



SMMUSD Financial Oversight Committee

Date: Thursday, February 24, 2022

Time: 6:00 pm to 8:00 pm

Via Zoom by phone at: 669-900-6833 or online at:

<https://zoom.us/j/87194305360?pwd=bWl2Umh6akdwdEV5b3Z6VFJ2NHl6UT09>

Meeting ID: 871 9430 5360 / Passcode: Oversight1 - Per Assembly Bill 361 Issued By Governor Gavin Newsom and SMMUSD Board of Education Resolution No. 21-14

AGENDA

Assembly Bill 361 (9/2021) added section 54953(e) to the Government Code, authorizing a local agency to use teleconferencing without complying with the teleconferencing requirements imposed by the Ralph M. Brown Act during a declared state of emergency under specific scenarios. The law remains in effect until January 1, 2024. Due to the state of emergency proclaimed by Governor Newsom in response to the COVID-19 pandemic and its highly contagious variants, and as authorized by per AB 361 and SMMUSD Board of Education Resolution No. 21-14, the February 24, 2022 FOC meeting will be held virtually. Members of the public can observe the FOC meeting and give public comment virtually by submitting a Google survey “sign up”.

The intent is not to limit public participation, but rather to protect public health by following the Governor’s Stay at Home executive order and the LA County’s Safer at Home order. Persons wishing to address the Committee regarding an item that is scheduled for this meeting must submit a Google survey “sign up” prior to discussion of that item. Persons wishing to address the Committee regarding an item that is not scheduled on this meeting’s agenda may speak during the Public Comments section by submitting the Google survey “sign up” at the beginning of the meeting.

Instructions for public comments

1. Submit a Google survey “sign up” at <https://forms.gle/KHFk8zsmDaPnP5wj6>. This survey will take the place of the “speaker chits” available at meetings.
2. Speakers will fill in their name and select if they wish to address the committee regarding a specific agenda item or during General Public Comments.
3. Speakers are asked to attend the FOC meeting virtually through the call-in number at the top of the agenda.
4. When it is time for the speakers to address the committee, their name will be called.
5. As with all meetings, once discussion begins on an agenda item, any speakers who sign up after that time will be given one minute to speak.

STANDARDS OF BEHAVIOR THAT PROMOTE CIVILITY AT ALL PUBLIC MEETINGS:

Treat everyone with respect and courtesy.	Keep an open mind and, if merited, allow yourself to be persuaded to change your opinion.
Listen to others respectfully.	Acknowledge dissension as a civic right and as a tool to use to reach the best decisions.
Agree to disagree, and don’t make it personal; discuss the issue, not the person.	Accept responsibility and maintain self-control.

Instrucciones para comentarios del público

1. Una encuesta de Google "registrarse" <https://forms.gle/VnzEy8qbCC1oWvtV8>. Esta encuesta ocupará el lugar de las “fichas” disponibles en las reuniones.
2. Los miembros del público las completarán con su nombre y seleccionarán si desean dirigirse a la junta con respecto a un punto específico de la orden del día o durante los comentarios públicos generales.

3. Se pide a las personas que deseen hacer comentarios que asistan a la reunión de la junta virtualmente a través del enlace que contiene la invitación de llamada de conferencia en la parte superior de la agenda.
4. Cuando llegue el momento de que el público se dirija a la junta directiva, se mencionará su nombre.
5. Al igual que las demás reuniones, una vez que comience el debate sobre un punto de la orden del día, los oradores que se inscriban después de ese momento, tendrán un minuto para hablar.

NORMAS DE CONDUCTA QUE PROMUEVEN LA CIVILIDAD EN TODAS LAS REUNIONES PÚBLICAS:

Tratar a todas las personas con respeto y cortesía.	Mantener la mente abierta, y si la ocasión lo amerita, permitir ser persuadido a cambiar de opinión.
Escuchar a los demás de manera respetuosa.	Reconocer el disenso como un derecho cívico y como una herramienta para tomar las mejores decisiones.
Aceptar las diferencias y no tomarlas de forma personal; debatir el asunto, no la persona.	Aceptar la responsabilidad y mantener el autocontrol.

- I. Call to Order (5 min)**
- II. Welcome New Member – Ryan Chin (5 min)**
- III. Approval of Agenda (5 min)**
- IV. Approval of FOC Meeting Minutes (5 min)** January 6, 2022
- V. Discussion/Action Items**
 - A. Update on Debt Policy (15 min)
 - B. FOC mid-year progress report to the Board (30 min)
 - C. Meeting start time and the March meeting (10 min)
- VI. Ad hoc Subcommittee Report (30 min)**
 - A. Budget Recommendations: *Mr. Jacobson, Mr. Covington, Mr. Beekman, Mr. Rotgin*
 - B. Tax Revenue and Assessed Valuation: *Mr. Farivar, Mr. Kremer, Mr. Crawford, Mr. Beekman*
 - C. Bond Oversight: *Mr. Kremer, Mr. Crawford, Ms. Mevasse, Mr. Rotgin*
 - D. Measure R Reporting and Process Review: *Mr. Crawford, Mr. Landres, Ms. Maniar*
 - E. Financial Communication and Reporting: *Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Jacobson*
 - F. Nomination: *Mr. Covington, Mr. Kremer, Ms. Maniar, Mr. Farivar*
- VII. Receive and File (Limited Discussion)**
 - A. CERBT GASB 75 Schedule of Changes in Fiduciary Net Position by Employer Report for June 30, 2021
<https://www.calpers.ca.gov/docs/forms-publications/gasb-75-schedule-changes-fiduciary-net-position-2021.pdf>
 - B. CERBT Account Update – 12/31/21
 - C. CERBT Quarterly Statement ending December 31, 2021
 - D. CERBT Asset Class Fact Sheets – 9/30/21
<https://www.smmusd.org/cms/lib/CA50000164/Centricity/domain/300/finreports/CERBTAssetClassFactSheets09302021.pdf>

- E. School Services of California – January 7, 2022 *“Ask SSC...School Closure Options Amidst the COVID-19 Surge”*

VII. Public Comments

- A. Public Comments is the time when members of the audience may address the Committee on items not scheduled on the meeting’s agenda. All speakers are limited to three (3) minutes. When there are a large number of speakers, the Chair may reduce the allotted time to two (2) minutes per speaker. The Brown Act (Government Code) states that Committee members may not engage in discussion of issues raised during “XIII. Public Comments” except to ask clarifying questions, make a brief announcement; make a brief report on his or her own activities, or to refer the matter to staff. This Public Comment section is limited to 20 minutes. If the number of persons wishing to address the Committee exceeds the time limit, additional time will be allowed at the discretion of the Chair.

VIII. Committee Comments

IX. Next Meeting:

- Wednesday, March 23, 2022 - Zoom
- Tuesday, May 24, 2022
- Thursday, June 16, 2022
- TBD (July 2022) * Please note: This is a Joint Meeting / Study Session with the Board of Education – *SMMUSD Office Board Room, 1651 16th Street.*

X. Adjournment

Future Meetings will be held monthly in the Board Room at the District’s Administrative Offices, 1651 16th Street, Santa Monica, California, unless otherwise noted.

In compliance with the Americans with Disabilities Act, for those requiring special assistance to access the meeting room, to access written documents being discussed at the meeting, or to otherwise participate at the meetings, please contact the Office of Assistant Superintendent, Business and Fiscal Services at 310-450-8338 for assistance. Notification at least 48 hours before the meeting will enable the District to make reasonable arrangements to ensure accessibility to the meeting and to provide required accommodations, auxiliary aids or services.

Santa Monica-Malibu USD | BP 3470 Business and Noninstructional Operations

Debt Issuance and Management

Purpose of Policy. The Board of Education is committed to long-term capital and financial planning and recognizes that the issuance of debt is a key source for funding the improvement and maintenance of school facilities and managing cash flow. Any debt issued by the district shall be consistent with law and this policy. This policy provides written guidelines for the issuance of indebtedness by the Santa Monica-Malibu Unified School District in satisfaction of the requirements of S.B. 1029, codified as part of Government Code Section 8855.

Administration of Policy by District Officials. The District's Assistant Superintendent of Business & Fiscal Services is the designated administrator of this policy. Proposed debt issuances and related considerations presented to the Board for authorization shall be in compliance with this policy. Signing authority for all final debt documentation and certifications is vested in the District Superintendent, the Assistant Superintendent of Business & Fiscal Services, the President of the Board, and any other officer identified by the District Board with authority to execute said documentation.

Annual Review of Policy. The Assistant Superintendent of Business & Fiscal Services will review this Policy by June 30 of each year for the purpose of identifying necessary or advisable amendments, if any, due to changes in law, new guidelines or recommendations of other relevant authorities with respect to debt management policies, or in order to make clarifying or other desired changes. If necessary or advisable amendments are identified, then the Assistant Superintendent of Business & Fiscal Services will submit an updated Policy to the Board for consideration.

Goals

This Policy provides a framework for debt management and capital planning by the District. This Policy has been developed to meet the following goals:

1. Identifying the purposes for which the debt proceeds may be used.
2. Identifying the types of debt that may be issued.
3. Describing the relationship of the debt to, and integration with, the District's capital improvement program or budget.
4. Establishing debt policy goals related to the District's planning goals and objectives.
5. Implementing internal control procedures to ensure that the proceeds of the proposed debt issuance will be directed to the intended use upon completion of the issuance.
6. Maintaining full, complete and timely financial disclosure and reporting.
7. Ensuring compliance with applicable State and Federal laws.

Purposes for Which Debt Proceeds May be Used

The laws of the State of California (the "State") authorize the District to incur debt to make lease payments, contract debt, borrow money, and issue bonds for school improvement projects. The District is authorized to contract debt to acquire, construct, reconstruct, rehabilitate, replace, improve, extend, enlarge, and equip such projects; to refund existing debt; or to provide for cash flow needs.

Section 18 of Article XVI of the State Constitution contains the "debt limitation" formula applicable to the District.

There are a number of State laws that govern the issuance of general obligation bonds ("GO Bonds") by school districts. Sections 1(b)(2) (Proposition 46) and 1(b)(3) of Article XIII A (Proposition 39) of the State Constitution allow the District to issue GO Bonds. The statutory authority for issuing GO Bonds is contained in Education Code Section 15000 et seq. Additional provisions applicable only to Proposition 39 GO Bonds are contained in Education Code Section 15264 et seq. An alternative procedure for issuing GO Bonds is also available in Government Code Section 53506 et seq.

The statutory authority for issuing Tax and Revenue Anticipation Notes ("TRANs") is contained in Government Code Section 53850 et seq. Authority for lease financings is found in Education Code Section 17455 et seq. and additional authority is contained in Education Code Sections 17400 et seq., 17430 et seq. and 17450 et seq. The District may also issue Mello-Roos bonds pursuant to Government Code Section 53311 et seq.

The District may deem it necessary to issue TRANs to finance cash flow requirements under certain conditions such as when there is a projected negative cash position in anticipation of revenues to come from State or other local sources. Such cash flow borrowing must be payable from taxes, income, revenue, cash receipts and other moneys attributable to the fiscal year in which the debt is issued.

General operating costs include, but are not limited to, those items normally funded in the District's annual operating budget.

The District's Superintendent, or designee, will review potential financing methods to determine which method is most prudent for the District. Potential financing sources include, but are not limited to tax and revenue anticipation notes, temporary borrowing from the Los Angeles County Treasurer and Tax Collector, and internal temporary interfund borrowing.

[A] The District's Financial Oversight Committee (FOC) is an advisory committee to the Board. In connection with each financing and prior to Board action of said proposed financing, the FOC shall convene a meeting at which District staff presents the reasons for the proposed financing and related preliminary structuring details to the members of the FOC and the members of the FOC have an opportunity to comment on said financing. In advance of such meeting, the District staff shall provide the members of the FOC with adequate information to support the District staff's recommendations. The FOC's ~~Said~~ comments shall be communicated to the Board by District staff prior to Board action on the proposed financing. Decision-making power with respect to District financings, debt and related considerations are vested in the District Board.

