



Office of the Board of Trustees

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December 20, 2018

Dear Staff and Community Members,

Over the past few months the Sweetwater Union High School District has faced significant challenges with respect to our organizational budget. We have dedicated considerable time and effort to finding solutions by working with as many of our stakeholders as possible including our labor partners, staff, parents and students. We realize that these issues may seem insurmountable at times, but we want to assure you that despite some of the doubts being cast in the public, we are moving forward with a stabilization plan that will ensure positive financial health.

At our Board of Trustees Special Meeting on Monday, December 17, 2018, we took a major step in our plan by approving the Supplemental Early Retirement Plan (SERP). With over 300 staff members taking the incentive, we continue in our efforts of “right sizing” the district, and doing so in a way that values our staff and ensures that the positions they leave are being staffed by other current site teachers or other highly qualified staff. Although over 300 staff is a significant number, as an organization that employs over 5,000 people, we have a wealth of expertise and experience already in the district. In cases where necessary, employment postings are already being made public. We appreciate the many years of service among these staff members and wish them the absolute best in their retirement!

Related to the SERP, we received a letter from the San Diego County Office of Education (SDCOE) on the same day as our Special Meeting, asking us to consider not accepting the SERP because our current agreements do not layoff staff in the current year. While we have a fundamental difference of opinion and approach with them, we will continue to ask them to be our partners in this effort as we move forward.

As we implement the SERP, we are working closely with school site principals and department directors to assess specific needs. As much as possible, we are working towards finding optimal staffing levels across the district and ensuring the least disruption possible. We have 94 certificated staff leaving us in December. In line with a reduction in enrollment, the departure of these staff gives us the opportunity to revise our master schedules in a way that continues to meet student needs. As an example, this could include a teacher who currently teaches five periods in a day adding an additional class and also receiving compensation for that assignment. This provides less disruption to students and helps us align curriculum and instruction efforts.

At the Special Meeting, the Board of Trustees, staff, and the community also heard a presentation by the Financial Crisis & Management Assistance Team (FCMAT). Their review was initiated after the Sweetwater District budget was disapproved by the SDCOE in September.

Putting Students First

Sweetwater Union High School District programs and activities shall be free from discrimination based on age, gender, gender identity or expression, or genetic information, sex, race, color, religion, ancestry, national origin, ethnic group identification, marital or parental status, physical or mental disability, sexual orientation; the perception of one or more of such characteristics; or association with a person or group with one or more of these actual or perceived characteristics.

SUHSD Board Policy 0410.

FCMAT performs a fiscal risk analysis that determines the level of risk for insolvency that includes numerous factors. District staff worked with FCMAT over the past couple of months to provide hundreds of documents that gave a picture of our finances. There are many elements that we had already begun to address prior to FCMAT's visit in October and prior to the publication of the report. We will continue to work on these efforts until they are corrected.

What FCMAT ultimately reported on was where our district has been, and not our current direction. We are taking their recommendations very seriously and will continue to take the necessary corrective action steps to meet their requirements. In addition, the SDCOE has called for additional audits and we welcome the opportunity to collaborate with them, or any other public agencies, in these efforts.

In addition, we want to respond to a few key areas that were in the report: position control, information systems, interfund borrowing/cash management, contributions to other funds, and governance and leadership.

Position Control

In an organization that employs over 5,000 people, there are several shifts and changes that occur on a regular basis. In the past few years we have been working on integrating our systems to be more effective and efficient. Part of this process has been to complete a manual review of all of our budgeted positions and actual employees and creating a reconciliation of the two. Our finance staff, payroll staff and human resources staff are hard at work on this and we are on our way toward resolution. One of these solutions is that we will be bringing in expertise to specifically assist us in this area.

Information Systems

One of the initial actions taken by our current leadership team in 2016 was to review all core systems that serve students and staff. As part of our strategic goal to improve and integrate systems, we have implemented needed system enhancements in the areas of firewall, security, student information, payroll, accounting, and human resource systems. The True Course (financial) system was one that we identified as needing change due to its obsolescence and support concerns. As a result, we have initiated an assessment project that will identify a financial system that will support our growing business and educational needs. A system recommendation will be brought to our Board of Trustees for approval in early 2019. Our goal is to implement a financial system that will streamline our business processes and promote integrated communication with all systems at the District.

Interfund Borrowing/Cash Management

An ongoing challenge faced by all districts in California is the timing of when we receive state funds. Each month the Sweetwater District has a payroll obligation of over \$30 million. Consistent with California Education Code, in months where the state is providing less than our payroll obligations, we have used our own internal accounts to borrow funds, specifically from Fund 49 – the Community Facilities District accounts. This practice provides a less costly way of borrowing. The funds must be repaid within 120 days of the borrowing and must be repaid with interest. As of right now, as we do throughout the year, we are on track to repay over \$30 million this month back to the fund within the 120-day deadline.

Contributions to Other Funds (Special Education, Cafeteria Fund, Adult Education)

As a part of rebuilding the Sweetwater District's budget, there are several areas where our budget estimates have not been accurate and have ultimately affected the general fund. In the areas of Special Education, Nutrition Services, and Adult Education, the district has, over the years, provided cash contributions to ensure their fiscal stability. Going forward we will be reducing these contributions and working with each of the departments to ensure fiscal responsibility and continue to best serve the students of this district.

We recognize that there is a lot of work to be done. As FCMAT pointed out, many of these issues stretch back many years. When the current Board of Trustees was elected in 2014 and set their priorities, fighting against this culture and correcting these issues was the most important. The Superintendent and the entire Cabinet team were selected for their commitment to making positive change in the Sweetwater District. Together, with the staff, with our community partners, with the parents, and most importantly with the students, significant positive efforts have been made.

The financial situation we face was not created overnight, nor will it go away overnight, but you, as a community, have our deepest commitment that we will do everything we can possibly do to make this right. The students of the district are our utmost priority and we, with your continued support, can make this right together. Thank you.

"We can pinpoint the exact moment when resilience can be cultivated. You can do something about how you experience every day. You don't have to be a victim of the turmoil and unpredictability of the world. Change is a given; how you respond is within your control."
Elena Aguilar from Onward: Cultivating Emotional Resilience in Educators

Sincerely,

Board of Trustees Superintendent & Cabinet