Inglewood Unified School District
State Intervention

- **Presented by:**

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What State Receivership Means

- Cash shortfall requires State Loan, referred to in Ed Code as Emergency Appropriation
- Urgency Bill, sponsored by local representatives to the State Legislature
- Requires two thirds vote of each house of the Legislature
- Requires Governor's signature
- Process may take from 4-6 months

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State Intervention Process

- A loan results in the State taking control of the District
- The degree of state control is determined by the size of the loan relative to the district's budget
- Ed. Code Section 41326(a) states that if the loan is less than twice the size of the districts required reserve, a State Trustee is assigned:
- **State Trustee assumes control over the financial aspects of the district**

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State Intervention Process

- If the size of the loan exceeds twice the size of the district’s required reserve level the following occurs:
  - ✓ School Board loses its authority and becomes advisory (E.C. 41326(c)(1)
  - ✓ Superintendent is no longer employed (E.C. 41326(c)(2)
  - ✓ State administrator is assigned and assumes all powers of the Board and Superintendent

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State Intervention Process

- State loan (Principal & Interest) is typically set up and repaid over twenty year period
- Trustee or Administrator – state control remains until the entire balance of the loan is paid
- Trustee or Administrator- both report directly to the Superintendent of Public Instruction not the local board or community

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State Intervention Process

- **Sizing of the State Loan**
  - Loan is sized to accommodate the anticipated shortfall in cash over the life of the loan to meet financial obligations

  - All costs of ensuring fiscal recovery will become the responsibility of the district and are added to the amount of the state loan (E.C. 41328)

    Cost of fiscal recovery when a State Administrator is assigned:
  - Total compensation cost for the State Administrator (41326(b)(8)

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State Intervention Process

- ***Sizing of the State Loan, continued***
  - The cost of additional staffing as determined by the State Administrator that may be necessary to ensure the district's fiscal recovery (E.C. 41326(b)(9)
  - The cost of management reviews, fiscal recovery plan and the cost of the initial comprehensive review and follow up reviews each six months in the five component areas listed below:
  - *Community Relations and Governance*
  - *Financial Management*
  - *Personnel Management*
  - *Pupil Achievement*
  - *Facilities Management*

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State Intervention Process

- ***Sizing of the State Loan Continued***
  - The cost of any other expenditure deemed necessary by the State Administrator to assist with and ensure the district's fiscal recovery is successful.
  - Bottom line, the state loan will be much larger than what the district would need to borrow locally if the fiscal crisis or assistance in the form of a State loan could be avoided.

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State Intervention Process

- State Administrator’ s mission is to restore fiscal solvency ASAP and will begin the fiscal recovery process by developing a plan to reduce expenditures
- Administrator will develop a plan to restore the district’ s reserves while the state loan is being repaid.
- All possible avenues for balancing and restructuring the budget are pursued
- State Administrator can not set aside any contractual obligations including vendor contracts, collective bargaining, etc; without negotiations.

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State Intervention Process

The recovery process can take up to 20 years.

- If modifying provisions of these contracts is critical to ensuring the district’s fiscal solvency, the State Administrator has the power to invoke the time lines available in the contracts or by law.

- This includes the State Administrator’s ability to use the impasse/ fact- finding process to unilaterally impose changes to the collective bargaining agreements.

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State Intervention Process

- Summary – In the long term, taking the necessary actions locally and ***avoiding the State Loan or Intervention Process*** will result in greater local control, less outside intervention and better long term outcomes for students, employees and the community.

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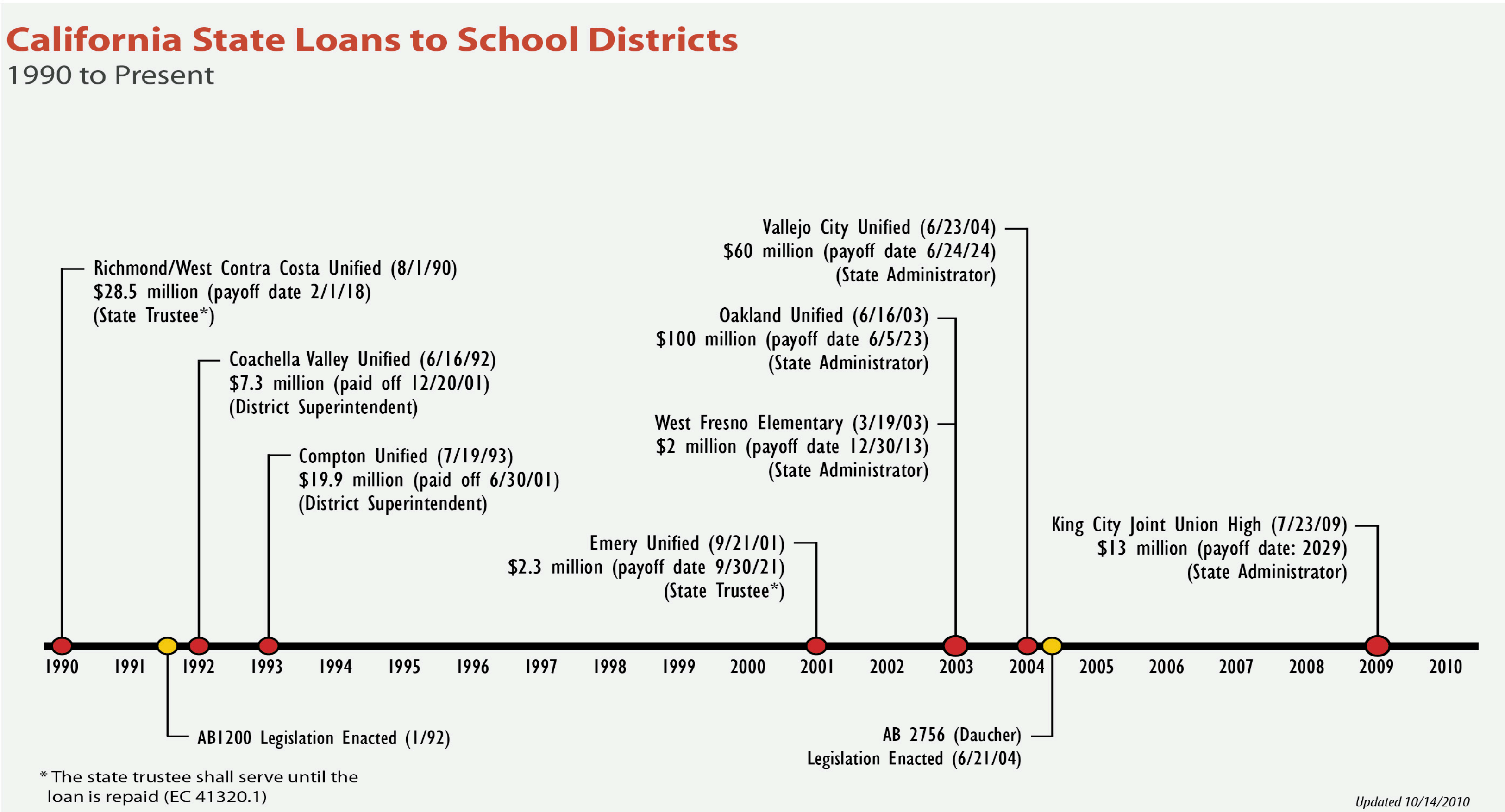
State Intervention Process



Questions
&
Answers

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