

30TH ANNIVERSARY FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Annual Review

September 26, 2022

Budget

| Amount | Details | Month | Amount |
|--------|----------------|----------|--------|
| 4,500 | Mid Year Bonus | June | 2,000 |
| 2,500 | Year End Bonus | December | 3,000 |
| | | January | 5,000 |

| Costs | Month | Amount |
|-------|----------|--------|
| 2,300 | November | 450 |
| 600 | December | 600 |
| 350 | July | 300 |
| 60 | January | 880 |
| | January | |
| | January | |
| | January | |

| Annual Budget by Month | April | May | June |
|------------------------|-------|--------|--------|
| | 9,915 | 13,220 | 16,000 |
| | | 7,000 | 7,000 |
| | | 0 | 0 |

Solano County Office of Education

Michael H. Fine
Chief Executive Officer

September 26, 2022

Lisette Estrella-Henderson, Superintendent
Solano County Office of Education
5100 Business Center Drive
Fairfield, CA 94534-1658

Dear Superintendent Estrella-Henderson:

In June 2020, the Solano County Superintendent of Schools entered into an agreement with the Fiscal Crisis and Management Assistance Team (FCMAT) for FCMAT to perform the following:

Prepare an initial analysis of the county office fiscal oversight provided to the Vallejo City Unified School District using FCMAT's County Office Evaluation Tool, and make recommendations for improvement, if any.

The June 2020 study agreement covers follow up annual reviews as well.

This report contains the study team's findings and recommendations from the first annual review of the Solano County Superintendent of Schools's oversight of the Vallejo City Unified School District.

FCMAT appreciates the opportunity to serve the Solano County Office of Education and extends thanks to its staff for their cooperation and assistance during this review.

Sincerely,



Michael H. Fine
Chief Executive Officer

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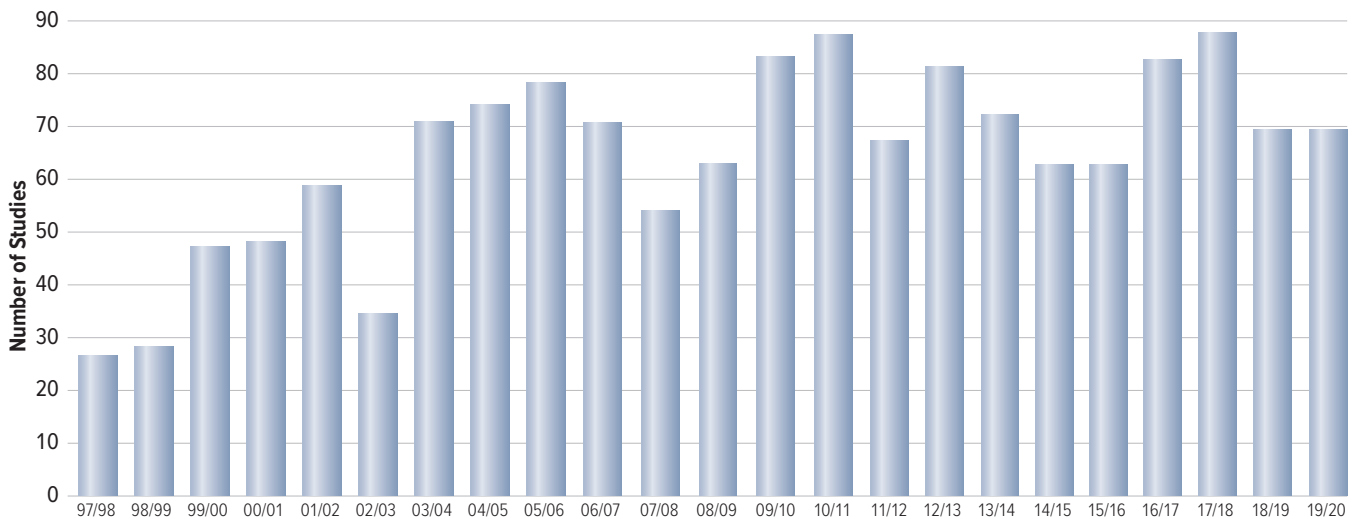
About FCMAT

FCMAT’s primary mission is to assist California’s local K-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT’s fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices, support the training and development of chief business officials and help to create efficient organizational operations. FCMAT’s data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and inform instructional program decisions.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state superintendent of public instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the LEA to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

Studies by Fiscal Year



FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of K-14 LEAs and the implementation of major educational reforms. FCMAT also develops and provides numerous publications, software tools, workshops and professional learning opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website (www.ed-data.org) and provides technical expertise to the Ed-Data partnership: the California Department of Education, EdSource and FCMAT.

