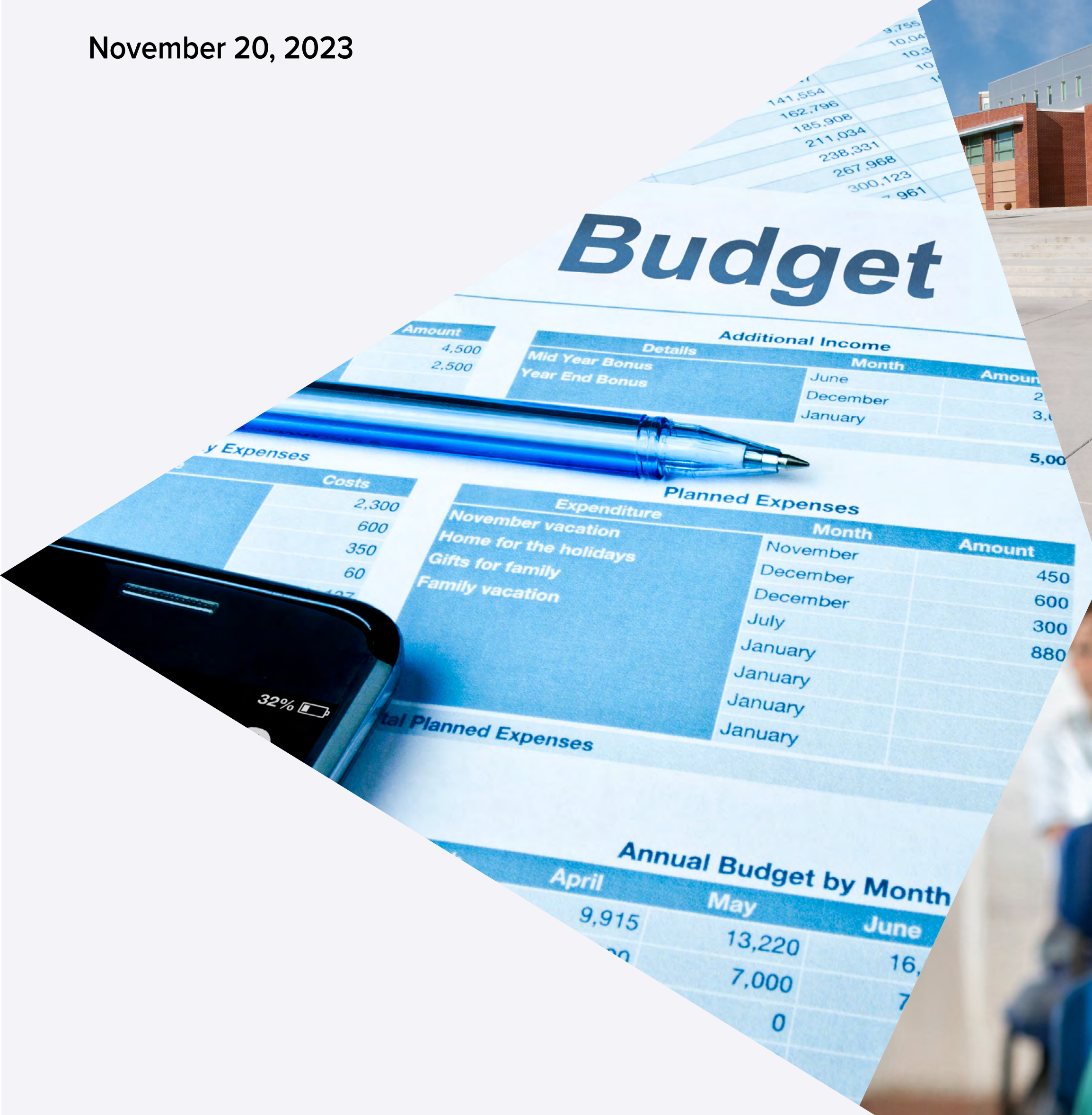
FCMAT

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

Annual Review

November 20, 2023



Los Angeles County Office of Education

Michael H. Fine
Chief Executive Officer

FCMAT FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM

November 20, 2023

Debra Duardo, Ed.D., Superintendent
Los Angeles County Office of Education
9300 Imperial Highway
Downey, CA 90242

Dear Superintendent Duardo:

In February 2020, the Los Angeles 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 Inglewood Unified School District using FCMAT's County Office Evaluation Tool, and make recommendations for improvement, if any.

