

National and State Education Leaders Denounce Findings of PACE/Pivot “Study” of Sacramento City Unified for Failing to Report on Gross Practices that Hurt Students

Report deliberately hides school district’s fiscal mismanagement and conflicts of interest

Sacramento, Fri., Nov. 8, 2019: The [National Education Association](#) (NEA) and the [California Teachers Association](#) (CTA) denounced Friday the findings of a new report on Sacramento’s public-school finances released by the Policy Analysis for California Education (PACE) and contractor PIVOT Learning for failing to disclose gross practices that hurt the more than 40,000 students of the Sacramento City Unified School District (SCUSD). The nation’s largest union and California’s largest teachers union also faulted PACE for its failure to disclose conflicts of interest.

[PACE](#) is a research center with ties to several top California universities including Stanford University, the University of Southern California, the University of California Davis, the University of California Los Angeles, and the University of California Berkeley.

“The students of SCUSD deserve a quality public education and have been waiting far too long for school district officials to put their needs first. By failing to report the gross fiscal mismanagement by district officials, the PACE/PIVOT report perpetuates the failure to serve Sacramento’s students and communities as they should be and as our students deserve,” said CTA President E. Toby Boyd. “The objectivity and research methods led to skewed findings that clearly only serve one person, SCUSD Superintendent Jorge Aguilar.”

The PIVOT/PACE study fails to point out that it has been proven that SCUSD’s fiscal distress has been overstated and largely due to gross errors in recordkeeping and poor management. Local [news reports](#) by the *Sacramento Bee* newspaper such as such as *No confidence: State adviser slammed Sac City Unified in fiscal crisis, emails show* have confirmed the gross fiscal mismanagement leading to the deceptive maneuvering and gaslighting to blame the district’s fiscal crisis on personnel costs and “tense labor-management relations” rather than the real culprit— poor district leadership combined with a lack of transparency and accountability.

It has further been documented through the disclosure of emails that Aguilar and his district spokesman deceived parents and the wider Sacramento community by repeatedly stating that the district was on the brink of fiscal insolvency in the fall of 2018 though the spring of 2019, when, in fact, SCUSD administrators had discovered that they had missed counting five schools in determining its enrollment numbers, a \$16 million mistake. Despite confirming the mistake to Sacramento County of Education (SCOE), Mr. Aguilar failed to publicly disclose the miscount prompting the unnecessary layoff of more than 400 district staff and triggering the first strike of teachers in more than 30 years. The district, with mixed success, has tried to rehire the staff that had received pink slips. Meanwhile, the district either fired or accepted the resignation of Mr. Aguilar’s first major hire Chief Business Officer John Quinto, blaming him for the district’s false reporting.

“Across the country, we’ve seen these same tactics using twisted data to justify a political agenda,” said Princess Moss, Secretary Treasurer of the National Education Association. “I was at the bargaining table in Sacramento so I have seen first-hand how this administration has mismanaged fiscal priorities – putting raises for administrators over the needs of students and communities. As educators, our core truth is first and foremost seeing to the needs of our students. This report serves the political will of its patrons in the district, rather than the interests of Sacramento’s students.”

Quinto’s removal is glaringly absent from the study, especially since the report devotes space to Quinto’s predecessor and his removal by Aguilar.

The report makes little mention of SCUSD’s failure to include five schools in enrollment projections, and no mention of the subsequent cover-up of the mistake. The report also fails to note that despite projecting it would end 2018-19 with a \$35 million deficit, SCUSD ended the year by breaking even financially. Significantly, while the report focuses on rising health care costs, the report misrepresents the current collective bargaining agreement between SCUSD and SCTA in which the parties agreed to work together to lower health care costs with the savings used to lower class sizes and improve services to students. Mr. Aguilar has since backtracked on that agreement, a point also not mentioned in the study, nor cited as a major factor in the “tense labor-management relations” that exist in the district.

Other important facts left out of the PIVOT/PACE study include the costly and explosive growth in highly paid full-time equivalent (FTE) administrative positions from 166 in 2014-15 to 282 in 2018-19, an increase of 69.8%.

