***Senate Budget and Fiscal Review—Mark Leno, Chair***

# SUBCOMMITTEE NO. 1 on Education

**Subcommittee No. 1**
**Chair, Carol Liu**
**Member, Ted Gaines**
**Member, Roderick Wright**

## Thursday, May 10, 2012
## 9:30 a.m. or
## Upon Adjournment of Session
## Room 3191, State Capitol

**Consultant: Kim Connor**



**Public Comment**

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## ISSUE 1. Year-Three Survey: Update on School District Finance in California – Legislative Analyst's Office

**DESCRIPTION:** The Legislative Analyst's Office (LAO) will present to the Subcommittee major findings and recommendations from their most recent annual survey of school finance, as published recently in their report entitled *Year Three Survey: Update on School District Finance in California.* More specifically, the LAO report will share survey results about how districts are responding to recent budget reductions, flexibility policies, and funding deferrals, as well as how districts are approaching their 2012-13 budgets. The LAO will also present recommendations to the Legislature about how to help districts manage budget uncertainty in the coming year and improve the K-12 funding system on a lasting basis.

**HIGHLIGHTS FROM LAO REPORT**: Findings and recommendations from the Executive Summary of the LAO report **–** ***Year Three Survey: Update on School Finance in California*** **–** released on May 2, 2012, are presented below:

**LAO FINDINGS**

**"Districts Have Implemented Notable Reductions in Recent Years.** Despite an influx of short–term federal aid and state interventions to minimize cuts to K–12 education, school district expenditures dropped by almost 5 percent between 2007–08 and 2010–11. Districts reduced spending by between 1 percent and 3 percent each year, spreading federal funds and reserves across years to moderate the 6 percent drop in revenues that occurred in 2009–10. Moreover, data suggest districts actually have cut programs even more deeply in order to accommodate increasing costs associated with local teacher contract provisions and health benefits contributions. Given certificated staff represent the largest operational expense in school budgets, this area is unsurprisingly where most reductions have been focused. Districts achieved some of these savings by reducing their workforce (across all employee groups) and making corresponding increases to class sizes. Additionally, districts instituted staff furloughs and made corresponding decreases to both student instructional days and staff work days.

**Categorical Flexibility Continues to Be Important for Districts.** To provide school districts more local discretion for making programmatic reductions, in February 2009 the Legislature temporarily removed programmatic and spending requirements for about 40 categorical programs and an associated $4.7 billion. As in our prior surveys, districts continue to indicate this flexibility has facilitated their local budget processes, and most districts continue to redirect the majority of funding away from most flexed categorical programs to other local purposes. An increasing number of districts, however, report that the current categorical flexibility provisions are not sufficient to ameliorate continuing year–upon–year funding reductions and cost increases. Our survey respondents indicate that new flexibility for the categorical programs that remain restricted would help them manage budgetary uncertainties in 2012–13 as well as accommodate potentially deeper reductions. In addition to seeking more near–term flexibility, the vast majority of districts indicate they would like the state to eliminate many categorical programs on a lasting basis.

**Districts Planning for Challenging Budget Situation in 2012–13.** In addition to constrained resources, districts face the additional challenge of budgeting for the upcoming school year without knowing whether voters will approve a revenue–generating ballot measure in November. While the Governor's state budget proposal includes these potential revenues (and corresponding midyear trigger reductions were the voters to reject his tax measure), the vast majority of districts plan to take a more cautious approach. Specifically, because districts have a difficult time making large reductions midway through the school year, almost 90 percent of our survey respondents plan to wait for the results of the November election before spending the potential tax revenue. Districts request that the Legislature maximize local flexibility and provide them greater latitude to manage reductions at the local level. Specifically, were additional state funding reductions to be necessary, districts hope the state focuses them on restricted programs and activities while avoiding additional cuts to their unrestricted funding (such as revenue limits). Restoring state funding deferrals also is a high priority for districts, as a rising number have had to borrow or make cuts to accommodate these delayed state payments, and our survey suggests even more would do so were the state to implement additional deferrals in 2012–13."

**LAO RECOMMENDATIONS:**

**"Recommend Legislature Take Immediate Actions to Help Districts Manage Budget Uncertainty. We recommend the Legislature increase the tools available for districts to balance the dual objectives of preparing their budgets during uncertain times and minimizing detrimental effects on districts' educational programs.** Because districts will only take advantage of these tools if they are sure they can count on them when they adopt their budgets this summer, **we recommend these changes be part of the initial budget package and take effect July 1, 2012. Specifically**, **we recommend the Legislature: (1) remove strings from more categorical programs; (2) adopt a modified version of the Governor's mandate reform proposal; (3) reduce instructional day requirements; (4) change the statutory deadlines for both final and contingency layoff notifications; and, (5) eliminate statutory restrictions related to contracting out and substitute teachers.**

**And Initiate Broad–Scale Restructuring of K–12 Funding System. We also recommend the state immediately begin laying the groundwork for a new K–12 funding system.** Our survey findings reaffirm how recent categorical flexibility provisions have fundamentally shifted the way districts use funds at the local level and how disconnected existing program allocations have become from their original activities and populations. Whether the state adopts a version of the Governor's weighted student funding formula or instead opts to allocate funds based on a few thematic block grants, **we recommend the Legislature initiate the new funding system now, phasing in changes over several years to give districts time to plan and adjust.** To ensure the state can appropriately monitor student achievement and intervene when locally designed efforts are not resulting in desired outcomes, **we also recommend the Legislature refine its approach to school accountability in tandem with changes to the school funding system**. A more robust accountability system would include improvements such as vertically scaled assessments, value–added performance measures based on student–level data, a single set of performance targets, and more effective types of interventions. As a new approach to K–12 funding is being phased in, the state could maintain some spending requirements—particularly for disadvantaged students—and then remove those requirements once an improved accountability system has been fully implemented."