The February 2020 study agreement also covers annual follow-up evaluations.

This report contains the study team's findings and recommendations from the second annual evaluation of the Los Angeles County Superintendent of Schools' oversight of the Inglewood Unified School District.

FCMAT appreciates the opportunity to serve the Los Angeles 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

Michael H. Fine • Chief Executive Officer
1300 17th Street – City Centre, Bakersfield, CA 93301-4533 • Tel. 661-636-4611 • Fax 661-636-4647
www.fcmat.org

Table of Contents

About FCMAT 3

Introduction 2

Background 2

County Office Evaluation Guidelines 2

Study Team 3

County Office Evaluation Tool 4

Summary 5

Findings 7

Conclusions and Recommendations 15

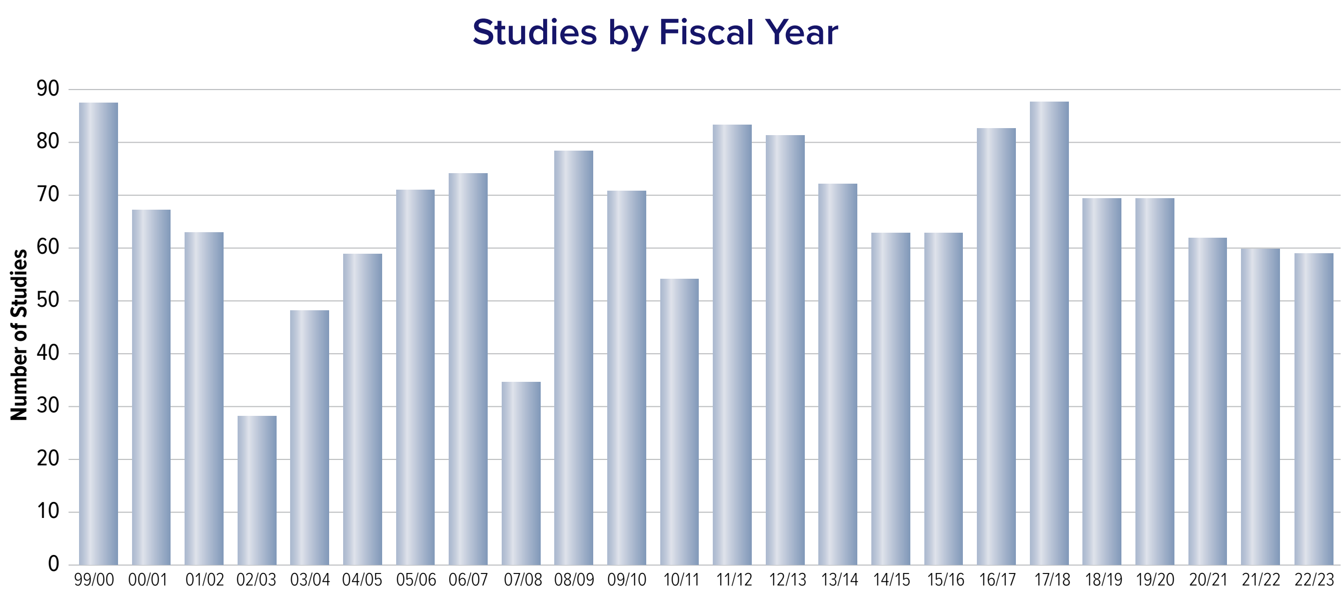
Appendices 16

About FCMAT

FCMAT's primary mission is to assist California's local TK-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.



FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of TK-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 (Chapter 426/2018), making a significant change in how insolvent school districts are administered after they receive a state emergency appropriation. As part of that legislation, California Education Code (EC) 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 state 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 of the county superintendent's effectiveness in overseeing the district and assess the county superintendent's involvement with the district during the course of their normal oversight responsibilities, including during the period that led to the district's declaration of insolvency.

In February 2012, the governing board of the Inglewood Unified School District declared the district fiscally insolvent. On September 14, 2012, the governor approved Senate Bill 533 (Chapter 325/2012), bringing the district under state receivership with a state-approved emergency appropriation of $55 million. This declaration occurred after several years of financial struggles and intense monitoring by the Los Angeles County Superintendent of Schools. The issues that eventually led to the district's insolvency were many but included consistently overstating average daily attendance (ADA), understating California State Teachers' Retirement System payments, understating certificated salary expenses, continued deficit spending, and declining enrollment. In addition, the district experienced mismanagement, frequent and ongoing turnover in senior staff, and flawed facilities management. The district's administration and governing board tried to avoid the takeover with last-minute expenditure reductions, but after years of deficit spending, the district's structural budget imbalance was too large, and the district projected a negative cash balance would occur on March 31, 2013.

