



Santa Clara County Office of Education

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

April 5, 2018

VIA EMAIL ATTACHMENT AND U.S. MAIL

Esau Ruiz Herrera, Board President
Alum Rock Union Elementary School District
2930 Gay Avenue
San Jose, CA 95127

RE: County Office Appointment of a Fiscal Advisor; Role and Responsibilities of a Fiscal Advisor

Dear Board President Herrera:

In accordance with our March 16, 2018 letter, Notice of Stay and Rescind Action, I am pleased to announce that we have completed our search for a Fiscal Advisor to provide leadership and guidance in support of the district.

We are appointing Dr. William Gillaspie, former Deputy Administrative Officer of the Fiscal Crisis & Management Assistance Team (FCMAT), to serve as the Fiscal Advisor starting April 23, 2018. This appointment will be in support of efforts to strengthen school district operations to ensure long-term financial stability for the benefit of your students and the community.

Dr. Gillaspie has nearly 35 years of experience in public education. Prior to his position at FCMAT he served as a county superintendent and assistant superintendent of educational services, director of special education, school psychologist positions and classroom teacher. Dr. Gillaspie has been the lead in FCMAT management studies in reviewing all areas of school management systems; such as; fiscal health of district, food services, transportation, facilities, special education, pupil achievement, and community/governance relations. He holds a Bachelor's and Master's Degrees in Psychology from Humboldt State University and a Doctorate of Education in Organizational Leadership from the University of San Francisco.

Dr. Gillaspie will be supported by the existing team of fiscal experts and may be augmented in order to assist the district. The fiscal advisor may perform any or all of the following actions on behalf of the county superintendent:

1. Develop and impose a budget revision, in consultation with the State Superintendent of Instruction (SPI) and the governing board of the district.
2. Stay or rescind any action that is determined to be inconsistent with the district's ability to meet its obligations for the current or subsequent fiscal year.
3. Assist in developing a financial plan, in consultation with the governing board of the district that will enable the district to meet its future financial obligations.

4. Assist in developing a budget for the subsequent fiscal year in consultation with the governing board of the district.
5. When necessary, the fiscal advisor may provide technical assistance, professional development services, advice and/or support in any or all of the five operational areas defined by FCMAT in order to assist the district in maintaining future solvency and organizational effectiveness.

A fiscal advisor represents the county superintendent of schools when providing assistance to a school district, and acts on behalf of the county office. The advisor does not serve as in-lieu staff to the district to complete normal operational processes and is not directed by the district's administrators or school board. The fiscal advisor is required to inform the county superintendent if a district is not acting in good faith in its efforts to avert state intervention. Common tasks for a fiscal advisor include:

Receiving the board packet in advance of the board meeting to review all board items that will have a negative fiscal impact on the district's budget. The fiscal advisor, in consultation with the county superintendent is authorized to stay and rescind an item approved by the governing board, if necessary.

Receiving updates on collective bargaining activities and copies of all proposals currently on the table, including analyses of the fiscal impact of each proposal.

Submitting a request for additional information to better support discussions at the bargaining table.

Meet with the superintendent and chief business official to obtain updates on the district's efforts to reduce expenditures or enhance revenues. The fiscal advisor could assist the district in preparing cost analyses of its options.

Reviewing proposed budget revisions to confirm whether the revisions are consistent with the district's needs and recovery plan.

Reviewing cash flow projections, and if necessary, assisting district staff in the preparation of these projections.

Reviewing enrollment and ADA reporting, and if necessary, assisting district staff in the preparation of enrollment and ADA projections.

Providing recommendations for improvements in district processes related to the budget, including position control, areas of cost containment, reducing encroachment, etc.

Confirming that the district is conducting its business in compliance with statutory requirements and within acceptable legal and professional standards.

Reviewing purchase orders prior to issuance.

In the event an emergency appropriation is required to bridge the cash flow issues faced by the district the fiscal advisor, in consultation with FCMAT, shall prepare a cash flow analysis of the current and subsequent year cash needs to size the appropriation amount.