FCMAT was created by Assembly Bill (AB) 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. AB 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. AB 1115 in 1999 codified CSIS’ mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. AB 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, Senate Bill 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

On September 17, 2018 AB 1840 was signed into law. This legislation changed how fiscally insolvent districts are administered once an emergency appropriation has been made, shifting the former state-centric system to be more consistent with the principles of local control, and providing new responsibilities to FCMAT associated with the process.

Since 1992, FCMAT has been engaged to perform more than 1,400 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Michael H. Fine, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

In September 2018, Governor Brown signed Assembly Bill (AB) 1840, making a significant change in how insolvent school districts are administered after they receive a state emergency appropriation. As part of that legislation, Education Code (EC) Section 41326(l) was amended to give the Fiscal Crisis and Management Assistance Team (FCMAT) the responsibility of reviewing the fiscal oversight performed by the county superintendent of schools for any district receiving an emergency apportionment. FCMAT is required to report its findings to the Legislature and to provide a copy of that report to the Department of Finance, the superintendent of public instruction (SPI), and the president of the State Board of Education (SBE). This report is required to include findings regarding fiscal oversight actions that were or were not taken and may include recommendations for an appropriate legislative response to improve fiscal oversight of school districts.

In the years following the initial FCMAT report on the fiscal oversight performed by the county superintendent of schools, FCMAT will perform annual reviews until the district exits receivership. These reviews will assess the effectiveness of the county superintendent of schools's oversight and its involvement with the district.

On June 21, 2004, Senate Bill (SB) 1190 (Chesbro, co-author Assembly Member Wiggins) was signed into law, authorizing the appointment of a state administrator and providing a \$60 million emergency state loan to the Vallejo City Unified School District. The district drew \$50 million of the \$60 million loan amount on June 23, 2004. The superintendent of public instruction appointed a state administrator on June 23, 2004, who started full-time in the district in July 2004. The state administrator assembled a team of individuals with expertise to assist in the district's improvement efforts and to serve as a leadership cabinet. The district drew the remaining \$10 million of the \$60 million loan amount on May 29, 2007 and placed the funds in a special reserve fund for the payment of unresolved audit findings.

County Office Evaluation Guidelines

FCMAT entered into a study agreement with the Solano County Superintendent of Schools on June 18, 2020 for both the initial and annual reviews required by EC 41326(l). A study team visited the county superintendent of schools's office first on August 27, 2020 for the initial review and then on March 17, 2022 for the annual review to conduct interviews, collect data and review documents. Following fieldwork, the study team continued to review and analyze documents. This report is the result of those activities and actions related to the annual review.

FCMAT's reports focus on systems and processes that may need improvement. Those that may be functioning well are generally not commented on in FCMAT's reports. In writing its reports, FCMAT uses the Associated Press Stylebook, a comprehensive guide to usage and accepted style that emphasizes conciseness and clarity. In addition, this guide emphasizes plain language, discourages the use of jargon and capitalizes relatively few terms.

Study Team

The team was composed of the following members:

Joel Montero
FCMAT Consultant

Nicolas Schweizer
FCMAT Consultant

Misty Key
FCMAT Consultant

Sheldon Smith
FCMAT Consultant

Michelle Giacomini
Deputy Executive Officer II

Cassady Clifton
FCMAT Technical Writer

Each team member reviewed the draft report to confirm accuracy and achieve consensus on the analysis.

County Office Evaluation Tool

The Fiscal Crisis and Management Assistance Team (FCMAT) developed the County Office Evaluation Tool (COET) for the initial and annual reviews to help assess the effectiveness of county superintendent of schools's fiscal oversight and their support of school districts that have received an emergency apportionment.

