



FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Fiscal Health Risk Analysis

September 30, 2026



Los Angeles Unified School District

Michael H. Fine
Chief Executive Officer

September 30, 2026

Andrés E. Chait
Los Angeles Unified School District
333 S Beaudry Ave.
Los Angeles, CA 90017

Dear Superintendent Chait:

In August 2026, the Los Angeles Unified School District and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct a FCMAT Fiscal Health Risk Analysis of the district.

The agreement stated that FCMAT would perform the following:

1. Prepare an analysis using the 20 factors in FCMAT's Fiscal Health Risk Analysis (FHRA) and identify the Client's specific risk rating for fiscal insolvency.

This report contains the fiscal health risk analysis report with the study team's findings and recommendations.

FCMAT appreciates the opportunity to assist the Los Angeles Unified School District and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,



Michael H. Fine
Chief Executive Officer

Contents

About FCMAT	3
Introduction.....	5
Background	5
Fiscal Health Risk Analysis Guidelines	5
Study Team	6
Fiscal Health Risk Analysis	7
Summary	7
About the Analysis.....	12
Areas of High Risk.....	12
Budget and Fiscal Status: Is district currently <i>without</i> the following?	12
Material Weakness Questions	12
Score Breakdown by Section.....	14
Fiscal Health Risk Analysis Questions.....	15
Annual Independent Audit Report.....	15
Budget Development and Adoption	15
Budget Monitoring and Updates.....	16
Cash Management.....	17
Charter Schools	18
Collective Bargaining Agreements.....	18
Contributions and Transfers	20
Deficit Spending (Unrestricted General Fund)	21
Employee Benefits.....	22
Enrollment and Attendance.....	22

Facilities	23
Fund Balance and Reserve for Economic Uncertainties	24
General Fund – Current Year	25
Information Systems and Data Management	26
Internal Controls and Fraud Prevention	26
Leadership and Stability	27
Multiyear Projections.....	28
Non-Voter-Approved Debt and Risk Management	28
Position Control	29
Special Education.....	29
Risk Score, 20 numbered sections only	30
District Fiscal Solvency Risk Level, all FHRA factors.....	30
Appendices.....	31

About FCMAT

Purpose and Services

FCMAT was created by the California Legislature to help California's transitional kindergarten through grade 14 (TK-14) local educational agencies (LEAs) avoid fiscal insolvency. Today, FCMAT helps LEAs identify, prevent and resolve financial, management, program, data, and oversight challenges; provides professional learning; produces and provides software, checklists, manuals and other tools; and offers other related school business and data services.

FCMAT may be asked to provide fiscal crisis or management assistance by a school district, charter school, community college, county superintendent of schools, the state superintendent of public instruction, or the Legislature.

When FCMAT is asked for help with management assistance or a fiscal crisis, FCMAT management and staff work closely with the requesting LEA to meet their needs. Often this means conducting a formal study using a FCMAT study team that coordinates with the LEA for on-site fieldwork to evaluate specified operational areas and subsequently produces a written report with findings and recommendations for improvement.

For more immediate needs in a specific area, FCMAT offers short-term technical assistance from a FCMAT staff member with the required expertise.

To help meet the need for qualified chief business officials (CBOs) in LEAs, FCMAT offers four different CBO training and mentoring programs that consist of 11 or 12 diverse two-day training sessions over the course of a full year.

For agencies with professional learning needs, FCMAT offers workshops on specific topics. Popular topics include associated student body operations, use of FCMAT's Projection-Pro online financial forecasting software, use of FCMAT's Local Control Funding Formula (LCFF) Calculator, and data reporting for the California Longitudinal Pupil Achievement Data System (CALPADS). FCMAT staff and management also frequently make presentations at various professional conferences.

The California School Information Services (CSIS) service of FCMAT helps the California Department of Education (CDE) operate CALPADS; helps LEAs learn about CALPADS, resolve data issues and meet reporting requirements; and provides LEAs with training and leadership in data management. CSIS also developed and continues to host and improve the Standardized Account Code Structure (SACS) web-based financial reporting system for all California LEAs, and provides ed-data.org, which gives educators, policy-makers, the Legislature, parents and the public quick access to timely and comprehensive data about TK-12 education in California.

Since it was formed, FCMAT has provided LEAs with the types of help described above on more than 2,000 occasions.

FCMAT's administrative agent is the Kern County Superintendent of Schools. FCMAT is led by Michael H. Fine, Chief Executive Officer, and is funded by appropriations in the state budget and modest fees to requesting agencies.

Workshop schedules, manuals, presentation slide decks, Projection-Pro software, LCFF calculators, past reports, an online help desk, and many other resources are available for download or use at no charge on FCMAT's website.

History

FCMAT was created by Assembly Bill 1200 (Chapter 1213, Statutes of 1991) and Education Code 42127.8. Assembly Bill 107 (Chapter 282, Statutes of 1997) added Education Code 49080, which charged FCMAT with responsibility for CSIS and its statewide data management work, and Assembly Bill 1115 (Chapter 78, Statutes of 1999) codified CSIS' mission.

Assembly Bill 1200 created a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. Assembly Bill 2756 (Chapter 52, Statutes of 2004) gave FCMAT specific responsibilities for districts that have received emergency state loans.

In January 2006, Senate Bill 430 (Chapter 357, Statutes of 2005) amended Education Code 42127.8, and Assembly Bill 1366 (Chapter 360, Statutes of 2005) amended Education Codes 42127.8 and 84041. These new laws expanded FCMAT's services to include charter schools and community colleges, respectively.

Assembly Bill 1840 (Chapter 426, Statutes of 2018) changed how fiscally insolvent districts are administered once an emergency appropriation has been made, shifting oversight responsibilities from the state to the local county superintendent to be more consistent with the principles of local control, and giving FCMAT new responsibilities associated with the process.

Introduction

Background

Los Angeles Unified School District is the second-largest public school district in the nation and served 497,105 students, including charter school students, in transitional kindergarten through grade 12 during the 2025-26 fiscal year (DataQuest).¹ The district reported an unduplicated pupil percentage of 83.27% (EdData).² The district encompasses approximately 710 square miles, including most of the City of Los Angeles and areas within 25 other cities and unincorporated portions of Los Angeles County. A seven-member elected Board of Education governs the district.

The district has experienced unrestricted general fund deficit spending since 2024-25. Its 2026-27 adopted budget projects continued deficit spending throughout the multiyear projection period³ and an inability to maintain the state-required minimum reserve for economic uncertainties in the two subsequent fiscal years.

On July 2, 2026, pursuant to Education Code 42127.6, the Los Angeles County Superintendent of Schools determined that the district met the criteria for a lack of going concern designation. In making this determination, the county superintendent considered the fiscal impact of the district's recently ratified collective bargaining agreements, the district's amended Fiscal Stabilization Plan and multiyear projections, and FCMAT's Indicators of Risk or Potential Insolvency. Based on this review, the county superintendent concluded that the district may be unable to meet its financial obligations during the 2027-28 and 2028-29 fiscal years and placed the district under an increased level of fiscal oversight and intervention. A fiscal expert was assigned to advise and assist the district with fiscal assumptions, budget revisions and corrective actions.

The county superintendent identified several significant fiscal concerns, including the projected depletion of operating cash during the 2027-28 fiscal year, a projected negative unrestricted general fund balance, reserves below the state-required minimum and continuing structural deficits. Additional concerns included the fiscal impact of recently ratified collective bargaining agreements, declining enrollment and average daily attendance, unimplemented expenditure reductions identified in the Fiscal Stabilization Plan, and the district's ability to implement the Fiscal Stabilization Plan with fidelity. The lack of going concern designation also triggered a mandatory Fiscal Health Risk Analysis (FHRA) by FCMAT.

FCMAT conducted the FHRA to evaluate the district's level of fiscal risk using its 2026-27 adopted budget, multiyear projections and other supporting financial information available during the review.

Fiscal Health Risk Analysis Guidelines

FCMAT entered into a study agreement with the Los Angeles Unified School District on August 3, 2026. The study team conducted fieldwork at the district from August 18-20, including interviews, data collection and document review, followed by additional virtual interviews on August 21. After completing the fieldwork and interviews, the study team continued its analysis of the documents and data collected. This report summarizes the team's findings and conclusions based on that work.

1 The districtwide enrollment figure includes charter school students. Unless otherwise noted, student enrollment and related data presented throughout this report exclude charter school students, including students enrolled in affiliated charter schools.

2 The unduplicated pupil percentage represents the percentage of students who are English learners, eligible for free or reduced-price meals, or foster youth, with students who meet more than one criterion counted only once.

3 The multiyear projection covers three fiscal years: the current budget year and two subsequent fiscal years.

FCMAT's reports focus on systems and processes that may need improvement. Those that may be functioning well are generally not commented on in FCMAT's reports. In writing its reports, FCMAT uses the Associated Press Stylebook and its own short internal style guide, which emphasize plain language, capitalize relatively few terms, and strive for conciseness, clarity and simplicity.

FCMAT relies on publicly available, authoritative data sources and provides direct links to sources where appropriate; however, sources sometimes differ in the data they provide, or their data may be revised over time due to various factors. FCMAT always strives to use the most accurate data available at the time of reporting.

Study Team

The team was composed of the following members:

Jennifer Noga, CFE
FCMAT Intervention Specialist

Jennifer Nerat, CFE
FCMAT Intervention Specialist

Marcus Wirowek, CFE
FCMAT Intervention Specialist

Cassady Clifton
FCMAT Technical Writer

Each team member reviewed the draft report to confirm its accuracy and to achieve consensus on the analysis.

Fiscal Health Risk Analysis

For TK-12 School Districts

Dates of fieldwork: August 18-20, 2026

School District: Los Angeles Unified School District

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Summary

The Los Angeles Unified School District faces significant fiscal challenges driven by ongoing deficit spending, particularly in the unrestricted general fund; declining enrollment; increasing employee compensation and other ongoing expenditures; increasing special education contributions; and declining unrestricted fund balances. The district's 2026-27 adopted budget projects continued deficit spending throughout the multiyear projection period and an inability to maintain the required minimum reserve for economic uncertainties in the two subsequent fiscal years. Although the governing board has adopted an amended Fiscal Stabilization Plan to address the district's fiscal condition, several key measures had not been fully implemented at the time of FCMAT's review, and some remained contingent on collective bargaining, board authorization or other future actions.

The district received a Fiscal Health Risk Analysis (FHRA) risk score of 37.9%, corresponding to a Moderate risk level. The areas identified by the FHRA as presenting the highest risk include collective bargaining agreements, deficit spending, contributions and transfers, enrollment and attendance, fund balance and reserve for economic uncertainty, and position control. Regardless of the FHRA risk score, the district's lack of going concern designation elevates its overall fiscal solvency risk level to **High**. The district's projected inability to maintain the required minimum reserve for economic uncertainties in the two subsequent fiscal years and the magnitude of its continued structural deficit spending further indicate significant fiscal risk.