**SUGGESTED QUESTIONS**:

1. The LAO recommends that the Legislature refine its approach to K-12 accountability "in tandem" with changes to the school finance system.  Can you provide more detail about the types of accountability improvements you recommend?

2. The LAO report indicates that since the recession hit, school districts have reduced spending by almost five percent per pupil?  This translates to a reduction of $565 per pupil between 2007-08 and 2010-11?  Can you provide more background on these figures in order to better understand the impact on budget reductions on school districts?

## ISSUE 2. School District Fiscal Oversight and Intervention – Legislative Analyst's Office

**DESCRIPTION:** The Legislative Analyst's Office (LAO) will present to the Subcommittee major findings and recommendations from their recently released report entitled *School District Fiscal Oversight and Intervention.* The LAO report provides an overview and assessment of the state's fiscal oversight system for school districts.

**HIGHLIGHTS FROM LAO REPORT**: Findings and recommendations from the Executive Summary of the LAO report – ***School District Fiscal Oversight and Intervention*** – released on April 30, 2012, are presented below:

**LAO Findings:**

**Report on School District Oversight and Intervention.** The primary goal of the fiscal oversight system is to ensure that school districts can meet their fiscal obligations and continue educating students. In recent years, the system has received considerable attention as the economic downturn has presented school districts with significant fiscal challenges.

**System Consists of Monitoring, Support, and Intervention.** The fiscal oversight system established by the state in 1991 makes County Offices of Education (COEs) responsible for the fiscal oversight of all school districts residing in their county and requires them to review a school district's financial condition at various points throughout the year. If a school district appears to be in fiscal distress, COEs, and in some instances the state, are granted various tools designed to help the district return to fiscal health.

**Fiscal Distress Often Linked to Unsustainable Local Bargaining Agreements and Declining Enrollment.** School districts with several consecutive years of operating deficits tend to be the ones most likely to be experiencing fiscal distress. This is particularly the case when districts run deficits during good economic times, as these districts will have a smaller cushion to deal with unanticipated cost increases or funding reductions during an economic downturn. Prolonged deficit spending often is linked with unsustainable local bargaining agreements. Given employee costs are the largest component of a district's budget, bargaining agreements that increase district costs at a faster rate than school district funding are particularly problematic. School districts with declining enrollment also are more likely to have fiscal problems, since the district's funding typically will decrease at a faster rate than its costs and require reductions even during good economic times.

**Fiscal Oversight Process Begins With COE Review of Locally Adopted District Budget.** To provide a consistent framework for assessing fiscal health, COEs use a state-established set of criteria and standards. The first point of review in the school year begins when the COE reviews the school district's adopted budget. The COE determines whether the budget allows the school district to meet its financial obligations during the fiscal year. If the COE disapproves the school district's budget, the school district must make modifications and resubmit the budget for approval. Disapproved budgets are a rare occurrence (on average only three budgets are disapproved per year), in part because school districts typically understand what is required to receive budget approval.

**[Fiscal Oversight] Continues as Districts Submit Interim Budget Reports at Subsequent Points in Fiscal Year.** The COEs also must review the financial health of school districts at two points during the school year using updated revenue and expenditure estimates. These reviews are known as "first interim" and "second interim" reports. After reviewing a district's report, the COE certifies whether the school district is at risk of failing to meet its obligations for the current year or two subsequent fiscal years. A district in good fiscal condition receives a positive certification. By comparison, a district that may be unable to meet its obligations in the current or either of the two subsequent fiscal years receives a qualified certification. A district that will be unable to meet its obligations in the current or subsequent fiscal year receives a negative certification.

**At Signs of Distress, COEs Authorized to Provide Support**. When a school district is certified as qualified or negative, COEs may intervene in certain ways, including assigning a fiscal expert and requiring an update of the district's cash flow and expenditure estimates. In addition, COEs must review any new collective bargaining agreements and approve the issuance of certain debt. School districts with these certifications also are required to submit a "third interim" report. If the above interventions do not improve the district's fiscal condition, COEs can impose more intense interventions, including staying and rescinding actions of a school district's local governing board.

**If District Cannot Meet Obligations, State Provides Emergency Loan and Takes Administrative Control.** When a school district is unable to meet its financial obligations, the state provides it with an emergency General Fund loan. The school district then works with the state's Infrastructure and Economic Development Bank to issue bonds to repay the initial state loan. The district is responsible for paying the debt service and issuance costs of the loan as well as the salaries of various employees hired to provide administrative assistance to the district. From a governance perspective, the state Superintendent of Public Instruction (SPI) assumes all of the duties and powers of the local board and appoints a state administrator to act on his or her behalf. The primary goal of the state administrator is to restore the fiscal solvency of the school district as soon as possible. When the SPI and state administrator determine that the district meets certain performance standards and is likely to comply with its recovery plan, the local governing board regains control of the district and the state administrator departs. Until the loan is repaid in full, a state trustee with stay and rescind powers is assigned to oversee the district.

**System of Oversight and Intervention Generally Has Been Effective.** Over the last two decades, the state's fiscal oversight system has reduced the number of school districts requiring state assistance and has provided oversight and support while still primarily maintaining local authority. During the more than 20 years the new system has been in effect, eight districts have received emergency state loans. By comparison, 26 districts required such loans in the 12 years prior to the new system. Furthermore, to this point, no school district has required an emergency loan as a result of the recent recession and associated budget reductions. Additionally, while the number of districts with qualified and negative budget certifications has increased in recent years, the state has not seen a corresponding increase in the number of emergency loans required.

This suggests the system's structure of support and intervention is serving a critical early warning function—allowing districts to get the help they need while fiscal problems tend to be smaller and more manageable.

