

# Superintendent's Update

## February 9, 2022



# LCAP Goals

## Goal # 1

All students will receive a high quality education in a safe and welcoming environment with equitable high expectations, access to technology, and instruction in the California State Standards that prepare them for college and career.

## Goal # 2

High quality, culturally proficient, and responsive staff will provide engaging instruction respectful of all students' backgrounds to ensure they are college and career ready.

## Goal # 3

Parents, family and community will be informed, engaged and empowered as partners with Mt. Diablo Unified to support student learning.



College & Career Readiness

**Educational Equity**



# Fiscal Crisis & Management Assistance Team (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.

<https://www.fcmat.org/>



# School Services of California

School Services of California Inc. (SSC) has the strongest legislative team in Sacramento due to our team's exceptional knowledge of the legislative process, combined with an in-depth understanding of K–14 statutes and regulations, the State Budget process, and cutting-edge policy issues. Our team acts quickly and effectively on behalf of clients, keeping them involved in and informed of all legislative decisions.

<https://www.sscal.com/advocacy>



# Capital Advisors

Capitol Advisors Group is a team of experts in California politics, education policy and finance, legislative strategy, and public affairs. Over the course of our collective careers we have been helping clients, school agencies, professional associations, industry/private sector interests, and non-profit organizations succeed in achieving important outcomes in California.

<http://capitoladvisors.org/index.html>



# Contra Costa County Office of Education

AB 1200 was created to ensure that local educational agencies throughout California are adequately prepared to meet their financial obligations. Concerns arose following the bankruptcy of the Richmond School District and the fiscal collapse of a few other districts that were preparing to request an emergency loan from the state. AB 1200 improved fiscal procedures, standards, and accountability at the local level and expanded the role of county offices of education (COEs) in monitoring school districts by mandating that COEs intervene under certain circumstances to ensure districts can meet their financial obligations. These activities include conducting reviews, examinations, and audits of districts, and providing written notifications of the results, at least annually, on the fiscal solvency of the districts with disapproved budgets, qualified or negative certifications, or districts facing fiscal uncertainty.

<https://www.cccoe.k12.ca.us/>



# FCMAT July 29, 2021-Fiscal Health Risk Analysis

The Mt. Diablo Unified School District has certified as qualified since the second interim of fiscal year 2019-20 indicating ongoing concern about potential fiscal insolvency. While a single qualified certification is a significant alert to the district and county office that the district has fiscal issues, subsequent consecutive qualified certifications suggest that the district has a structural deficit and cannot or will not address its fiscal strains and secure solvency. With three consecutive interim report certifications of qualified, an FHRA performed by FCMAT was triggered. (1)





# FCMAT July 29, 2021-Fiscal Health Risk Analysis

The district's multiyear financial projections (MYFP) indicate its structural deficit will grow in the upcoming fiscal years, more than doubling its unrestricted general fund deficit spending between 2021-22 and 2022-23 and eroding the unrestricted general fund balance from approximately \$47.5 million in 2020-21 to less than \$27 million in 2022-23. The district has not developed, adopted and taken action on a plan to reduce or eliminate this deficit spending, which will quickly lead to insolvency if not addressed. (2)



# FCMAT July 29, 2021-Fiscal Health Risk Analysis

Mt. Diablo Unified's fiscal strains and structural imbalance can be attributed to many factors, the most significant being declining enrollment and the district's employee compensation burden. The FHRA has identified several factors that contribute to the potential fiscal insolvency and the district's failure to respond and correct its fiscal imbalance. Most factors are due to the lack of confidence in timely and sound information that can be used to make actionable decisions. The superintendent and the CBO have been with the district less than two years, arriving after these issues were evident. (3)



# FCMAT July 29, 2021-Fiscal Health Risk Analysis

The district has been in declining enrollment since 2015-16. Because student attendance drives district revenues, the associated reduction has contributed to deficit spending. However, the district's projected revenues are built on increasing and stabilized enrollment rather than historical trends. Additionally, staffing ratios are not set and followed, and the district has not adjusted staffing to compensate for the declining number of students served. (4)



# FCMAT July 29, 2021-Fiscal Health Risk Analysis

Although the multiyear financial projection indicates deficit spending, the projection also includes significant adjustments that are not explained in detail and backed by district commitment. The district's position control is not aligned with actual payroll and budget leading to uncertainty about employee staffing numbers and compensation costs. There are several indications that the district does not reconcile its budget and general ledger accounts, which leads to uncertainty in the standing of budget and cash. The district's financial system is not the same as the county office's (its oversight agency), preventing the direct and timely sharing of information to allow appropriate oversight and support. (5)



# FCMAT July 29, 2021-Fiscal Health Risk Analysis

Employee compensation is typically the largest component of district expenditures. Statewide, employee compensation hovers around 87-88% of district expenditures. For Mt. Diablo Unified, compensation has been significantly higher than the state average at 93-94%. Additionally, the costs of collective bargaining are not determined or analyzed before finalization and settling of agreements. (6)



# FCMAT July 29, 2021-Fiscal Health Risk Analysis

The district administration has made multiple recommendations to reduce staffing, and the governing board has taken action on most. However, largely due to lacking or incorrect information, many actions have not been implemented and maintained; therefore, staffing was either not reduced or was reduced but reinstated. More recently, and as a result of questioned information, the board failed to approve some reductions recommended for the 2021-22 fiscal year. (7)



# FCMAT July 29, 2021-Fiscal Health Risk Analysis

The governing board is ultimately responsible for the district's fiscal solvency. Management has the responsibility of presenting sound financial information based on current and accurate data so the board can make informed decisions. The failure of the district to act decisively on accurate information may result in fiscal insolvency and the loss of local control. (8)



# Link to County Letter and FCMAT Report

CCCOE First Interim Letter

February 8, 2022

[Feb 8 2022 CCCOE Letter](#)

FCMAT

July 29, 2021

[FCMAT Report July 29, 2021](#)





# COVID-19 One Time Funding

ESSER I

GEER

Governor's Resource 7420

Coronavirus Relief Fund (CRF)

- Allowable Expenses
- MDUSD Spending Included:

[One Time Funds Fact Sheet](#)



# Transparency

- School Board Agendas and Action Summaries
- Weekly Superintendent Organizational Update Embedded in Friday Letter
- Business Department Webpage and Budget Advisory Committee
- CCCOE Budget Letters and External Reports
- MDUSD Bargaining Updates Webpage
- First Interim, Second Interim, Annual Budget, Ending Fund Balance & 45 Day Revise – Public School Board Meeting
- Superintendent Direct Communications With Stakeholders



**Questions??**