Under state receivership, the SPI had historically assumed all the legal rights, duties, and powers of the district's governing board and appointed a state administrator to act as both the governing board and superintendent. This was the case until September 2018, when, under AB 1840, the California State Legislature gave the local county superintendent the role formerly assigned to the SPI for this purpose. The district's five-member governing board continues to serve in an advisory role.

County Office Evaluation Guidelines

FCMAT entered into a study agreement with the Los Angeles County Superintendent of Schools on February 4, 2020 for both the initial and annual evaluations required by EC 41326(l). A study team visited the county superintendent of schools' office on October 28, 2020 for the initial evaluation, on March 10, 2022 for the first annual evaluation, and on September 13, 2023 for the current evaluation, 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.

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:

Michelle Giacomini
FCMAT Deputy Executive Officer

Nicolas Schweizer
FCMAT Consultant

Misty Key
FCMAT Consultant

Sheldon Smith
FCMAT Consultant

John Lotze
FCMAT Technical Writer

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

County Office Evaluation Tool

FCMAT has developed the County Office Evaluation Tool (COET) for the initial and annual evaluations to help assess the effectiveness of a county superintendent of schools' fiscal oversight and support of school districts that have received an emergency apportionment.

The annual COET includes 18 questions and is intended to satisfy the requirements of EC 41326(l) regarding review and assessment of the county superintendent of schools' fiscal oversight of and support for a 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 county administrator or trustee, the multiyear financial projection (MYFP), and how the county superintendent is addressing elements that received an answer of "No" in the initial evaluation. FCMAT used the annual COET during interviews with the county administrator and multiple staff from both the district and the county superintendent's office.

The 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 county administrator, district staff, and advisory board. FCMAT 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 provided as appropriate. In addition, the team addressed questions related to the overall implementation of EC 41326(l) and has made recommendations to support that process, including a restatement of the county administrator's specific roles and responsibilities.

The county superintendent's objective, supported by the county administrator and other components of a recovery team (FCMAT, the California Collaborative for Educational Excellence, and the Los Angeles County Office of Education), is to facilitate the district's full recovery and address the major elements of the LRRP of the Inglewood Unified School District so that it can govern independently, maintain solvency, and effectively support the education of all students.

Summary

The Los Angeles County Superintendent of Schools provides fiscal oversight to all of the county's school districts as a result of various statutes including Education Code (EC) 1240(b) and 42120 and following. The Los Angeles County Office of Education (LACOE) is the only county office of education in California that has responsibility for the administration of a school district, the Inglewood Unified School District.

During the initial EC 41326(l) evaluation in 2019, FCMAT assessed the county superintendent of schools' involvement with the district during 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 evaluation. To do so, FCMAT reviewed documents prepared by the county superintendent's staff, asked a series of questions about the time leading up to the insolvency, and reviewed the county superintendent's oversight practices.

Both this year's and last year's annual evaluations focus on the status of the district's recovery, whether the district has made progress, and how effectively the county superintendent of schools supports the district's staff, advisory board, and county administrator in that process. In addition, the annual evaluation reviews any area from the initial review listed as a "No" on the tool and determines if those issues continue to be addressed.

The team's findings indicate the county superintendent of schools continues to focus on the district's recovery. In addition to normal oversight responsibilities, the county superintendent supplies the district with a number of county office of education staff members who assist the district. Progress toward recovery is hampered by a variety of factors including declining enrollment, staff turnover, and lack of progress in implementing the recommendations from the comprehensive review. The district continues to lack commonly accepted policies and procedures related to hiring, position control, budgeting, and staffing ratios.

The county administrator and county superintendent have a clear understanding of the actions and procedural changes required to move the district to county trusteeship (which is the next step toward self-governance) and are motivated to do so. The county administrator has created a goal in his performance evaluation that states the following:

> Establish and model a sense of urgency that motivates, develops, and holds staff accountable for immediate and continuous improvement in implementing the recommendations identified in the 2023 FCMAT Progress Report. Assert leadership of fiscal, instructional, and operational functions, with the primary objective of improving student outcomes, restoring fiscal solvency and returning the district to local control.