Types of Debt That May be Issued

1. Short-Term Debt: The District may issue fixed-rate and/or variable rate short-term debt, which may include TRANs, when such instruments allow the District to meet its cash flow requirements. The District

may also issue bond anticipation notes ("BANs") to provide interim financing for bond projects that will ultimately be paid from GO Bonds.

[I] 2. Long-Term Debt: Debt issues may be used to finance essential capital facilities, projects and certain equipment where it is appropriate to spread the cost of the projects over more than one budget year. Long-term debt ~~should~~will not be used to fund District operations except in extraordinary circumstances.

Long term debt in the form of GO Bonds may be issued under Article XIII A of the State Constitution, either under Proposition 46, which requires approval by at least a two-thirds (66.67%) majority of voters, or Proposition 39, which requires approval by at least 55% of voters, subject to certain accountability requirements and additional restrictions.

GO Bond measures can be approved by voters on a District-wide basis, or, alternatively, GO Bond measures may be presented to voters within a School Facilities Improvement District (SFID) which has been formed by the District in accordance with State law for the purpose of financing facilities, improvements and equipment within the boundaries of the SFID. The District has formed two SFIDs: SFID No. 1 (Santa Monica Schools) and SFID No. 2 (Malibu Schools).

[B] GO Bonds issued pursuant to a Proposition 39 voter authorization may only be issued in compliance with the tax rate projection requirements (\$60/\$100K assessed value). The District's total outstanding GO Bond debt is limited to ~~and bonding capacity limitations (2.50%)~~ of the taxable assessed value within its boundaries as set forth in the Education Code. The District Board may determine to seek a waiver of bonding capacity in accordance with procedures set forth by State law.

The District may also enter into long-term leases and/or participate in the sale of certificates of participation or lease revenue bonds for public facilities, property, and equipment. These obligations do not constitute indebtedness under the state constitutional debt limitation and, therefore, do not require voter approval

[C] 3. Lease/Equipment Financing: Lease-purchase obligations or appropriation leases are a routine and appropriate means of financing capital equipment and certain capital facilities. The term of lease financings may be short-term or long-term but in either case shall not exceed the combined useful life of the projects financed with the proceeds thereof. Leases may be executed as privately placed leases and as leases executed in connection with certificate of participation or lease revenue bond financings. However, because lease obligations might impact general fund budget flexibility, the District shall have a goal of limiting aggregate annual payments on ~~each-all~~ long-term leases to 3.0% of unrestricted general fund revenues. This goal shall not serve as a maximum or cap and the District may take into account considerations at the time of structuring each lease such as available and projected unrestricted reserves, projected revenues from all lawful sources, and the District's other outstanding general fund debt undertakings when finalizing the related debt service schedule. In addition, the feasibility of funding capital equipment with pay-as-you-go financing will be considered. The District will monitor the option of refinancing and prepaying outstanding general fund leases with the proceeds of voter-approved GO Bonds provided such refinancing is within the scope of the voter-approved bond measure and all other legal and contractual requirements can be satisfied.

[J] 4. Use of General Obligation Bonds: A significant portion of the District's capital projects are expected to be funded by GO Bond proceeds. Projects financed by the GO Bonds will be determined by the constraints of applicable law and the project list approved by voters. The District will structure each GO Bond issuance and related tax rate projection with the goal of projecting tax rates for bonds issued pursuant to a single bond measure to not exceed the highest tax rate identified to voters in the tax rate

statement provided as part of the ballot materials. However, there may be circumstances where the District determines at the time of GO Bond issuance that the projected tax rate will be in compliance with State law but that it may exceed the tax rate estimate presented to voters at the time of the bond election. In such case District staff shall identify to the Board prior to Board authorization of the bond issue the circumstances resulting in the higher tax rate projection, and the rationale for issuing the Bonds at said time and with said related tax rate projections, and an independent third-party analysis demonstrating a net financial benefit of the structure relative to alternative structures.

Relationship of Debt to and Integration with District's Capital Improvement Program or Budget

In evaluating financing options for capital projects, both short and long-term debt amortization will be evaluated when considering a debt issuance, along with the potential impact of debt service, and additional costs associated with new projects on the operating budget of the District. The cost of debt issued for major capital repairs or replacements may be judged against the potential cost of delaying such repairs or replacements.

District staff have responsibility for the planning and management of the District's capital improvement program subject to review and approval by the Board of Education. Staff will, as appropriate, supplement and revise any applicable Facilities Master Plan in keeping with the District's current needs for the acquisition, development and/or improvement of District's real estate and facilities. Such plans may include a summary of the estimated cost of each project, schedules for the projects, the expected quarterly cash requirements, and annual appropriations, in order for the projects to be completed.

Refunding and Restructuring

Periodic reviews of outstanding debt will be undertaken to identify opportunities to refinance and/or restructure outstanding debt. Economic refundings undertaken to reduce overall debt service requirements for cost savings will be considered when there is a net economic benefit of the refunding. Non-economic refundings undertaken for restructuring purposes may be considered to achieve objectives such as changing covenants, repayment or optional redemption provisions, and other identifiable benefits.

[G] A “current refunding” occurs when tax-exempt refunding bonds are issued 90 or fewer days before the optional redemption date of the refunded bonds. An “advance refunding” occurs when tax-exempt refunding bonds are issued 91 or more days in advance of the refunding bonds’ optional redemption date. In 2017, the IRS code was modified to preclude the issuance of tax-exempt bonds to advance refund existing bonds when there was previously a one-time exception. There is no limit on the number of times that bonds may be current refunded (which may be subject to a future change in federal tax law following the date of adoption or amendment of this Policy). The District may undertake current or advance refundings provided such refundings are in compliance with all applicable legal requirements at the time of issuance and otherwise consistent with the other provisions of this policy.

The District shall review a net present value (NPV) savings analysis of any proposed refunding of each maturity of the debt to be refinanced to make a determination regarding the cost-effectiveness of the proposed refunding. The District will proceed with an economic refunding of a maturity only when both of the requirements below are met. Refundings which do not meet these two requirements, but have the potential to achieve other financing objectives, will be considered on a case-by-case basis.

- 1) The projected NPV savings, expressed as a percentage of the par amount of refunded debt, are no less than three percent (3%) for a tax-exempt current refunding and five percent (5%) for a taxable or tax-exempt advance refunding.

The higher NPV savings threshold for an advance refunding takes into consideration the often one-time only nature of an advance refunding as well as the longer refunding escrow period wherein the escrow investment rate is usually less than the interest cost of the refunded debt, thereby creating negative arbitrage (cost of carry).

- 2) The refunding must be minimally efficient, with the projected NPV savings exceeding the amount of any negative arbitrage in the refunding escrow.

[D] ~~In cases where a proposed refunding does not meet the criteria in 1) or 2) above, the District should conduct a sensitivity analysis to evaluate the likelihood of a future refunding providing similar savings to taxpayers. A determination of how high future interest rates can increase from current interest rates where the projected savings to taxpayers is identical in both analyses should be evaluated to determine the worthiness of proceeding with refunding certain maturities that do not meet objective 1). Future interest rates should be compared to a number of historical interest rate averages in this exercise.~~

Policy Goals Related to District's Planning Goals and Objectives

In following this Policy, the District shall pursue the following goals:

1. The District shall strive to fund capital improvements from voter-approved GO Bond issues to preserve the availability of its General Fund for District operating purposes and other purposes that cannot be funded by such bond issues.
2. To the extent applicable, the District shall endeavor to attain the best possible credit rating for each debt issue in order to reduce interest costs, within the context of preserving financial flexibility and meeting capital funding requirements.
3. The District shall take all practical precautions and proactive measures to avoid any financial decision that will negatively impact current credit ratings on existing or future debt issues.
4. The District shall, with respect to GO Bonds, remain mindful of its statutory debt limit in relation to assessed value growth within the school district and the tax burden needed to meet long-term capital requirements.
5. The District shall consider factors such as market conditions, District cash flow, and other legal considerations whether imposed by State or federal law including the anticipated spend-down of debt proceeds, among other factors, when timing the issuance of debt.
6. The District shall determine the amortization (maturity) schedule which will fit best within the overall debt structure of the District at the time the new debt is issued.
7. The District shall match the term of the issue to the useful lives of assets funded by that issue whenever practicable and economical, while considering repair and replacement costs of those assets to be incurred in future.
8. The District shall, when issuing debt, assess financial alternatives to include new and innovative financing approaches, including whenever feasible, categorical grants, revolving loans or other State/federal aid, so as to minimize the encroachment on the District's General Fund.

9. The District will examine and consider taxable or other financing structures authorized by federal tax law which may be or become available as alternatives to the issuance of traditional tax-exempt obligations, such as tax credit or tax subsidy obligations. Factors to examine and consider shall be whether the financing can achieve the same project objectives as other methods, whether the alternative results in lower financing costs than other financing methods and whether the alternative is expected to provide other benefits which are in the best financial interests of the District and its taxpayers. The analysis shall consider any additional risks and/or compliance costs of the alternative financing structure, including in the case of federal subsidy bonds, the partial reduction or full loss of the federal tax subsidy.

10. The District shall, when planning for the sizing and timing of debt issuance, consider its ability to expend the funds obtained in a timely, efficient and economical manner and in accordance with "spend-down" requirements of federal tax law for tax-exempt obligations, as applicable.

Internal Control Procedures for Issuance of Debt to Ensure Intended Use of Proceeds

1. Maturity of Debt: The duration of a debt issue shall be consistent, to the extent possible, with the economic or useful life of the improvement or asset that the issue is financing. In addition, the average life of tax-exempt financing shall not exceed 120% of the average life of the assets being financed. The District shall also consider the overall impact of the current and future debt burden of the financing when determining the duration of the debt issue.

2. Debt Structure:

A. GO Bonds:

i. **[H] New Money Bond Issuances**: For tax-exempt new money bond issuances, the District shall size the bond issuance consistent with the "spend-down" requirements of the Internal Revenue Code, taking into account unexpended proceeds of prior issuances at the time an issue is sized, and within any limits approved by the District's voters. ~~In considering such~~ if there will be unspent bond proceeds of another issue on hand ~~at the time of the issuance of a new proposed issue~~, the District shall examine the spend down expectations and legal requirements applicable to the prior issue to ensure continued compliance prior to issuance of the proposed issue. To the extent possible, the District will also consider credit issues, market factors (e.g. bank qualification) and tax law when sizing the District's bond issuance.

ii. *Refunding Bond Issuances*: The sizing of refunding bonds will be determined by the amount of money that will be required to cover the principal of, accrued interest (if any) on, and redemption premium for the bonds to be defeased on the call date and to cover appropriate financing costs.

iii. *Maximum Maturity*: All bonds issued by the District shall mature within the limits set forth in applicable provisions of the Education Code or the Government Code. The final maturity of tax-exempt bonds will also be limited to the average useful life of the assets financed or as otherwise required by tax law.

iv. *Taxable Bonds*: Taxable bonds shall be considered for funding projects which do not satisfy the "spend-down" requirements of the Internal Revenue Code, for refunding GO Bonds when the issuance of tax-exempt refunding GO Bonds is not a viable option in the near term, and for other purposes when the requirements for tax-exemption cannot be met, including when a taxable financing alternative is enacted pursuant to federal law.