The district's 2026-27 adopted budget projects approximately \$1.75 billion in unrestricted general fund deficit spending, reducing the projected unrestricted ending fund balance from approximately \$2.51 billion to \$755.9 million. Deficit spending is projected to continue at approximately \$1.62 billion in 2027-28 and \$2.19 billion in 2028-29, resulting in projected unrestricted ending fund balances of negative \$859.3 million and negative \$3.05 billion, respectively. Under the adopted budget projections, the district would exhaust its unrestricted fund balance during the 2027-28 fiscal year.

The district's board approved an amended Fiscal Stabilization Plan on June 16, 2026, identifying approximately \$3.6 billion in revenue enhancements and expenditure reductions through 2028-29. If fully implemented, the plan projects positive unrestricted ending fund balances and reserves above the required 1% minimum throughout the projection period. The county office has required the district to provide additional implementation timelines, supporting detail and contingency actions to demonstrate its ability to implement the plan. Given the magnitude of the district's projected deficits absent full implementation of the plan, timely execution, frequent monitoring of the district's fiscal position and prompt corrective action will be critical to maintaining fiscal solvency.

Collective Bargaining and Ongoing Expenditures

The district entered into tentative agreements with its labor partners while it was already working to implement an existing Fiscal Stabilization Plan and experiencing declining enrollment and continued deficit spending. The board established parameters for the negotiations without simultaneously identifying the ongoing resources or expenditure reductions necessary to fund the resulting agreements. Consequently,

the agreements increased ongoing expenditures without corresponding actions to offset those costs, further expanding the budget mitigation measures necessary to address the district's structural deficit.

In each of the three prior fiscal years, negotiated compensation increases exceeded the funded cost-of-living adjustment. These increases are in addition to negotiated salary range adjustments and the ongoing costs associated with annual step-and-column movement. Salaries and benefits account for 90.8% of the district's 2026-27 unrestricted general fund budget, up from 89.6% in 2025-26 and 86.6% in 2024-25. The 2026-27 percentage also exceeds the most recently available statewide average of 86% for unified school districts (EdData). The increasing proportion of unrestricted expenditures committed to salaries and benefits limits the district's options for achieving the expenditure reductions necessary to address its structural deficit.

On June 16, 2026, the same evening it approved the collective bargaining agreements, the governing board approved an amended Fiscal Stabilization Plan after the prior plan had not been fully implemented. Full implementation of the amended plan will be necessary to address the district's structural deficit, including the additional ongoing expenditures approved by the governing board, and maintain fiscal solvency.

Enrollment, Staffing and Facilities

Declining enrollment further compounds the district's fiscal challenges. The district's noncharter school enrollment declined by 28,051 students over the three-year period reviewed, from 381,116 in 2023-24 to 353,065 in 2025-26. The district uses established enrollment-based staffing ratios to adjust school-site positions as enrollment changes. However, district staff indicated that the district does not consistently apply a comparable enrollment-based analysis to staffing levels in central office departments and divisions. As shown in Figure 1, the district's longer-term staffing and enrollment trends have diverged, with enrollment declining while total FTE increased.

Enrollment Decline Compared With Total FTE, 2019-20 – 2024-25

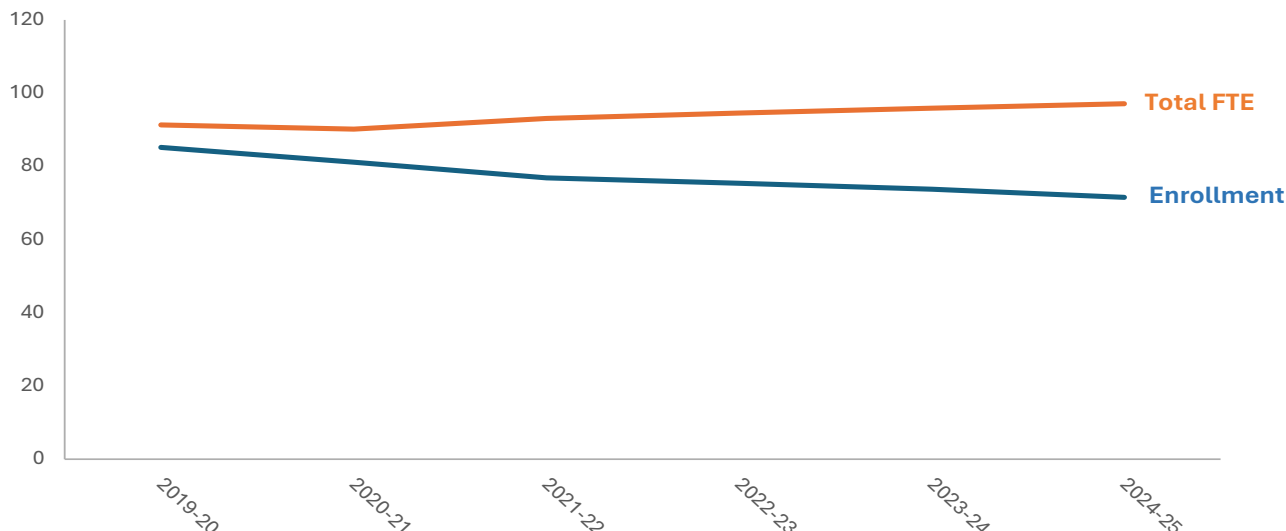


Figure 1. Graph showing indexed enrollment and total FTE trends from 2019-20 through 2024-25. Over this period, enrollment declined while total FTE increased.

Source: Adapted from EdData.

Notes: Enrollment and total full-time equivalent (FTE) positions are indexed to 2013-14, with 2013-14 equal to 100. Index values show the percentage change in each measure relative to the 2013-14 baseline.

FTE data are from Ed-Data and exclude employees associated with district-authorized charter schools, except for classified staff. Enrollment data exclude charter school students, including students enrolled in affiliated charter schools. Table A-1 provides additional detail on the district's enrollment and staffing trends, including staffing by employee category. Staffing data were available through 2024-25 at the time of FCMAT's review.

The underlying enrollment and staffing data further illustrate this divergence. Because total district enrollment includes both charter and noncharter students, the enrollment figures used in the following staffing analysis are limited to noncharter enrollment to better align the student population with the staffing data analyzed. From 2019-20 through 2024-25, noncharter school enrollment declined from 440,365 to 369,830 students, a decrease of approximately 16.0%. Over the same period, total FTE increased from 60,344 to 64,148, or approximately 6.3%. As a result, the number of students per total FTE declined from 7.3 to 5.8. Staffing trends varied by employee category, but the overall increase in staffing during a period of substantial enrollment decline demonstrates the importance of evaluating staffing levels in relation to current and projected enrollment. Appendix A provides the district's detailed enrollment and staffing data by fiscal year and employee category.

The district's flexibility to adjust certain school-site staffing levels is also affected by collectively bargained staffing requirements. Although these provisions support educational and operational priorities, they may limit the district's ability to reduce certain staffing expenditures as enrollment declines. Aligning staffing and other operational expenditures with current and projected enrollment will be important to the district's efforts to address its structural deficit. This includes considering the ongoing fiscal effects of negotiated staffing requirements and evaluating staffing and other operational expenditures in areas where the district retains management discretion.

Facilities present a similar alignment issue. Based on documents provided by the district and Office of Public School Construction loading standards, FCMAT calculated capacity for approximately 718,475 students, com-

pared with 2025-26 enrollment of 353,065, representing an overall utilization rate of approximately 49.1%. Of the district's 738 host schools,⁴ 481⁵ operate at or below 60% capacity. Facilities with substantial unused capacity continue to generate operating and maintenance costs. Accordingly, the district should consider the alignment of its facilities with current and projected enrollment as part of its long-term facilities planning.

Special Education

Special education represents another significant and growing demand on the unrestricted general fund. The district's unrestricted general fund contribution increased from approximately \$957.1 million in 2023-24 to approximately \$1.49 billion in 2025-26, an increase of more than \$500 million over two years. The 2026-27 adopted budget assumes a contribution of approximately \$1.42 billion, a 4.4% decrease from the 2025-26 estimated actuals despite the significant increases in the preceding two years.

The district's special education identification rate is 17.2%, excluding charter school enrollment, compared with 15.6% countywide and 15.0% statewide (DataQuest). Given the magnitude of the unrestricted contribution and its effect on the district's structural deficit, special education expenditures and contributions require ongoing monitoring to determine whether budget assumptions are reasonable and whether projected savings are realized.

Cash Management

The district's projected fiscal condition makes accurate cash flow projections increasingly important. Although the district prepares current- and subsequent-year cash flow projections using Standardized Account Code Structure Form CASH, FCMAT found that these projections do not fully reflect the district's cash activity. Balance sheet transactions appear to be included within revenue and expenditure classifications rather than separately identified. District staff have access to more detailed cash flow information through the county office's Business Enhancement System Transformation financial system. Incorporating this information into the district's publicly reported cash flow projections would provide the governing board, county office, education partners and community with a more complete and transparent view of the district's current and projected cash position.

Cash and fund balance are not interchangeable. Accurate cash flow projections are essential to identifying when the district may be unable to meet its financial obligations and determining whether temporary borrowing or other cash management strategies may be necessary.

Organizational Alignment and Communication

FCMAT observed that the district has many established processes, controls and specialized functions appropriate for an organization of its size and complexity. However, the district's size and highly segmented organizational structure can also result in departments and divisions operating independently, with staff focused on their individual responsibilities without always understanding how their work affects other functions or the district's overall financial position.

Strong segregation of duties is an important internal control⁶ and should be maintained. Greater cross-functional communication among budget, accounting, human resources, payroll, position control, procure-

4 The district's 2025 E-CAR TK-12 schools list identifies 738 host schools. E-CAR stands for Electronic Capacity Assessment Review Process.

5 The enrollment used in this calculation excludes charter school students. Because charter schools may be colocated at some district facilities, the calculated rate does not reflect total utilization of district facilities and may understate actual facility utilization.

6 Internal control refers to the processes, policies and procedures established to provide reasonable assurance that an organization achieves its operational, financial reporting and compliance objectives, including safeguarding assets and preventing or detecting errors and fraud.

ment and program departments would help ensure that financial decisions and operational activities are understood across functions and incorporated timely and accurately in the district's budget and financial projections.

Overall, the FHRA identified conditions that extend beyond the district's current structural deficit and indicate a need to more closely align ongoing expenditures with sustainable ongoing revenues and current and projected enrollment. Fiscal recovery will depend on successful implementation of the Fiscal Stabilization Plan as well as closer alignment of ongoing expenditures with sustainable ongoing revenues and current and projected enrollment. The district will need to align staffing and facilities with enrollment, closely monitor special education expenditures and contributions, accurately project cash flow needs, and ensure that planned expenditure reductions are specific, achievable and implemented within the timelines necessary to preserve fiscal solvency.

The magnitude of the district's projected structural deficit means that delays in implementing corrective actions will reduce the options available in subsequent years and may require more significant reductions over a shorter period. Continued collaboration among the governing board, district administration, labor partners, the county superintendent and other educational partners will be essential as the district works to restore fiscal stability.

