



Santa Clara County Office of Education

Mary Ann Dewan, Ph.D.
County Superintendent of Schools

April 24, 2020



Dr. Hilaria Bauer, Superintendent
Alum Rock Union School District
2930 Gay Avenue
San Jose, CA 95127

Dear Dr. Bauer,

The Fiscal Crisis Management Assistance Team (FCMAT) recently informed us that they would be conducting a Fiscal Health Risk Analysis (FHRA) on selected districts throughout the State. Per the 2018-19 Budget Act, FCMAT can engage automatically with an LEA to conduct a FHRA to determine the LEA's level of risk for insolvency, if the LEA has any of the following:

- A disapproved budget
- A negative interim report certification
- Three consecutive qualified interim report certifications
- A downgrade of an interim certification by the county superintendent
- A "lack of going concern" designation by the county superintendent

Since Alum Rock Union School District has had six consecutive qualified interim report certifications, FCMAT informed us they would include ARUSD on the list of districts to have an FHRA. It is my understanding that a representative from FCMAT will soon be contacting you and/or Kolvira Chheng to discuss the process further. Please let me or Dr. James Novak know if we can be of assistance.

Sincerely,

Mary Ann Dewan, Ph.D.
County Superintendent of Schools

cc: Dr. James Novak, Chief Business Officer

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT April 29, 2020

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Alum Rock Union School District, hereinafter referred to as the district, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to local education agencies (LEAs). In accordance with the 2018-19 Budget Act, the team has been assigned to study the fiscal health of the district due to the county superintendent's agreement with the district's qualified certification of its 2019-20 second interim report per Education Code 42131. The team may include staff from FCMAT, county offices of education, the California Department of Education, other school districts, or private contractors. All work shall be performed in accordance with the terms, standards and conditions of this agreement.

The county superintendent will be notified of this agreement between the district and FCMAT and 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 analysis using the 20 factors in FCMAT's Fiscal Health Risk Analysis and identify the district's specific risk rating for fiscal insolvency.

B. Services and Products to be Provided

1. Orientation Meeting – If on-site review is needed, the team will conduct an orientation session at the district to brief district 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 district office and at school sites if necessary.
3. Draft Report – Electronic copies of a preliminary draft report will be delivered to the district's administration for review and comment.
4. Final Report – Electronic copies of the final report will be delivered to the district's administration and to the county superintendent following completion of the review. Printed copies are available from FCMAT upon request.

3. **PROJECT PERSONNEL**

The FCMAT study team may include:

A. Julie Auvil

FCMAT Staff

B. John Von Flue

FCMAT Consultant

4. **PROJECT COSTS**

Pursuant to the 2018-19 Budget Act, costs for the study shall be as follows:

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

5. **RESPONSIBILITIES OF THE DISTRICT**

- A. The district will provide office and conference room space during on-site reviews.
- B. The district 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 district and sent to FCMAT in electronic format. 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 district will upload all requested documents.
- C. The district's administration 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 district shall take appropriate steps to comply with EC 45125.1(c).

6. **PROJECT SCHEDULE**

The schedule of services will be determined jointly by FCMAT and the district.

7. **COMMENCEMENT AND COMPLETION OF WORK**

FCMAT will begin work as soon as it has assembled an available and appropriate study team consisting of FCMAT staff and independent consultants, taking into consideration other jobs FCMAT has previously undertaken and assignments from the state. The team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the district 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 district 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 district 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 district. 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 district in any manner without prior express written authorization from an officer of the district.

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 district, 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 Alum Rock Union School District 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 district, 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 district 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. COVID-19 PANDEMIC

Because of the existence of COVID-19 and the resulting shelter-in-home, local educational agency closures and other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of District (Sections I, IV and V herein) and other provisions herein may be revised. Examples of such revisions may include, but not be limited by, the following:

- A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, video conferencing, etc. References to site work, fieldwork shall be interpreted appropriately given the circumstances.
- B. Activities performed remotely that are normally performed in the field shall be billed hourly as provided as if performed in the field (excluding out-of-pocket costs).
- C. The district may be relieved of its duty to provide conference and other work area facilities for the team.

12. FORCE MAJEURE

Neither party will be liable for any failure of or delay in the performance of this study agreement due to causes beyond the reasonable control of the party, except for payment obligations by the district.

13. CONTACT PERSON

Name: Dr. Hilaria Bauer
Telephone: (408) 928-6800
E-Mail: hilaria.bauer@arUSD.org

Dr. Hilaria Bauer, Superintendent
Alum Rock Union School District

Date



April 29, 2020

Michael H. Fine

Date

Chief Executive Officer

Fiscal Crisis and Management Assistance Team

About FCMAT

The Fiscal Crisis and Management Assistance Team (FCMAT) was created by legislation in 1991 as an independent and external state agency. FCMAT's mission is to assist California's K-14 local educational agencies (LEAs) to identify, prevent and resolve financial, operational and data management challenges by providing management assistance and professional learning opportunities.

FCMAT's 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 create efficient organizational operations.

FCMAT's data management services help LEAs to meet state reporting responsibilities, improve data quality and inform instructional program decisions.

FCMAT's support has evolved based on the changing needs of K-14 LEAs and the implementation of major educational reforms.