B. Lease-Purchase Obligations:

The final maturity of equipment or real property lease obligations will be limited to the useful life of the assets to be financed. Unless required for structuring or other purposes, the District will avoid the use of capitalized interest on new money lease financings to avoid increasing the principal amount of the debt and the related interest expense. New money lease financings in which the project financed serves as the leased asset may require capitalized interest until the District has use and possession of the leased asset. However, when feasible the District may undertake an asset transfer financing in which the leased property is other than the facility under construction in an effort to reduce or eliminate the need for capitalized interest.

3. Debt Service Structure: The District shall design the financing schedule and repayment of debt so as to take best advantage of market conditions, provide flexibility, and, as practical, to recapture or maximize its debt capacity for future use.

[E] 4. Selection of Method of Sale: There are three primary methods of sale: negotiated, competitive, and private placement. All three methods of sale should be evaluated by the Assistant Superintendent of Business & Fiscal Services or other appropriate District official for all debt issuances, with the recommended and selected method of sale presented to the Board in the authorizing resolution. In selecting a method of sale to present to the District Board, the primary factor to be considered is the sale method most likely to achieve the lowest financing cost to the District. Other secondary considerations will include current volatility in bond markets, the complexity of the financing structure, financing timeline considerations, and the goals to be achieved by the financing. In selecting a method of sale to present to the District Board, factors to be considered among others include the method likely to achieve the lowest financing cost to the District, conditions in the financial markets, the complexity of the financing structure, the ability to modify the structure at pricing, the ability to educate potential investors about the District, the debt offering and security, financing timeline considerations, and the goals to be achieved by the financing, shall be evaluated. When a negotiated sale is authorized, the final pricing proposal shall be examined with the assistance of the District's municipal advisor to ensure that interest costs are in accordance with comparable market interest rates and that all parameters identified in the Board resolution have been achieved. When a competitive bidding process is undertaken, submitted bids shall be examined with the assistance of the District's municipal advisor and award shall be based on the best conforming that complies with the terms of the official notice of sale governing the bidding process, which typically provides award shall be made based on the lowest offered True Interest Cost ("TIC"). A private placement sale is appropriate when the financing can or must be structured for a single or limited number of purchasers or where the terms of the private placement are expected to be more beneficial to the District than either a negotiated or competitive sale.

[F] 5. Engagement of Financing Team Members: The District requires assistance in its debt undertakings and with respect to certain financial matters by a financing team composed of firms with specialized expertise in the issuance of debt and debt undertakings. The District Board shall confirm the firms which shall serve as municipal advisor, bond and disclosure counsel, and underwriter and approve related contracts or engagement letters relating thereto. The recommendation for the engagement of such firms shall be made by District staff either following a Request for Proposals (RFP) or Request for Qualifications (RFQ) process, or on a sole source basis if an RFP or RFQ process would not be in the District's interests ~~or based on other factors and considerations~~. The term of the contracts for financing team members will be for an initial term of up to five years, which term may be extended or renewed for additional terms by the District Board with approval of a renewal contract, amendment or extension.

All financing team members will be required to provide full and complete disclosure, under penalty of perjury, relative to any and all agreements with other financing team members and outside parties (if any). The extent of the disclosure may vary depending on the nature of the transaction. Any financing team

members involved in preparing proposed District debt issuances or who have outside agreements with members so involved may not provide independent analyses of said debt issuances. All financing team members shall abide by the Board's code of ethics, which shall be provided by the District to each of said professionals prior to engagement.

6. Disclosure Requirements: The District shall prepare or cause to be prepared appropriate disclosures as required by Securities and Exchange Commission Rule 15c2-12 and to ensure compliance with applicable laws, regulations and agreements. The Assistant Superintendent of Business & Fiscal Services shall be responsible for the District's disclosure compliance functions, in conjunction with the third party dissemination agent engaged by the District to assist in the complete and timely filings, and in consultation with the District's disclosure counsel, as needed.

7. IRS Compliance: The Assistant Superintendent of Business & Fiscal Services will establish and maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements as required by federal tax regulations. This effort shall include tracking investment earnings on bond proceeds, calculating rebate payments in compliance with tax law, and remitting any rebate earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the District's outstanding tax-exempt obligations. The Assistant Superintendent of Business & Fiscal Services may retain a firm to prepare arbitrage rebate calculations and communicate with the IRS.

8. Rating Agency Relations: The District shall maintain effective relations with the rating agencies. The Assistant Superintendent of Business & Fiscal Services shall meet with, make presentations to, or otherwise communicate with the rating agencies on a consistent and as appropriate basis to keep the agencies informed about the District's capital plans, debt issuance program, and other appropriate financial information.

Use of Proceeds

The District shall be vigilant in using bond proceeds in accordance with the stated purposes at the time such debt was incurred. In furtherance of the policy, and in connection with the issuance of all GO Bonds:

1. As required by Government Code Section 53410, the District shall only use GO Bond proceeds for the purposes approved by the District's voters; and
2. District staff shall have the responsibility, no less often than annually, to provide to the District's Board of Education a written report which shall contain at least the following information:
 - (i) The amount of the debt proceeds received and expended during the applicable reporting period; and
 - (ii) The status of the acquisition, construction or financing of the school facility projects, as identified in any applicable bond measure, with the proceeds of the debt.
 - (iii) These reports may be combined with other periodic reports which include the same information, including but not limited to, periodic reports made to the California Debt and Investment Advisory Commission, or continuing disclosure reports or other reports made in connection with the debt. These requirements shall apply only until the earliest of the following: (i) all the debt is redeemed or defeased, but if the debt is refunded, such provisions shall apply until all such refunding bonds are redeemed or defeased, or (ii) all proceeds of the debt, or any investment earnings thereon, are fully expended.

3. The District shall post on the District website the Annual Report of the District's Independent Bond Oversight Committee which has been given the responsibility to review the expenditure of GO Bond proceeds to assure the community that all GO Bond funds have been used for the construction, renovation, repair, furnishing and equipping of school facilities, and not used for teacher or administrator salaries or other operating expenses.

4. The District shall hire an independent auditor to perform an annual independent financial and performance audit of the expenditure of GO Bond proceeds, and to post such audits on the District website.

Legal Reference:

EDUCATION CODE

5300-5441 Conduct of elections

15100-15262 Bonds for school districts and community college districts

15264-15276 Strict accountability in local school construction bonds

15278-15288 Citizen's oversight committees

15300-15425 School Facilities Improvement Districts

17150 Public disclosure of non-voter-approved debt

17400-17429 Leasing of district property

17450-17453.1 Leasing of equipment

17456 Sale or lease of district property

17596 Duration of contracts

42130-42134 Financial reports and certifications

ELECTIONS CODE

1000 Established election dates

GOVERNMENT CODE

8855 California Debt and Investment Advisory Commission

53311-53368.3 Mello-Roos Community Facilities Act

53410-53411 Bond reporting

53506-53509.5 General obligation bonds

53550-53569 Refunding bonds of local agencies

53580-53595.55 Bonds

53850-53858 Tax and revenue anticipation notes

53859-53859.08 Grant anticipation notes

CALIFORNIA CONSTITUTION

Article 13A, Section 1 Tax limitation

Article 16, Section 18 Debt limit

UNITED STATES CODE, TITLE 15

78o-4 Registration of municipal securities dealers

UNITED STATES CODE, TITLE 26

54E Qualified Zone Academy Bonds

CODE OF FEDERAL REGULATIONS, TITLE 17

240.10b-5 Prohibition against fraud or deceit

240.15c2-12 Municipal securities disclosure

CODE OF FEDERAL REGULATIONS, TITLE 26

1.6001-1 Records

Management Resources:

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION PUBLICATIONS

California Debt Issuance Primer

GOVERNMENT FINANCE OFFICERS ASSOCIATION PUBLICATIONS

An Elected Official's Guide to Debt Issuance, 2nd Ed., 2016

Understanding Your Continuing Disclosure Responsibilities, Best Practice, September 2015

Investment of Bond Proceeds, Best Practice, September 2014

Selecting and Managing Municipal Advisors, Best Practice, February 2014

Debt Management Policy, Best Practice, October 2012

Analyzing and Issuing Refunding Bonds, Best Practice, February 2011

INTERNAL REVENUE SERVICE PUBLICATIONS

Tax Exempt Bond FAQs Regarding Record Retention Requirements

Tax-Exempt Governmental Bonds, Publication 4079, rev. 2016

U.S. GOVERNMENT ACCOUNTABILITY OFFICE PUBLICATIONS

Internal Control System Checklist

WEB SITES

California Debt and Investment Advisory Commission: <http://www.treasurer.ca.gov/cdiac>

Government Finance Officers Association: <http://www.gfoa.org>

Internal Revenue Service: <http://www.irs.gov>

Municipal Security Rulemaking Board, Electronic Municipal Market Access (EMMA): <http://www.emma.msrb.org>

U.S. Government Accountability Office: <http://www.gao.gov>

U.S. Securities and Exchange Commission: <http://www.sec.gov>

Policy SANTA MONICA-MALIBU UNIFIED SCHOOL DISTRICT

adopted: May 4, 2017 Santa Monica, California

To: SMMUSD Board of Education

From: Payal S. Maniar, Chair, Financial Oversight Committee

Subject: FOC Mid-Year Progress Report

Date: February 18, 2022

The SMMUSD Financial Oversight Committee (FOC) was established as an independent oversight committee to review matters potentially having a significant impact on District finances. The FOC also serves as the Measure R Independent Citizens Oversight Committee, provides monitoring and review of the District budget process, the City of Santa Monica Joint Use Agreement, the City of Malibu Joint Use Agreement, the District Audit, enrollment projections, revenue and expenditure forecasts, the capital program and public education regarding district finances.

For the fiscal year 2021-2022 FOC formed six ad-hoc committees (subcommittees) to work on the charges as approved by the School Board:

2021-22 FOC subcommittee members:

- Budget Recommendations: Mr. Jacobson, Mr. Covington, Mr. Beekman, Mr. Rotgin
- Tax Revenue and Assessed Valuation: Mr. Farivar, Mr. Kremer, Mr. Crawford, Mr. Beekman
- Bond Oversight: Mr. Kremer, Mr. Crawford, Ms. Mevasse, Mr. Rotgin
- Measure R Reporting and Process Review: Mr. Crawford, Mr. Landres, Ms. Maniar
- Financial Communication and Reporting: Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Jacobson
- Nominations: Mr. Covington, Mr. Kremer, Ms. Maniar, Mr. Farivar

The following is a mid-year progress update on the Financial Oversight Committee's work as expressed in the updates from our various ad-hoc committees.

Budget Recommendations: The Budget subcommittee's charge includes reviewing the SMMUSD annual budget and providing additional oversight, evaluation and recommendations related to specific elements of the budgeting process. The Budget Subcommittee has worked with staff to plan out a calendar of subcommittee reviews that occur prior to budget updates being submitted to the School Board. This enables the subcommittee to provide insights or recommendations for areas requiring further clarification or analysis prior to review by the School Board and the full Financial Oversight Committee (whenever possible).

This past year, the Budget Subcommittee also reviewed and provided recommendations on how staff can outline and provide more clarity on COVID-19 related relief funding and expenses for student safety. The subcommittee also hopes to collaborate with staff on the efforts related to budget stabilization to address deficits as costs continue to rise with inflation, and enrollment rates continue to decline. Staff also informed the Budget Subcommittee that they are reviewing the district's use of CalPERS as its administrator for pensions and other funds. The Budget subcommittee may assist staff with research and review as staff begins to review options.

Tax Revenue and Assessed Valuation: The Tax Revenue & Assessed Valuation Subcommittee met with the Assistant Superintendent Melody Canady and Director of Fiscal Services Gerardo Cruz to

discuss how the subcommittee can help continue to improve budget projections / process. The subcommittee is taking two primary actions:

- To continue to liaise with the City of Santa Monica to provide the fastest possible updates to Measure GSH / YY revenue updates (including an update in February 2022) and
- To assist with the search and review of redevelopment consultant services to help prepare RPTTF financial projections through FY 2041-42 for use in the District's multi-year budget planning.