FCMAT saw more focus on the comprehensive review findings than in previous visits.

The county administrator is cultivating and fostering the relationships and trust required for changing behavior, is implementing policy and procedural changes, and is imparting an optimistic outlook on the oversight process. In addition, the county administrator is visible to the community and the advisory board. Both the county administrator and the county superintendent feel fully supported by each other.

There are several concerns regarding the district's fiscal health. Although the district has adopted a fiscal solvency plan (FSP), it has not fully implemented previous FSPs. Consequently, the district needs to carefully execute the FSP and must be held accountable for doing so, to allow it to move to a trusteeship, which is the next step toward regaining local control.

FCMAT found that communication among the county superintendent, county superintendent's staff and county administrator in the current model of oversight was timely and consistent with a focus on district recovery.

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 questions are listed below, each followed by a narrative. If a deficiency in an area is material, it is noted in the narrative.

Findings

1. **Was the long-range recovery plan (LRRP) developed by the administrator within the statutory timelines? Alternatively, has the county superintendent adopted the FCMAT comprehensive review in lieu of the LRRP?**

   The county superintendent and the district use the comprehensive review in place of an LRRP. The last comprehensive review is dated July 2023 and indicates that the district has made progress in only one (pupil achievement) of the four operational areas reviewed (personnel management, pupil achievement, financial management, and facilities management) since July 2022. As the county administrator continues to focus on improvement and recovery, particular areas require significant attention. Chief among these continue to be balancing the district's budget to achieve and maintain fiscal solvency; providing consistent, rigorous, effective instruction; financial reporting and compliance; and updating facilities. It is also important that the county administrator do the following:

   - Work with staff and the advisory board to identify procedures and programs that bring substantial improvements to the district's fiscal policies and practices.
   - Significantly increase pupil achievement; improve pupil attendance.
   - Decrease the pupil dropout rate.
   - Manage fiscal expenditures consistent with current and projected district revenues.
   - Institute a plan to adjust facility size to match enrollment.
   - Prioritize and implement various facility improvements.

   The county administrator, the cabinet, and the advisory board have many critical roles and responsibilities in the district's recovery. The district requires continued and consistent leadership by individuals who have the ability and capacity to set priorities, implement systemic reform, engage the community, establish high expectations for student achievement, manage financial resources, ensure accountability, and standardize practices. The district will remain in a perilous position unless it has continual, consistent and strong leadership, carries out its multiyear recovery plan, and addresses the findings and recommendations in the comprehensive review, all of which the current county administrator is focused on.

2. **What role has the county superintendent played in supporting the district with the LRRP/comprehensive review?**

   The county superintendent has not shied away from supporting and serving the district. Numerous interviewees indicated that the county superintendent's office is consistently responsive and makes the district's needs a top priority.

   The county superintendent's staff closely monitor the district's multiyear financial plans, budget, interim financial reporting, unaudited actuals, and other day-to-day fiscal operations, and have assigned staff to serve the district whenever it needs assistance. The county superintendent's staff in the Business Advisory Services Department work closely with their district counterparts to provide ongoing assistance, and a county staff member from that department will begin visiting the district at least two days a month to provide additional assistance. Two additional county facilities staff members visit the district every week to help with facilities issues.

FCMAT learned in district interviews that the district was holding “FCMAT School,” an in-house training program led by the district’s chief business official (CBO). The comprehensive review is also discussed on “FCMAT Mondays,” which are standing monthly meetings of the district, county administrator, and county office staff, to discuss the comprehensive review. FCMAT suggested that county office staff attend FCMAT School to provide guidance and to clarify industry-standard practices.

The county office’s Business Advisory Services Department staff work closely with the county administrator. When the county administrator has a question regarding a business item, these staff brief him on the issue and provide the history and context for the item. Interviewees indicated that the county administrator has brought consistency to working with the county superintendent’s staff and raised expectations for county superintendent engagement.

The county office‘s Business Advisory Services Department staff indicated that they perform extensive analyses of the district’s fiscal operations. Even though they are heavily involved in the district’s fiscal affairs, all interviewed staff indicated that staff turnover in the district impedes its ability to improve fiscal operations.

3. What process has the county superintendent of schools used to monitor the progress of implementing the LRRP or the FCMAT comprehensive review for the district?