**LAO RECOMMENDATIONS:**

**Recommend Preserving System Moving Forward**. Despite the system's effectiveness, state actions over the last three budget cycles temporarily have reduced the ability of COEs to identify districts on the road toward fiscal distress. Most notably, the state adopted legislation that prevented COEs from disapproving 2011-12 budgets if districts appeared unable to meet their financial obligations for the following two fiscal years. **We recommend the state avoid additional actions that would diminish its ability to assess school district fiscal health, provide support for fiscally unhealthy school districts, and prevent the need for emergency loans.** Although proper fiscal oversight is important at any time, it is particularly important in years during and following an economic recession, when districts are more likely to experience fiscal distress.

**SUGGESTED QUESTIONS:**

1. Can the LAO further explain why it is so vital for school districts to avoid emergency loans?

2. Why is it so important to preserve the existing fiscal oversight and intervention system in difficult fiscal times?

## ISSUE 3. Fiscal Status of School Districts – Presentation from Fiscal Crisis and Management Assistance Team

**DESCRIPTION:** Joel Montero, Chief Executive Officer, Fiscal Crisis and Management Assistance Team (FCMAT), will provide a presentation on the financial status of local education agencies, including an update on the number of these agencies with negative and qualified certifications on the latest financial status reports.

**BACKGROUND:**

**Interim Financial Status Reports.** Current law requires local educational agencies (LEAs) -- school districts and county offices of education -- to file two interim reports annually on their financial status with the California Department of Education. First Interim Reports are due to the state by January 15 of each fiscal year; Second Interim reports are due by April 15 each year. Additional time is needed by the Department to certify these reports.

**LEA Certification**. As a part of these reports, LEAs must certify whether they are able to meet their financial obligations. The certifications are classified as positive, qualified, or negative.

- A positive certification is assigned when an LEA will meet its financial obligations for the current and two subsequent fiscal years.

- A qualified certification is assigned when an LEA may not meet its financial obligations for the current and two subsequent fiscal years.

- A negative certification is assigned when an LEA will be unable to meet their financial obligations in the current year or in the subsequent fiscal year.

**First Interim Report.** The First Interim report – the most recent available – was published by CDE in February 2012 and identified seven school districts with negative certifications. The First Interim Report reflects data generated by LEAs in Fall 2011, prior to release of the Governor's January 2012-13 budget, which includes substantial mid-year trigger cuts if the Governor's proposed November ballot initiative is not passed by statewide voters. The seven school districts with negative certifications at First Interim in 2011-12 – as listed below -- will not be able to meet their financial obligations for 2011-12 or 2012-13.

**Negative Certifications, First Interim Report, 2011-12**

| | District | County | Budget ($) |
|---|---|---|---|
| 1 | Vallejo City Unified | Solano | 135 million |
| 2 | Inglewood Unified | Los Angeles | 104 million |
| 3 | Calexico Unified | Imperial | 81 million |
| 4 | Paso Robles Joint Unified | San Luis Obispo | 55 million |
| 5 | Cotati-Rohnert Park Unified | Sonoma | 46 million |
| 6 | Travis Unified | Solano | 41 million |
| 7 | South Monterey County Joint Union HIgh | Monterey | 19 million |

The First Interim report also identified 119 school districts and one county office of education with qualified certifications. (Attachment A provides a complete list of LEAs with negative or qualified certifications for the First Interim Report for 2011-12.) These LEAs with qualified certifications may not be able to meet their financial obligations for 2011-12, 2012-13, or 2013-14.

A comparison of First Interim certifications over the last twenty years indicates that the number of districts with qualified and negative status districts has been climbing since 2008-09 coinciding with the downturn in the state economy and the beginning of reductions in education programs.

## Summary of Negative and Qualified Certifications For Local Educational Agencies

| Fiscal Year | Negative Certifications First Interim (1) | Negative Certifications Second Interim (1) | Negative Certifications Fiscal Year Totals (3) | Qualified Certifications First Interim (2) | Qualified Certifications Second Interim (2) | Qualified Certifications Fiscal Year Totals (3) |
|---|---|---|---|---|---|---|
| 1991-92 | 1 | 3 | 3 | 19 | 21 | 27 |
| 1992-93 | 2 | 5 | 5 | 18 | 17 | 23 |
| 1993-94 | 3 | 5 | 6 | 24 | 22 | 33 |
| 1994-95 | 2 | 1 | 2 | 57 | 55 | 66 (6) |
| 1995-96 | 1 | 1 | 2 | 12 | 17 | 21 |
| 1996-97 | 0 | 0 | 0 | 11 | 18 | 22 |
| 1997-98 | 0 | 1 | 1 | 12 | 7 | 15 |
| 1998-99 | 1 | 1 | 1 | 13 | 14 | 20 |
| 1999-00 | 2 | 6 | 6 | 13 | 20 | 27 |
| 2000-01 | 2 | 4 | 4 | 24 | 19 | 33 |
| 2001-02 | 8 | 6 | 8 | 32 | 35 | 48 |
| 2002-03 | 5 | 8 | 8 | 39 | 56 | 67 |
| 2003-04 | 7 | 9 | 10 | 50 | 36 | 60 |
| 2004-05 | 10 | 14 | 15 | 54 | 48 | 70 |
| 2005-06 | 5 | 4 | 5 | 32 | 29 | 41 |
| 2006-07 | 3 | 5 | 5 | 19 | 19 | 22 |
| 2007-08 | 7 | 14 | 15 | 29 | 109 | 122 |
| 2008-09 | 16 | 19 | 23 | 74 | 89 | 119 |
| 2009-10 | 12 | 14 | 18 | 114 | 160 | 190 |
| 2010-11 | 13 | 13 | 15 | 97 | 130 | 148 |

Source: California Department of Education

Notes:
(1) A negative certification is assigned to a school district or county office of education that *will not* meet its financial obligation for the remainder of the current year or subsequent year.
(2) A qualified certification is assigned to a school district or county office of education that *may not* meet its financial obligations for the current year or two subsequent years.
(3) Fiscal Year Totals for negative and qualified certifications are unduplicated, not cumulative.
(4) 1994-95 qualified certifications include all 27 school districts in Orange County and the Orange County Office of Education which were certified as qualified based on the uncertainty surrounding the Orange County bankruptcy.