Bond Oversight: At the Joint Board/FOC meeting in July 2021, the Financial Oversight Committee provided suggested changes to the District's Debt Issuance and Management Policy. Through the Fall and into early 2022, the FOC Bond Oversight Subcommittee participated on calls with the Board liaisons and staff to discuss these changes. Staff directed the District's Bond Counsel firm, Jones Hall, to prepare an updated draft of the Debt Policy based on the FOC's suggestions and subsequent discussions. The FOC Bond Oversight Subcommittee reviewed this draft and provided a memo to Staff enumerating areas of concern with additional changes noted. Staff responded that these additional changes will be accepted and incorporated into a revised draft of the Debt Policy for final FOC review in February and in advance of Board action on the Debt Policy, possibly during March 2022.

Measure R Reporting and Process Review: In late November, this subcommittee met with Dr. Mora to learn about the Measure R budgeting process, how they make decisions, and how those decisions progress to the public reports. After that discussion the subcommittee discussed next steps and how to provide meaningful input into the Measure R presentation in time to influence the 2022-23 Measure R budget. At this point we are working with staff to get the data needed to provide substantive recommendations, and will work closely with staff between now and the March FOC meeting when the budget proposal will be presented to the FOC.

Financial Communication and Reporting: This ad-hoc subcommittee is working collaboratively with Community & Public Relations Officer, Gail Pinsker, to identify specific ways that the District can both clarify its financial communications to the public and incorporate fiscal stewardship-related principles into the District's broader communication strategy. The subcommittee expects to be able to present findings and recommendations by May.

Nominations: The nominations ad-hoc committee has commenced the process to solicit FOC candidates for three-year term commencing with the 2022-2023 school year. There are 3 FOC members with terms expiring at the end of the 2021-2022 school year. Announcements of the openings to the general public will be going out this month; current FOC members who wish to stand for another term may reapply. The application period will be open until April 22. The ad-hoc committee will review all written applications and conduct interviews of appropriate candidates. It will make its recommendation for the candidates to fill the open positions to the full FOC at the May meeting.

Respectfully submitted,
Payal S Maniar
Chair, Financial Oversight Committee

CERBT Account Update Summary

Santa Monica-Malibu Unified School District

as of December 31, 2021

OPEB Valuation Report Summary

OPEB Actuarial Valuation Report by Demsey, Filliger, and Associates	
Valuation Date	7/1/2019
Measurement Date	-
Total OPEB Liability (TOL)	\$48,696,722
Valuation Assets	\$5,864,788
Net OPEB Liability (NOL)	\$42,831,934
Funded Status	12%
Actuarially Determined Contribution (ADC)	\$0
CERBT Asset Allocation Strategy	Strategy 1
Discount Rate	4.09%

CERBT Account Summary

As of December 31, 2021	Strategy 1
Initial contribution (06/23/2016)	\$1,500,000
Additional contributions	\$3,500,000
Disbursements	\$0
CERBT expenses	(\$25,072)
Investment earnings	\$3,105,356
Total assets	\$8,080,284
Annualized net rate of return (06/23/2016-12/31/2021 = 5.52 years)	10.54%

Cash Flow Summary by Fiscal Year

Fiscal Year	Contributions	Disbursements	Cumulative Investment Gains (Losses)	Cumulative Fees	Cumulative Ending Assets
2006-07	\$0	\$0	\$0	\$0	\$0
2007-08	\$0	\$0	\$0	\$0	\$0
2008-09	\$0	\$0	\$0	\$0	\$0
2009-10	\$0	\$0	\$0	\$0	\$0
2010-11	\$0	\$0	\$0	\$0	\$0
2011-12	\$0	\$0	\$0	\$0	\$0
2012-13	\$0	\$0	\$0	\$0	\$0
2013-14	\$0	\$0	\$0	\$0	\$0
2014-15	\$0	\$0	\$0	\$0	\$0
2015-16	\$1,500,000	\$0	(\$8,990)	(\$24)	\$1,490,986
2016-17	\$2,500,000	\$0	\$224,277	(\$1,830)	\$4,222,447
2017-18	\$1,000,000	\$0	\$536,176	(\$6,006)	\$5,530,170
2018-19	\$0	\$0	\$879,948	(\$10,719)	\$5,869,229
2019-20	\$0	\$0	\$1,089,729	(\$15,770)	\$6,073,959
2020-21	\$0	\$0	\$2,761,612	(\$21,688)	\$7,739,924
as of 12/31/2021	\$5,000,000	\$0	\$3,105,356	(\$25,072)	\$8,080,284

CERBT/CEPPT Investment Returns Outperform Benchmarks

Periods ended November 30, 2021

Fund	Assets	1 Month	3 Months	FYTD	1 Year	3 Years	5 Years	10 Years	ITD
CERBT Strategy 1 (Inception June 1, 2007)	\$14,257,799,070	-1.84%	-1.29%	1.42%	14.35%	13.45%	10.99%	9.26%	6.20%
Benchmark		-1.87%	-1.34%	1.34%	14.14%	13.17%	10.65%	8.92%	5.79%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,934,821,232	-1.30%	-0.94%	1.52%	10.63%	12.03%	9.46%	7.90%	8.24%
Benchmark		-1.32%	-0.97%	1.46%	10.45%	11.82%	9.14%	7.57%	7.95%
CERBT Strategy 3 (Inception January 1, 2012)	\$851,347,899	-0.79%	-0.45%	1.84%	8.10%	10.54%	7.86%	-	6.51%
Benchmark		-0.80%	-0.47%	1.81%	7.98%	10.37%	7.61%	-	6.21%
CERBT Total	\$17,043,968,201								
CEPPT Strategy 1 (Inception October 1, 2019)	\$43,108,251	-1.07%	-1.16%	0.98%	9.28%	-	-	-	10.17%
Benchmark		-1.10%	-1.22%	0.93%	9.16%	-	-	-	10.15%
CEPPT Strategy 2 (Inception January 1, 2020)	\$21,181,911	-0.31%	-0.83%	0.79%	4.02%	-	-	-	6.01%
Benchmark		-0.32%	-0.85%	0.77%	3.86%	-	-	-	5.86%
CEPPT Total	\$64,290,162								

CERBT Expected Rates of Return & Risk

Portfolios	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Expected Return	7.59%	7.01%	6.22%
Risk	11.83%	9.24%	7.28%

CERBT Portfolio Details

Asset Classification	Benchmark	CERBT Strategy 1	CERBT Strategy 2	CERBT Strategy 3
Global Equity	MSCI All Country World Index	59% ±5%	40% ±5%	22% ±5%
Fixed Income	Barclays Capital Long Liability Index (CERBT)	25% ±5%	43% ±5%	49% ±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Liquid Index	8% ±5%	8% ±5%	8% ±5%
Treasury Inflation Protected Securities (TIPS)	Barclays Capital Global Real: US TIPS Index	5% ±3%	5% ±3%	16% ±3%
Commodities	S&P GSCI Total Return Index	3% ±3%	4% ±3%	5% ±3%
Cash	3-Month Treasury Bill	0% +2%	0% +2%	0% +2%

Total Participation Cost Fee Rate

- Total all-inclusive cost of participation
 - Combines administrative, custodial, and investment fees
 - Separate trust funds
 - Self-funded, fee rate may change in the future
 - Fee is applied daily to assets under management
 - 10 basis points - CERBT
 - 25 basis points - CEPPT

CEPPT/CERBT Consistently Low Fee Rate History

Fiscal Year	CERBT	CEPPT
2007-2008	2.00 basis points	-
2008-2009	6.00 basis points	-
2009-2010	9.00 basis points	-
2010-2011	12.00 basis points	-
2011-2012	12.00 basis points	-
2012-2013	15.00 basis points	-
2013-2014	14.00 basis points	-
2014-2015	10.00 basis points	-
2015-2016	10.00 basis points	-
2016-2017	10.00 basis points	-
2017-2018	10.00 basis points	-
2018-2019	10.00 basis points	-
2019-2020	10.00 basis points	25.00 basis points
2020-2021	10.00 basis points	25.00 basis points
2021-2022	10.00 basis points	25.00 basis points

606 Prefunding Program Employers

591 CERBT and 58 CEPPT

- State of California
- 154 Cities or Towns
- 10 Counties
- 79 School Employers
- 31 Courts
- 331 Special Districts and other Public Agencies
 - (100 Water, 36 Sanitation, 33 Fire, 25 Transportation)

Financial Reporting

- CERBT is the Plan
 - Provides audited and compliant GASB 74 report in a Schedule of Changes in Fiduciary Net Position (FNP)
 - Published in February each year

FNP Fiscal Year	Availability
2015-16	Available at https://www.calpers.ca.gov/cerbt
2016-17	
2017-18	
2018-19	
2019-20	
2020-21	January 2022

Questions? Where to Get Trust Fund Information?

Name	Title	E-mail	Desk	Mobile
Matt Goss	Outreach & Support Program Manager	Matthew.Goss@calpers.ca.gov	(916) 795-9071	(916) 382-6487
Karen Lookingbill	Outreach & Support Manager	Karen.Lookingbill@calpers.ca.gov	(916) 795-1387	(916) 501-2219
Vic Anderson	Outreach & Support Manager	Victor.Anderson@calpers.ca.gov	(916) 795-3739	(916) 281-8214
Jasper Jacobs	Outreach & Support Analyst	Jasper.Jacobs@calpers.ca.gov	(916) 795-0432	(916) 717-3886
Colleen Cain-Herrback	Administration & Reporting Program Manager	Colleen.Cain-Herrback@calpers.ca.gov	(916) 795-2474	(916) 505-2506
Robert Sharp	Assistant Division Chief	Robert.Sharp@calpers.ca.gov	(916) 795-3878	(916) 397-0756

Program E-mail Addresses	Prefunding Programs Webpages
CERBT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CERBT
CEPPT4U@calpers.ca.gov – Questions & Document Submittal	www.calpers.ca.gov/CEPPT
CERBTACCOUNT@calpers.ca.gov – Online Record Keeping System	

Santa Monica-Malibu Unified School District

CERBT Strategy 1

Entity #: SKB0-1188894074-001

Quarter Ended December 31, 2021



Market Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Balance	\$7,706,666.41	\$7,739,924.41
Contribution	0.00	0.00
Disbursement	0.00	0.00
Transfer In	0.00	0.00
Transfer Out	0.00	0.00
Investment Earnings	375,319.41	343,744.03
Administrative Expenses	(983.00)	(1,954.95)
Investment Expense	(718.78)	(1,429.45)
Other	0.00	0.00
Ending Balance	\$8,080,284.04	\$8,080,284.04
FY End Contrib per GASB 74 Para 22	0.00	0.00
FY End Disbursement Accrual	0.00	0.00
Grand Total	\$8,080,284.04	\$8,080,284.04

Unit Value Summary:

	QTD Current Period	Fiscal Year to Date
Beginning Units	348,363.826	348,363.826
Unit Purchases from Contributions	0.000	0.000
Unit Sales for Withdrawals	0.000	0.000
Unit Transfer In	0.000	0.000
Unit Transfer Out	0.000	0.000
Ending Units	348,363.826	348,363.826
Period Beginning Unit Value	22.122464	22.217933
Period Ending Unit Value	23.194957	23.194957

Please note the Grand Total is your actual fund account balance at the end of the period, including all contributions per GASB 74 paragraph 22 and accrued disbursements. Please review your statement promptly. All information contained in your statement will be considered true and accurate unless you contact us within 30 days of receipt of this statement. If you have questions about the validity of this information, please contact CERBT4U@calpers.ca.gov.