The annual COET includes 11 questions and is intended to satisfy the requirements of EC 41326(l) regarding review and assessment of the county superintendent of schools's support related to the school district's recovery. The tool is focused on the status of the district's recovery, the continuing implementation of the Long Range Recovery Plan (LRRP), the role of the administrator or trustee, the multiyear financial projection, and how the county superintendent of schools is addressing elements that received an answer of "No" in the initial review. FCMAT used the annual COET during interviews with multiple staff from both the district and the county office, and the trustee.

The annual COET identifies the key review elements performed by the county superintendent of schools in their fiscal oversight and support of the district and their ability to communicate effectively with the trustee, district staff and board. The team also gathered information through an initial document request prior to the on-site interviews. The team's conclusions are compiled in the report as a narrative with recommendations noted as appropriate. In addition, the team addressed questions related to the overall implementation of EC 41326(l) and made recommendations to support that process, including a restatement of the trustee's specific roles and responsibilities.

The county superintendent of schools's objective, supported by the trustee and other components of a recovery team (FCMAT, the California Department of Education and the State Board of Education), is to address the major elements of the LRRP and to facilitate the full recovery of the Vallejo City Unified School District so that it can govern independently, maintain solvency, and effectively support the education of all its students.

Summary

The Solano County Superintendent of Schools provides fiscal oversight to all the county's school districts as a result of the original AB 1200 legislation signed into law in 1991 and expressed in EC Article 2, Chapter 6 of Part 24 (commencing with Section 42120) and/or EC 1240(b).

FCMAT assessed the county superintendent of schools's involvement with the district during the course of its normal oversight responsibilities and specifically during the period that led to the district's declaration of insolvency and beyond, up to and including the date of the initial review. During the initial EC 41326(l) review, the team reviewed the fiscal oversight of the Vallejo City Unified School District by the county superintendent of schools using documents prepared by county office staff. The team asked a series of questions relating to the time leading up to the insolvency in addition to reviewing oversight practices used by the county superintendent of schools.

The annual review focuses on the status of the district's recovery, whether the district has made progress since the last review, and how effectively the county superintendent of schools supports the district staff, board, and trustee in that process. In addition, the annual review evaluates any area from the initial review listed as a "No" on the tool and determines if those issues have been addressed.

The team's findings indicate the county superintendent of schools is effective in supporting the full recovery of the district within the guidelines in the California Education Code and the findings and recommendations in the LRRP. The county trustee and the county superintendent of schools have a firm understanding of the actions and procedural changes required for the district to exit from receivership. The trustee has cultivated and fostered the relationships and trust required for changing behavior, overseen the district's actions as they have approved and implemented policy and procedural changes, and brought an optimistic outlook to the oversight process. Both the trustee and the county superintendent of schools feel fully supported by each other.

The primary focus of the trustee is on the fiscal health of the district. It is apparent that both the district and county superintendent of schools use the LRRP; however, the five operational areas outlined in the LRRP are not given equal focus.

There are concerns regarding the district's fiscal health. When reviewing 2021-22 data, deficit spending was projected in subsequent years. Staff identified multiple issues that could exacerbate the district's financial issues. Although there is a satisfactory awareness of future deficit spending, no district plan exists to mitigate the issue.

The team found that communication among the county superintendent of schools, county office staff, and trustee in the current model of oversight was timely and consistent with a focus on district recovery. The county superintendent of schools relies heavily on the feedback from the trustee when making determinations about the district's current and future solvency and strategic decisions related to collective bargaining and resource allocation.

The following section of this report focuses on the team's implementation of the annual COET, including general findings and, in some cases, recommendations for improvement. All the areas assessed are listed below with an associated narrative. If an exclusion in the area is material, it is noted in the narrative.

This first annual review report creates a baseline for future visits by the FCMAT team and should assist in monitoring the progress of the district's recovery and its eventual return to self-governance without a trustee who has stay and rescind authority.

Findings

1. Was the Long Range Recovery Plan (LRRP) developed by the administrator within the statutory timelines? Alternatively, has the county office of education (COE) adopted the FCMAT Comprehensive Review in lieu of the LRRP? Have the plans been consistently updated by the trustee and/or the COE?

The district uses the FCMAT Comprehensive Review in lieu of the Long Range Recovery Plan (LRRP). Some interview respondents independently conveyed that the trustee holds monthly meetings that include: the three district-authorized charter schools (Elite, Caliber, Vallejo); the district superintendent and the chief business official (CBO); and the county superintendent of schools, CBO, director of business services, director of educational services, and director of facilities and operations. Respondents indicated that, in between the monthly meetings, there is much communication between the county superintendent of schools and the district regarding the issues identified in the Comprehensive Report/LRRP.