Monthly meetings of the county superintendent’s support team, the county administrator and district staff are held as the primary method for monitoring the district’s progress on the comprehensive review. These meetings have been held mainly via Zoom, but at the time of FCMAT’s fieldwork a staff member from the county office (business advisory services) indicated they would travel to the district several times per month to assist in person. Although FCMAT was not provided with any evidence that the comprehensive review is used as a guide during monthly meetings to monitor progress, or that a tool has been developed to monitor progress, interviews included more conversation about the district’s review and discussion of focusing on the comprehensive review items with scores below a four. An advisory board presentation was shared titled, “Implementing the Fiscal Crisis and Management Assistance Team (FCMAT) Recommendations 2023-2024.”

4. Does the county superintendent have a plan for the return of governance authority to the district's advisory board?

The district’s five-member advisory board will continue to serve in an advisory capacity until the following two events occur:

- The district shows adequate progress in implementing the comprehensive review recommendations in the five operational areas of finance, human resources, community relations and governance, facilities, and pupil achievement.
- The county superintendent, with concurrence from the SPI and president of the SBE, determines that the district has built sufficient capacity to self-govern.

The district has not shown adequate progress in implementing the comprehensive review recommendations in all five operational areas. At this time, there is inadequate progress for the return of governance authority to the district’s advisory board.

5. Has the administrator developed a multiyear financial recovery plan in cooperation with the county superintendent? Has the plan been implemented?

The county administrator approved an updated FSP on June 28, 2023, which includes reductions and cost-saving measures totaling $11,050,004 in 2023-24, $8,350,000 in 2024-25, and $11,119,247 in 2025-26. The FSP does not include a narrative or explanations other than short descriptions. The FSP had yet to be quantified by the county superintendent at the time of FCMAT's visit, and thus the estimates of the dollar amounts saved per year are still in question.

Interviews revealed confusion about the FSP and questions about whether some of the funds listed to be reduced may have already been used to meet the needs of unduplicated students (English learners, and/or foster youth, and/or those who qualify for free or reduced-price meals) because they were part of the Local Control and Accountability Plan (LCAP) funds carried over from the previous year. If this was the case, these amounts should not be also counted as savings. If the FSP had been quantified by the county superintendent's staff before adoption, and/or developed with the county superintendent, this type of confusion would not have existed. Oversight procedures and communication in this area should be improved.

In their August 29, 2023 adopted budget approval letter for fiscal year 2023-24, the county superintendent required the district to provide an update on the FSP with its 2023-24 first interim report, and to include the implementation status of the planned reductions, including alternative options for contingent expenditure reductions and/or revenue increases.

The district has not fully implemented previous FSPs.

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

The district's 2023-24 unrestricted adopted budget multiyear projection showed deficit spending of $13.52 million in 2023-24, decreasing to $3.56 million in 2024-25 and increasing to $11.12 million in 2025-26. The district maintains a statutory reserve of 3.0% while keeping a large balance in unrestricted Other Commitments (9760), specifically $23.4 million in 2023-24, $21.3 million in 2024-25, and $10.1 million in 2025-26.

Ongoing deficits and budget pressure are exacerbated by the following three factors:

a. Position control is not integrated or used: The district shared that it hired 13 teachers for 2023-24 without verifying against position control. Subsequently, weekly meetings were instituted between fiscal and human resources staff to balance position control, ensuring greater accuracy, control, and overall communication regarding district personnel expenses.

b. Overstaffing: The district has too many staff members for its enrollment. Exacerbating this issue is the number of underenrolled schools the district operates. The county administrator will develop a multiyear facility consolidation plan once a newly contracted consultant completes a study to help determine the correct number and size of schools needed for the district's student population.

c. Increasing contributions to special education.

Budget stress will continue until these issues are addressed and resolved.

7. What process does the county superintendent use to assess cash flow?

The county superintendent of schools has an ongoing process for analyzing and monitoring the district's cash by month, as well as for budget, interim and unaudited actual financial reports. Each month, the county superintendent of schools reviews posted transactions and upcoming cash needs to ensure adequate cash flow. The documents submitted by the county superintendent indicate a reliable process for discerning details and documenting suggestions or corrections.