District Fiscal Solvency Risk Level: High

Subsequent Events

Subsequent to FCMAT's fieldwork, the district completed its 2025-26 Unaudited Actuals Financial Report. The report shows an unrestricted/unassigned general fund ending balance of approximately \$1.61 billion, \$62 million lower than the estimated actuals presented with the 2026-27 adopted budget. The unaudited actuals also reflect a \$33 million increase in the general fund contribution to special education compared with estimated actuals.

The district subsequently updated its multiyear projections to incorporate the 2025-26 unaudited actuals and full implementation of its 2025-26 and 2026-27 Fiscal Stabilization Plan. The updated projections show the unrestricted/unassigned ending fund balance declining from approximately \$1.61 billion in 2025-26 to \$986 million in 2026-27, \$728 million in 2027-28 and \$5 million in 2028-29.

These projections assume implementation of significant expenditure reductions included in the Fiscal Stabilization Plan, including reductions to central office positions and nonlabor expenditures, no contribution to the other post-employment benefits trust, and reductions in Student Equity Needs Index allocations.

Although the updated projections reflect an improved fiscal position compared with those presented with the 2026-27 adopted budget, they continue to show a substantial decline in the unrestricted/unassigned ending fund balance over the multiyear projection period. Further, the projected balances remain dependent on the district's full implementation of the expenditure reductions included in the Fiscal Stabilization Plan.

About the Analysis

The Fiscal Crisis and Management Assistance Team (FCMAT) developed the Fiscal Health Risk Analysis (FHRA) to help evaluate a school district's fiscal health and risk of insolvency in the current and two subsequent fiscal years.

The FHRA consists of 20 sections, each including specific questions related to essential functions and processes. These sections and questions are based on FCMAT's extensive work since the inception of Assembly Bill 1200 in 1991 and represent common indicators of fiscal risk or potential insolvency observed in school districts that have neared insolvency and required external assistance. Each analysis section affects fiscal stability, and neglecting any of these areas will ultimately lead to the district's fiscal failure. The analysis aims to determine the district's level of risk at the time of evaluation.

A higher number of "No" responses in the analysis indicates an increased risk of insolvency or other fiscal issues for the district. Not all sections or questions carry equal weight; some areas pose a higher risk and thus have a greater impact on the district's fiscal stability. To help the district, narratives are provided for each "No" response, explaining the reasoning behind the response and outlining the actions needed to achieve a "Yes" in the future.

Identifying issues early is the key to maintaining fiscal health. Diligent planning allows school districts to better understand their financial objectives and implement strategies that sustain fiscal efficiency and long-term solvency. School districts should consider completing the FHRA annually to assess their fiscal health and track their progress.

Areas of High Risk

The following sections on this page and the next two pages repeat certain questions and answers found in the "Fiscal Health Risk Analysis Questions" section later in this report. These sections identify conditions that create a significant risk of fiscal insolvency. A "No" response to any of these questions will supersede all other scoring and elevate the district's overall risk level.

Budget and Fiscal Status: Is the district currently *without* the following?

	Yes	No
Disapproved budget	✓	☐
Negative interim report certification	✓	☐
Three consecutive qualified interim report certifications.	✓	☐
Downgrade of an interim certification by the county superintendent	✓	☐
"Lack of going concern" designation.	☐	✓

Material Weakness Questions

	Yes	No	N/A
2.5 Has the district's budget been approved unconditionally by September 15 th by the county superintendent of schools in the current and two prior fiscal years	☐	✓	☐
3.4 Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with EC 42142?	✓	☐	☐

3.6	Has the district addressed any deficiencies the county superintendent of schools has identified in its oversight letters to the district in the most recent and two prior fiscal years?	☐	✓	☐
4.3	Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known?	☐	✓	☐
4.4	If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to meet its cash flow needs for the current and subsequent year?	✓	☐	☐
5.2	Has the district fulfilled, and does it have evidence showing fulfillment of, its oversight responsibilities in accordance with EC 47604.32?	✓	☐	☐
5.3	Are all charters authorized by the district going concerns and not in fiscal distress? . . .	☐	✓	☐
6.3	Does the district accurately quantify the effects of collective bargaining agreements and include complete disclosure documents that show the impact on its budget and multiyear projections?	✓	☐	☐
6.4	Based on the presettlement analysis, did the district identify related costs or savings, and did it identify ongoing revenue sources or expenditure reductions to support the agreement in the current and subsequent years?	✓	☐	☐
7.2	If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection sufficient transfers from the unrestricted general fund to cover any projected negative fund balance?	☐	✓	☐
8.3	If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency?	☐	✓	☐
10.5	Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable factors?	✓	☐	☐
11.2	Does the district have sufficient and available resources to cover all contracted obligations for capital facilities projects?	✓	☐	☐
12.1	Is the district able to maintain the minimum reserve for economic uncertainties in the current year (including Fund 01 and Fund 17) as defined by the <u>State Standards and Criteria for Fiscal Solvency</u> ?	✓	☐	☐
12.2	Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years?	☐	✓	☐
12.3	If the district is not able to maintain the minimum reserve for economic uncertainties, does the district's multiyear projection include a board-approved plan to restore the reserve?	✓	☐	☐
19.1	Does the district account for all positions and costs (including substitutes, overtime, stipends, and employer-paid benefits) in position control?	☐	✓	☐

Score Breakdown by Section

Because the score is not calculated by category, category values provided are subject to minor rounding and are provided for information only.

1.	Annual Independent Audit Report	0.2%
2.	Budget Development and Adoption	2.2%
3.	Budget Monitoring and Updates	2.0%
4.	Cash Management	1.6%
5.	Charter Schools	0.2%
6.	Collective Bargaining Agreements	4.2%
7.	Contributions and Transfers	3.0%
8.	Deficit Spending (Unrestricted General Fund)	3.6%
9.	Employee Benefits	1.6%
10.	Enrollment and Attendance	3.0%
11.	Facilities	0.1%
12.	Fund Balance and Reserve for Economic Uncertainty	3.0%
13.	General Fund - Current Year	1.6%
14.	Information Systems and Data Management	2.2%
15.	Internal Controls and Fraud Prevention	1.0%
16.	Leadership and Stability	2.6%
17.	Multiyear Projections	1.0%
18.	Non-Voter-Approved Debt and Risk Management	1.0%
19.	Position Control	3.0%
20.	Special Education	0.7%
Score		37.9%

Fiscal Health Risk Analysis Questions

1. Annual Independent Audit Report

	Yes	No	N/A
1.1 Has the district recorded findings from the most recent and prior two years' audits without negatively affecting its fiscal health?	✓	☐	☐
1.2 Has the audit report for the most recent fiscal year been completed and presented to the board within the statutory timeline per Education Code (EC) 41020?	✓	☐	☐
1.3 Were the district's most recent and prior two audit reports free of findings of material weakness?	☐	✓	☐
The district's annual independent audit reports identified material weaknesses in two of the three fiscal years reviewed. The 2022-23 audit identified a material weakness related to reimbursement grant revenue recognition, and the 2024-25 audit identified material weaknesses related to federal program compliance.			
1.4 Has the district corrected all audit findings from the most recent and prior two audits? . . .	☐	✓	☐
The district has not fully corrected findings from the three most recent audits. The 2024-25 audit report identified multiple repeat findings and reported that corrective actions for certain prior-year findings had not been fully implemented as of June 30, 2025. Several findings recurred across the three fiscal years reviewed, indicating that corrections had either not been fully implemented or had not sufficiently to address the underlying conditions.			

2. Budget Development and Adoption

	Yes	No	N/A
2.1 Does the district develop and use written budget assumptions and multiyear projections that are reasonable, are aligned with the county superintendent of schools' instructions, and have been clearly articulated?	✓	☐	☐
2.2 Does the district use a budget development method other than a prior-year rollover budget and if so, does that method include tasks such as reviewing prior year estimated actuals by major object code and removing one-time revenues and expenses?	✓	☐	☐
2.3 Does the district use position control data for budget development?	✓	☐	☐
2.4 Does the district calculate its Local Control Funding Formula (LCFF) revenue correctly? . . .	✓	☐	☐
2.5 Has the district's budget been approved unconditionally by September 15th by the county superintendent of schools in the current and two prior fiscal years?	☐	✓	☐
The county office conditionally approved the district's 2026-27 adopted budget on September 15, 2026. In contrast, the district's adopted budgets for the prior two fiscal years were approved without conditions.			
2.6 Does the budget development process include input from staff, administrators, the governing board, the community, and the budget advisory committee (if there is one)? . . .	✓	☐	☐
2.7 Does the district budget and expend restricted funds before unrestricted funds?	✓	☐	☐

- 2.8 Have the district's Local Control and Accountability Plan (LCAP) and budget been adopted within the statutory timelines established by EC 42103 and filed with the county superintendent of schools no later than five days after adoption or by July 1, whichever occurs first, for the current and prior fiscal year?** ☒ ☐ ☐
- 2.9 Has the district refrained from including carryover funds in its adopted budget?** ☐ ☒ ☐
- Interviews indicated that the district includes estimated carryover amounts in its adopted budget based on estimated actuals. Because actual carryover may differ from these estimates, available resources could be overstated and expenditures budgeted against resources that are not ultimately available. There is also a risk that carryover and current-year funding could be counted more than once if the amounts are not separately identified and accounted for in the budget.
- 2.10 Other than objects in the 5700s and 7300s, does the district avoid using negative expense or contra expenditure accounts in its budget?** ☐ ☒ ☐
- FCMAT's review of the district's general ledger and interviews confirmed that the district uses negative expenditure, or contra-expenditure, accounts in its budget outside of objects in the 5700s and 7300s. Interviews also indicated that when a program exceeds its annual budget, the overage may be recorded against the program's subsequent-year budget, reducing the amount available in that year and weakening important accountability measures for resource management.
- 2.11 Does the district have and follow a documented standard procedure for evaluating both the proposed acceptance of grants and other restricted funds and the potential multiyear impact on the district's unrestricted general fund?** ☒ ☐ ☐
- 2.12 Does the district adhere to a budget calendar that includes statutory due dates, major budget development tasks and deadlines, and the staff members and departments responsible for completing them?** ☒ ☐ ☐

3. Budget Monitoring and Updates

- | | Yes | No | N/A |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 3.1 Are actual revenues and expenses consistent with the most current budget? | ☒ | ☐ | ☐ |
| 3.2 Are budget revisions posted in the financial system at each interim reporting period, at a minimum? | ☒ | ☐ | ☐ |
| 3.3 Are clearly written and articulated budget assumptions that support budget revisions communicated to the board at each interim reporting period, at a minimum? | ☒ | ☐ | ☐ |
| 3.4 Following board approval of collective bargaining agreements, does the district make necessary budget revisions in the financial system to reflect settlement costs in accordance with EC 42142? | ☒ | ☐ | ☐ |
| 3.5 Do the district's responses fully explain the variances identified in the <u>SACS Criteria and Standards Review form</u>? | ☒ | ☐ | ☐ |
| 3.6 Has the district addressed any deficiencies the county superintendent of schools has identified in its oversight letters to the district in the most recent and two prior fiscal years? | ☐ | ☒ | ☐ |

The district has not fully addressed deficiencies identified by the county office in its fiscal oversight letters. The county office has continued to identify concerns related to the district's ongoing structural deficit and fiscal stabilization measures, and the district's 2026-27 adopted budget was conditionally approved with additional actions

required. In addition, the district has not sufficiently adjusted staffing and facilities use in response to declining enrollment. See [item 7.1](#) for additional information regarding the district's board-approved Fiscal Stabilization Plan.