2. What role has the COE played in implementing the Long Range Recovery Plan?

The interviewees, especially the county trustee and the county superintendent of schools, use the LRRP/Comprehensive Review when discussing issues with the district. The county superintendent of schools shared that more staff hours, resources, and dollars have been devoted to the district than to any other district. The county superintendent of schools indicated a hands-on approach fosters ongoing communication with the district (referenced in Question #1). The county superintendent of schools indicated that one of her reasons for helping the district was because of the skills and insights that could be learned and applied to other fiscally troubled districts.

The county superintendent of schools's indication of a hands-on approach that fosters ongoing communication was supported by the following:

The district CBO works with the county fiscal director to manage actions as well as other follow-up items from the monthly meetings. The monthly meeting topics include district human resource issues, negotiations, staffing, cash flow, and other fiscal matters.

- The trustee shared that the county office director of facilities and operations assists with the district's facility issues.
- The county office director of business services indicated that her office performs normal fiscal functions specific to districts, including average daily attendance (ADA) calculations, enrollment projections, object analysis, prior year comparison between interim reports, and year-to-date versus prior year expenditure monitoring. The director indicated that the district business office is understaffed.
- The trustee and county CBO work together when guiding district staff; the trustee works with the district superintendent while the county CBO works with the district CBO.
- The trustee meets with the district superintendent prior to each district board meeting to review the agenda, identify any recommendations or actions that are inconsistent with the LRRP, assist and provide guidance with day-to-day operational issues and reinforce recommendations in the LRRP/Comprehensive Review.

3. What process has the COE used to monitor the progress of implementing the LRRP or the FCMAT Comprehensive Review for the district?

There is much ongoing conversation between the district and the county superintendent of schools that provides direction to the district while also monitoring its progress. The monthly meetings between the county superintendent of schools and key staff, as well as the meetings between the trustee and the district superintendent, are evidence that the county superintendent of schools is creating and implementing processes that support the use of the most recent Comprehensive Review as the measuring tool and guidance mechanism.

4. What role has the trustee played in maintaining the financial recovery plan in cooperation with the COE?

The trustee has played a major part in the district's recovery. Using the hands-on approach established by the county superintendent of schools, the trustee has worked to build close relationships with the district's board and superintendent, the county superintendent of schools, the county CBO and the county director of business services. These relationships prevent issues that would result in the trustee having to use stay or rescind authority to stop an action that would be detrimental to the district and distract from the implementation of the LRRP/Comprehensive Report.

The trustee and the county superintendent of schools run the monthly meetings. The meeting agenda is developed by all the parties and distributed prior to the meeting. The agenda is not fixed and is contextual to the district/county superintendent of schools's calendar for annual deadlines (e.g., budget, unaudited actuals, interim report submission). The trustee attends California Collaborative for Educational Excellence (CCEE) and program meetings and meets with the district superintendent before each district board meeting. This systemic approach of frequent face-to-face conversations improves district accountability by keeping the district focused on the LRRP/Comprehensive Report.

The trustee remains in frequent contact with the county CBO, and they work together on the district's fiscal issues.

The trustee helps the district with facility management as well as with human resources. Although not directly related to fiscal oversight, facilities and human resources are incidentally related to the district's fiscal recovery.

Although the county superintendent of schools is familiar with the district, the trustee fills in any knowledge gaps and shares insights from observing or participating in the operational aspects of the district, as well as from his prior experience as a trustee before AB 1840.

5. What is the status of the district's budget in regard to deficit spending, fund balance, and reserve for economic uncertainties?

While the district's 2021-22 second interim multiyear financial projection (MYFP) did not show unrestricted general fund deficit spending, it did show a deficit of \$6 million for 2022-23 that was projected to increase to \$13 million in 2023-24. The district's combined general fund ending balance was projected to decrease from \$48 million to \$44.5 million in 2022-23, and to decline significantly to \$29 million in 2023-24.

The district's MYFP showed the reserve for economic uncertainty at 17.92% for 2021-22, 19.55% for 2022-23, and 12.26% for 2023-24, yet the district board certified the 2021-22 second interim report as qualified because of the possibility of not meeting out year obligations.