The county superintendent's staff also review the cash report daily. In the past, the district's need to make in-lieu property tax transfers to its authorized charter schools has created a cash flow shortage that needed to be mitigated by temporary borrowing at certain times of the year. However, the district has improved its cash management practices and now has an interfund borrowing resolution in place to support temporary borrowing. Although the Los Angeles County Treasurer has a process that allows the district to be cash negative to a certain level without penalty, FCMAT does not condone this practice, because effective cash monitoring and practices at both the district and county superintendent level would negate the need for the county treasurer's allowance.

The district's cash flow projection submitted with its 2023-24 adopted budget shows sufficient cash balances to meet 2023-24 financial obligations. However, per the county superintendent's Local Control and Accountability Plan and Adopted Budget letter to the district dated August 29, 2023, the county superintendent reminded the district that the monthly projections of cash outflows are not representative of actual cash needs. The county superintendent has requested that the district notify their office if the district projects a cash shortfall that cannot be covered by other funds, and has requested that the district provide an updated general fund cash flow to the county superintendent by the 15th of each month.

8. During the prior year, did the county superintendent of schools authorize, in cooperation with other state agencies, additional draws against the emergency appropriation, and, if so, is the receipt of the additional cash consistent with cash flow projections?

No draws against the emergency appropriation have been made since 2013.

9. How were draws against the emergency appropriation used, if applicable?

Not applicable.

10. Has the county superintendent of schools 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 statutory requirements for fiscal oversight in accordance with the applicable Education Code sections. The county superintendent has a well-established process and system for fiscal oversight of the district, as evidenced by documents and interviews, and has demonstrated a good understanding of the district's underlying issues.

11. Has the county superintendent performed timely evaluations of the administrator?

The county superintendent provides frequent communication, support and guidance to the county administrator, including weekly meetings as part of the evaluation process. The county superintendent evaluated the county administrator on June 14, 2023 and set goals for the county administrator for the 2023-24 school year, which include concrete actions and a timeline for completion.

12. Has the administrator, in cooperation with the county superintendent of schools, created a plan to develop the district's advisory board's governance capacity? Is the plan being implemented?

The county superintendent and the county administrator indicated separately that the district's advisory board is developing the skills and dispositions needed to assume governance of the district, while also completing the California School Boards Association's Masters in Governance program, which has increased their knowledge or and skills related to governance standards. Although much of the foundation for this has been laid, the process of meeting accountability standards to exit receivership will take additional time.

The district's advisory board also participates in board retreats led by the county administrator; each retreat is designed around a single governance or district operation theme. In addition, the county administrator holds practice closed session meetings with the district's advisory board to help them learn the process for holding a closed session meeting, and participates with the advisory board to help them learn to make difficult decisions by working through issues together and reaching a consensus. Past county administrators indicated that the advisory board had an operational culture that included making emotional decisions rather than objective decisions related to fiscal solvency and student achievement. Advisory board comments, closed sessions, and advisory board retreats are the current county administrator's attempts to bring operational normalcy to the advisory board.

The district's advisory board president, the county superintendent, and the county administrator all indicated separately that it will take approximately three years before the advisory board will meet accountability standards for self-governance and the associated change from the county administrator to a county trustee.

13. Has the county superintendent of schools submitted the district's adopted budget and interim reports to the State Superintendent of Instruction (SPI), the President of the State Board, the Legislature, and the Director of Finance and documented the district's fiscal and administrative status, particularly in regard to the implementation of the LRRP/comprehensive review? (Education Code 41327.2)

The county superintendent of schools sent the 2022-23 reports on October 12, 2023.

14. Has the administrator prepared or obtained a multiyear financial recovery plan by July 1, including a plan to repay any state loans owed by the school district, and obtained approval from the county superintendent of schools for the reports? (Education Code 43237(a)(3))

On June 28, 2023, the county administrator approved an updated FSP and the 2023-24 adopted budget. The FSP was created through a collaborative effort by district staff and the county administrator. It includes reductions and cost-saving measures to be implemented over the next three years. The district's administration intends to provide updates on the progress of implementation at each reporting period, the next of which will be at first interim in December 2023.

Although the district is addressing budget concerns by reducing deficit spending, the district's 2023-24 adopted budget multiyear projection still shows combined unrestricted and restricted deficit spending of $16.9 million in 2023-24, $1.9 million in 2024-25, and $9.1 million in 2025-26. In the 2022-23 Local Control Funding Formula (LCFF) Carryover Table of the district's LCAP, the district has identified LCFF carryover of $21.4 million. The deficit in 2024-25 can be attributed partially to spending the carryover. This carryover should not have occurred; the funds should have been spent to benefit students in the year received. The county superintendent has a statutory obligation to monitor districts' LCAPs and fiscal status. Careful attention needs to be paid to these items if the district is to progress to full recovery.