- 3.7 Does the district prohibit processing of requisitions or purchase orders when the budget is insufficient to support the expenditure?** ☐ ☒ ☐
- Interviews indicated that annual program budgets in nonsalary categories may be exceeded. When sufficient budget is not available in the applicable category, expenditures may be charged to another available nonsalary category, or the program's subsequent-year budget may be reduced by the amount of the prior-year overage. As a result, expenditures are not consistently prevented when sufficient budget is unavailable in the applicable category.
- 3.8 Does the district encumber funds for salaries and benefits and adjust those encumbrances as needed?** ☒ ☐ ☐
- 3.9 For the most recent and two prior fiscal years, have the district's interim financial reports and unaudited actuals been adopted and filed with the county superintendent of schools within the timelines established in Education Code?** ☒ ☐ ☐

4. Cash Management

- | | Yes | No | N/A |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 4.1 Are accounts held by the county treasurer reconciled with the district's and county office of education's (COE) reports monthly? | ☒ | ☐ | ☐ |
| 4.2 Does the district reconcile all bank (cash and cash equivalent) accounts with each statement in a timely manner? | ☒ | ☐ | ☐ |
| 4.3 Does the district forecast its general fund cash flow for the current and subsequent year and update it as needed to ensure cash flow needs are known? | ☐ | ☒ | ☐ |
| <p>The district prepares general fund cash flow projections for the current and subsequent fiscal year using Form CASH in the SACS financial reports. However, FCMAT's review found that these projections do not fully reflect the district's cash activity. The projections summarize receipts and disbursements but do not separately identify projected balance sheet activity that affects cash. Instead, certain balance sheet transactions appear to be included within revenue and expenditure classifications.</p> <p>District staff have access to more detailed cash flow information through the county office's Business Enhancement System Transformation financial system, including balance sheet activity. Incorporating this information into Form CASH would provide education partners with a more complete and transparent view of the district's current and projected cash position.</p> | | | |
| 4.4 If the district's cash flow forecast shows insufficient cash in its general fund to support its current and projected obligations, does the district have a reasonable plan to meet its cash flow needs for the current and subsequent year? | ☒ | ☐ | ☐ |
| 4.5 Does the district have sufficient cash resources in its other funds to support its current and projected obligations in those funds? | ☒ | ☐ | ☐ |

- 4.6 If the district uses interfund borrowing, is it complying with EC 42603?** ☐ ☒ ☐
- Interviews indicated that the district transfers cash between funds when individual funds experience cash flow shortages. FCMAT's review found that these transactions are accounted for as interfund transfers rather than as temporary interfund borrowings using the applicable due to and due from balance sheet accounts. Because the transactions are not accounted for as temporary interfund borrowings, FCMAT could not verify whether they complied with the requirements of EC 42603.
- 4.7 If the district is managing cash in any fund(s) through external borrowing, does the district's cash flow projection include repayment based on the terms of the loan agreement?** ☐ ☐ ☒

5. Charter Schools

- | | Yes | No | N/A |
|--|-------------------------------------|-------------------------------------|--------------------------|
| 5.1 Does the district have a board policy, memorandum of understanding (MOU), or other written document(s) regarding charter oversight? | ☒ | ☐ | ☐ |
| 5.2 Has the district fulfilled, and does it have evidence showing fulfillment of, its oversight responsibilities in accordance with EC 47604.32? | ☒ | ☐ | ☐ |
| 5.3 Are all charters authorized by the district going concerns and not in fiscal distress? | ☐ | ☒ | ☐ |
| The district authorizes and oversees both affiliated and independent charter schools. Interviews indicated that no district-authorized charter schools currently have negative cash balances or conditions that raise concerns about their ability to continue as a going concern. At the time of FCMAT's review, the district was reviewing seven charter schools for fiscal concerns and communicating identified concerns to those schools. | | | |
| 5.4 Has the district identified specific employees in its various departments (e.g., human resources, business, instructional, and others) to be responsible for oversight of all approved charter schools? | ☒ | ☐ | ☐ |
| 5.5 Does the district monitor charter school audits for timeliness, completeness, and exceptions? | ☒ | ☐ | ☐ |

6. Collective Bargaining Agreements

- | | Yes | No | N/A |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 6.1 Has the district settled with all its bargaining units for the past two fiscal years? | ☒ | ☐ | ☐ |
| 6.2 Has the district settled with all its bargaining units for the current year? | ☐ | ☒ | ☐ |
| At the time of fieldwork, the district had not settled with all of its bargaining units for the current fiscal year. | | | |
| 6.3 Does the district accurately quantify the effects of collective bargaining agreements and include complete disclosure documents that show the impact on its budget and multiyear projections? | ☒ | ☐ | ☐ |
| 6.4 Based on the presettlement analysis, did the district identify related costs or savings, and did it identify ongoing revenue sources or expenditure reductions to support the agreement in the current and subsequent years? | ☒ | ☐ | ☐ |

- 6.5 In the current and prior two fiscal years, has the total cost of the district's bargaining agreement settlements, including step-and-column increases, been at or under the funded cost-of-living adjustment (COLA)?** ☐ ☒ ☐

In each of the three prior fiscal years, the district negotiated compensation increases for employee groups that exceeded the funded COLA. As shown in Table 1, bargaining agreements generally provided increases ranging from 2.00% to 7.65%, while funded COLA ranged from 1.07% to 8.22%. These percentages do not include costs associated with employee step-and-column movement, other salary schedule adjustments, or negotiated increases in health-and-welfare benefits.

Table 1. Collective Bargaining Compensation Increases Compared with Funded COLA

Fiscal Year	UTLA	SEIU	AALA	BCTC	District Represented & Non-Represented Classification	CSEA	LASPA	LASPMA	Teamsters & Unit S	COLA
2023-24	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	8.22%
2024-25	7.00%	7.00%	7.00%	7.00%	2.0%-7.0%	6.00%	7.00%	7.00%	6.00%	1.07%
2025-26	5.00%	5.00%	7.65%	4.00%	2.0%-5.0%	2.00%	4.00%	4.00%	4.00%	2.30%

Source: Adapted from district-provided documents.

Note: UTLA = United Teachers Los Angeles; SEIU = Service Employees International Union; AALA = Associated Administrators of Los Angeles; BCTC = Los Angeles Building and Construction Trades Council; CSEA = California School Employees Association; LASPA = Los Angeles School Police Association; LASPMA = Los Angeles School Police Management Association.

- 6.6 If settlements have not been reached in the past two years, has the district identified resources to cover the costs of the district's proposal(s)?** ☐ ☐ ☒

- 6.7 Did the district comply with public disclosure requirements under Government Codes 3540.2 and 3547.5, and EC 42142?** ☐ ☒ ☐

Interviews with county office and district staff indicated that public disclosure forms are typically signed by the superintendent and chief business official (CBO) before being presented to the governing board for approval. However, the public disclosure forms presented to the board in June 2026 were unsigned at the time of approval. District staff indicated that the signatures were intentionally deferred pending the board's approval of the amended Fiscal Stabilization Plan, which was intended to demonstrate the district's ability to support the costs associated with the agreements.

- 6.8 Did the superintendent and CBO certify the public disclosure of collective bargaining agreement before board approval?** ☐ ☒ ☐

The public disclosure approved by the governing board on June 16, 2026, were not certified by the superintendent and CBO before board approval. The disclosure shows that the CBO signed the certification on June 18, 2026, and the superintendent signed it on June 22, 2026, after the board had approved the disclosure. District staff indicated that the signatures were intentionally deferred until after board approval of the amended Fiscal Stabilization Plan because approval of the plan was intended to demonstrate the district's ability to support the costs associated with the agreements addressed in the public disclosure.

- 6.9 Is the governing board's action consistent with the superintendent's and CBO's certification?** ☐ ☒ ☐

Because the public disclosure presented to the board had not been certified by either the superintendent or the CBO at the time of board approval, FCMAT could not determine whether the board's action was based on, or consistent with, the certifications that were subsequently signed by the superintendent and CBO after the June 16, 2026 board meeting.

7. Contributions and Transfers

- | | Yes | No | N/A |
|--|--------------------------|-------------------------------------|--------------------------|
| 7.1 Does the district have an active, board-approved plan to eliminate, reduce or control any contributions/transfers from its unrestricted general fund to other restricted programs and funds? | ☐ | ☒ | ☐ |
| <p>The district does not have an active, board-approved plan specifically designed to eliminate, reduce or control contributions and transfers from the unrestricted general fund to restricted programs and other funds. Although the board approved an amended Fiscal Stabilization Plan on June 16, 2026, the plan primarily addresses the district's overall structural deficit through a combination of revenue increases and expenditure reductions and does not identify specific actions to control the growth of unrestricted general fund contributions and transfers.</p> <p>Special education represents a significant unrestricted general fund contribution. Although the district's 2026-27 adopted budget projects the contribution to decrease by approximately \$65.4 million from the 2025-26 estimated actuals, the district did not provide documentation or analysis demonstrating that the projected decrease resulted from a board-approved plan to control the contributions. See item 20.5 for additional information regarding the district's special education contribution.</p> | | | |
| 7.2 If the district has deficit spending in funds other than the general fund, has it included in its multiyear projection sufficient transfers from the unrestricted general fund to cover any projected negative fund balance? | ☐ | ☒ | ☐ |
| <p>The district's 2026-27 adopted budget projects significant deficit spending in several funds outside the general fund, including funds with ending balances that are projected to be nearly exhausted in the current fiscal year. If projected deficit spending continues, the district's multiyear projections do not identify sufficient transfers from the unrestricted general fund to maintain positive fund balances in these funds in the subsequent fiscal years.</p> | | | |
| 7.3 If any contributions or transfers were required for restricted programs and/or other funds in either of the two prior fiscal years, and there is a need in the current year, did the district budget for them at reasonable levels? | ☐ | ☒ | ☐ |

The district's 2026-27 adopted budget includes approximately \$1.8 billion in contributions to restricted programs, primarily \$1.4 billion for special education and \$331.4 million for the routine restricted maintenance account. The budgeted special education contribution is lower than the 2025-26 estimated actuals contribution despite significant increases in contributions over the prior three fiscal years, raising concerns that the budgeted 2026-27 unrestricted general fund contribution to the special education program may be insufficient. See Section 20, "Special Education," for additional information regarding the district's special education contribution.