Because of declining ADA, the district attempted to reduce expenditures by including eight certificated reductions in 2022-23 and six position reductions in 2023-24. For a district of this size, these numbers appear low. Additionally, the 2022-23 MYFP assumptions included \$5.6 million per year for salary increases as well as \$2.5 million for Caliber Charter average daily attendance (ADA) reduction. The district is paying a Current Expense of Education (CEA) finding at \$2.3 million per year. The district will move 23 certificated positions from COVID-19 funding to the general fund in 2022-23. The district did not mention the ending of the attendance hold-harmless in its MYFP assumptions, so the FCMAT team assumed that the dollar loss is reflected in the MYFP.

COVID-19 funding masked the district's structural deficit and artificially inflated the district's reserve for economic uncertainty. With declining ADA, it is unclear what funding sources are paying for specific staffing. This anomaly indicates issues with the district's budget development process related to staffing, bargaining, and planning for subsequent years.

6. What process does the COE use to assess cash flow?

The county superintendent of schools has a prescribed process for analyzing the district's cash by month. Each month the county superintendent of schools reviews posted transactions, charter in-lieu funding, and loan payments for reasonableness. The county superintendent of schools has an ongoing process/procedure for monitoring cash monthly, as well as for the budget, interim, and unaudited actual financial reports. The documents submitted by the county superintendent of schools indicate a solid process for discerning details and documenting suggestions or corrections.

The district's narrative for the 2021-22 second interim financial reporting period indicated that the district borrowed \$26.8 million from the county treasury to supplement cash during months with a projected negative cash balance. The county treasurer allows school districts to borrow against or advance their apportionments before April of each year.

7. Has the COE fulfilled all of the statutory requirements for fiscal oversight in accordance with all applicable sections of the Education Code?

The county superintendent of schools has fulfilled all the statutory requirements for fiscal oversight in accordance with the applicable Education Code sections. The use of a hands-on approach by the county superintendent of schools, as evidenced by documents and interviews, demonstrates a good understanding of the district's underlying issues. The county superintendent of schools has devised a road map for the district to meet its financial obligations, internalize the recommendations on the Comprehensive Report, and govern on its own in the next few years. Furthermore, the county superintendent of schools appointed a competent and insightful trustee who guides the district with an eye to district self-sufficiency.

8. Has the COE performed timely evaluations of the trustee?

The county CBO evaluates the trustee annually. There are frequent discussions among the pertinent county superintendent of schools and district staff regarding the trustee's scope of responsibilities and expectations. The relationship between the trustee and the evaluator is interactive and

not directive; the trustee operates with the understanding that he will be informed in real time and without prejudice if he is not performing.

The county superintendent of schools implemented a process to formally evaluate the trustee and completed an evaluation at the end of 2021-22. In addition to a formal evaluation, the best practice is to document the conversations between the county CBO and the trustee as part of the district's working paper files for status updates and trustee performance.

The district superintendent indicated that he would like to keep the trustee as an advisor after the district exits receivership.

9. Is the trustee present at board meetings and closed sessions? Has the trustee used stay or rescind authority and, if so, regarding what issue?

The trustee is present at all board meetings and closed sessions.

The trustee has a good working relationship with the district board, district administration, and county superintendent of schools. Consequently, the trustee can provide direction and insight early in the decision making process so that there are no issues that require the use of stay or rescind authority. Stay or rescind authority is typically used when either the district board or the district staff has not cooperated with the trustee's direction or has approved actions that are not in the district's operational or fiscal best interests. The trustee has not used stay or rescind authority, which indicates the effectiveness of the trustee and the willingness of the district board and superintendent to exit from receivership.

The trustee also has a good relationship with the district superintendent. Both parties agree on the industry standard practices that must be included in the district operations and on the actions required for the district to govern itself and exit receivership. The healthy and supportive relationship between the trustee and superintendent serves as a model for the other decision and policy makers in the district and community.

10. What is the status of the district's recovery?

The district's I-Bank loan matures in January 2024 and its general fund loan matures in August 2024. The goal should be for the district to exit receivership upon loan repayment.

The district seems to have the foundation required to exit receivership. The county superintendent of schools believes the district will exit in the next few years, if the district manages declining enrollment in the budget, maintains key staff and improves instruction, and if its board make-up remains consistent.