**Preliminary FCMAT Reports for Second Interim**. According to FCMAT, the Second Interim Report for 2011-12 will provide a more complete assessment of school district financial status and the number of districts on the negative and qualified list will probably increase when published by June or July. FCMAT will provide preliminary Second Interim information to the Subcommittee.

**State Emergency Loans.** A school district governing board may request an emergency apportionment loan from the state if the board has determined the district has insufficient funds to meet its current fiscal obligations. Current law states intent that emergency apportionment loans be appropriated through legislation, not through the budget. The conditions for accepting loans are specified in statute, depending on the size of the loan.

For loans that exceed 200 percent of the district's recommended reserve, the following conditions apply:

- The State Superintendent of Public Instruction (SPI) shall assume all the legal rights, duties, and powers of the governing board of the district.
- The SPI shall appoint an administrator to act on behalf of the SPI.
- The school district governing board shall be advisory only and report to the state administrator.
- The authority of the SPI and state administrator shall continue until certain conditions are met. At that time, the SPI shall appoint a trustee to replace the administrator.

For loans equal to or less than 200 percent of the district's recommended reserve, the following conditions apply:

- The SPI shall appoint a trustee to monitor and review the operation of the district.
- The school district governing board shall retain governing authority, but the trustee shall have the authority to stay and rescind any action of the local district governing board that, in the judgment of the trustee, may affect the financial condition of the district.
- The authority of the SPI and the state-appointed trustee shall continue until the loan has been repaid, the district has adequate fiscal systems and controls in place, and the SPI has determined that the district's future compliance with the fiscal plan approved for the district is probable.

**State Emergency Loan Recipients.** Eight school districts have sought emergency loans from the state since 1990. (Attachment B summarizes the amounts of these emergency loans, interest rates on loans, and the status of repayments.) Four of these districts – Coachella Valley Unified, Compton Unified, Emery Unified, and West Fresno Elementary – have paid off their loans. Four districts have continuing state emergency loans –Oakland Unified, Richmond/West Contra Costa Unified, South Monterey County Joint Union High (formerly King City Joint Union High), and Vallejo City Unified. Of the four districts with continuing emergency loans from the state, two remain on the negative list at First Interim 2011-12 – South Monterey County Joint Union High and Vallejo City Unified.

**No School Districts Have Required an Emergency Loan Since Start of Recent Recession**. According to the LAO, despite the fiscal challenges and uncertainty faced by school districts following the recent economic downturn, no school district to this point has required an emergency loan as a result of recent budget reductions. South Monterey County Joint Union High (formerly King City Joint Union High School District) -- the last school district to receive an emergency loan -- required a loan based on fiscal problems that were in place prior to major budget reductions in 2009.

**RELATED LEGISLATION:**

**SB 477 (Wright).** Appropriates $12.9 million in General Fund as an emergency apportionment (loan) for the Inglewood Unified School District and requires the district to enter into a lease financing agreement with the California Infrastructure and Economic Development Bank (I-Bank) for the purpose of financing the emergency apportionment. **Status:** Assembly Education Committee

**SB 1240 (Cannella**). Reduces the interest rate for South Monterey County Joint Union High School District (formerly King City Joint Union High School District) from 5.44 percent to one percent, but this change will only be operative if the district passes a local parcel tax by January 1, 2015. **Status:** Senate Appropriations Committee

**AB 1858 (Alejo).** Reduces the interest rate for the emergency loan obtained by the South Monterey County Joint Union High School District in 2099 from 5.44 percent to one percent. **Status:** Assembly Appropriations Committee

**AB 1898 (Alejo).** Proposes to change the financing mechanism for emergency loans made to school districts from the California I-Bank to the Pooled Money Investment Account (PMIA). **Status:** Assembly Appropriations Committee

**Recent Reductions of Fiscal Standards and Oversight for School Districts.**

As pointed out by the LAO in their recent report – *School District Fiscal Oversight and Intervention* -- the fiscal oversight process for school districts has been somewhat weakened in recent years, due to one-time budget actions taken by state that have reduced the ability of county offices of education (COEs) to disapprove school district budgets or certify districts as qualified or negative. As summarized by the LAO, beginning in 2009, the state reduced the minimum reserve requirements for school districts to one–third of their existing levels in 2009–10, 2010–11, and 2011–12, making it more difficult for COEs to provide fiscal oversight for districts with low reserve levels.

Of greater concern to the LAO, in the 2011–12 budget package the state adopted legislation that included provisions that went much further in reducing fiscal oversight of school district. These new statutory provisions were enacted by Chapter 43; Statutes of 2011 (AB 114) and prevented COEs from disapproving 2011–12 school district budgets if the district appeared unable to meet its financial obligations for the following two fiscal years.

The LAO highlights other provisions contained in Chapter 43 that required school districts to assume the same level of per–pupil funding in 2011–12 as they received in 2010–11 when reviewing district budgets, and prevented districts from making any budget reductions – in spite of proposed trigger reductions -- for staffing and programs in 2011-12.

Per the LAO, these changes to the existing oversight system “reduced the ability of COEs to use existing tools to monitor and assist at-risk districts.”