8. Deficit Spending (Unrestricted General Fund)

	Yes	No	N/A
8.1 Is the district avoiding deficit spending in the current fiscal year?	☐	☒	☐
The district's 2026-27 adopted budget projects unrestricted general fund deficit spending of approximately \$1.75 billion, reducing the unrestricted general fund balance from approximately \$2.51 billion at the beginning of the fiscal year to a projected \$755.9 million at year-end.			
8.2 Is the district projected to avoid deficit spending in both of the two subsequent fiscal years?	☐	☒	☐
The district projects continued unrestricted general fund deficit spending of approximately \$1.62 billion in 2027-28 and \$2.19 billion in 2028-29. As a result, the unrestricted general fund ending fund balance is projected to decline from approximately \$755.9 million at the end of 2026-27 to negative \$859.3 million in 2027-28 and negative \$3.05 billion in 2028-29.			
8.3 If the district has deficit spending in the current or two subsequent fiscal years, has the board approved and implemented a plan to reduce and/or eliminate deficit spending to ensure fiscal solvency?	☐	☒	☐
The board approved the district's amended Fiscal Stabilization Plan on June 16, 2026. The plan identifies approximately \$3.6 billion in revenue enhancements and expenditure reductions that, if fully implemented, are projected to eliminate the negative unrestricted fund balances otherwise projected through 2028-29. However, the actions identified in the plan had not been fully implemented at the time of FCMAT's review.			
The county office's review of the district's 2025-26 second interim report found that the district's prior fiscal stabilization plan continued to include nonspecific and unallocated expenditure adjustments and required the district to replace those adjustments with identified budget reductions. Following adoption of the amended Fiscal Stabilization Plan, the county office conditionally approved the district's 2026-27 adopted budget and required the district to provide timelines, supporting detail and contingency actions for carrying out the plan.			
At the time of FCMAT's fieldwork, the district projected significant deficit spending and negative unrestricted general fund balances over the multiyear projection period. As discussed in items 8.1 and 8.2, the magnitude of the district's projected deficit spending has increased, reducing the time available to fully implement the corrective actions necessary to maintain fiscal solvency.			
8.4 Has the district decreased deficit spending over the past two fiscal years and is there evidence of this in its unaudited actuals reports?	☐	☒	☐
The district has not decreased deficit spending over the past two fiscal years. The district's unaudited actuals reports show that the unrestricted general fund had an increase in fund balance of approximately \$749.8 million in 2023-24, compared with deficit spending of approximately \$1.06 billion in 2024-25. As discussed earlier in this section, deficit spending is projected to continue and increase significantly over the multiyear projection period.			

9. Employee Benefits

	Yes	No	N/A
9.1 Has the district completed an actuarial valuation in accordance with Governmental Accounting Standards Board requirements to determine its unfunded liability for other post-employment benefits (OPEB)?	✓	☐	☐
9.2 Does the district have a plan to fund its OPEB liabilities for the current and two subsequent years such that the total of annual required service payments (whether legally or contractually required, or locally defined such as pay-as-you-go premiums, trust agreement obligations or a board adopted commitment) are no greater than 2% of the district's unrestricted general fund revenues?	☐	✓	☐
The district provides lifetime OPEB benefits for eligible retirees. The district's 2026-27 adopted budget includes approximately \$303.7 million for pay-as-you-go OPEB premiums, equivalent to 4.4% of unrestricted general fund revenues. The district also prefunds a portion of its OPEB obligation through the California Employers' Retiree Benefit Trust. According to the district's most recent actuarial valuation, the district had a total OPEB liability of approximately \$9.44 billion and plan assets of approximately \$962.8 million, resulting in a net OPEB liability of approximately \$8.48 billion and a funded ratio of 10.2%. The district's 2025-26 estimated actuals project approximately \$1.25 billion in restricted net position in the Retiree Benefit Fund at year-end. The 2026-27 adopted budget includes approximately \$142.6 million in additional contributions and projects an increase in the fund's restricted net position to approximately \$1.39 billion by June 30, 2027. The district's actuarial valuation assumes that the district will continue funding OPEB costs on a pay-as-you-go basis while making approximately \$143 million in annual prefunding contributions for the foreseeable future.			
9.3 Within the last five years, has the district conducted a verification and determination of eligibility for benefits for all active and retired employees and dependents?	☐	✓	☐
The district completed an audit of retirees and their dependents in June 2025; however, the district has not performed a broader eligibility audit of active employees and their dependents since 2018.			
9.4 Does the district track, reconcile and report employees' compensated leave balances?	✓	☐	☐
9.5 Has the district followed a policy or collectively bargained agreement to limit accrued vacation balances?	✓	☐	☐

10. Enrollment and Attendance

	Yes	No	N/A
10.1 Has the district's enrollment been increasing or remained stable for the current and two prior years?	☐	✓	☐
The district's noncharter school enrollment has declined by 28,051 students, or approximately 7.4%, over the three-year period, from 381,116 students in 2023-24 to 353,065 in 2025-26, as shown in Table 2.			

Table 2. Noncharter School Enrollment by Fiscal Year

	2023-24	2024-25	2025-26
Noncharter School Enrollment	381,116	369,830	353,065

Source: Adapted from DataQuest enrollment data.

- 10.2 Does the district monitor and analyze enrollment and average daily attendance (ADA) data at least monthly through the second attendance reporting period (P-2)?** ✓ ☐ ☐
- 10.3 Does the district track historical enrollment and ADA data to project future trends?** ✓ . . . ☐ ☐
- 10.4 Do schools maintain an accurate record of daily enrollment and attendance that is reconciled monthly at the school and district levels?** ☐ ✓ ☐
- The district's 2024-25 independent audit report identified discrepancies between student attendance records at sampled schools and attendance data submitted and certified to the Principal Apportionment Data Collection system. These discrepancies were repeat findings from the prior year. Because the 2025-26 independent audit had not been completed at the time of FCMAT's fieldwork, FCMAT could not determine whether the underlying conditions had been corrected.
- 10.5 Are the district's enrollment projections and assumptions based on historical data, industry-standard methods, and other reasonable factors?** ✓ ☐ ☐
- 10.6 Has the district planned for enrollment losses to any charter schools?** ✓ ☐ ☐
- 10.7 Do all applicable schools and departments review and verify their respective California Longitudinal Pupil Achievement Data System (CALPADS) data and correct it as needed before the report submission deadlines?** ☐ ✓ ☐
- The district's 2025-26 End of Year (EOY) submission contained inaccuracies in the self-reported data. The district notified the CDE about these errors.
- 10.8 Has the district certified its CALPADS data (most recent Fall 1, Fall 2, and end-of-year reports) by the required deadlines?** ✓ ☐ ☐
- 10.9 Does the district follow established board policy to limit outgoing interdistrict transfers and ensure that only students who meet the required qualifications are approved?** . . . ✓ ☐ ☐
- 10.10 Does the district adhere to the average TK-3 class enrollment limits at each school, the adult-to-student ratio for each TK class, and the credentialing requirements for teachers assigned to TK classes as defined in the Education Code?** ✓ ☐ ☐

11. Facilities

- | | Yes | No | N/A |
|---|--------------------------|--------------------------|-----|
| 11.1 If the district participates in the state's School Facility Program, has it made the required contribution to its Routine Restricted Maintenance Account? ✓ | ☐ | ☐ | |
| 11.2 Does the district have sufficient and available resources to cover all contracted obligations for capital facilities projects? ✓ | ☐ | ☐ | |
| 11.3 Does the district properly track and account for facility-related projects? ✓ | ☐ | ☐ | |

- 11.4 Does the district use its facilities fully (districtwide) in accordance with the Office of Public School Construction's loading standards?** ☐ ☒ ☐

Interviews with district staff indicated that the district routinely uses vacant classrooms for office space, storage and other purposes and that this practice has resulted in the district understating its capacity based on Office of Public School Construction (OPSC) loading standards. Using classroom data provided by the district, FCMAT calculated districtwide capacity by applying the OPSC loading standard of 25 students per classroom for grades kindergarten through six.

Based on this analysis, FCMAT calculated districtwide capacity for approximately 718,475 students. Noncharter school enrollment declined from 603,814 students in 2009-10 to 353,065 in 2025-26, a decrease of approximately 41.5%, while calculated facility capacity remained unchanged. As a result, 2025-26 enrollment represents approximately 49.1% of calculated capacity. In addition, 481⁷ of the district's 738 host locations included in the district's E-CAR data operate at or below 60% capacity. Appendix B provides the district's noncharter school enrollment and calculated facility capacity by fiscal year from 2009-10 through 2025-26.

- 11.5 Does the district include facility needs (maintenance, repair, and operating requirements) when adopting a budget?** ☒ ☐ ☐
- 11.6 Has the district met the facilities inspection requirements of the Williams Act and resolved any outstanding issues?** ☒ ☐ ☐
- 11.7 If the district passed a Proposition 39 general obligation bond, has it met the requirements for audit, reporting, and a citizens' bond oversight committee?** ☒ ☐ ☐
- 11.8 Does the district have a board-approved long-range facilities master plan completed within the last five years that reflects its current and projected facility needs?** ☒ ☐ ☐

12. Fund Balance and Reserve for Economic Uncertainties

- | | Yes | No | N/A |
|--|-------------------------------------|-------------------------------------|--------------------------|
| 12.1 Is the district able to maintain the minimum reserve for economic uncertainties in the current year (including Fund 01 and Fund 17) as defined by the <u>State Standards and Criteria for Fiscal Solvency</u>? | ☒ | ☐ | ☐ |
| 12.2 Is the district able to maintain the minimum reserve for economic uncertainties in the two subsequent years? | ☐ | ☒ | ☐ |
| <p>The district is not projected to maintain the minimum reserve for economic uncertainties in either of the two subsequent fiscal years. The unrestricted general fund ending fund balance is projected to decline to negative \$859.3 million in 2027-28 and negative \$3.05 billion in 2028-29.</p> | | | |
| 12.3 If the district is not able to maintain the minimum reserve for economic uncertainties, does the district's multiyear projection include a board-approved plan to restore the reserve? | ☒ | ☐ | ☐ |

⁷ The enrollment used in this calculation excludes charter school students. Because charter schools may be colocated at some district facilities, the calculated rate does not reflect total utilization of district facilities and may understate actual facility utilization.

- 12.4 Is the district's projected unrestricted fund balance stable or increasing in the two subsequent fiscal years without unsubstantiated revenue increases or expenditure reductions?** ☐ ☒ ☐

The district's unrestricted fund balance is not projected to remain stable or increase in the two subsequent fiscal years. The unrestricted ending fund balance is projected to decline from approximately \$755.9 million in 2026-27 to negative \$859.3 million in 2027-28 and negative \$3.05 billion in 2028-29. In addition, the multiyear projection includes \$45 million in unsubstantiated expenditure reductions in subsequent fiscal year.