Statement of Transaction Detail for the Quarter Ending 12/31/2021

Santa Monica-Malibu Unified School District

Entity #: SKB0-1188894074-001



Date	Description	Amount	Unit Value	Units	Check/Wire	Notes
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Client Contact:
CERBT4U@CalPERS.ca.gov

[Click Here for COVID-19 Related Resources](#)

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Ask SSC . . . School Closure Options Amidst the COVID-19 Surge

 [BY LEILANI AGUINALDO](#)

 [BY PATTI F. HERRERA, EDD](#)

 [BY WENDI MCCASKILL](#)

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posted January 7, 2022

Q. What options do local educational agencies (LEAs) have, if any, to close schools given the surge in COVID-19 cases?

A. Unsurprisingly, we have received many questions this week related to school closure options in the midst of the Omicron variant, and it feels like déjà vu from exactly a year ago when COVID-19 positivity rates were also escalating. We recognize the pressures school leaders face in this situation and that any consideration of physically closing schools is one that you approach with great care and with the safety of your students and staff at the forefront.

To answer these questions, it's important to remember that LEAs must abide by minimum instructional day requirements—180 school days for school districts and 175 school days for charter schools. This is in addition to [requirements](#) for minimum instructional minutes, which vary by grade span.

Emergency Days

With this in mind, if an LEA decides it must close schools completely, one option that may be available is to utilize emergency days already built into or added to the school calendar. Sometimes also known as “snow days,” this option would allow an LEA to immediately close schools for a certain number of days and make up the days later in the school year, as determined based on the school calendar. As such, the LEA retains the number of days in the school year, and there is no need to seek a J-13A waiver to protect against loss in attendance based funding or instructional time.

J-13A Attendance and Instructional Time Requests

While the J-13A process is still available for losses in attendance and instructional time resulting from extraordinary conditions such as fire, flood, or earthquakes, recent changes in statute significantly narrow the availability of the J-13A process for impacts related to COVID-19. Under [Education Code Section \(EC §\) 41422](#), from September 1, 2021, to June 30, 2022, LEAs may not use the J-13A process to mitigate losses of

average daily attendance (ADA) based funding “if the school closure was due to impacts from COVID-19,” with only a few exceptions. LEAs may pursue approval of a J-13A to avoid losses of attendance-based funding for students with disabilities whose Individualized Education Program does not provide for independent study and for closure of community day schools related to COVID-19. In addition, a J-13A request may be filed for school closures necessitated by a COVID-19-related staffing shortage.

In the event of a school closure due to a severe staffing shortage, J-13As may be submitted if the following conditions are met:

- Unable to provide in-person instruction due to staffing shortages as a result of staff quarantine due to COVID-19
- Exhausted all options for obtaining staff coverage
- Consulted with the county office of education and the State Superintendent of Public Instruction in determining that staffing needs cannot be met through any option

It should also be noted all J-13A requests must now include a plan to offer independent study to all impacted students within ten days after the first day of the qualifying event. Additional information about J-13A requests submitted during the 2021-22 school year is available on the California Department of Education’s [website](#).

Remote Instruction

If an LEA is considering pivoting to remote instruction, then this must be done within the construct of the independent study statutes, which makes shifting to 100% remote learning problematic. Previous Fiscal Report articles have detailed independent study requirements (see “[Budget Trailer Bill Reinforces Independent Study for Quarantines](#)” in the September 2021 *Fiscal Report*), and the important detail to reinforce here is that students and parents must opt-in to independent study by completing a required learning agreement. Per EC § [5174.7](#) and [5174.9.6](#), students may not be required to participate in independent study, including remote learning, and must retain the option for in-person instruction. With the exception of students participating in independent study either due to quarantine for exposure to, or infection with, COVID-19 pursuant to local or state health guidance or COVID-19-related school closure, students participating in independent study who do not have the option of in-person instruction cannot generate ADA for funding purposes. Students that must isolate or quarantine because of COVID-19 should already be captured by an LEA’s independent study plans for these situations. To the extent that LEAs have not already captured signed learning agreements for students that must isolate or quarantine because of COVID-19, all independent study agreements need to be completed within 30 days of the commencement of independent study.

We recognize the tremendous and never-ending challenges that all LEAs face amidst the pandemic, and we remain hopeful that 2022 will soon improve. All of us at School Services of California Inc. remain here to assist you the best that we can.



SMMUSD Financial Oversight Committee Meeting Minutes

Date: Thursday, January 6, 2022

Time: 6:00 pm to 8:00 pm

Location: Zoom

https://drive.google.com/file/d/1zdLTfDT_CGK-Z5r7jZVUyUudX9Qb1j7X/view?usp=sharing

I. Call to Order

6:06 pm

Committee Members: JW Beekman
Matthew Crawford
Seth Jacobson
Shawn Landres
Renu Mevasse

Matthew Covington
Alex Farivar
Michael Kremer
Payal Maniar
Michael Rotgin

Staff: Gerardo Cruz
Bonnie Kung
Deanna Sinfield – *departed at 9:24 pm*
Melody Canady – *departed at 9:26 pm*
David Chiang – *departed at 8:31 pm*

Board Liaison: Keith Coleman
Craig Foster

Absent: Jon Kean
Zoe Pollack, Malibu student rep

Public: Shilo Gorospe, District Auditor – *Eide Bailly – departed at 7:56 pm*

II. Approval of Agenda

6:10 pm

A motion was made by Mr. Crawford and seconded by Mr. Kremer to approve the meeting agenda as amended to defer Agenda Item IV.D. Update on Debt Policy to a later date.

AYES: Ten (10) (Mr. Beekman, Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: None (0)

ABSTAIN: None (0)

III. Approval of FOC Meeting Minutes

6:13 pm

A motion was made by Mr. Landres and seconded by Ms. Maniar to approve the December 7, 2021 meeting minutes as amended.

Under IV.A. 1st Interim Budget Report:

The committee **requested** ~~suggested setting a timeline for the plan and that providing any further information~~ **be provided** to the Financial Communications subcommittee ~~would be helpful~~ **in order** to better assist in communicating the plan to the public.

AYES: Ten (10) (Mr. Beekman, Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: None (0)

ABSTAIN: None (0)

IV. Discussion/Action Items

A. District Audit Report

6:18 pm

Ms. Gorospe provided the committee an overview of the draft 2020-21 district audit report. She explained that while there were some outstanding items at the time of the presentation, no significant changes nor findings were anticipated. The committee discussed their concerns of non-compliance with contracts resulting in lost ADA due to students required to quarantine for COVID-19.

Mr. Crawford suggested that further clarification be provided in the statement regarding the unrestricted net position on page 10.

The committee discussed the material weakness identified in the internal controls report. There was a timing difference in reporting the issuance of the Certificate of Participation (COP) in the financial statements. The unaudited actuals were adjusted within the audit report and there was no significant impact on the unrestricted general fund. The committee also discussed the District's readiness to implement GASB 87.

Mr. Cruz reminded the committee that the Business Office made budget cuts to reduce positions and funding as part of the Fiscal Stabilization Plan.

The draft audit report may be found at:

https://drive.google.com/file/d/1v9N_OMSsJBuQmRaIYkIDlk3VpJlp9rM/view?usp=sharing

A motion was made by Mr. Landres and seconded by Mr. Jacobson to accept the draft audit report and forward the following recommendations to the Board of Education for its consideration when it receives the audit report:

- The Board instruct its legislative advocates to seek relief for attendance-related audit issues and disadvantage funding apportionments that could result from disproportionate absences in the current school year; note as example pending legislation (SB 579).
- The Business Office identify funding and fill a position focused on special projects, local funding, and unusual funding and contracts, to ensure that the department is supported and fully in compliance with audit standards.
- The Board allocate training and consulting resources to ensure the District's compliance with GASB 87.

AYES: Ten (10) (Mr. Beekman, Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: None (0)

ABSTAIN: None (0)

B. Measure R Audit Report

7:35 pm

Ms. Gorospe provided the committee a brief overview of the draft Measure R audit report. The performance audit was a clean report, as the expenditures in Measure R were approved and found to be in accordance to the ballot text.

The committee discussed the Measure R Reporting and Process Review subcommittee's relevance in communicating the information presented in the report. The committee suggested including the schedule of line items from the Measure R Plan to the report.

The draft Measure R audit report may be found at:

https://drive.google.com/file/d/1325JpCBsTz2YSsNKEWrGRUtqcDXuNyU_/view?usp=sharing

A motion was made by Mr. Crawford and seconded by Mr. Landres to the accept the draft Measure R audit report and recommend to the Board of Education for approval.

AYES: Nine (9) (Mr. Beekman, Mr. Covington, Mr. Crawford, Mr. Jacobson, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: One (1) (Mr. Farivar)

ABSTAIN: None (0)

C. Presentation of Special Education mid-year report

7:56 pm

Ms. Sinfield provided the committee with a mid-year report that included the total budget for Special Education, salary totals, COVID funds, non-public school and residential treatment budgets, new students to SMMUSD, the learning recovery budget, legal liabilities, additional and unique costs, cost anomalies, new funding, and alternative dispute resolution. She explained that there is difficulty in hiring Speech & Language pathologists and paraeducators. Consequently, there were cost anomalies for the independent contractors hired to provide those services, which were offset by the unfilled salaries.

Mr. Cruz shared the budget breakdowns of the District's general legal costs by department, a summary of Special Education legal costs by year, and the Special Education legal settlements as multi-year, long-term liabilities.

The committee discussed their concerns about the District's long-term liabilities and recommended taking proactive steps in tracking services provided and researching the potential impacts from COVID-19 and changes to funding in anticipation of their fiscal impact on Special Education.

The committee made the following recommendations:

- The FOC receive an annual presentation from Special Education (budget) and include key items such as long-term liabilities and legal settlements by cross-sections of the various categories.
- The Board evaluate the pay gap that exists between the Special Education resources (para, educators, therapists, special ed staff and teachers, etc.) to what is in the market; in addition to a cost analysis of using outside agencies vs. making changes internally.
- The Board look into lobbying opportunities to get federal and state to fully fund the various legislations that support Special Education, including ADA.

The presentation may be found at:

<https://www.smmusd.org/cms/lib/CA50000164/Centricity/Domain/300/FinReports/SPEDReporttoFOC010622.pdf>

The legal costs document may be found at:

https://drive.google.com/file/d/1p4bCPfzB2n_ZnQxt5hY9DN2DAUZEJHdP/view?usp=sharing

D. Update on Debt Policy

This item was amended from the agenda and will be agendized once the Bond Oversight subcommittee has met with staff.

E. Update from Nominations Ad-hoc Committee: FOC Vacancy Candidate Recommendation – Ryan Chin

9:23 pm

Mr. Covington shared a memo from the Nominations subcommittee which detailed the steps taken to select Ryan Chin to fill the vacancy in the FOC. The memo also provided background information for Mr. Chin. The subcommittee reviewed the agreed upon procedures from the previous application process. Mr. Covington clarified that there isn't a requirement to re-post the vacancy. The subcommittee reviewed the existing applications and decided to not reopen the application process. They interviewed Ryan Chin and recommend that he fill the open seat on the FOC. A footnote in the memo further explained the selection process from the available candidates.

The memorandum from the Nominations ad hoc committee and the FOC nominations process documents may be found at the following links:

- Memo dated January 4, 2022:
<https://drive.google.com/file/d/1jomYkhDhDzNLHqXCJF9teLbniY3kXQUF/view?usp=sharing>

- Nominations Process Documents:
https://drive.google.com/file/d/1GbpDH_ZvZMAvV6xpopogukM55GAp7tZB/view

A motion was made by Mr. Covington and seconded by Ms. Maniar to recommend that the Board of Education appoint Ryan Chin to fill the vacancy in the Financial Oversight Committee.