A more detailed summary of these Chapter 43 provisions for school districts, as well as county offices of education, is provided below:

- Requires school districts and county offices of education in 2011-12 to project the same level of revenue per pupil as it received in 2010-11 and to maintain staffing and programs at that level in 2011-12. The Governor’s signing message, however, emphasizes that school districts and county offices of education should still make reductions to account for cost increases, the loss of federal funds, declining enrollment, or other factors that would require program reductions.
- Prohibits school districts and county offices of education from being required to demonstrate they can meet financial obligations for the two years beyond the current fiscal year, consistent with previous law.
- Limits the current authority of county offices of education to provide fiscal oversight for school districts by reducing existing requirements governing the approval of school district budgets in 2011-12.
- Limits the current authority of the Superintendent of Public Instruction to provide fiscal oversight for county offices of education by reducing existing requirements governing the approval of county offices of education budgets in 2011-12.
- Extends for two additional years (through 2011-12) existing statutory authority for school districts to reduce their “reserves for economic uncertainties” to one-third of the amounts previously required to be held, and requires them to restore those reserves to the normal levels by the beginning of 2013-14. In effect, these provisions allow LEAs to reduce reserves without fiscal oversight that would be otherwise required.

**FCMAT Management Review Report -- Los Angeles County Office of Education**

On December 6, 2011, FCMAT published its final report reflecting findings and recommendations of a detailed management review of the Los Angeles County of Education (LACOE). The FCMAT review – which commenced in April 2011 - was requested and funded by LACOE.

The FCMAT management report was a large undertaking – involving more than 30 FCMAT staff and experienced consultants who conducted site visits and interviews with LACOE. As agreed to by FCMAT and LACOE, the scope of the study involved a performance review focused on validation and staffing of core programs; fiscal management practices including reporting of budget and financial information; management and administration of educational programs including attendance at juvenile court schools; management at division and principal/site level; and management of grant and categorical programs.

The final FCMAT report to LACOE is 379 pages and includes nearly 401 recommendations for changes or improvement. Several of the FCMAT findings and recommendations identified potential cost savings for LACOE. For example, FCMAT found "excessive layers of management and multiple clerical staff performing similar functions", and indicated potential savings of nearly $4.0 million annually from reducing a number of management and support positions. LACOE was found to have a workers' compensation rate of 6.20 percent – which was found to be very high compared to other county offices of education. FCMAT indicated that each one percent reduction in the workers' compensation rate would save LACOE $2.6 million a year.

The FCMAT report also included several findings and savings recommendations that all together could reduce LACOE juvenile court schools, county community schools, and community day school expenditures by a total of approximately $20 million annually. Approximately $8.5 million of this amount would result from additional revenue generated by increasing court school attendance to levels in comparable county office programs, and from focusing on reimbursement requests for Medi-Cal administrative activities and Medi-Cal eligible activities. Most of the remaining $11.0 million would be achieved by addressing over-staffing issues and bringing staffing for teachers, administrators, counselors, and special education services into line with staffing levels for comparable counties.

According to FCMAT, LACOE "has continued to propose and make operational changes in many of the areas that FCMAT studied and reported on." Per FCMAT, at the time the report was published, LACOE had already begun working on a number of the findings and recommendations in the report, and was making progress.

**STAFF COMMENTS**:

- **Avoid Measures that Would Constrain District's Ability to Plan for Budget Uncertainty.** The LAO recommends that the Legislature "take care not to adopt measures that might actually *constrain* districts' abilities to plan for budget uncertainty (such as prohibiting layoffs or programmatic reductions), potentially leaving them in an untenable financial situation should revenue measures fail in November." Instead, the LAO recommends that the Legislature "*increase* the tools available for districts to balance the dual objectives of preparing for the possibility of unsuccessful ballot initiatives while mitigating detrimental effects on districts' educational programs."

- **State Fiscal Standards and Oversight Most Needed in Difficult Fiscal Times**. According to the LAO, the fiscal oversight system is especially crucial during challenging fiscal times, when school districts often must deal with uncertain revenues, large state deferrals, and possible trigger reductions. Per the LAO, recent changes to the existing oversight system reduced the ability of COEs to use existing statutory tools to monitor and assist at-risk districts. Per the LAO, given the oversight process is crucial to identifying districts that may need additional support and assistance, these types of actions both reduce the amount of information available to the state and reduce the tools available for COEs to assist school districts.

- **Legislative Review of Qualifying Districts**. Statute added by AB 1200 (Chapter 1213; Statutes of 1991) states intent that the legislative budget subcommittees annually conduct a review of each qualifying school district. Specifically, Education Code 41326 (i) states the following:

  *It is the intent of the Legislature that the legislative budget subcommittees, annually conduct a review of each qualifying school district that includes an evaluation of the financial condition of the district, the impact of the recovery plans upon the district's educational program, and the efforts made by the state-appointed administrator to obtain input from the community and the governing board of the district.*

**SUGGESTED QUESTIONS:**

General

1. What has been the practical effect of the provisions in AB 114 (Budget Committee), Chapter 43, Statutes of 2011, which reduced the ability of county offices of education to disapprove district budgets or certify districts as qualified or negative?

2. What is the primary focus of FCMAT as they work with districts in the current fiscal climate? What are the measures or factors used by FCMAT to assess fiscal solvency?

3. How are school districts building their budgets for 2012-13 given the uncertainty of state revenues, most notably uncertainty about November 2012 ballot initiatives?

4. Are there any districts that are of particular concern? Any that may need emergency funding from the state and, if so, what is the potential impact on the state General Fund?

5. What trends are you seeing in enrollment? How is declining enrollment affecting district budgeting?

Governor's Education Budget Reforms

6. Are school districts supportive of the Governor's mandate block grant proposal?

7. How are districts viewing the Governor's proposed Weighted Pupil Formula?

Emergency Loans

8. Why is it important for LEAs to avoid state emergency loans? Where does the financial burden fall for state emergency loans – on LEAs or the state?