The county trustee indicated the district has the fiscal capacity to pay off the loan and is making identifiable progress on the LRRP/Comprehensive Review. Because of the scrutiny placed upon the district during the yearly Comprehensive Review process, the district has integrated industry-standard practices into all processes.

It is the opinion of the trustee that the district board can make tough decisions regarding fiscal solvency and facilities, such as closing schools, and that the district board understands that state receivership should not be the norm.

It appears that the foundational and cultural practices that caused the district's insolvency have been readily identified and that there is broad consensus among the community, the district board, the district administration, and the county superintendent of schools that the district is on the verge of returning to self-governance.

11. How has the county office addressed elements in the initial review that were designated as a "No" on the original assessment that was included in the final report?

The team verified that all the review elements identified in the initial review as a "No" have been appropriately addressed and/or mitigated, as evidenced in the documents provided by the county superintendent of schools, which it used to perform the AB 1200 oversight reviews.

General Conclusions and Recommendations

The county trustee and county superintendent of schools have a firm understanding of the actions and procedural changes required for the district to exit from receivership. The trustee has cultivated and fostered the relationships and trust required for changing behavior and overseen the district's actions as it has approved and implemented policy and procedural changes, and has brought an optimistic outlook to the oversight process. Both the trustee and the county superintendent of schools feel fully supported by each other.

With the firm foundation built by the trustee and district superintendent, the board is better positioned to make tough decisions that reduce school district expenses and address the structural deficit.

In light of this, the county trustee should facilitate and support the following recommendations related to district recovery. Subsequently, the county superintendent of schools should support the trustee and the district superintendent and board to do the following:

1. Create an executable plan to deal with under-enrolled schools.
2. Attempt to combine school populations so that school sites are at or above 90% capacity.
3. Consider starting the fiscal systems audit in EC 41320.1(a)(4) that is required before repayment of the loan.
4. Clarify the assumptions used in the district's multiyear financial projection.
5. Review and communicate the district's budget development process so the district expenditure reduction activities are effective in providing the most efficient and appropriate facilities for all children and the fiscal and operational benefits of such activities are understood by the board and community.
6. Prepare the district board for the effects of district-authorized charter schools, and budget accordingly.
7. Continue to improve the district's academic program using the CCEE's recommendations so that the core academic programs can serve all students.

The next annual review will assess progress toward these goals.

The transition from state to county administration as a result of changes in law (AB 1840) is continuing to evolve. In part, the purpose of these annual reviews is to clarify the roles and responsibilities of all the concerned and involved parties so that they can assist and support district recovery. This report attempts to assess the district's recovery status and the critical support and oversight provided by the county superintendent of schools's office and establish the baseline for the next annual review, which will occur approximately one year from the publication of this report.

Appendices

A. Trustee Definition

B. Study Agreement

Appendix A - Trustee Definition



Trustee Roles and Responsibilities

Acceptance by a district of an emergency state apportionment made pursuant to Section 41320 constitutes an agreement by the district that a trustee will be appointed to ensure the district's fiscal recovery and solvency per Education Code Section 41320.1. The trustee shall be appointed jointly by the county superintendent, the Superintendent of Public Instruction (SPI), and the president of the State Board of Education. The trustee should have recognized expertise in management and finance, shall report directly to the county superintendent, and shall serve until the district has adequate fiscal systems and controls in place and the SPI has determined that the district's future compliance with the fiscal plan approved for the district pursuant to Section 41320 is probable.

The trustee shall monitor and review the operations of the district, and shall perform the following functions:

1. Serve in a fiscal oversight capacity until the district has adequate fiscal systems and controls in place, and future compliance with the approved recovery plan is probable.
2. Provide advice and make recommendations to district staff and governing board members regarding budgetary, fiscal, or other issues that may affect the financial condition of the district.
3. Attend all meetings of the governing board and review all governing board materials prior to each board meeting to determine if any items or intended action will have a negative fiscal impact on the district's financial condition.
4. Stay or rescind an action of the governing board of the district or of the personnel commission where, in the judgment of the trustee, the action may adversely affect the financial condition of the district or be contrary to the district's approved recovery plan.
5. Notify the county superintendent of schools when a stay or rescind of a governing board decision is made. The county superintendent then shall notify the Superintendent and the president of the state board or his or her designee within five business days.
6. Monitor the financial projections and cash balances of all district funds for the current and two subsequent fiscal years, and, if necessary, assist district staff in preparing these projections.
7. Monitor all collective bargaining activity and review all proposals being considered, including the resulting fiscal impact.