AYES: Ten (10) (Mr. Beekman, Mr. Covington, Mr. Crawford, Mr. Farivar, Mr. Jacobson, Mr. Kremer, Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Rotgin)

STUDENT ADVISORY VOTES: None (0)

NOES: None (0)

ABSENT: None (0)

ABSTAIN: None (0)

Mr. Landres noted that he accepts the logic of the procedures taken to fill the vacancy but believes that every vacancy should be published.

V. Ad hoc Subcommittee Report

9:33 pm

A. Budget Recommendations: *Mr. Jacobson, Mr. Covington, Mr. Beekman, Mr. Rotgin*

There was no report.

B. Tax Revenue and Assessed Valuation: *Mr. Farivar, Mr. Crawford, Mr. Kremer, Mr. Beekman*

Mr. Farivar reported that the subcommittee met and will follow up with staff and the city contact. Per initial communication, the tax revenue from the city is looking stronger than anticipated.

C. Bond Oversight: *Mr. Kremer, Mr. Crawford, Ms. Mevasse, Mr. Rotgin*

Mr. Kremer reported that the subcommittee met to review the draft of the debt policy generated by bond counsel. A memo was drafted with suggested revisions and the subcommittee will meet with staff to further discuss.

D. Measure R Reporting and Process Review: *Mr. Crawford, Mr. Landres, Ms. Maniar*

Mr. Crawford reported that the subcommittee recently received documents from Dr. Mora. The subcommittee will review the documents and discuss with staff to determine a work product before the Measure R process is completed.

E. Financial Communication and Reporting: *Mr. Landres, Ms. Maniar, Ms. Mevasse, Mr. Jacobson*

Mr. Landres reported that the subcommittee will meet on the following Thursday.

F. Nomination: *Mr. Covington, Mr. Kremer, Ms. Maniar, Mr. Farivar*

Update was given during Agenda Item IV.E. Update from Nominations Ad-hoc Committee:
FOC Vacancy Candidate Recommendation – Ryan Chin.

VI. Receive and File (Limited Discussion)

- 9:36 pm
- A. 2021-22 Financial Oversight Committee (FOC) Conflict of Interest Pledge
https://drive.google.com/file/d/1yspMXfYkbpnxTTq_yQK5YKtvpicdu3B/view?usp=sharing
 - B. School Services of California – November 18, 2021 “*LAO Issues Bright Forecast, Increased Funding for K-12*”
https://drive.google.com/file/d/1nDIKk4I4_q6BoFjcLcg6s6A-HXafydLk/view?usp=sharing
 - C. School Services of California – November 30, 2021 “*Revenues Continue to Beat Projections in November Finance Bulletin*”
<https://drive.google.com/file/d/1Yo77V4pz6HSUaS-oFoH0He43-D1OdZmn/view?usp=sharing>
 - D. Los Angeles Times – January 3, 2022 “*California lawmakers may stop tying K-12 schools’ funding to daily attendance*”
 - E. Cal Matters – October 19, 2021 “*California schools are running out of money*”
 - F. Cal Matters – April 23, 2021 “*Public school enrollment hits 20-year low: Biggest dip in youngest grades*”
 - G. Cal Matters – September 28, 2021 “*Why many California students keep missing school*”

VII. Public Comments None

VIII. Committee Comments None

IX. Next Meeting: Thursday, February 24, 2022 - Zoom

X. Adjournment: The meeting adjourned at 9:39 p.m.

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CALIFORNIA

California lawmakers may stop tying K-12 schools’ funding to daily attendance



Students sound out words phonetically at Esperanza Elementary School in Los Angeles in August 2019. (Liz Moughon / Los Angeles Times)

BY MACKENZIE MAYS | STAFF WRITER

JAN. 3, 2022 **UPDATED** 10:12 AM PT



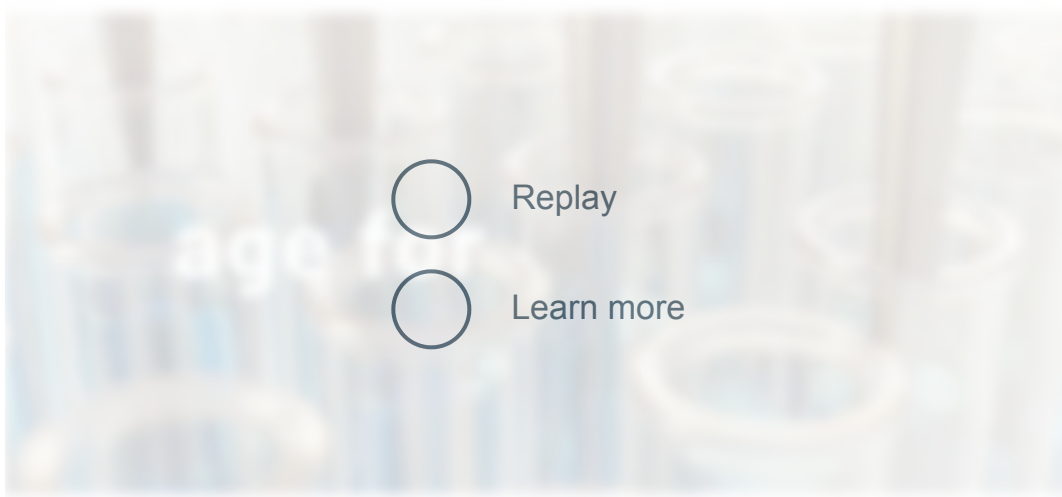
SACRAMENTO — After decades of linking K-12 school funding to daily student attendance, California lawmakers are poised to consider abolishing that standard, choosing instead a new method that could provide a significant boost to big districts such as Los Angeles Unified.

State Sen. Anthony Portantino (D–La Cañada Flintridge) will introduce legislation on Monday that would tie education funding to annual enrollment rather than average daily attendance records. The move could bring in an additional \$3 billion in annual state funding for schools, Portantino said.

California has long funded its 1,000-plus school districts based on how often students show up to class instead of a total head count of those enrolled. The policy has been promoted as a way to hold schools accountable for student absences.

But supporters of the new bill, including the Los Angeles Unified School District, say that an enrollment-based policy is less volatile and will allow schools to tap into more money and better plan for spending.

ADVERTISING



To address absentee concerns, Portantino's proposal requires that at least half of any new funds schools receive under the new policy be put toward combating chronic absenteeism and truancy.

"This should not be seen at all as an effort to devalue getting kids in class," Portantino said in an interview with The Times. "That's a red herring argument."

Twelve percent of California's 6 million-plus K-12 students were marked "chronically absent" in 2018-19, meaning they missed at least 10% of the school year. The chronic absenteeism rate for Black students [was more than double](#) that of white students.

In November, the nonpartisan Legislative Analyst's Office projected that K-12 schools and community colleges will receive more than \$102.6 billion in the current fiscal year — almost \$9 billion more than what was already hailed as a record amount of funding when Gov. Gavin Newsom signed the state budget last summer. Public schools have been guaranteed the largest single share of general fund revenue since voters approved education funding formulas in 1988.



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By Urovant

There are ways to treat your OAB symptoms.

Supporters of Portantino's bill said that student absences during the pandemic have brought to light the problems many campuses have long faced due to linking funding to attendance.

"Our current attendance-based funding system takes resources away from schools in lower-income communities because they experience higher rates of absenteeism," California School Employees Assn. President Shane Dishman said in a statement. "The truth is, attendance-based funding punishes students in schools that most need the state's financial support."

Although a shift to enrollment-based funding could create a wider gap between small and large districts, the bill states that no school would receive less funding.

A "hold harmless" provision would maintain current funding levels but allow districts to apply for supplemental funding if enrollment totals are greater than the average daily attendance formula. The bill would go into effect in the 2023-24 school year.

“What we’re saying is, let’s give them what the actual enrollment numbers are and that will translate into extra dollars for districts. No school district will lose money, it will only force the pot to grow,” Portantino said. “My districts have been saying for years that this would lead to more stability and more funds.”

California is among only a handful of states, including Texas and Kentucky, that base school funding on average daily attendance.

Portantino’s proposal comes after Newsom moved to temporarily protect California schools from attendance-based funding penalties as students were forced out of classrooms by the COVID-19 pandemic. The long-standing attendance rules have since been set back in motion as a way to promote in-person instruction.

Last year, the California Department of Education reported its [largest drop in enrollment in 20 years](#), with about 160,000 fewer students than the prior year. A significant portion of those losses were among kindergartners, with families choosing to opt out of entering a school system during one of the most disruptive years in history.

But even without pandemic-related absences, school officials have been warning of the financial consequences of declining enrollment. California’s population fell in 2020 for the first time in the state’s recorded history — due in part to plummeting birth rates — with 5- to 17-year-olds making up a smaller portion of the population each year, according to state Department of Finance researchers.

Proponents of Portantino’s plan say that, regardless of changes in overall enrollment, an enrollment-based policy will always offer the potential for more dollars, as attendance can change by the day.

Times staff writer Taryn Luna contributed to this report.



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Mackenzie Mays covers state government and politics in the Los Angeles Times’ Sacramento bureau. Previously, she worked as an investigative reporter for Politico, the Fresno Bee and the Charleston Gazette-Mail. In 2019, she received the National Press Club Press Freedom Award for her political watchdog reporting. She is a graduate of West Virginia University and proud Appalachian.

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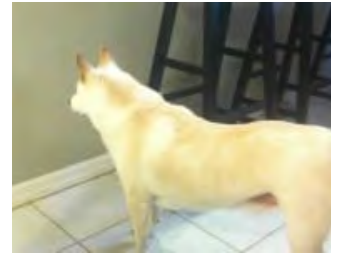
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WHATMATTERS

California schools are running out of money



BY EMILY HOEVEN
OCTOBER 19, 2021



Laurel Elementary serves as a hub for five Oakland schools during summer classes with 120 in-person students ranging from incoming first-graders to incoming fifth-graders on June 11, 2021. Photo by Anne Wernikoff, CalMatters

IN SUMMARY

California school districts have two choices: Bite the bullet and make budget cuts now, or delay them and face even more painful decisions.

California school districts have two choices: Bite the bullet and make budget cuts now, or delay them and face even more painful decisions.

That was the ultimatum Michael Fine, CEO of the Fiscal Crisis and Management Assistance Team, a school finance agency, [delivered to district leaders](#) last week.

But warnings have been popping up everywhere. The state is hiring a fiscal consultant to help San Francisco Unified – which [is currently facing a \\$116 million shortfall](#) – figure out how to slash 13% of its \$1 billion annual budget. Hayward Unified is [considering closing an elementary school](#) – one that primarily serves immigrant families – to plug budget gaps. West Contra Costa Unified, [confronting a possible \\$30 million deficit](#), says it may have to lay off teachers.

Yet the state is pouring [a record amount of money into education](#). So what gives?

Some of the primary culprits, experts say, are declining attendance and enrollment – which partially determine school funding. During the first year of the pandemic, [California's public schools lost more than 160,000 students](#) – the largest enrollment drop in two decades. Although this year's statewide numbers haven't yet been released, the numbers from individual districts are grim. [Los Angeles Unified's enrollment](#) has fallen by more than 27,000 students since last year, while [San Francisco Unified](#) lost 3,500 students over the past two years.

The state Department of Finance, meanwhile, [predicts that](#) California's pre-pandemic enrollment will decrease by 703,000 students by 2031.

The state is still funding schools based on their pre-pandemic enrollment, but – unless lawmakers intervene, which some administrators are begging them to do – that practice will come to an end next year. Schools could then see their funding affected by declining enrollment and [surging chronic absenteeism](#).

- [Sara Bachez of the California Association of School Business Officers](#): “There needs to be a stopgap measure, some sort of protection for one more year.”