9. Why are the interest rates for districts with emergency loans so different?

10. Are you aware of any other LEAs that may be facing financial insolvency and requiring a state emergency loan?

Deferrals

11. How are payment deferrals affecting LEAs, especially in light of ongoing intra-year and inter-year deferrals?

12. Do the hardship provisions for intra-year and inter-year deferrals provide adequate protection for districts and charter schools facing serious financial problems?

13. Can you describe the most common problems faced by school districts on the negative list?

14. Has categorical flexibility helped LEAs balance their budgets? What additional flexibility are districts asking for in moving forward?

LACOE Management Review

15. In your management review report for LACOE published last December, FCMAT stated that "in the absence of significant budget adjustments, LACOE will be in severe financial distress and require outside assistance during fiscal year 2012-13." What is the fiscal status for LACOE now? What specific budget adjustments need to be made?

16. What were some of the major costs savings recommendations included in the LACOE management review report?

17. Are some of the issues identified by the FCMAT management review unique to LACOE or the kind of issues found in reviews of other county offices and schools districts experiencing fiscal distress?

## ISSUE 4. Governor’s Categorical Program Elimination Proposals

**DESCRIPTION:** The Governor's budget proposes to eliminate funding for four small categorical programs in 2012-13. Three of these programs are funded with non-Proposition 98 General Fund dollars; one remaining program is funded with Proposition 98 dollars.

The Administration proposes to eliminate these categorical funds to (1) achieve General Fund savings for the state and (2) be consistent with the Administration's approach to funding Proposition 98 categorical programs under the Weighted Pupil Formula proposal.

While the Governor proposes to eliminate state funding for these programs, the Administration has indicated that these programs could continue at the local level with other existing state or local resources.

**GOVERNOR’S CATEGORIOCAL FUNDING ELIMINATION PROPOSALS.**

**Non-Proposition 98 Programs:**

1. **Indian Education Centers.** The American Indian Education Center Program was established in statute in 1974. According to CDE, the centers serve as educational resource centers for Native American students, their families, and the public schools. The primary focus of the centers is providing direct services to improve achievement in reading/language arts and mathematics. A secondary purpose is to build student self-concept through cultural activities. A desired outcome of these activities is to create a skilled educated workforce in the Indian community and in California. American Indians have the highest dropout rates and largest achievement gaps of any group in our State.

   Currently, the California Department of Education funds 27 Indian Education Centers, which serve approximately 5,000 American Indian students statewide. These centers are funded by two funding streams: $3.639 million in Proposition 98 funding and $376,000 in non-Prop 98 General Fund. Total funding ranges from about $93,000 to $221,000 for each center.

   **Governor’s Proposal**: The Governor proposes to eliminate **$376,000** in non-Proposition 98 funding and to continue **$3.639 million** in Proposition 98 funding for the Indian Education Centers in 2012-13. However, while the $3.639 million in Proposition 98 funding is currently included in the categorical flexibility program, the Governor proposes to re-establish Proposition 98 funded Indian Education Centers as a stand-alone program instead of moving it into the Weighted Pupil Formula beginning in 2012-13.

   **CDE Comments**: According to CDE, the $367,000 in funds proposed for elimination are currently used for administrative costs and staff salaries. To provide the same level of academic assistance, direct services would have to be cut and fewer students would be served.

2. **Advancement Via Individual Determination (AVID).** The AVID program began in 1980 and is authorized in the annual budget act. According to CDE, AVID is a teacher-inspired, research-based classroom innovation that helps disadvantaged and underachieving students graduate from high school and complete the preparation necessary to successfully access "four-year" colleges and universities.

   CDE allocates state funds in the form of grants to 11 county offices of education that house AVID "regional centers" via a subvention contract with the non-profit AVID Center of San Diego, which carries out statewide coordination activities to support AVID implementation. State funding supports regional and statewide coordination activities, professional development, instructional materials, school site certifications (quality reviews), and a data collection and reporting system. Student activities are funded with local school site dollars.

   Since 2008-09, a total of $8.1 million in non-Proposition 98 General Funds has been appropriated annually in local assistance funding to CDE to support AVID implementation on a regional and statewide basis. Of the $8.1 million appropriated in 2011-12 budget, $6.9 million was provided for 11 regional center grants statewide, and $1.2 million was provided for the state AVID Center contract in San Diego.

   **Governor's Proposal**. The Governor's budget proposes to eliminate the **$8.131 million** in non-Proposition 98 General Fund provided to support the AVID program.

   **CDE Comments**: According to CDE, if these funds were eliminated, local education agencies that wanted to continue to run an AVID program would need to pay for membership and licensing fees to participate in the national program. It is estimated these fees would be about $3,300 per school site. They would also lose the benefit of the various statewide coordinated support activities.

3. **Vocational Education Leadership Program**. According to CDE, this program funding distributes funds to the Career Technical Student Organizations (CTSO's) and the California Association of Student Councils (CASC) through contracts to support the operation of leadership programs for students studying career and technical education or involved in student government. CTSO's chartered in California are Cal-HOSA for Health Career students; Future Farmers of America (FFA) for students studying agriculture, and its related careers; FBLA which is comprised of students enrolled in business courses; FHA-HERO for students interested in home economics and related occupations; DECA for students engaged in marketing programs; and SkillsUSA which encompasses students in transportation, arts, media, entertainment, engineering, and construction.

   None of the funds are allocated to individual schools but are contracted with the respective non-profit governing boards who oversee each of these programs. The funds from this item are used to provide for student leadership training conferences and workshops, advisor training leadership development and organization operation, student officer travel for leadership development delivery and organizational business and leadership meetings, fiscal management and oversight, membership services management, instructional materials, leadership conference and workshop curriculum development, and communications and information dissemination to students and advisors. These events, activities, resources, and services are provided on a statewide basis to students and advisors at local, district, and state levels.