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8. Regularly meet with the district superintendent and chief business officer to obtain updates on the district's efforts to reduce expenditures or enhance revenues.
9. Assist the county superintendent with establishing timelines and prescribing formats for reports and other materials to be used to monitor and review the operations of the district and recovery.
10. Communicate openly and timely with the county superintendent, district staff, governing board, and community, and promptly inform the county superintendent of critical issues or incidents.
11. Review and approve the district's required annual report of the financial condition of the district, including all of the following information:
 - (1) Specific actions taken to reduce expenditures or increase income, and the cost savings and increased income resulting from those actions, to ensure the revisions are consistent with the district's needs and recovery plan.
 - (2) The adopted budget for the current fiscal year.
 - (3) Reserves for economic uncertainties.
 - (4) Status of employee contracts.
 - (5) Obstacles to the implementation of the adopted recovery plan.
12. Using the Fiscal Crisis and Management Assistance Team's (FCMAT's) Fiscal Health Risk Analysis, annually evaluate the district's risk of insolvency in the current and two subsequent fiscal years and communicate findings to the county superintendent.
13. Determine, with concurrence from the county superintendent and SPI, that future compliance by the district with the approved recovery plan (LRRP) is probable so that the district can meet its future financial obligations.
14. Provide regular updates to the county superintendent regarding the progress of the district toward fiscal stability.
15. Consult with, and seek recommendations from, the county superintendent, the SPI, and FCMAT in ensuring the fiscal recovery and solvency of the district.
16. With approval from the county superintendent, the SPI, and the president of the state board, retain the authority and responsibilities of an administrator, as set forth in Education Code Section 41325.
17. Assist in related matters as needed regarding the district's fiscal recovery and solvency, in accordance with Education Code Sections 41320.1, 41321, and 41322.
18. Review the financial and budgetary conditions of the district, including an analysis of internal controls, and determine if it may be unable to meet its financial obligations for the current or two subsequent fiscal years, or should receive a qualified or negative interim financial certification.
19. Meet with appropriate district staff, as needed, to assess fiscal health, organizational structure and staffing, effectiveness of internal controls, and other related concerns.

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20. Consult with the governing board on fiscal and budgetary matters, facilities projects, debt obligations and other operational areas, as needed.
21. Provide recommendations for improvements in district processes related to the budget, including position control, areas for cost containment, reducing unrestricted contributions from the general fund, etc.
22. Confirm that the district conducts its business operations in compliance with statutory requirements and within acceptable legal and professional standards.
23. Advise county superintendent regarding potential action to improve or protect the fiscal solvency of the district.
24. Provide additional support, technical assistance, professional learning, and advice outlined in the five operational areas defined by Education Code Section 41327.1 in the Long Range Recovery Plan (LRRP). Focus on assisting the district in addressing recommendations identified in the LRRP to support maintaining future solvency, organizational effectiveness and recovery. Report annually to the county superintendent regarding the progress made by the district in implementing LRRP.

Related Education Code Sections: 41320, 41320.1, 41322

1/17/2022

Appendix B - Study Agreement

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

**FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
February 5, 2020
AMENDED STUDY AGREEMENT
June 18, 2020**

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Solano County Office of Education, hereinafter referred to as the COE, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to local education agencies (LEAs). In accordance with Education Code Section 41326(1), the team has been assigned to review the fiscal oversight performed by the COE specific to the district receiving an emergency apportionment. The team may include staff from FCMAT, county offices of education, the California Department of Education, or private contractors. All work shall be performed in accordance with the terms, standards and conditions of this agreement.

FCMAT is required to report its findings to the Legislature and provide a copy of the report to the Department of Finance, the superintendent of public instruction, and the president of the State Board of Education. The county superintendent will receive a copy of the final report. The final report will also be published on the FCMAT website.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

Prepare an initial analysis of the county office fiscal oversight provided to the Vallejo Unified School District using FCMAT's County Office Evaluation Tool, and make recommendations for improvement, if any.