Money isn’t the only challenge schools face. On Monday, [some parents kept their kids home from school](#) and held demonstrations to protest Gov. Gavin Newsom’s student vaccine mandate. Also Monday, San Francisco officials announced three school board members [will face a recall election in February](#).

And although schools next year will start providing [free meals to all students](#), they aren’t required to make dietary accommodations for religious beliefs – which could disproportionately impact Muslim students, [CalMatters’ Joe Hong reports](#).

The coronavirus bottom line: As of Sunday, California had **4,588,231 confirmed cases (+0.4% from previous day)** and **70,416 deaths (+0.4% from previous day)**, according to [state data](#). CalMatters is also tracking [coronavirus hospitalizations by county](#).

California [has administered](#) **51,271,175 vaccine doses**, and **72%** of eligible Californians are [fully vaccinated](#).

Plus: CalMatters is tracking [the results of the Newsom recall election](#), which will be certified Oct. 22.

Other stories you should know

1. Rain hits parched landscape



Lake Mead National Recreation Area. Photo via iStock

The bad news: California just wrapped up its driest year in a century and its second-driest year in recorded history, with only 11.87 inches of rain and snow falling in the Golden State from Oct. 1, 2020 through Sept. 30, 2021, [according to the Western Regional Climate Center](#). That's half of the 23.58 inches California logs in an average water year – suggesting that [mandatory statewide restrictions could be on the way](#) as [devastating drought](#) persists. On Monday, [Vice President Kamala Harris visited Lake Mead](#), the Nevada reservoir that supplies water to 25 million people in California, Arizona, Nevada and Mexico, to promote the Biden administration's infrastructure and climate change packages (which are currently stalled in Congress). Behind her, the reservoir's water levels were at their lowest in history.

The good news: Rain and snow are here! A light shower of rain fell on Sacramento Sunday night, ending [a record-long dry spell](#) that had stretched 212 days. Unfortunately, the rain also knocked out power for 35,000 PG&E customers, 11,000 of whom [still lacked power](#) Monday morning. [Drizzle fell on Los Angeles](#) Monday morning, and [snow was dusting](#) the Sierras. Another rainstorm is forecasted to drench much of Northern California tonight, [ushering in a string of isolated showers](#) expected to last through next week. However, experts warned that particularly heavy rainfall [could result in mudslides](#) near recent wildfire burn areas.

In other environment news: Rep. Nanette Barragán, a San Pedro Democrat, asked Newsom Monday [to declare a state of emergency in Carson](#), where the foul smell of hydrogen sulfide has been swirling for more than two weeks.

2. Fiona Ma in hot water – again



State Treasurer Fiona Ma.

Should California's statewide elected officials who decide not to relocate to Sacramento be able to charge taxpayers for their lodging, meals and travel? The question – raised in 2019 when [Politico reported](#) that Insurance Commissioner Ricardo Lara was charging taxpayers thousands of dollars to rent a Sacramento apartment while maintaining a primary residence in Los Angeles – reemerged in a Monday [Sacramento Bee report](#). The investigation found that Treasurer Fiona Ma – who maintains a primary residence in San Francisco – is the only statewide officer who consistently charged her food and lodging costs to taxpayers while staying in Sacramento. (Lara stopped charging taxpayers for the Sacramento apartment in 2019.) It's the latest bit of bad press for Ma, who is also facing scrutiny for [sharing hotel rooms with staff](#) and a sexual harassment lawsuit from a former employee.

- [Ma](#): "I am a dedicated public servant who takes my responsibilities and stewardship of California's dollars and resources seriously, and this will always be my highest priority."
- [Jon Coupal, president of the Howard Jarvis Taxpayers Association](#): "If you run for statewide office, you should be expected to maintain – at your own expense – a residence in Sacramento."

3. Did Bay Area cops make criminal threats?

Photo via iStock

A superior court judge on Monday was set to consider an 18-year-old woman's request for a temporary restraining order against her relatives, Oakland police sergeant Lee French and his wife, Richmond Police Chief Bisa French. It's the latest development in a convoluted and controversial case that has resulted in criminal investigations involving at least five law enforcement agencies – and raised questions about the Frenches' blurring of personal and professional boundaries as they tried to wrest their young relative away from a man who they believed was sex trafficking her, according to reports from [the East Bay Times](#) and [San Francisco Chronicle](#).

But the teenager denies she is a victim and calls Oho McNair, 34, her "partner." In her restraining order request, she said the Frenches tried to physically restrain her against her will and threatened to kill McNair. Police are also investigating whether the Frenches made criminal threats against McNair's mother when they confronted her at her home. Both the Frenches are now on leave from their respective police departments, while McNair –

who was previously convicted of sex trafficking – has pled not guilty to felony charges of pimping and pandering in connection to the teenager.

- [Mike Rains, the Frenches' attorney](#): “I’ve not heard of any allegations out there that they’re trying to use their badge or law enforcement status in any way. ... Even a couple of cops never realized the power these guys can exert over a girl.”
-

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CalMatters commentary

[CalMatters columnist Dan Walters](#): California’s ban on gas-powered lawn equipment will hit the little guys hardest.

Clean water in California is overdue: As we approach the 50th anniversary of the federal Clean Water Act, the state must ensure swimmable, fishable and drinkable waters for all residents, [writes Sean Bothwell of the California Coastkeeper Alliance](#).

Other things worth your time

Amid federal charges, Mark Ridley-Thomas will ‘step back’ from council duties, but not resign. // [Los Angeles Times](#)

California union moves to strip SEIU Local 1000 president of powers. He calls vote illegitimate. // [Sacramento Bee](#)

Women firefighters call for Chief Terrazas' resignation, citing lack of 'accountability and action' in LAFD. // [LAist](#)

Former Los Angeles Mayor Villaraigosa: 'Rome is burning.' // [NBC Los Angeles](#)

California #MeToo leaders say Capitol's sexual harassment unit is too close to the Legislature. // [Sacramento Bee](#)

Trouble in the Crime Lab: Questions arise amid 'Mean Girls' atmosphere. // [San Diego Union-Tribune](#)

State authorities destroy 1 million marijuana plants in crackdown on illegal operations. // [Los Angeles Times](#)

Court: Parts of pesticide program violate California law. // [Associated Press](#)

How a prescribed burn in Santa Cruz County got out of control. // [San Francisco Chronicle](#)

Parking fines no longer pay Los Angeles' bills. // [Crosstown](#)

San Jose has no funding to expand permit parking program. // [Mercury News](#)

They lost the first battle for San Diego's sports arena site. Now they're mounting a comeback. // [San Diego Union-Tribune](#)

LAUSD says it's hiring 922 mental health workers. 75% of the positions sit empty. // [KCRW](#)

In Los Angeles, glimpses of an oasis with immigrant roots. // [New York Times](#)

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Emily Hoeven

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Emily Hoeven writes the daily WhatMatters newsletter for CalMatters. Her reporting, essays, and opinion columns have been published in San Francisco Weekly, the Deseret News, the San Francisco Business... [More by Emily Hoeven](#)

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WHATMATTERS

Public school enrollment hits 20-year low: Biggest dip in youngest grades



BY EMILY HOEVEN
APRIL 23, 2021



The coronavirus pandemic led to an unprecedented drop in public school enrollment in California. Image via iStock

California's public schools lost more than 160,000 students amid the pandemic, the largest enrollment drop in [two decades](#) and a likely harbinger of serious educational and financial challenges.

The sharp 2.6% decline, announced Thursday [by the California Department of Education](#), doesn't capture the full effects of the pandemic. The enrollment tally comes from a one-day headcount in October and doesn't include students who may have left the public school system afterward. But the drop is already steeper than the 155,000-student decline [state officials were projecting in January](#). And it's disproportionately affecting the state's youngest students: 88% of the drop occurred in kindergarten to sixth grade, while public preschool enrollment [fell by more than 6,000 students](#).

- [State Superintendent Tony Thurmond](#): "While there are many reasons to stay optimistic that enrollment will rebound as conditions improve ... we must also help schools identify opportunities to engage with families who either sought new options for their students during the pandemic or need additional resources and support."

California's public school enrollment was already decreasing before the pandemic, partly due to [slowing population growth](#). But it also appears that many parents decided to pull their kids out of public school as the Golden State continued to offer its students [the least amount of in-person learning in the country](#). Charter schools saw their enrollment jump by more than 15,000 students amid the pandemic, according to [state data](#). Meanwhile, some families decided to hold off on school altogether. Potentially tens of thousands more children than usual will enter first grade next school year [without having been through kindergarten](#), stretching an already strained system even tighter.

- [Lorin Yin, a San Francisco public school parent](#): "There's no version of this where we would have voluntarily left the school. I feel pushed out of the school system. I feel like I'm not fleeing it, I feel like I'm being kicked out."

Districts aren't at risk of losing state funding due to declining enrollment until the 2022-23 school year. But after that, smaller rosters could cause state funding to drop by [\\$10,000 per student or more](#).

The coronavirus bottom line: As of Thursday, California had **3,624,838 confirmed cases (+0.1% from previous day)** and **59,992 deaths (+0.2% from previous day)**, according to [a CalMatters tracker](#).

California [has administered](#) **26,823,157 vaccine doses**, and **33.9%** of Californians are [fully vaccinated](#).

Plus: CalMatters regularly updates this pandemic timeline tracking the [state's daily actions](#). We're also [tracking the state's coronavirus hospitalizations by county](#) and [lawsuits against COVID-19 restrictions](#).

A Message from our Sponsor

Other stories you should know

1. Bonta confirmed as attorney general

Assemblymember Rob Bonta has been confirmed as the new California Attorney General. Photo by Anne Wernikoff, CalMatters

The Legislature on Thursday confirmed [Assemblymember Rob Bonta](#) as California's next attorney general, positioning the state to take a markedly different approach to criminal justice than it did under now-U.S. Health and Human Services Secretary Xavier Becerra. In his confirmation hearings, Bonta vowed to take a tougher hand in policing the police by thoroughly investigating deadly officer shootings of unarmed civilians, releasing misconduct records and pursuing civil rights probes of local law enforcement agencies, [CalMatters' Robert Lewis reports](#). The Alameda Democrat also pledged to rebuild trust between law enforcement and communities of color in the wake of ex-Minneapolis police officer [Derek Chauvin being convicted of murder](#) in the death of George Floyd and [a surge in hate crimes against Asian Americans](#). Bonta, one of the Assembly's most progressive lawmakers, also voiced support for a pending bill he

co-wrote that would allow the state to decertify officers for misconduct.

- **Bonta:** “California talks often about how we lead, we’re first, we’re bold. Not when it comes to decertification. This is not – should not be – a controversial concept that we’re talking about.”

2. CA set to regain power to regulate car pollution

Image via iStock

California appears poised to regain its unique authority to set its own vehicle emissions standards after the U.S. Department of Transportation on Thursday [announced plans](#) to roll back portions of [a Trump-era rule that the Golden State had been fighting in court](#). The proposed change, which is subject to a 30-day comment period, would also permit California to require car companies sell more electric vehicles. The move signals that the Biden administration is likely to institute tougher federal fuel

economy rules – and all signs indicate California will have a big seat at the negotiating table. Newsom joined 11 other governors Wednesday in [calling on Biden](#) to ban new gas-powered cars by 2035 – a goal [Newsom set for the Golden State last year](#). One indication that the letter won't go unnoticed: General Motors, which originally supported the Trump administration's legal battle against California's fuel economy standards, [dropped the lawsuit in November](#) and [announced plans in January](#) to only sell zero-emission vehicles by 2035.