Since its inception, FCMAT has performed more than 1,000 reviews for LEAs, including K-12 school districts, county offices of education, community colleges and charter schools. Eighty percent of FCMAT's work is the result of an LEA inviting FCMAT to perform proactive preventive services or professional learning. Twenty percent of FCMAT's work is a result of assignments by the state Legislature and oversight agencies to conduct fiscal crisis intervention, including fiscal health risk analyses (FHRAs) and extraordinary audits per Education Code section 1241.5

FCMAT is funded through appropriations in the state budget and modest fees to requesting agencies.

FCMAT FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM



FCMAT

Chief Executive Officer

Michael H. Fine

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- *Management Assistance and Crisis Intervention*
- *Professional Learning*
- *Fiscal Resources, Software and Publications*
- *Data Management*

Management Assistance and Crisis Intervention

FCMAT may be invited into a county office of education, school district, charter school or community college to provide management assistance related to the fiscal health of the LEA. FCMAT can also be assigned by the Superintendent of Public Instruction (SPI), the county superintendent of schools, the California Community Colleges Board of Governors or the state Legislature to provide assistance with a fiscal crisis or management challenge.

Based on the 2018-19 Budget Act, FCMAT also can engage automatically with an LEA to conduct a fiscal health risk analysis (FHRA) to determine the LEA's level of risk for insolvency, if the LEA has a disapproved budget; a negative interim report certification; three consecutive qualified interim report certifications; a downgrade of an interim certification by the county superintendent; or a "lack of going concern" designation by the county superintendent.

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

Fiscal Resources

Projection-Pro Software

Projection-Pro is a free online multiyear financial projection software service built from the ground up for California's local educational agencies, including school districts, county offices of education, charter schools and oversight agencies.

The software is designed to build a foundational multiyear and cash flow projection based on best practices and statewide assumptions. The data created initially by the software will contain many elements of a quality projection. LEAs then customize the projection with local information to produce a complete projection. The results can be used by LEAs in preparing budgets, interim reports and year-end financial reports, and in performing "what if" scenarios for collective bargaining, LCAP planning and other analyses.

For more information or to request services, visit www.fcmat.org and click on "request our services," or call (661) 636-4611.

Special Education Monitoring Tool

FCMAT has developed a monitoring tool for special education expenditure and contribution trends, enabling district business offices (and county offices conducting reviews) to quickly assess their monitoring of contribution rates, identification rates, staffing/caseload analysis and NPS/NPA costs.

SCFF Calculator and Help Desk

The Student Centered Funding Formula (SCFF) Calculator and Online Help Desk have been produced to assist community colleges as they transition to the SCFF, and to assist in budget development and fiscal projections. FCMAT will provide the field with updates to the tool as warranted.

LCFF Calculator and Help Desk

The Local Control Funding Formula (LCFF) Calculator, Online Help Desk and associated resources continue to reflect FCMAT's committed support to users related to the LCFF. FCMAT continues to provide the field with updates to the tool as warranted.

Fiscal Health Risk Analysis

FCMAT has developed the Fiscal Health Risk Analysis as a tool to help evaluate an LEA's fiscal health and risk of insolvency in the current and two subsequent fiscal years. Versions are available for K-12 and for community colleges. Each section of the analysis covers key aspects of organizational health.

Indicators of Risk or Potential Insolvency

FCMAT has compiled the list of indicators of risk or potential insolvency to assist both K-12 and community college districts in recognizing indicators that may eventually contribute to an LEA's insolvency and loss of local control. The existence of any one of the indicators increases risk and the need for assistance from outside agencies. Identifying issues early is the key to maintaining fiscal health.

Accounting Controls Risk Analysis

FCMAT has developed the Accounting Controls Risk Analysis as a management tool to evaluate key indicators that may assist a county office of education in determining whether a fiscally accountable or fiscally independent school district has adequate accounting controls to maintain its status.

Professional Learning Services

FCMAT's professional learning services support FCMAT's mission to help LEAs identify, prevent and resolve financial, operational and data management challenges and help build capacity in school business leadership.

Professional learning includes regional and entity-specific workshops; various leadership preparation programs; written resources, manuals and guides; and product development. FCMAT delivers and partners with other organizations in quality professional learning for county offices, K-12, community college and charter school personnel.

FCMAT continues to develop and provide numerous publications, software tools, workshops and professional learning opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities.

CBO Mentor Program

FCMAT's Chief Business Official (CBO) Mentor Program is a year-long experience designed to produce qualified CBOs. The program consists of classroom training, and each participant is assigned an experienced CBO or recognized expert in the field to serve as a mentor and provide one-on-one support and assistance as needed.

In addition to the CBO Mentor Program, FCMAT supports all of the statewide leading CBO preparation programs by providing staff instructors or assisting financially to lower the cost to attendees.

Publications

FCMAT has developed and continues to update a number of publications to assist LEAs in their many responsibilities, including: the Associated Student Body Manual, Fraud Prevention Guide and Desk Reference; the Fiscal Oversight Guide; the COE Fiscal Procedural Manual; and the Charter School Accounting and Best Practices Manual.

Data Management

The California School Information Services (CSIS) division of FCMAT assists the California Department of Education (CDE) 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 CDE, EdSource and FCMAT.