**Governor's Proposal**. The Governor's budget proposes to eliminate the **$514,000** in non-Proposition 98 General Fund the state provides for this program in 2012-13. The Governor proposes to continue Proposition 98 funding for several stand-alone vocational education programs in 2012-13 including Apprenticeship Programs ($15.7 million), Agricultural Vocational Education Programs ($4.1 million), and Partnership Academies ($21.4 million) in 2012-13. The Governor also proposes to continue funding for the Student Leadership/ California Association of Student Councils ($26,000) in 2012-13, although these funds are included in the categorical flexibility program.

**CDE Comments**: According to CDE, elimination of these funds would have significant negative effect on providing leadership development to student leaders in almost every secondary school in the State and greatly reduce statewide coordination of this component of career and technical education instruction. CDE also notes that these funds have been supporting student leadership development since 1983 with no increase in funding level.

**Proposition 98 Programs:**

4. **Early Mental Health Initiative.** The Early Mental Health Initiative (EMHI) program was statutorily enacted through Chapter 757, Statutes of 1991 (AB 1650). The EMHI program provides three-year, competitive grants to state and local education agencies to support prevention and early intervention services for students experiencing mild-to-moderate school adjustment difficulty. Services are targeted to students in Kindergarten through third grade (K–3) in California's publicly-funded elementary schools.

   The 2011-12 budget appropriated $15.0 million in Proposition 98 funds to the Department of Mental Health (DMH) to administer the competitive grant program to county offices of education, school districts, and state special schools. Approximately one third of the funds—$4.6 million—funds new EMHI programs each year, providing an average of 50 new grants. The remaining two-thirds of the funds are used to continue grants from previous cycles. Currently there are 152 grants in three grant cycles.

   Grant recipients are required to provide a 50 percent match to state EMHI dollars. The matching requirement can be met through in-kind services in collaboration with a community mental health agency.

   **Governor's Proposal.** The Governor's proposes to eliminate all $15.0 million in Proposition 98 funding for the EMHI program in 2012-13 and redirect these funds to other K-12 education purposes.

   Since the Department of Mental Health is proposed for elimination in 2012-13, the Administration proposes to transfer "close out" of the remaining grant cycles to CDE;

however, the Governor’s budget does not propose any state operations funding for this purpose. [1]

**LAO RECOMMENDATIONS:**

- **Indian Education Centers, AVID, and Vocational Education Leadership Program Funding**. Approve the Governor's proposal to reduce non-Proposition 98 General Fund support for select education programs by a total **$19.4 million** given the state's fiscal shortfall.

- **Re-Establish Remaining Indian Education Program as Separate Program.** Remove the American Indian Education Centers program from the categorical flexibility provisions enacted in 2009, and reinstate the program as a stand-alone categorical program to allow for much stronger accountability.

- **Early Mental Health Initiative.** Adopt Governor's January budget proposal to eliminate the EMHI program given school districts can use funding flexibility to provide early mental health services if they are a local priority.

**STAFF COMMENTS:**

**LAO District Survey Findings on Elimination of Programs.** The LAO school finance report (*Year-Three Survey: Update on School District Finance in California),* as -presented earlier in this Subcommittee agenda, indicates that more than 70 percent of school districts surveyed support the elimination of the AVID categorical program.

**STAFF RECOMMENDATIONS:** Staff supports the LAO’s recommendations, but recommends that the Subcommittee hold these items open until May Revise.

[1] The Governor's budget proposes to eliminate the Department of Mental Health (DMH), establish the Department of State Hospitals to provide long-term care and services to individuals with mental illness at state hospitals, and redirect funding and positions for all remaining mental health services to other departments.

Attachment A

May 10, 2012 Education Agenda

# First Interim Status Report, FY 2011-12

Listing of local educational agencies receiving negative and qualified certifications for fiscal year 2011-12 first interim.

List of Negative and Qualified Certifications
Local Educational Agencies
2011-12 First Interim Report

## NEGATIVE CERTIFICATION

A negative certification is assigned to a local educational agency when it is determined that, based upon current projections, the local educational agency will not meet its financial obligations for fiscal year 2011-12 or 2012-13.

| Number | County | Local Educational Agency | Total Budget ($) in millions |
|---|---|---|---|
| 1 | Imperial | Calexico Unified | 81.3 |
| 2 | Los Angeles | Inglewood Unified | 103.6 |
| 3 | Monterey | South Monterey County Joint Union High | 18.5 |
| 4 | San Luis Obispo | Paso Robles Joint Unified | 55.0 |
| 5 | Solano | Travis Unified | 41.0 |
| 6 | Solano | Vallejo City Unified | 135.2 |
| 7 | Sonoma | Cotati-Rohnert Park Unified | 45.9 |

## QUALIFIED CERTIFICATION

A qualified certification is assigned to a local educational agency when it is determined that, based upon current projections, the local educational agency may not meet its financial obligations for fiscal year 2011-12, 2012-13, or 2013-14.

