



**CALIFORNIA DEPARTMENT  
OF EDUCATION**

**TONY THURMOND**  
STATE SUPERINTENDENT OF  
PUBLIC INSTRUCTION

1430 N STREET, SACRAMENTO, CA 95814-5901 • 916-319-0800 • WWW.CDE.CA.GOV

November 18, 2019

Karen Janney, Ed. D., Superintendent  
Sweetwater Union High School District  
1130 Fifth Avenue  
Chula Vista, CA 91911-2896

Dear Superintendent Janney:

Re: Appeal of Changes to the 2019–20 Budget by the San Diego County  
Superintendent of Schools

The California Department of Education (CDE) received the appeal from Sweetwater Union High School District (the District) on November 13, 2019, of the San Diego County Office of Education's (SDCOE) intent to impose actions on two items for the District. The two actions relate to \$3.8 million in estimated expenditure savings as a result of anticipated furlough days and \$3 million in salaries and benefits adjustments to be reflected in the unrestricted general fund in the First Interim Report. The appeal is made pursuant to *California Education Code (EC)* Section 42127.9(a)(2), based on the contention that the two imposed actions by the SDCOE would "require reductions that are unnecessary in view of other reductions that are proposed by the governing board of the school district and that reasonably can be expected to be realized."

Based on our review, with the concurrence of the president of the State Board of Education, the appeal is denied on the basis that the SDCOE's imposed actions do not meet the appeal criteria of *EC* Section 42127.9(a)(2), as more fully set forth below. As a result, pursuant to *EC* Section 42127.9(b), the District shall implement the budget revisions identified by the SDCOE as set forth in their November 8, 2019 letter at the First Interim Report.

**Revision for Two Furlough Days Still to be Negotiated**

The 2019–20 Revised Adopted Budget includes savings of \$3.8 million for two furlough days that are contingent on negotiations with collective bargaining units. As a result, the SDCOE imposed a budget revision to be made in the First Interim Report to remove the savings if the negotiations are not finalized and board approved by that time. The district has appealed the imposed action based on the contention that the change would "require reductions that are unnecessary in view of other reductions that are proposed by the governing board of the school district and that reasonably can be expected to be realized."

The SDCOE's imposed action does not require reductions to the budget that are unnecessary due to other reductions. Rather, the SDCOE is requiring that savings not be recognized in the budget until negotiations are concluded. While the District reports that it reached agreement and implemented furlough days for four of the six bargaining units, the SDCOE contends that the tentative agreements with these bargaining units contain contingency language that would not implement the furlough days until all bargaining units have agreed. The CDE agrees that in order to present the most accurate budget projections, contingent savings from collective bargaining concessions should not be recognized. When negotiations are finalized regarding the two furlough days, a budget revision can be made to recognize the associated savings.

### **Revision to Salaries and Benefits**

The SDCOE determined that the 2019-20 Revised Adopted Budget may be understated by approximately \$3 million in salaries and benefits based on their projections and similar issues identified in 2018–19. Therefore, the SDCOE imposed a budget revision to increase expenditure projections if the District is unable to provide a detailed analysis to support the budget for salaries and benefits prior to finalizing the First Interim Report. The District has appealed this action based on the contention that the “reductions are unnecessary in view of other reductions that are proposed by the governing board of the school district and that reasonably can be expected to be realized”.

The SDCOE's required action does not require reductions to the budget for salaries and benefits, rather it is aligning the projections to estimated actuals. The SDCOE provided an analysis based on actual expenditures through October 31, 2019, and a comparison showing a variance in salaries from estimated actual expenditures to unaudited actual expenditures for fiscal year 2018–19. While the District has requested more time to analyze salary and benefit projections, the CDE agrees that the District must complete this analysis, to include actual payroll costs incurred through November 2019, to make accurate projections that can be verified by the SDCOE with the submission of the First Interim Report. If the District is unable to do so, the adjustment based on the SDCOE analysis should be made.

### **Fiscal Recovery Plan and Multi-Year Projections**

The CDE acknowledges that the District has taken steps over the last year to improve its financial condition but significant fiscal challenges remain. The District's multi-year projections for the 2020–21 and 2021–22 fiscal years include unspecified budget reductions of \$24 million and \$11.5 million, respectively. The District has adopted a resolution to submit a detailed plan for these reductions and a timeline for implementation with the 2019–20 First Interim Report. Completion and submittal of the detailed comprehensive fiscal recovery plan requested by SDCOE is a necessary step for the District to undertake.

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If you have questions regarding this decision, please contact Lisa Constancio, Director, School Fiscal Services Division, by phone at 916-322-3024 or by email at [lconstancio@cde.ca.gov](mailto:lconstancio@cde.ca.gov).

Sincerely,

/s/

Bruce Harter, Interim Deputy Superintendent  
Operations and Administration Branch

BH:jf

cc: Karen Stapf Walters, Executive Director, State Board of Education  
Board of Trustees, Sweetwater Union High School District  
Paul Gothold, Ed. D., San Diego County Superintendent of Schools  
Michael Simonson, Deputy Superintendent, San Diego County Office of  
Education

*Sent via First Class Mail and Email to:*

[karen.janney@sweetwaterschools.org](mailto:karen.janney@sweetwaterschools.org)

[KStapfWalters@cde.ca.gov](mailto:KStapfWalters@cde.ca.gov)

[Arturo.Solis@sweetwaterschools.org](mailto:Arturo.Solis@sweetwaterschools.org)

[Kevin.Pike2@sweetwaterschools.org](mailto:Kevin.Pike2@sweetwaterschools.org)

[Frank.Tarantino@sweetwaterschools.org](mailto:Frank.Tarantino@sweetwaterschools.org)

[Nicholas.Segurajr@sweetwaterschools.org](mailto:Nicholas.Segurajr@sweetwaterschools.org)

[Paula.Hall@sweetwaterschools.org](mailto:Paula.Hall@sweetwaterschools.org)

[paul.gothold@sdcoe.net](mailto:paul.gothold@sdcoe.net)

[michael.simonson@sdcoe.net](mailto:michael.simonson@sdcoe.net)