- 12.5 If the district has unfunded or contingent liabilities or one-time costs other than post-employment benefits, does the unrestricted general fund balance include sufficient assigned or committed reserves above the recommended reserve level to cover these costs?** ☐ ☒ ☐

Interviews indicated that the district has potential liabilities associated with legal claims, including claims arising before the establishment of its captive insurance program in 2024. District staff also indicated that certain legal and settlement costs may ultimately require unrestricted general fund resources. However, FCMAT was not provided evidence that the district has assigned or committed unrestricted general fund reserves above the recommended reserve level specifically for these potential costs.

13. General Fund – Current Year

- | | Yes | No | N/A |
|--|-------------------------------------|-------------------------------------|-------------------------------------|
| 13.1 Does the district ensure that one-time revenues do not pay for ongoing expenditures? | ☒ | ☐ | ☐ |
| 13.2 Is the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below the prior year statewide average? | ☐ | ☒ | ☐ |
| According to the district's 2026-27 adopted budget, 90.8% of unrestricted general fund expenditures are allocated to salaries and benefits. This exceeds the statewide average of 86% for unified school districts reported for 2024-25, the most recent year for which statewide data is available (Ed-Data). | | | |
| 13.3 Is the percentage of the district's general fund unrestricted expenditure budget that is allocated to salaries and benefits at or below that of the prior two years? | ☐ | ☒ | ☐ |
| According to the district's 2026-27 adopted budget, salaries and benefits account for 90.8% of unrestricted general fund expenditures, an increase from 89.6% in 2025-26 and 86.6% in 2024-25. | | | |
| 13.4 If the district has received any uniform complaints or legal challenges regarding local use of supplemental and concentration grant funding in the current or prior two years, is the district addressing the complaint(s)? | ☐ | ☐ | ☒ |
| 13.5 For positions supported with one-time or restricted funding, does the district either ensure that these funds are sufficient to pay for these staff or have a plan to pay for the positions with unrestricted funds? | ☒ | ☐ | ☐ |
| 13.6 Is the district using its restricted dollars fully by expending allocations for restricted programs within the required time? | ☒ | ☐ | ☐ |
| 13.7 Does the district account for all program costs, including the maximum allowable indirect costs, for each restricted resource and other funds? | ☒ | ☐ | ☐ |

- 13.8 Are all balance sheet accounts in the general ledger reconciled at least at each interim reporting period and at year-end close?** ☐ ☒ ☐

The district's 2024-25 independent audit report identified payroll accruals from prior years that had not been reconciled and continued to be carried forward in the district's accounting records, resulting in an overstatement of liabilities.

14. Information Systems and Data Management

- | | Yes | No | N/A |
|---|-------------------------------------|-------------------------------------|--------------------------|
| 14.1 Does the district use an integrated financial and human resources system? | ☒ | ☐ | ☐ |
| 14.2 Does the district use the system(s) to provide key financial and related data, including personnel information, to help the district make informed decisions? | ☒ | ☐ | ☐ |
| 14.3 Has the district accurately identified students who are eligible for free or reduced-price meals, English learners, and foster youth, in accordance with the LCFF and its LCAP? . . . | ☐ | ☒ | ☐ |
| <p>The district received audit findings related to the identification of unduplicated Local Control Funding Formula (LCFF) pupil counts in each of the prior three fiscal years. The findings identified errors in English learner and free or reduced-price meal eligibility statuses and recommended that the district continue monitoring student eligibility statuses, maintain appropriate supporting documentation, and provide staff training on enrollment procedures to ensure students are accurately identified in the student information system.</p> | | | |
| 14.4 Is the district using the same financial system as its COE? | ☐ | ☒ | ☐ |
| <p>The district uses Systems, Applications, and Products in Data Processing (SAP) as its financial system, which differs from the financial system used by the county office.</p> | | | |
| 14.5 If the district is using a separate financial system from its COE, is there an automated interface that allows data to be sent and received by both the district's and COE's financial systems? | ☒ | ☐ | ☐ |
| 14.6 If the district is using a separate financial system from its COE, has the district provided the COE with direct access so the COE can provide oversight, review and assistance? | ☐ | ☒ | ☐ |
| <p>The county office does not have direct access to the district's SAP financial system. However, county office staff indicated that the district provides requested financial information in a timely manner.</p> | | | |

15. Internal Controls and Fraud Prevention

- | | Yes | No | N/A |
|--|-------------------------------------|--------------------------|--------------------------|
| 15.1 Does the district have controls that limit access to its financial system and include multiple levels of authorization? | ☒ | ☐ | ☐ |
| 15.2 Are the district's financial system's access and authorization controls reviewed and updated upon employment actions (e.g., resignations, terminations, promotions, or demotions) and at least annually? | ☒ | ☐ | ☐ |
| 15.3 Does the district ensure that duties in the following areas are segregated, and that they are supervised and monitored?: | | | |
| • Accounts payable (AP). | ☒ | ☐ | ☐ |

	• Accounts receivable (AR)	✓	☐	☐
	• Purchasing and contracts.	✓	☐	☐
	• Payroll.	✓	☐	☐
	• Human resources (i.e., duties related to position control and payroll processes).	✓	☐	☐
15.4	Are beginning balances for the new fiscal year posted and reconciled with the ending balances for each fund from the prior fiscal year?	✓	☐	☐
15.5	Does the district review and work to clear prior year accruals throughout the year?	☐	✓	☐
	The district's 2024-25 independent audit report identified payroll accruals from prior fiscal years that had been carried forward without reconciliation, resulting in an overstatement of liabilities.			
15.6	Has the district reconciled and closed the general ledger (books) within the time prescribed by the county superintendent of schools?	✓	☐	☐
15.7	Does the district have processes and procedures to discourage and detect fraud?	✓	☐	☐
15.8	Does the district have a process for collecting reports of possible fraud (such as an anonymous fraud reporting hotline) and for following up on such reports?	✓	☐	☐
15.9	Does the district have an internal audit process?	✓	☐	☐

16. Leadership and Stability

		Yes	No	N/A
16.1	Does the district have a chief business official who has been in this position with the district for more than two years?	☐	✓	☐
	Since 2024-25, the district has had two chief financial officers (CFOs). The current CFO has served in the position since approximately September 2025.			
16.2	Does the district have a superintendent who has been in this position with the district for more than two years?	☐	✓	☐
	The interim superintendent was appointed as the district's permanent superintendent effective June 24, 2026.			
16.3	Does the superintendent schedule and hold meetings regularly with all members of their administrative cabinet?	✓	☐	☐
16.4	Is training on financial management and budget provided to school and department administrators who are responsible for budget management?	✓	☐	☐
16.5	Does the governing board adopt and revise policies and administrative regulations annually?	✓	☐	☐
16.6	Are newly adopted or revised policies and administrative regulations implemented, communicated, and available to staff?	✓	☐	☐
16.7	Do all board members attend training on the budget and governance at least every two years?	☐	✓	☐
	Interviews indicated that the district does not provide formal budget and governance training. However, during fieldwork, the board and district administration were working with the California School Boards Association to review board policies and participate in governance and budget training.			

- | | | | | |
|------|--|--------------------------|--------------------------|--------------------------|
| 16.8 | Is the superintendent's evaluation performed according to the terms of the contract? . . . | ☐ | ☐ | ✓ |
| 16.9 | Is the district avoiding relying on consultants to prepare financial reports (e.g. SACS) or other primary fiscal activities? | ✓ | ☐ | ☐ |

17. Multiyear Projections

- | | Yes | No | N/A |
|--|--------------------------|--------------------------|--------------------------|
| 17.1 Has the district developed multiyear projections that include detailed assumptions aligned with industry standards? | ✓ | ☐ | ☐ |
| 17.2 To help calculate its multiyear projections, did the district prepare an accurate LCFF calculation that includes multiyear considerations? | ✓ | ☐ | ☐ |
| 17.3 Does the district use its most current multiyear projection when making financial decisions? | ✓ | ☐ | ☐ |
| 17.4 If the district uses a broad adjustment category in its multiyear projection (such as line B10, B1d, B2d Other Adjustments, in the SACS Form MYP/MYPI), is there a detailed list of what is included in the adjustment amount and are the adjustments reasonable? | ☐ | ✓ | ☐ |

The district's multiyear projection includes \$45 million in annual expenditure reductions identified as "Other Adjustments" in both 2027-28 and 2028-29. Interviews indicated that the specific actions necessary to achieve these reductions had not been fully identified at the time of FCMAT's review. In addition, the county office has identified the district's reliance on unallocated expenditure reductions as an ongoing fiscal concern.

18. Non-Voter-Approved Debt and Risk Management

- | | Yes | No | N/A |
|---|--------------------------|--------------------------|--------------------------|
| 18.1 Are the sources of repayment for non-voter-approved debt (such as certificates of participation (COPs), bridge financing, bond anticipation notes (BANS), revenue anticipation notes (RANS) and others) stable, predictable, and other than the unrestricted general fund? | ☐ | ✓ | ☐ |
| The district budgeted approximately \$69.1 million in 2026-27 debt service payments for COPs Refunding Lease financings (2020A, 2022, and 2023A) and judgment obligation bonds. These payments are funded from the unrestricted general fund. | | | |
| 18.2 If the district has issued non-voter-approved debt, has its credit rating remained stable or improved during the current and two prior fiscal years? | ✓ | ☐ | ☐ |
| 18.3 If the district is self-insured, has it completed an actuarial valuation as required and does it have a plan to pay for any unfunded liabilities? | ✓ | ☐ | ☐ |
| 18.4 If the district has non-voter-approved debt (such as COPs, bridge financing, BANS, RANS and others), is the total of annual debt service payments no greater than 2% of the district's unrestricted general fund revenues? | ✓ | ☐ | ☐ |

19. Position Control

	Yes	No	N/A
19.1 Does the district account for all positions and costs (including substitutes, overtime, stipends, and employer-paid benefits) in position control?	☐	☒	☐
The district's position control system does not account for substitute and overtime costs. As a result, these costs may not be fully incorporated into staffing cost projections and could be underbudgeted.			
19.2 Does the district analyze and adjust staffing based on staffing ratios and enrollment? . . .	☐	☒	☐
The district uses established staffing ratios to allocate school-site positions based on enrollment and adjusts those positions as enrollment changes. However, interviews indicated that a comparable process is not consistently used to evaluate staffing levels in central office departments and divisions. As a result, it was unclear whether staffing levels in departments such as payroll have been reviewed and adjusted in response to the district's declining enrollment.			
19.3 Does the district reconcile budget, payroll and position control regularly, at least at budget adoption and interim financial reporting periods?	☒	☐	☐
19.4 Does the district identify a budget source for each new position before the position is authorized by the governing board?	☒	☐	☐
19.5 Does the governing board approve all new positions and extra assignments (e.g., stipends) before positions are posted?	☐	☒	☐
Interviews indicated that the district uses a Position Review Committee (PRC) process to review proposed positions before recruitment begins. Representatives from human resources and business services participate in the committee and verify the position classification, position number, and funding source before authorizing recruitment. Once the PRC approves a position, the district may begin recruitment. After a candidate is selected, the position and recommended applicant are presented to the board for ratification.			
19.6 Do managers and staff responsible for the district's human resources, payroll and budget functions meet at least monthly to discuss issues and improve processes?	☒	☐	☐

