
From: Michael Fine <mfine@fcmat.org>
Sent: Thursday, March 7, 2019 2:33 PM
To: Jorge Aguilar
Cc: Dave Gordon (dgordon@scoe.net)
Subject: RE: Some thoughts

Jorge-

See my comments below. It is not my intent to be argumentative. But my confidence in the district's ability to govern itself out of these circumstances is dropping by the hour.

Mike

From: Jorge Aguilar <JAguilar@scusd.edu>
Sent: Thursday, March 7, 2019 1:39 PM
To: Michael Fine <mfine@fcmat.org>
Cc: Dave Gordon (dgordon@scoe.net) <dgordon@scoe.net>
Subject: RE: Some thoughts
Importance: High

Mike,

Thank you for your message and your continued commitment to support Sac City Unified! I wanted to respond to each of the areas you raise and have included Superintendent Gordon so that he informs me if any of those responses are inaccurate. I have also removed Mayor Steinberg and President Ryan from this email string but you are welcome to include them in your response should you deem appropriate.

- 1) The Board will be adopting a second interim tonight that reflects a negative certification, which SCOE has vetted and we have agendized since Friday, March 1;
- 2) In consultation with SCOE, we asked for and received a 2-week extension to allow further work on our cash flow projections and ensure that SCOE and our fiscal advisor are confident in them; My point is how did you publish something that wasn't accurate or vetted? If cash is wrong, what else is wrong? Doesn't budget and cash have to be reconciled? How do you separate the two from calculation, time, approval?
- 3) To address some of the concerns you and SCOE have shared related to staff capacity, the District and our lead negotiator have contracted with fiscal experts to conduct additional analyses and work with our team as needed through the negotiations process; Negotiations process? What about everyday activity? What about budget development? What about second interim? What about third interim? What about estimated actuals? My point is that your business office doesn't have the capacity to do the job expected each and every day. Bringing in an expert to analyze doesn't change that.
- 4) In consultation with SCOE, we agreed that there is not a viable Plan B that does not involve negotiations given the size of our deficit. Therefore, we agreed and submitted to SCOE a fiscal recovery plan that involves both negotiated proposals for reductions and reduction in forces to certificated and classified employees and management prior to the March 15th deadline for releases and layoffs. These items will be discussed and any action taken will be in open session this evening; Is there a document that shows this? What analysis has been done that supports this? "...we agreed and submitted to SCOE..." – what does this mean? The board agreed? Staff agreed? What has been submitted to SCOE? If sent to SCOE have they weighed in on the values? The process you have followed isn't clear to me.

- 5) On the item related to Closed Session, you are aware that Government Code allows for closed session with the District's labor negotiator for purposes of developing negotiations strategy, including discussion of available funds and funding priorities in order to provide instructions to the District's negotiator. At every closed session, be they for purposes of conferring with our labor negotiator or any other authorized purpose, our discussions are appropriately within the scope of the closed session agenda item(s) listed for the meeting. As you may know, under the Brown Act we have authority to go into closed session to discuss matters tied to our negotiations strategy, alternatives to the negotiated options, and for the Board to provide direction to the negotiations team. Specifically allowed under the Brown Act are discussions with our labor negotiator on available funds and funding priorities as they relate to our negotiations strategy. As Superintendent I take very seriously any claims that the Board is acting outside the scope of the Brown Act. I am confident the discussions in closed session with our Board, while numerous, have been appropriate given the complex nature of negotiations with our labor partners that are occurring within the context of the District's budget deficit and negative certification status. Rest assured that detailed budget decisions have not been made in closed session and, as will occur this evening, those decisions will occur in open session. More concerning to me, and as I have discussed with Superintendent Gordon, is the fact that information from closed session has been shared with you and others. Again, this is a discussion that I recently had with Superintendent Gordon when I became aware that our SCOE fiscal advisor may have briefed you about discussions from a recent closed session. **The county's fiscal advisor hasn't disclosed any privileged information to me about closed session – ever. She acknowledged to me that there was a closed session and that some of the material shared had not been vetted by the county beforehand. She didn't disclose what the material was or any other detail. That was the extent of the conversation. As to the legality of the closed session discussion, we can leave that to your counsel and the DA.**

