response to the Governor's May Revision plan for the 2020-21 budget and declining enrollment at Warren Lane Elementary School, the county administrator approved resolution 49/2019-20 (Exhibit M) on June 12, 2020, which determined the Warren Lane Elementary School Consolidation Project is exempt from the California Environmental Quality Act and approved the closure of the school site. For the 2019-20 school year, Warren Lane only had 184 students enrolled, with a capacity of 540 students. Since the proposed receiving schools are also experiencing declining enrollment they are capable of absorbing Warren Lane students. However, the enacted state budget protected school funding from uncertainties caused by the pandemic, restored LCFF revenues and included a hold harmless provision for 2020-21 ADA. Because funding was restored and to allow more time for a robust community engagement process as recommended by CDE's Closing a School Best Practices Guide, the decision to close was rescinded at the June 29, 2020 board meeting. The district will continue to operate Warren Lane school while exploring and developing strategies for how to best utilize, consolidate and coordinate its schools to minimize disruption to students, parents, teachers, staff and the community.

As was discussed in (a) above, the work the district invested to sell/lease the 22.6-acre site, comprised of the recently consolidated Woodworth Elementary School (with Monroe Middle

School) and the athletic fields of Morningside High School, was not successful in part due to the limited 35-year term available per Government Code 5956 et seq. Due to the failure of the process to result in a development agreement, the district has replaced its prior legal counsel and has elected to avail itself of the advantages of Education Code 17515 et seq., as amended by the Budget Act of 2020, which will allow for a term of up to 99 years. Following advice of new legal counsel, the district advertised a request for proposals for a real estate broker to assist in marketing the property and expects to enter into an agreement for those services shortly after the November election.

Additional properties being considered for development are the district office site of approximately two acres and the original Warren Lane school site of approximately nine acres. The district office is being considered for relocation to the Manchester Adult School site and the adult school will be relocated to the former buildings that housed the City of Champions High School. Proposals have been solicited from an architect and layouts of the planned move have been developed. Work on the plans and necessary approvals will move forward after the November election. The original Warren Lane school is partly occupied by Green Dot's Animo City of Champions Charter High School. At the time of the charter renewal this past spring, the district petitioned the chartering authority to close the school and bring the students back to the district; however, the LACOE Board of Education approved a five-year extension for the school. Prior administration approved a two-year lease agreement with the charter school that will expire in June 2021. Possession of the property will revert to the district after the lease expires. The property may then be utilized for consolidation or possibly made available for development.

6. Growth and maintenance of budgetary reserves.

   Status:

   The district's adopted budget is projecting operating deficits of $8.7 million and $13.3 million for 2021-22 and 2022-23. The available reserves are negatively impacted by the deficit and are projected at 4.59 percent for 2020-21 and negative 1.98 percent for 2021-22, and negative 13.90 percent for 2022-23. Although these reserves do not meet the States Criteria and Standards minimum, the county office recognized the district's 45-day budget revision and impacts it had on the district's multi-year projections. The projected deficits will decrease significantly, and available reserve levels will increase in the current and two subsequent fiscal years.

Conditions for Disbursement of Funds

The Budget Act of 2020 (Assembly Bill 89, Chapter 7/2020) amended items of appropriation from the original Budget Act of 2020 (Senate Bill 74, Chapter 6/2020) and appropriated $5,772,000 to the district (AB 1840 funds) and provides that the disbursement of these funds is contingent on the district's completion of the following:

a) Adoption and implementation of necessary budgetary solutions.

b) Adoption of a preliminary school and school district facility closure and consolidation plan and initiation of any regulatory approval process, including the California Environmental Quality Act and other state or local approval, related to the sale or lease of surplus property.

District-Established Benchmarks

1. Facility Planning

   Status:

   The district had placed Measure I, a $240 million bond measure, on the November 3, 2020 ballot. Since the bond measure successfully passed, the district plans to hire an internal construction team for planning, procurement and accountings. More about the district's facilities and ongoing planning is discussed above under State Benchmark number 5.

2. Special Education

   Status:

   The district continues to develop the instructional culture to encourage and increase expertise in supporting students receiving specialized instruction. Instructional coaches and the special education program specialist are involved in planning professional development of district educators. The district has refined on-time individualized education program (IEP) tracking systems and has weekly program specialist meetings to monitor compliance and instructional program quality alignment. Administration has created a standardized system for case managers to review all the pertinent items prior to submitting an IEP, and to clarify items or assessments being requested by the team to provide a free and appropriate public education.

3. Fiscal Stabilization Plan

   Status:

   The district continues to revise the fiscal stabilization plan, a process that includes the advisory board and community. Each financial report submitted to the county office includes the most recent fiscal stabilization plan as approved by the county administrator.

4. Instructional Improvement

   Status:

   The district instructional focus this year was to teach reading relentlessly, every day, in every school, to every student. The district, in coordination with the California Collaborative for Educational Excellence, worked to help create a coherent Theory of Action based on standard-aligned curriculum, sound instructional practices, targeted intervention, focused professional development and the use of district-wide common assessments. Administration is also focused on building a partnership with parents and caregivers to support teaching and learning.

5. Attendance Processes and Procedures

   Status:

   As mentioned earlier, the district has focused on strategies to raise awareness on the importance of student attendance. Additionally, the district's enrollment process is now online. The enrollment process is still completed through the Aeries Online Enrollment system, but parents that need additional assistance can contact the Student Support Services department and/or the enrollment staff at their school of preference. To assist parents and due to social distancing measures, parents also have the option of submitting required documents electronically or they may deliver documents to the Student Support Services department located at the district office.

6. System Support – Data Driven

   Status:

   To create organizational coherence throughout the district, the Educational Services team developed a uniform Cycle of Inquiry Protocol to assess the effectiveness of instruction and alignment to core programs. The protocol allows teachers to engage in critical reflection of assessment data and identify strengths, challenges, trends, and outliers. Additionally, teachers use their data to collaborate with grade-level teams and departments to determine proficiency, discuss intervention strategies, and plan for instructional next steps. Use of the protocol has led to the creation of data walls at each school campus to visualize student achievement. These data walls are a focal point for school staff as they continue to strategize on increasing student achievement and providing targeted support to the design implementation of intervention programs for all students.

Conclusion

The county administrator, the executive cabinet and the advisory board have many critical roles and responsibilities in the district's recovery. Continuous, consistent and strong leadership, and focused attention to the implementation of the district's fiscal stabilization plan and the facility closure and consolidation plan are key to continued recovery.

Sincerely,

Jennifer Noga

Jennifer Noga
Intervention Specialist

C: Dr. Debra Duardo, Los Angeles County Superintendent of Schools
Brooks Allen, Executive Director, California State Board of Education
Lisa Constancio, Deputy Superintendent, California Department of Education
Jeff Bell, Program Budget Manager, California Department of Finance
Jessica Holmes, Assistant Program Budget Manager, California Department of Finance
Elisa Wynne, Deputy Staff Director, Senate Budget Committee
Erin Gable, Principal Consultant, Assembly Budget Committee
Dr. Erika Torres, County Administrator, Inglewood Unified School District