At any given time, onsite fiscal advisor services may be provided by a combination of staff. Initial onsite fiscal advisor services will be provided by the following:

Dr. Donald Zimring	April 11-13, 2018	Fill in as Fiscal Advisor
Dr. William Gillaspie	April 23 on-going	Fiscal Advisor

Other equally qualified staff or consultants may be substituted in the event one of the above individuals is unavailable. The school district shall pay 75 percent and the County shall pay 25 percent of the administrative expenses incurred pursuant to subdivision (e) of EC 42127.6 or costs associated with improving the district's financial management practices per EC 42127.6 (h).

We wish to express our appreciation to the district staff for their cooperation during the past few months with the Fiscal Expert Team and as we complete the transition of the district from fiscal independence. In the meantime, if you have any questions, please do not hesitate to call me at (408) 453-6511.

Sincerely,



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

Enclosure: Role of Fiscal Advisor

cc: Members of the Board, Alum Rock Union High School District
Hilaria Bauer, Ph.D., Superintendent Alum Rock Union Elementary School District
Kolvira Chheng, Assistant Superintendent of Business Services, Alum Rock Union Elementary School District
Efrain Robles, Director of Fiscal Services, Alum Rock Union Elementary School District
Megan K. Reilly, Chief Business Officer, Santa Clara County Office of Education
Judy L. Kershaw, Director-District Business and Advisory Services, Santa Clara County Office of Education
Tom Torlakson, California State Superintendent of Schools
Emily Harrison, Director of Finance, County of Santa Clara

ROLE OF FISCAL ADVISOR WITH "STAY AND RESCIND" AUTHORITY

The term "Fiscal Advisor" is a misnomer, since the individual's involvement is much broader than the term would imply. The choice of a Fiscal Advisor must be tailored to meet the needs of the particular district. The most significant task of the Fiscal Advisor is to implement the "stay and rescind" portion of AB 1200 on board action at any time.

As the representative of the Santa Clara County Superintendent of Schools (COE), the Fiscal Advisor may do any or all of the following:

- Provide "big picture" guidance and advice to the district.
Short-term fiscal problems and concerns must not be allowed to destroy the long-term goals and stability of the district. Leadership in this area is critical.
- Attend board meetings, including closed sessions.
This is important as it:
 - keeps the Fiscal Advisor and the COE in the loop on all decision making;
 - allows the fiscal Advisor's presence and assistance to be known, acknowledged, and utilized;
 - keeps the board focused on its main objective of getting the district back on its feet. This teamwork concept keeps everyone aligned.
- Remain neutral and objective.
Fiscal Advisor will not be aligned with any one faction (i.e., superintendent, board, unions, and community groups) over the other, but will work with all proactively and objectively.
- Serve as a resource to the superintendent and board. The Fiscal Advisor does not work for the board; rather this person is a representative of the County Superintendent.
- Use "stay and rescind" authority when necessary.
- Influence expenditure patterns and advise superintendent and board on expenditures (may include review of all warrants and make recommendations on holding all nonessential warrants, keeping in mind how much cash is available to pay warrants, and what payments are essential/nonessential as it relates to the "big picture" recovery strategy).
- Assess the current staff's capabilities and brief the County Superintendent, District Superintendent, and District Board.
- Assess the need for a study of all or part of the district's organizational structure. This includes major departments, staffing levels, and whether staff is appropriately classified and assigned.
- Take a leadership role in assisting the district to develop a multiyear fiscal recovery plan using the format developed by the COE.
- Understand and monitor all collective bargaining agreements and implement recommendations to the District Superintendent and board as appropriate.
- Take a leadership role in the development and administration of the district budget.
- Prospectively review all information and data that is submitted to the COE or other agencies and ensure that validation of data has occurred. This may need to be assigned to the auditor depending upon the circumstances.
- Review past years' audits and establish a good working relationship with the district's current independent auditor.