The district's original 2023-24 budget and multiyear projection did not include all the reductions proposed in the FSP. FCMAT prepared a multiyear projection that includes the reductions that can be quantified at this time. Assuming the FSP is implemented, the district projects deficit spending in 2023-24 but not in 2024-25 or 2025-26.

The annual debt service payment on the state emergency appropriation is accounted for in each budget and multiyear projection.

The district has not fully implemented previous FSPs.

The district will need to carefully implement the FSP and stay on track with proposed reductions to realize the plan's savings and reductions in deficit spending.

15. Has the administrator prepared an annual report on the financial condition of the school district with all of the required elements specified in the EC? (Education Code 41327(a)(2)).

The annual report was mailed on October 12, 2023.

16. Has the administrator, with the county superintendent of schools' approval, entered into agreements and contractual obligations for the school district, and/or changed existing school district rules, regulations, policies or practices, in order to implement the district's recovery plans? (Education Code 42327(c))

The county administrator has set 2023-24 goals for "enlightened abandonment" in his performance evaluation to eliminate unnecessary contracts and activities that distract from core instruction. Another goal states, "Scrutinize all budgets to identify personnel and activities that are: unnecessary, do not support core activities, or are eligible to be expended from alternative funding sources." Although FCMAT was not provided specific examples, the county administrator set a timeline of June 2023 onward to work on reducing contracts, so evidence of this should be provided at the county administrator's next annual evaluation.

The county administrator has changed various policies and procedures to implement the district's recovery plans since he was hired in January 2023, including the following:

- Placed a limit of $4,000 per year on advisory board member training and travel. Before the limit, there was a lack of clarity about allowable training and travel expenses and allowable frequency with which travel and training could be charged to the school district.
- Increased accountability within the district's departments by directing them to present to the district advisory board their internal plans for addressing actions in the district's comprehensive review.
- Introduced and enforced the concept of staffing ratios, basing staffing on the number of students, with core staff charged to LCFF base dollars and any supplementary staffing (e.g., in excess of the core staffing ratio) charged to LCAP supplemental and concentration grant funds.

- Instituted a weekly meeting of the Fiscal and Human Resources departments to ensure accurate position control.

The county administrator's 2023-24 goals list the following actions that will either establish a new policy or procedure or change an existing policy or procedure:

- Enact modifications to the Special Education program that improve student services while reducing expenditures by reducing baseline paraprofessionals from two (2) per teacher to one (1) paraprofessional per teacher in accordance with prevailing industry standards.
- Change the default home-to-school special education transportation [under which every special education student automatically receives home-to-school transportation] to school-to-school transportation.
- Analyze Special Education class location within the district such that class availability is closer to students' school of residence rather than by the default school of placement.
- Closely monitor educational services staff performance to ensure staff accountability and program fidelity.
- Implement Professional Learning Community (PLC) framework at all schools such that there are generally accepted norms and practices that will bring focus to instruction, student learning, and student achievement.
- Implement a reading program at three (3) Comprehensive School Improvement (CSI) schools in the district that includes teacher materials, ensuring consistent practice by providing 40 hours of paid summer professional training, and an additional 40 hours of paid training during the school year, program-wide pacing plan, ensure program fidelity by utilizing assigned literacy coaches, literacy experts, and administrative coaches to each CSI school, develop and administer program-standard reading assessments that measures program implementation fidelity, student progress, and program accountability.

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

Since 2013, the district has not had to make further draws on the emergency appropriation, because the statewide implementation of the LCFF, legislative assistance provided under AB 1840, and state and federal coronavirus relief funds have been available to augment its revenue. However, the additional revenue alone, much of which was one-time funding, will not resolve its solvency issues, which are exacerbated by declining enrollment and a failure to adjust staffing to match enrollment. It is essential that the district follow through with expenditure reductions and/or revenue increases to eliminate its operating deficit and maintain the required reserve for economic uncertainties.