3. UC, CSU to require vaccines

An informational sign posted outside a vaccination clinic at Sacramento State on Jan. 29, 2021. Photo by Rahul Lal, CalMatters

The [University of California](#) and [California State University](#) systems unveiled plans Thursday to require students, faculty and staff who use campus facilities this fall to be immunized against COVID-19 once the vaccines receive full approval from the U.S. Food and Drug Administration. The proposal – which includes exemptions based on medical or religious grounds – applies to

more than 1 million people, making it [the largest higher-education vaccination policy in the nation](#). The news came the same day that [Stanford announced](#) vaccines were mandated for all students returning to campus in the fall – with medical and religious exemptions – regardless of whether the vaccines receive FDA approval beyond emergency use authorization. (UC and CSU [said in February](#) such a requirement could raise legal issues.)

As California's coronavirus rate drops [to the lowest in the continental U.S.](#), demand for vaccine [appears to be withering](#) across the state. But gaps persist: The Golden State ranks 45th nationally when it comes to vaccinating its most vulnerable communities, according to [a recent analysis](#) from the Centers for Disease Control and Prevention.

- [Marin County Public Health Officer Dr. Matt Willis](#): "It may take us as long to get through the last 15% as it took to get to the first 85%. ... It's not a practical issue of making it accessible. It's going to rely on dialogue."

A Message from our Sponsor

CalMatters commentary

Getting through drought: Coupling critical infrastructure investments with recent water management and planning improvements – based on lessons from 2014-15 – will help us better manage through 2021, [argues Chandra Chilmakuri of the State Water Contractors](#).

Building a stronger workforce: I support Assembly Bill 628 because it would support individuals who face systemic employment barriers by providing them with training and education programs aligned with regional needs, [writes Zima Creason of the California EDGE Coalition](#).

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Other things worth your time

San Francisco debates controversial homeless proposal to make city provide shelter to all. // [San Francisco Chronicle](#)

Skid row skeptical of judge's order to sweep homeless people into shelters. // [Los Angeles Times](#)

Report: Number of new homeless people in county doubled in 2020. // [San Diego Union-Tribune](#)

Mayor Breed wants an answer from Biden administration: Are sanctioned drug use sites legal? // [San Francisco Chronicle](#)

Some of the biggest names in the California GOP are staying quiet on the Newsom recall. // [Sacramento Bee](#)

Caitlyn Jenner has infrequently voted. Now she might run for office. // [Politico](#)

How Los Angeles' Brentwood school became a battleground in the culture wars. // [Los Angeles Magazine](#)

Los Angeles City Council votes to make plastic utensils only available upon request. // [Daily News](#)

Forest Service logging challenged in California lawsuit to protect endangered mammal. // [Sacramento Bee](#)

Should California protect forest fire 'burn bosses' from lawsuits? // [Sacramento Bee](#)

Photos: Here's what Yosemite looks like one year after the animals took over. // [Los Angeles Times](#)

Gerald Haslam, chronicler of rural California life, dies at 84. // [Los Angeles Times](#)

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Emily Hoeven writes the daily WhatMatters newsletter for CalMatters. Her reporting, essays, and opinion columns have been published in San Francisco Weekly, the Deseret News, the San Francisco Business... [More by Emily Hoeven](#)

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WHATMATTERS

Why many California students keep missing school



BY EMILY HOEVEN
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IN SUMMARY

While Gov. Newsom brags about students returning to classrooms, an EdSource report found many districts are experiencing a massive uptick in chronic absenteeism.

It would seem that the kids are not all right.

The day after he secured a landslide victory in the Sept. 14 recall election, Gov. Gavin Newsom visited an Oakland school to tout [the state's progress in reopening campuses](#), noting that 95% to 100% of students in most districts had returned to in-person instruction. But that picture was complicated by [a Monday EdSource report](#) that found many districts are experiencing a massive uptick in chronic absenteeism – students who miss more than 10% of school days. Since the school year started:

- **46% of students at Thermalito Union Elementary**, a rural district serving mostly low-income families in Butte County, have been chronically absent – up from 8.8% two years ago.
- **39% of Stockton Unified students** have been chronically absent – more than double the rate two years ago.
- **Almost 33% of Oakland Unified students** have been chronically absent.
- **More than 26% of Elk Grove Unified students** have been chronically absent.

Experts say the staggering numbers are due partly to [kids in quarantine](#), who are counted absent if they don't log on every day and complete their assignments. Another possible reason for the skyrocketing absenteeism: a surge in families who want their children to continue learning remotely. Many of the 15,000 Los Angeles Unified students who signed up for the district's independent study program have encountered snafus that blocked them from attending school for days or even weeks, [the Los Angeles Times reports](#).

The problem is especially acute for students with disabilities. Newsom last week [signed legislation](#) clarifying that students with special needs can continue accessing services remotely – but

some have already gone more than a month without any instruction or specialized care, [as CalMatters has reported](#).

- [Lisa Cruikshank, Thermalito Union's director of special projects](#): "What keeps me up at night is all these kids losing out on high-quality instruction, falling behind, falling through the cracks."

Further complicating matters is California's [shortage of teachers](#) and [substitutes](#). A whopping [37% of positions in Los Angeles Unified](#) are currently filled by substitutes – who, under state law, must be transferred to different students after 30 days (a timeframe [recently extended](#) to 60 days through July 1, 2022). The sheer chaos and difficulty of setting up a reliable staffing plan is one reason why many districts this year won't be able to deliver on Newsom and lawmakers' \$5 billion plan to address learning loss through [expanded school days and summer programs](#).

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The coronavirus bottom line: As of Sunday, California had **4,471,635 confirmed cases (+0.5% from previous day)** and **68,362 deaths (+0.4% from previous day)**, according

to [state data](#). CalMatters is also tracking [coronavirus hospitalizations by county](#).

California [has administered](#) **49,116,036 vaccine doses**, and **70%** of eligible Californians are [fully vaccinated](#).

Plus: CalMatters is tracking [the results of the Newsom recall election](#) and [the top 21 bills](#) state lawmakers sent to Newsom's desk.

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Other stories you should know

1. Judge mandates vaccination for prison guards

Guards monitor inmates at San Quentin Prison. Photo by Penni Gladstone for CalMatters

California prison officials and employee unions have two weeks to come up with a plan to implement mandatory COVID-19 vaccinations for prison staff, inmates who work outside the facilities and prisoners who want in-person visitation, [a federal judge ruled Monday](#). The order came a few days after a federally appointed official who oversees medical care in California's prison system [urged the court to require vaccines for prison guards](#), citing the rapid spread of the delta variant and ongoing outbreaks traced to infected staff members. But it could face a legal challenge from the powerful prison guards' union, which has so far been [exempt from Newsom's sweeping mandates](#) impacting other state employees, [CalMatters' Byrhonda Lyons reports](#). The California Correctional Peace Officers Association donated [\\$1.75 million to committees fighting the Newsom recall](#) – the sixth-largest contribution overall.

Meanwhile, California on Monday had the lowest coronavirus case rate in the country, according to [data from the U.S. Centers for Disease Control and Prevention](#).

2. Newsom signs key election, labor bills

A California vote-by-mail ballot. Photo illustration by Anne Wernikoff, CalMatters

Newsom on Monday whittled down the stack of 500-plus bills on his desk by signing a bunch related to [elections](#) and [workers' rights](#). Here's a look at what some of the new laws mean for the Golden State:

- Every active, registered California voter will [receive a mail-in ballot for all elections moving forward](#). This could benefit Democrats, who were more likely than Republicans to vote by mail in the Sept. 14 recall election. It will also likely boost turnout: In the November 2020 election – the first in which all voters were mailed a ballot – turnout topped 70%, [the highest rate since 1952](#). And more than [12.5 million ballots have been counted](#) in the recall so far – approaching [the record 12.7 million](#) cast in the 2018 gubernatorial general election.

- **Californians will vote on two races for the same U.S. Senate seat** in 2022. [As first reported in this newsletter](#), the confusing setup allows the state to avoid violating the U.S. Constitution – in what critics have called “the most undemocratic way possible.”
- **Fashion brands must [pay garment workers by the hour](#)** unless they collectively bargain to be paid by the piece, and each link in the fashion chain – from factories to brands to retailers – can be held liable for wage theft. The clothing industry warns the new regulations could [move jobs offshore](#), reversing a recent trend that saw jobs return to America during the pandemic.
- The state will [phase out a program](#) allowing companies to pay **workers with disabilities less than minimum wage.** [Supporters say the program was exploitative; opponents say](#) ending the program will make it that much harder for disabled Californians to find a job and lead independent lives.

3. The political calculus of redistricting

Image via iStock

The independent commission tasked with redrawing California's legislative and congressional boundaries each decade is supposed to be just that – independent. But the commission – which is meeting today and Wednesday in Sacramento ahead of [a Dec. 27 deadline to submit final maps](#) to the secretary of state – may not be as sheltered from political forces as its name suggests, [CalMatters' Ben Christopher and Sameea Kamal report](#). That's because not all Californians who testify before the committee reveal possible conflicts of interest. A few examples:

- Ada Briceño, who urged the commission to put in separate districts “the very different communities” of north and south coastal Orange County, described herself as a “labor organizer” – neglecting to mention she's also chairperson of the Orange County Democratic Party.
- A caller named “Austin” said the commission should keep both Orange County coasts in the same congressional district. Her phone number fragment and biographical description match those of Austin Eisner, whose husband Alexander is a law partner of Shawn Steel, the husband of GOP U.S. Rep. Michelle Steel – who narrowly ousted Democratic incumbent Harley Rouda in November 2020 to represent coastal Orange County.

Heightening the political stakes of the commission's job: California [losing a seat in the U.S. House of Representatives](#) for the first time in history – likely one held by [a Los Angeles County Democrat](#). Further scrambling the political reshuffling, U.S. Rep. Karen Bass – who represents Los Angeles – [formally launched her bid for Los Angeles mayor](#) on Monday.

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CalMatters commentary

Building an “endemic” economy: California must create consistent policies for the long haul, rather than enacting arbitrary, short-term mandates, [argue Rob Lapsley of the California Business Roundtable and Tracy Hernandez of the Los Angeles County Business Federation](#).

It's time for a civilian climate corps: The state and federal governments must support young people who want to stay in their home communities and reverse the harm from decades of fossil fuel pollution, [writes Maricruz Ramirez of Sunrise Kern County](#).

Other things worth your time

Podcast: Why Fresno is one of the nation's hottest housing markets. // [CalMatters](#)

What killed Bay Area teen? Suicide follows bout with COVID. // [Mercury News](#)

Leaders grapple with Pajaro Valley's pandemic-fueled youth violence crisis. // [Lookout Local Santa Cruz](#)

Veto pressure on Newsom mounts as ethnic studies deadline looms. // [Jewish News](#)

California's secret war over Pentagon aid in fighting wildfires. // [New York Times](#)

Los Angeles County district attorney to dismiss 60,000 past marijuana convictions. // [Los Angeles Times](#)

California's new misdemeanor diversion law sparks confusion, disparities in DUI cases. // [Mercury News](#)

San Francisco could foot the bill for school board recall to help cash-strapped district. // [San Francisco Chronicle](#)

Small Business Administration nominee Dilawar Syed, a California businessman, stalled from confirmation by GOP. // [Washington Post](#)

Unflattering audit of San Diego real estate deals prompts pushback from city attorney. // [San Diego Union-Tribune](#)

San Diego County gave pay raise to troubled COVID-19 hotel contractor. // [inewssource](#)

'He held me hostage with no gun but with his words': The phone scam gaslighting California therapists. // [San Francisco Chronicle](#)

Why California's youth population, birth rate is decreasing. // [Mercury News](#)

Cargo piles up as California ports jostle over how to resolve delays. // [Wall Street Journal](#)

Scenic ranch near Mission San Juan Bautista preserved in land conservation deal. // [Mercury News](#)

Los Angeles luxury real estate fight: The battle over 'The One.' // [Los Angeles Times](#)

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