20. Special Education

	Yes	No	N/A
20.1 For special education classrooms and support services, does the district use staffing ratios that align with statutory requirements and industry standards, and are students' support needs also considered? If so, are those needs documented and evaluated at each budget cycle?	☒	☐	☐
20.2 Does the district access all available funding sources for costs related to special education (e.g., state excess cost pool, legal fees, mental health)?	☒	☐	☐
20.3 Does the district use appropriate tools to help it make informed decisions about whether to add services (e.g., special circumstance instructional assistance process and form, transportation decision tree)?	☒	☐	☐

- 20.4 Does the district budget and account correctly for all costs related to special education (e.g., transportation, due process hearings, indirect costs, nonpublic schools and/or nonpublic agencies)?** ☒ ☐ ☐

- 20.5 Does the district monitor contributions from the unrestricted general fund and adjust to trends in the special education program?** ☐ ☒ ☐

The district's 2026-27 adopted budget includes an unrestricted general fund contribution of approximately \$1.4 billion to the special education program, approximately \$65.4 million less than the 2025-26 estimated actual contribution of \$1.49 billion, as shown in table 3. The district received additional special education funding that may reduce the amount of unrestricted general fund support required; however, it did not provide documentation or analysis demonstrating that it monitors contributions and adjusts them based on trends in the special education program.

Table 3. Special Education Contributions

	2023-24	2024-25	2025-26	2026-27
Unrestricted General Fund Contribution	\$957,117,331	\$1,156,681,427	\$1,489,173,370	\$1,423,782,938
Year-over-Year Change	22.3%	20.9%	28.89%	-4.4%

Source: Adapted from the district's 2023-24 and 2024-25 unaudited actuals, 2025-26 estimated actuals, and 2026-27 adopted budget reports.

- 20.6 Is the district's rate of identification of students as eligible for special education at or below the countywide and statewide average rates?** ☐ ☒ ☐

The district's special education identification rate is 17.2%, excluding charter school enrollment, which exceeds both the countywide rate of 15.5% and the statewide rate of 15.0%.

- 20.7 Does the district analyze whether it will meet the maintenance of effort requirement at each interim financial reporting period?** ☒ ☐ ☐

Risk Score, 20 numbered sections only: 37.9%

Key to Risk Score from 20 numbered sections only:

High Risk: 40% or more

Moderate Risk: 25-39.9%

Low Risk: 24.9% and lower

District Fiscal Solvency Risk Level, all FHRA factors: High

(The existence of any condition from the "Budget and Fiscal Status" section, and/or a material weakness, will supersede the score above because it elevates the district's risk level.)

Appendices

Appendix A — District Enrollment and Staffing Trends

Appendix B — Enrollment and Facility Capacity Trends

Appendix C — Study Agreement

Appendix A — District Enrollment and Staffing Trends

Figure A-1 compares the district's enrollment and total full-time equivalent (FTE) staffing trends from 2019-20 through 2024-25. Over this period, enrollment declined while total FTE increased.

Enrollment Decline Compared With Total FTE, 2019-20 – 2024-25

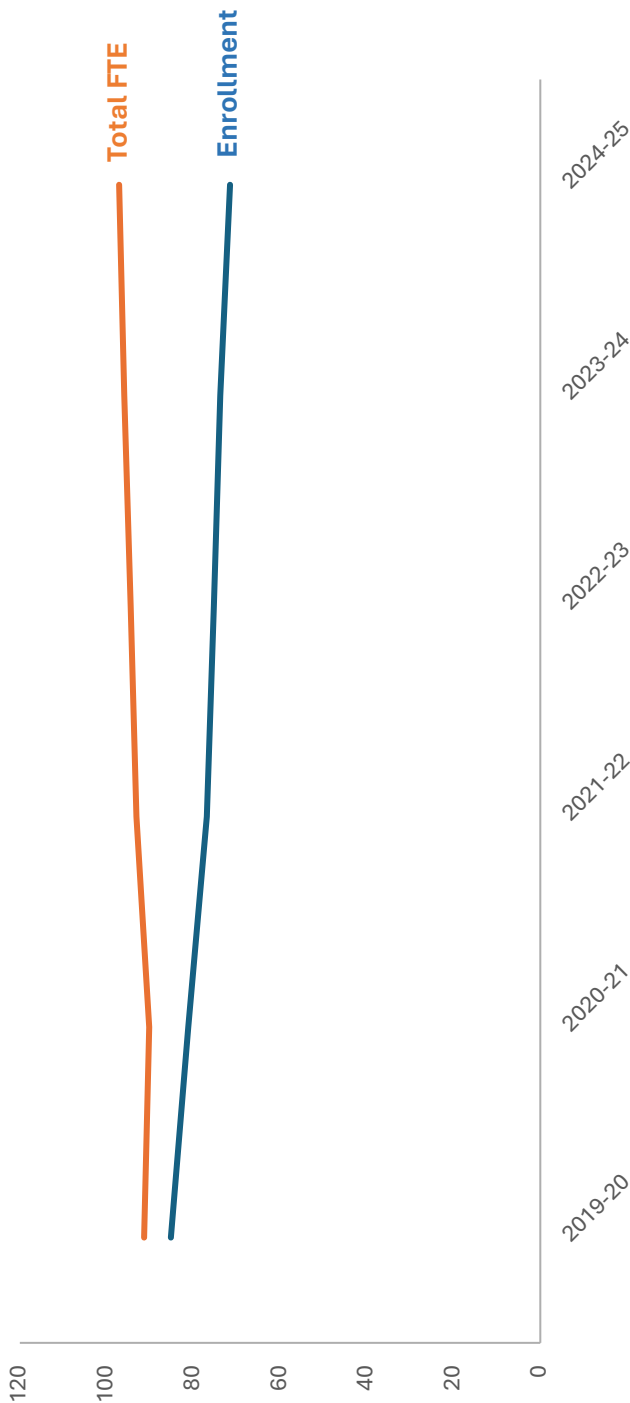


Figure A-1. Graph showing indexed enrollment and total FTE trends from 2019-20 through 2024-25. Over this period, enrollment declined while total FTE increased.

Source: Adapted from EdData.

Notes: Enrollment and total full-time equivalent (FTE) positions are indexed to 2013-14, with 2013-14 equal to 100. Index values show the percentage change in each measure relative to the 2013-14 baseline.

FTE data are from Ed-Data and exclude employees associated with district-authorized charter schools, except for classified staff. Enrollment data exclude charter school students, including students enrolled in affiliated charter schools.

Table A-1 presents the district's noncharter school enrollment and staffing levels by employee category from 2013-14 through 2025-26, based on available data. It also provides the number of students per total full-time equivalent (FTE) position and indexed enrollment and total FTE values to illustrate changes in enrollment and staffing over time. Because classified staff data are not reported for 2009-10 through 2012-13, total FTE for those years is not directly comparable with total FTE beginning in 2013-14.

Table A-1. District Enrollment and Staffing Trends, 2013-14– 2025-26

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Census Day Noncharter School Enrollment	516,995	504,205	490,474	478,916	467,007	451,506	440,365	419,499	397,583	389,420	381,116	369,830	353,065
Teachers							24,535	24,395	25,133	25,252	25,477	25,244	-
Administrators							2,231	2,263	2,556	2,710	2,700	2,294	-
Pupil Services							3,344	3,613	3,937	4,150	4,347	4,568	-
Classified Staff	27,881	28,588	30,259	30,559	29,152	28,626	30,234	29,295	29,867	30,315	30,802	32,042	-
Total FTE	27,881	28,588	30,259	30,559	29,152	28,626	60,344	59,566	61,493	62,427	63,326	64,148	-
Students per Total FTE	18.5	17.6	16.2	15.7	16.0	15.8	7.3	7.0	6.5	6.2	6.0	5.8	
Enrollment Index	100.0	97.5	94.9	92.6	90.3	87.3	85.2	81.1	76.9	75.3	73.7	71.5	68.3
Total FTE Index	42.2	43.3	45.8	46.3	44.1	43.3	91.4	90.2	93.1	94.5	95.9	97.1	

Source: Reproduced from California Department of Education enrollment and staffing data.

Note: Enrollment and total FTE index values use 2013-14 as the baseline year, with 2013-14 equal to 100. Staffing data were available through 2024-25 at the time of FCMAT's review.

Appendix B — Enrollment and Facility Capacity Trends

Tables B-1 and B-2 provide the district's noncharter school enrollment and calculated facility capacity from 2009-10 through 2025-26. Facility capacity was calculated using classroom data provided by the district and the Office of Public School Construction (OPSC) loading standard of 25 students per classroom for grades kindergarten through six. The data illustrate the district's long-term enrollment decline relative to its calculated facility capacity.

Tables B-1 and B-2. Noncharter School Enrollment Compared with Facility Capacity

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Census Day Noncharter School Enrollment	603,814	580,238	549,067	536,890	516,995	504,205	490,474	478,916
Capacity	718,475	718,475	718,475	718,475	718,475	718,475	718,475	718,475

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Census Day Noncharter School Enrollment	467,007	451,506	440,365	419,499	397,583	389,420	381,116	369,830	353,065
Capacity	718,475	718,475	718,475	718,475	718,475	718,475	718,475	718,475	718,475

Source: Adapted from CDE CALPADS enrollment data; district-provided classroom data; FCMAT calculations.

Appendix C — Study Agreement



FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT FOR TRIGGERED FISCAL HEALTH RISK ANALYSIS

This study agreement, hereinafter referred to as Agreement, is made and entered into by and between the Fiscal Crisis and Management Assistance Team, hereinafter referred to as the Team or FCMAT, and the Los Angeles Unified School District, hereinafter referred to as the Client; collectively, FCMAT and Client are hereinafter referred to as the Parties. This Agreement shall become effective from the date of execution hereof by FCMAT.

1. BASIS OF AGREEMENT

FCMAT provides a variety of services to local education agencies (LEAs) as authorized by Education Code (EC) 42127.8(d) and 84041. In accordance with state budget act provisions, FCMAT will study the Client's fiscal health because the county superintendent of schools designated the Client as a lack of going concern in accordance with EC 42127.6.

FCMAT will assign professionals to conduct the study. The professionals will include FCMAT staff and may include professionals from county offices of education, school districts, charter schools, community colleges, other public agencies or private contractors. All professionals assigned shall work under the direction of FCMAT. All work shall be performed in accordance with the terms and conditions of this Agreement.

FCMAT will notify the Client's county superintendent of schools of this Agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

Prepare an analysis using the 20 factors in FCMAT's [Fiscal Health Risk Analysis](#) (FHRA) and identify the Client's specific risk rating for fiscal insolvency.