Until the district shows adequate progress in implementing the comprehensive review recommendations in all operational areas, a county administrator will remain in place. FCMAT's 2023 assessment indicates that the district has made progress since July 2022 in only one of the four operational areas reviewed and has not made progress in every standard (the fifth operational area of community relations and governance is no longer reviewed because the district has reached the minimum score of six with no individual standard scoring less than four for two consecutive years).

Much work remains to be done to achieve full recovery, and that work will be made more difficult if there is any additional administrative turnover. Increasing capacity, especially in fiscal functions, will be important.

The consensus from interviews is that the district is at least three years away from local governance and the accompanying change to a county trustee. This is a significant change from FCMAT's interviews last year, in which the consensus was that the district was not ready and would remain without adequate governance capacity for the foreseeable future. This year, responses and the overall mood were much more positive, which seemed due to the new county administrator. He is providing the leadership and the commitment the district needs to make the necessary progress.

The district's 2023-24 adopted budget and multiyear projection for the combined unrestricted and restricted general fund shows deficit spending of $16.9 million in 2023-24, $1.9 million in 2024-25, and $9.1 million in 2025-26. With the FSP adopted, and assuming it is fully implemented, the deficit spending will be greatly decreased; however, the district has not fully implemented previous FSP's, so it is essential that the current FSP be implemented.

The district lacks capacity, especially in its fiscal department, and there is significant concern that when outside assistance is no longer in place in the form of consultants and the county superintendent's staff and expertise, district staff will not know how to function on their own.

Currently, the district uses the following independent consultants and county office staff for guidance and services.

- School Services of California, Inc. — Staffing report creation, coaching support.
- Eric Hall and Associates — Facilities assistance; AB 1200 disclosures once a week.
- Eide Bailly LLP — Technical assistance, fiscal tasks.
- County office business advisory services director — Visits one or two times per month.
- Two county office facilities staff members — Facilities assistance once a week.

Progress toward recovery will continue to be the focus of the annual reviews of the county superintendent's oversight..

18. 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?

County superintendent of schools staff have continued to ensure that the areas identified as deficiencies in the initial review continue to be addressed in the fiscal review checklists and oversight documents.

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

Conclusions and Recommendations

The Inglewood Unified School District has been under a combination of state and county administration since 2012. The district has had nine state or county administrators in 11 years, creating instability in organizational development and inconsistency in developing and implementing long-range recovery plans. Changes in cabinet-level positions occur frequently and create instability throughout the district.

The purpose of the FCMAT Comprehensive Review is to set an initial baseline for the district's recovery and to prioritize the areas that need immediate attention. This is to ensure that an outside administration is in place only as long as there is instability and can implement adequate systems that enable the district to fully recover under the guidance of a county trustee.

The new county administrator has a focus on the comprehensive review, especially those standards that are below a score of four. If this focus brings positive changes, the scores on the review will increase and advancement to recovery will occur. For too long, not enough attention has been paid to this important document that should have been used as the roadmap for the district to reach the next step of recovery.

In light of these findings, the county superintendent of schools should ensure the county administrator does the following:

1. Creates a plan with a specific timeline for the district to exit county administration and transition to trusteeship. This would allow the district's advisory board to practice proper governance under the supervision of a county trustee and to hire a permanent superintendent to manage the district's long-term recovery.
2. Provides more detail in the FSP and ensures that items listed are not duplicative and result in a cost savings to the district.
3. Ensures the district's FSP is implemented.
4. Ensures that county office staff attend district trainings on the comprehensive review standards (e.g., FCMAT School) to provide additional guidance where needed rather than having district staff provide the sole training on topics about which they may not have expertise.
5. Once the outside firm completes the facilities study, makes timely decisions and creates a feasible multiyear plan for more efficient use of schools for the district's student population. Includes consideration of closures, consolidations, and repurposing, and performs an equity analysis as required by EC 41329.
6. Improves the district's academic program using the recommendations from the California Collaborative for Educational Excellence and from comprehensive reviews so that the core academic programs can serve all children.

The next annual review will assess progress toward these goals.

The transition from state to county administration as a result of AB 1840 continues to evolve. In part, the purpose of these annual reviews is to clarify the roles and responsibilities of all education partners so they can assist and support district recovery. This report attempts to assess the district's recovery status and the essential support provided by the county superintendent of schools' office, and to establish the baseline for the next annual review, which will occur approximately one year from the publication of this report.

Appendices

Appendix A: Administrator Roles and Responsibilities

Appendix B: Study Agreement