B. Services and Products to be Provided

1. Orientation Meeting – The team will conduct an orientation session at the COE to brief COE management and supervisory personnel on the team's procedures and the purpose and schedule of the study.
2. On-site Review – The team will conduct an on-site review at the COE office and at the Vallejo Unified School District if necessary.
3. Draft Report – Electronic copies of a draft report will be delivered to the county superintendent for review and comment.
4. Final Report – Electronic copies of the final report will be delivered to the county superintendent following completion of the review. Printed copies

are available from FCMAT upon request.

3. **PROJECT PERSONNEL**

The FCMAT study team will include:

- | | |
|--------------------------|--------------------------|
| <i>A. Joel Montero</i> | <i>FCMAT Retired CEO</i> |
| <i>B. Nick Schweizer</i> | <i>FCMAT Consultant</i> |
| <i>C. Sheldon Smith</i> | <i>FCMAT Consultant</i> |
| <i>D. Misty Key</i> | <i>FCMAT Consultant</i> |

Other equally qualified staff or consultants will be substituted in the event one of the above individuals is unable to participate in the study.

4. **PROJECT COSTS**

Pursuant to Education Code 41326(1) , costs for the study shall be as follows:

- A. All staff member and consultant daily rates and expenses will be covered by FCMAT's state apportionment.
- B. **Based on the elements noted in section 2A, the total cost of the services is \$0.**

5. **RESPONSIBILITIES OF THE COE**

- A. The COE will provide office and conference room space during on-site reviews.
- B. The COE will provide the following items:
 - 1. Current or proposed detailed organizational charts.
 - 2. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the COE and sent to FCMAT in electronic format.
 - 3. Documents should be provided in advance of fieldwork; any delay in the receipt of the requested documents may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository, where the COE will upload all requested documents.
- C. The county superintendent will review a draft copy of the report resulting from the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team

prior to completion of the final report. All such comments should be provided to the team within five working days after receipt of the draft.

Pursuant to Education Code (EC) 45125.1(c), representatives of FCMAT will have limited contact with pupils. The COE shall take appropriate steps to comply with EC 45125.1(c).

6. PROJECT SCHEDULE

Fieldwork will occur August 27, 2020.

7. COMMENCEMENT AND COMPLETION OF WORK

The FCMAT team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the COE and any other parties from which, in the team's judgment, it must obtain information. Once the team has completed its fieldwork, it will proceed to prepare a draft report and a final report. The COE understands and agrees that FCMAT is a state agency and all FCMAT reports are published on the FCMAT website and made available to interested parties in state government. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed, and the COE shall not request that it do so.

8. INDEPENDENT CONTRACTOR

FCMAT is an independent contractor and is not an employee or engaged in any manner with the COE. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the COE in any manner without prior express written authorization from an officer of the COE.

9. INSURANCE

During the term of this agreement, FCMAT shall maintain liability insurance of not less than \$1 million unless otherwise agreed upon in writing by the COE, automobile liability insurance in the amount required under California state law, and workers' compensation as required under California state law. FCMAT shall provide certificates of insurance, with Solano County Office of Education named as additional insured, indicating applicable insurance coverages upon request prior to the commencement of on-site work.

10. HOLD HARMLESS


FCMAT shall hold the COE, its board, officers, agents and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement. Conversely, the COE shall hold FCMAT, its board, officers, agents and employees harmless from all suits,

claims and liabilities resulting from negligent acts or omissions of its board, officers, agents and employees undertaken under this agreement.


11. CONTACT PERSON

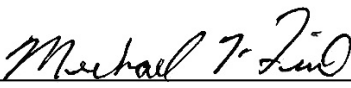
Name: Lisette Estrella-Henderson
Telephone: (707) 399-4400
E-Mail: LEHenderson@solanocoe.net

SIGNED BY LISETTE ESTRELLA-HENDERSON MARCH 18, 2020
Lisette Estrella-Henderson Date
County Superintendent, Solano COE

 February 5, 2020
Michael H. Fine Date
Chief Executive Officer
Fiscal Crisis and Management Assistance Team

AMENDED STUDY AGREEMENT

 6-18-2020
Lisette Estrella-Henderson Date
County Superintendent, Solano COE

 June 18, 2020
Michael H. Fine Date
Chief Executive Officer
Fiscal Crisis and Management Assistance Team