B. Services and Products to be Provided

1. Orientation Meeting

The Team will conduct an orientation session at the Client's location to brief the Client's management and supervisory personnel on the Team's procedures and the purpose and schedule of the study. This orientation meeting is normally held at the beginning of fieldwork for the study.

2. Fieldwork

The Team will conduct fieldwork at the Client's office and/or school site(s), or other locations as needed. Limited fieldwork may also be conducted remotely via telephone or videoconferencing services, in addition to the Public Safety Considerations outlined in Section 13 below.

3. Exit Meeting

The Team will hold an exit meeting at the conclusion of the fieldwork to inform the Client of the status of the study. The exit meeting will include a review of the scope of work; outstanding items, including documents, data and interviews not yet received or held; and the estimated timeline for a draft report. The meeting will not memorialize details regarding findings because the Team's conclusions may change after a complete analysis is finished. Exceptions to this will be findings of immediate health and safety concerns for students or staff, and other time-sensitive items that include the potential for risk or exposure to loss.

4. Exit Letter

Approximately five business days after the exit meeting, the Team will issue an exit letter briefly memorializing the topics discussed in the exit meeting.

5. Draft Report

An electronic copy of a preliminary draft report will be delivered to the Client's point of contact identified below for review and comment.

6. Final Report

An electronic copy of the final report will be delivered to the Client's point of contact and to the Client's county superintendent of schools following completion of the study. FCMAT's work products are public and all final reports are published on the FCMAT website.

7. Board Presentation

Presentations to the Client's board will be made depending on the Client's risk rating. If the risk rating is low, the board presentation is optional and will be considered at the request of the Client. If the risk rating is moderate or high, the Team will make a board presentation at the Client's first regularly scheduled board meeting following the issuance of the final report. If the Team is unable to present at the first regularly scheduled board meeting following the issuance of the final report, the Team will make a board presentation at a regularly scheduled board meeting that is mutually agreeable to the Parties.

3. PROJECT PERSONNEL

The personnel assigned to the study will be led by a FCMAT staff person (job lead) and will include at least one other professional. FCMAT will notify the Client of the assigned personnel when the fully executed copy of this Agreement is returned to the Client.

FCMAT will communicate to the Client any changes in assigned project personnel.

4. PROJECT COSTS

Pursuant to the state budget act, costs for the study will be covered by a specific state appropriation for this purpose. FCMAT will not charge the Client for any costs.

5. RESPONSIBILITIES OF THE CLIENT

- A. Return current organizational chart(s) that show the Client's management and staffing structure with the signed copy of this Agreement. Organizational charts should be relevant to the scope of this Agreement.
- B. Provide private office or conference room space for the Team's use during fieldwork.
- C. Provide for a Client employee to upload all requested documents and data to FCMAT's online SharePoint repository per FCMAT's instructions. Provide FCMAT with the name and email of the person who will be responsible for collecting and uploading documents requested by FCMAT with the signed copy of this Agreement.
- D. Provide documents and data requested on the Team's initial and supplementary document request list(s) by the date requested.

All documents and data provided shall be responsive to FCMAT's request, in quality condition, readable and in a usable form. With few exceptions, documents and data requested are public records and records maintained by LEAs in the routine course of doing business. Some data requested may require exporting LEA financial system reports to Microsoft Excel or another usable format agreed to by FCMAT.

All documents shall be provided to FCMAT in electronic format, labeled as instructed by FCMAT. Upon approval of this Agreement, access will be provided to FCMAT's online SharePoint repository, to which the Client will upload all requested documents and data.

- E. Ensure appropriate senior-level staff are available for the orientation and exit meetings.
- F. Facilitate access to requested board members, officers and staff for interviews.
- G. Facilitate access to requested information and facilities to include, but not be limited to, files, sites, classrooms and operational areas for observation.
- H. Review a draft of the report and return it to FCMAT by the date FCMAT requests with any comments regarding the accuracy of the report's data or the practicability of its recommendations. The Team will review this feedback in a timely manner and make any adjustments it deems necessary before issuing the final report.
- I. Return the requested evaluation survey to FCMAT as described below.

6. PROJECT SCHEDULE

Time is of the essence. The Parties acknowledge that the goal of the scope and objectives of the study under this Agreement is to produce a timely and thorough report that adds value for the Client. This goal is especially important given that the Client has experienced an event described under Basis of Agreement that may indicate fiscal distress. To accomplish this goal, the Parties agree to communicate and mutually agree to honor established time commitments. These commitments include the Client providing requested documents, setting and keeping interview appointments and returning comments on the draft report consistent with the established project schedule.

The following project schedule milestones will be established by FCMAT upon receipt of a signed Agreement from the Client:

ACTION	TIMELINE
FCMAT provides Client with a draft Agreement.	Draft Agreements are usually provided within 20 business days of the Client's triggered event.
Client returns partially executed Agreement to FCMAT along with the applicable organizational chart and the name and email of the person who will be responsible for collecting and uploading documents requested by FCMAT.	Draft Agreements are valid for 30 business days.
FCMAT returns a fully executed Agreement to the Client and identifies the project schedule and the lead and other personnel assigned to the job.	Within five business days of the Client's return of the signed Agreement.
Client uploads initial requested documents and data to FCMAT's online SharePoint repository.	Within five business days of the Client's receipt of the FCMAT document and data request list.
Fieldwork	Mutually agreed upon; usually, to commence within five business days of FCMAT's receipt of requested documents and data.
Orientation meeting	First day of fieldwork
Exit meeting	Last day of fieldwork
Follow up fieldwork, if needed (e.g., rescheduled interview, additional interviews).	Mutually agreed upon; usually, within five business days of FCMAT's request.
Client uploads supplemental documents and data to FCMAT's online SharePoint repository.	Within two business days of the Client's receipt of FCMAT's supplemental document and data request(s).
Draft report submitted to the Client.	To be determined, usually, within four weeks of the conclusion of fieldwork and receipt of all documents and data requested.
Client comments on draft report	Within five business days of FCMAT providing a draft report to the Client.

The Client acknowledges that project schedule deadlines build upon and are contingent on each previous deadline. Missed deadline dates will affect future deadline dates and ultimately the timing of the final report. For example, if the Client does not provide requested documents and data by the specified date, the fieldwork may not be able to proceed as originally planned.

FCMAT acknowledges that the Client has an educational program to administer, is balancing many priorities, and in some cases may have records management difficulties, staffing capacity issues, staff on various types of leave, or other circumstances, all of which will affect the project schedule.

The Parties commit to regular communication and updates about the study schedule and work progress. FCMAT may modify the usual timelines as needed.

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

FCMAT will commence work as soon as it has assembled an available and appropriate study team, taking into consideration other jobs FCMAT has previously undertaken, assignments from the state, and higher priority assignments due to fiscal distress. The Team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the Client and any other related parties from which, in the Team's judgment, it must obtain information. Once the Team has completed its fieldwork, it will proceed to prepare a report. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a final report once fieldwork has been completed.

FCMAT may terminate this Agreement at any time if the Client fails to cooperate with the requested project schedule, provide requested documents and data and/or make staff available for interviews as requested by FCMAT. If FCMAT terminates the Agreement, FCMAT will issue a management letter in lieu of the final report explaining the reasons why FCMAT terminated the Agreement and reporting on any FHRA elements for which data was collected and a conclusion could be reached.

8. INDEPENDENT CONTRACTOR

FCMAT is an independent contractor and is not an employee or engaged in any manner with the Client. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the Client in any manner without prior express written authorization from an officer of the Client.

9. RECORDS

The Client understands and agrees that FCMAT is a state agency and all FCMAT reports are public records and are published on the [FCMAT website](#). Supporting documents and data in FCMAT's possession may also be public records and will be made available in accordance with the provisions of the California Public Records Act.

FCMAT has a records retention policy and practice, and every effort will be made to maintain records related to this Agreement in accordance with this policy.

10. CONTACT WITH PUPILS

Pursuant to EC 45125.1, representatives of FCMAT will have limited contact with pupils. The Client shall take appropriate steps to comply with EC 45125.1.

11. INSURANCE

During the term of this Agreement, FCMAT shall maintain liability insurance of not less than \$1 million unless otherwise agreed upon in writing by the Client, automobile liability insurance in the amount required by California state law, and workers' compensation as required by California state law. Upon the request of the Client and receipt of the signed Agreement, FCMAT shall provide certificates of insurance, with the Client named as additional insured, indicating applicable insurance coverages.

12. HOLD HARMLESS

FCMAT shall hold the Client, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of FCMAT's board, officers, agents and employees undertaken under this Agreement. Conversely, the Client shall hold FCMAT, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of the Client's board, officers, agents and employees undertaken under this Agreement.

13. PUBLIC SAFETY CONSIDERATIONS

Whether due to public health considerations, extreme weather conditions, road closures, other travel restrictions or interruptions, shelter-at-home orders, LEA closures or other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of the Client, and Project Schedule (Sections 2, 4, 5 and 6 herein) and other provisions herein may be revised. Examples of such revisions may include, but not be limited to, the following:

- A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, videoconferencing, or other means. References to fieldwork shall be interpreted appropriately given the circumstances.
- B. Activities performed remotely that are normally performed in the field shall be billed hourly as if performed in the field (excluding out-of-pocket costs that can otherwise be avoided).
- C. The Client may be relieved of its duty to provide conference and other work area facilities for the Team.

14. FORCE MAJEURE

Neither party will be liable for any failure or delay in the performance of this Agreement due to causes beyond the reasonable control of the party, except for payment obligations by the Client.

15. EVALUATION

In the interest of continuous improvement, FCMAT will provide the Client with an evaluation survey at the conclusion of the services. FCMAT appreciates the Client's honest assessment of the Team's services and process. The Client shall return the evaluation survey within 10 business days of receipt.

16. CLIENT CONTACT PERSON

The Client's contact person designated below shall be the primary contact person for FCMAT to use in communicating with the Client on matters related to this Agreement. At any time when this Agreement or FCMAT's process requires that FCMAT send information, document request lists, draft report or final report, or when FCMAT makes other requests for the Client to act upon, this is the person whom FCMAT will contact. The Client may change the contact person upon written notice to FCMAT's job lead assigned to the study.

Name: Pedro Salcido, Deputy Superintendent

Telephone: (213) 241-7000

Email: pedro.salcido@lausd.net

17. SIGNATURES

Each individual executing this Agreement on behalf of a party hereto represents and warrants that he or she is duly authorized by all necessary and appropriate action to execute this Agreement on behalf of such party and does so with full legal authority.

For Client:



~~XXXX~~ Matthew Friedman
~~Superintendent~~ Chief Procurement Officer
Los Angeles Unified School District

Date 7/15/26

For FCMAT:

Michael H. Fine Digitally signed by Michael H. Fine
Date: 2026.08.03 15:40:41 -07'00'

Michael H. Fine
Chief Executive Officer
Fiscal Crisis and Management Assistance Team

Date