“These omissions raise questions about the independence and quality of other reports released by PACE,” added Boyd.

The report entitled, “The Implications of Sacramento City Unified’s Ongoing Budgetary Challenges for Local and State Policy,” was changed after the Sacramento City Teachers Association (SCTA), a CTA and NEA affiliate, raised concerns with the researcher and executive director of PACE regarding the lack of objectivity and the failure of the PIVOT and PACE to disclose their ties to the Sacramento City Unified School District when conducting interviews for the study, particularly ties with SCUSD superintendent Jorge Aguilar. The report does now mention, after the fact, that “Both PACE and Pivot Learning have worked in partnership” with SCUSD and Mr. Aguilar “serves on PACE’s advisory board.”

The original title, as reflected in an earlier version of the scheduled panel presentation of the report, was: “The Local Impact of Rising Pension and Health Care Costs on Educational Equity: Lessons from Sacramento and Marin County,” mirroring the district’s narrative of its fiscal status.

Superintendent Jorge Aguilar sits on the PACE Advisory Board, only one of two local school district superintendents to do so; PIVOT has provided paid consulting services to both the Sacramento City Unified School District and, the California Office to Reform Education (CORE)

which also includes Mr. Aguilar on its governing board. CORE and PACE also have a “research partnership.”

The “partnership” between Pivot Learning and PACE with SCUSD extended to the writing of the report itself. While the PIVOT/PACE researchers shared a preliminary draft with representatives from SCUSD for comment and feedback, they refused to provide an advance copy to SCTA, despite requests from both SCTA and CTA.

When conducting interviews with SCTA, the PIVOT/PACE researchers did not disclose its previous contractual relationship with SCUSD and CORE, nor Mr. Aguilar’s position on the PACE Advisory Board.

Concerns have previously been raised about potential conflicts of interest involving Mr. Aguilar. These include his continued employment as a vice-chancellor at the University of California Merced while also serving as the SCUSD superintendent, at the same time SCUSD agreed to pay UC Merced \$1.75 million over four years as part of data sharing agreement. Concerns were also raised about Mr. Aguilar accepting honoraria to speak at events in likely violation of school board policy and state ethics guidelines. The report makes no mention of these potential conflicts of interest.

The PIVOT/PACE study also glosses over data that SCUSD wages and benefits are lower than surrounding school districts of comparable size, particularly Elk Grove and San Juan. SCUSD spends 91% of its unrestricted budget on salaries and benefits, while Elk Grove spends 92% and San Juan spends 93%. Neither Elk Grove nor San Juan have had their budgets rejected by SCOE.

Mr. Aguilar’s leadership of the district has come under withering criticism, which is also omitted from PIVOT/PACE report.

Rejected Budgets: Since becoming Superintendent of SCUSD on July 1, 2017, Mr. Aguilar has submitted four district budgets that were rejected by the Sacramento County Office of Education (SCOE), and three other budgets that were negatively certified.

FCMAT’s “No Confidence,” “No Credibility”: The CEO of the State of California’s Fiscal Crisis Management Assistance Team wrote a series of scathing emails to Mr. Aguilar and school board president Jessie Ryan in which he stated that he had “no confidence in the district’s data” and that “the district has no credibility.”

Downgraded Bond Rating: In January 2019, the District bond rating was downgraded by Standard and Poor’s from A+ to non-investment grade BBB, or slightly above junk bond status, a development that the district failed to provide timely notice to the Fiscal Advisor appointed by the Sacramento County Office of Education.

Missed Payroll Tax Payments: In March 2019, the federal Internal Revenue Services (IRS) intercepted \$650,000 in federal bond dollars subsidies after the District failed to pay its payroll taxes.

“Any credible research into what’s happening with the SCUSD budget must start with the fiscal mismanagement of the District,” said David Fisher, a second-grade teacher, the president of the Sacramento City Teachers Association, and parent of two students in the District. “Rather than providing the sober analysis that policy makers and the general public could sorely use in trying to understand what’s going in Sacramento, PIVOT/PACE appear to be interested in trying shift accountability away from Mr. Aguilar and obscure the district’s mismanagement.”

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