In my regular discussions with Superintendent Gordon, he and I have discussed how we are managing our capacity constraints and would have expected him to convey your concerns to me. I would recommend that we all three come together for a meeting as soon as possible to discuss how best to convey and support each other to see that Sac City Unified overcomes our current fiscal challenges. I am headed off to a meeting and will plan to call you as well – Jorge. **I expressed my concern directly to you in a phone call. There is no need for Dave to speak for me.**

From: Michael Fine [<mailto:mfine@fcmat.org>]

Sent: Thursday, March 7, 2019 11:42 AM

To: Jorge Aguilar <JAguilar@scusd.edu>; Jessie Ryan <Jessie-Ryan@scusd.edu>

Cc: Darrell Steinberg <DSteinberg@cityofsacramento.org>; Dave Gordon (dgordon@scoe.net) <dgordon@scoe.net>

Subject: Some thoughts

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Jorge and Jessie-

I would normally not weigh in with a district's leadership without being officially engaged in the district by the district or the state. But I have been engaged, both formally or informally, and so I am going to weigh in on where I see things at this point. My goal and interest is unchanged. I want the district to be successful so it can serve its students' needs. Continuing down the road to a state emergency appropriation is not in the best interest of the Sacramento community and its students. Having said that, I need to let you know I'm distressed by a number of recent developments.

It is March 7. You have not properly or sufficiently vetted a Plan B in public. Time is of the essence. Process is as important as the final decision.

You are scheduled to consider the second period interim report tonight. I have no confidence in much of the data presented there. The cash flow is completely wrong; although some new data implies your cash is improving. How do you consider cash flow that doesn't reflect your circumstances or correlate to the budget data and MYP data? It appears to me your staff has again demonstrated that they don't have the capacity or willingness to produce accurate data. That may seem like a strong statement, but I need you to hear me clearly so I'm being direct. It appears they load data in a system and then press the print button and add it to the board agenda without reviewing it, analyzing it, etc. They must take responsibility for that and you must hold them accountable for that. You will be held accountable for their work; especially since you have notice of the concerns. You are past due to deal with this capacity issue that has been raised by us and the county superintendent several times. Your own colleagues on the board observe and know this is a critical issue.

Inaccurate information means the board isn't in a position to act appropriately. I've said it before and I repeat it here, the board needs to act. Action is overdue, everyday delayed makes your job to balance the budget more difficult. However, if you approve your second interim report cash flow or any other aspect of the report that is incorrect and not been fully vetted I would encourage the county superintendent to immediately stay or rescind your decision. Someone needs to step up and confront the data accuracy issue, and if you refuse then the county superintendent must.

From my view, the second interim data and your draft "Plan B" have not been adequately reviewed and vetted by the county before they were published, publicly or privately. It would appear that the district has disengaged with the county office and is now not vetting their data through the county before making it public. This was your course before and the result was a inaccurate and misleading data being disseminated. It appears you have reverted back to this practice. I can't express in strong enough terms that the county superintendent is your partner in this process and you must work with them. I said this to you in December. I, nor others in my position, have no confidence in the district's data without the county superintendent's review and analysis. To disconnect from the county at this critical time makes no sense and is detrimental to the district moving forward.

I'm further concerned about what I hear coming out of closed session. Let's be frank, the district has no creditability. To hide behind closed session when discussing the budget, stabilization plan, and options is simply wrong, and depending on the details, likely illegal and will ultimately do more damage than what you believe the value may be of secrecy. You are conducting the people's business and you need to do so in public. Inviting your stakeholders to participate is critical to a successful stabilization plan. Again, process is important.

I have regular discussions with administration and legislative staff. I will be testifying before the legislature twice in the coming weeks. I am certain I will be asked questions about Sacramento City USD. I will be blunt in my assessment. You have the opportunity tonight to take the right steps – call out staff and demand accurate information, direct the superintendent to take corrective action, defer your action on the second interim if you don't believe it is correct, discuss openly and honestly your Plan B options. I would love to tell the legislature that the district is stepping up. But based on what I know and I'm hearing, I can't do that right now.

You hold the keys to moving this process forward in a positive direction. I urge you to do so tonight.

Mike