| Number | County | Local Educational Agency | Total Budget ($) in millions |
|---|---|---|---|
| 1 | Alameda | Emery Unified | 11.6 |
| 2 | Alameda | Hayward Unified | 189.2 |
| 3 | Alameda | Oakland Unified | 420.3 |
| 4 | Amador | Amador County Office of Education | 9.0 |
| 5 | Amador | Amador County Unified | 28.7 |
| 6 | Contra Costa | John Swett Unified | 14.3 |
| 7 | Contra Costa | Mt. Diablo Unified | 292.9 |
| 8 | El Dorado | Black Oak Mine Unified | 12.6 |
| 9 | Fresno | Orange Center (Elementary) | 2.6 |
| 10 | Humboldt | Eureka City Schools (Unified) | 35.4 |
| 11 | Humboldt | Loleta Union Elementary | 0.9 |

| | | | |
|---|---|---|---|
| 12 | Humboldt | Scotia Union Elementary | 1.8 |
| 13 | Humboldt | South Bay Union Elementary | 4.0 |
| 14 | Imperial | El Centro Elementary | 39.7 |
| 15 | Imperial | Imperial Unified | 26.4 |
| 16 | Kern | Caliente Union Elementary | 0.8 |
| 17 | Kern | El Tejon Unified | 8.6 |
| 18 | Kern | Muroc Joint Unified | 18.2 |
| 19 | Kern | Panama-Buena Vista Union | 125.0 |
| 20 | Kern | Taft City (Elementary) | 18.8 |
| 21 | Kern | Tehachapi Unified | 35.8 |
| 22 | Lake | Kelseyville Unified | 14.7 |
| 23 | Lake | Konocti Unified | 28.3 |
| 24 | Lassen | Shaffer Union Elementary | 1.8 |
| 25 | Los Angeles | Antelope Valley Union High | 227.5 |
| 26 | Los Angeles | Bassett Unified | 41.8 |
| 27 | Los Angeles | Compton Unified | 248.3 |
| 28 | Los Angeles | Eastside Union Elementary | 26.4 |
| 29 | Los Angeles | El Rancho Unified | 89.8 |
| 30 | Los Angeles | Hawthorne (Elementary) | 70.8 |
| 31 | Los Angeles | Los Angeles Unified | 5992.4 |
| 32 | Los Angeles | Montebello Unified | 266.3 |
| 33 | Los Angeles | Norwalk-La Mirada Unified | 176.6 |
| 34 | Los Angeles | Pomona Unified | 256.1 |
| 35 | Los Angeles | Saugus Union (Elementary) | 84.2 |
| 36 | Mariposa | Mariposa County Unified | 17.7 |
| 37 | Merced | Dos Palos Oro Loma Joint Unified | 21.5 |
| 38 | Mendocino | Anderson Unified | 6.3 |
| 39 | Mendocino | Laytonville Unified | 4.8 |
| 40 | Mendocino | Round Valley Unified | 5.7 |
| 41 | Mendocino | Willits Unified | 16.2 |
| 42 | Nevada | Nevada City Elementary | 7.9 |
| 43 | Nevada | Union Hill Elementary | 4.5 |
| 44 | Orange | Anaheim City (Elementary) | 163.8 |
| 45 | Orange | Capistrano Unified | 381.8 |
| 46 | Orange | Centralia Elementary | 35.1 |
| 47 | Orange | Fullerton Elementary | 109.8 |
| 48 | Orange | Fullerton Joint Union High | 137.2 |
| 49 | Orange | Garden Grove Unified | 459.8 |
| 50 | Orange | La Habra City Elementary | 42.4 |
| 51 | Orange | Santa Ana Unified | 515.8 |
| 52 | Orange | Westminster Elementary | 77.0 |
| 53 | Placer | Auburn Union Elementary | 14.3 |
| 54 | Placer | Placer Hills Union Elementary | 5.7 |
| 55 | Plumas | Plumas Unified | 27.7 |
| 56 | Riverside | Alvord Unified | 144.4 |
| 57 | Riverside | Banning Unified | 37.7 |

| | | | |
|---|---|---|---|
| 58 | Riverside | Coachella Valley Unified | 174.1 |
| 59 | Riverside | Desert Sands Unified | 236.7 |
| 60 | Riverside | Jurupa Unified | 162.8 |
| 61 | Riverside | Nuview Union (Elementary) | 12.7 |
| 62 | Riverside | Palo Verde Unified | 30.1 |
| 63 | Riverside | Perris Union High | 81.0 |
| 64 | Riverside | Riverside Unified | 341.4 |
| 65 | Sacramento | Center Joint Unified | 35.1 |
| 66 | Sacramento | Elk Grove Unified | 471.4 |
| 67 | Sacramento | Folsom-Cordova Unified | 138.4 |
| 68 | Sacramento | Galt Joint Union High | 18.9 |
| 69 | Sacramento | Natomas Unified | 67.7 |
| 70 | Sacramento | Sacramento City Unified | 415.7 |
| 71 | Sacramento | San Juan Unified | 342.7 |
| 72 | Sacramento | Twin Rivers Unified | 260.3 |
| 73 | San Benito | Hollister (Elementary) | 41.6 |
| 74 | San Bernardino | Bear Valley Unified | 21.7 |
| 75 | San Bernardino | Chino Valley Unified | 227.9 |
| 76 | San Bernardino | Colton Joint Unified | 183.5 |
| 77 | San Bernardino | Mountain View Elementary | 17.4 |
| 78 | San Bernardino | Trona Joint Unified | 5.4 |
| 79 | San Bernardino | Victor Elementary | 72.4 |
| 80 | San Bernardino | Victor Valley Union High | 89.6 |
| 81 | San Bernardino | Yucaipa-Calimesa Joint Unified | 71.4 |
| 82 | San Diego | Borrego Springs Unified | 5.4 |
| 83 | San Diego | Carlsbad Unified | 83.1 |
| 84 | San Diego | Fallbrook Union High | 27.1 |
| 85 | San Diego | Grossmont Union High | 185.5 |
| 86 | San Diego | National Elementary | 52.0 |
| 87 | San Diego | Ramona City Unified | 53.2 |
| 88 | San Diego | San Marcos Unified | 145.7 |
| 89 | San Luis Obispo | Atascadero Unified | 38.5 |
| 90 | San Luis Obispo | Lucia Mar Unified | 83.4 |
| 91 | San Luis Obispo | San Miguel Joint Union (Elementary) | 5.4 |
| 92 | San Luis Obispo | Shandon Joint Unified | 3.6 |
| 93 | Santa Barbara | Buellton Union Elementary | 3.9 |
| 94 | Santa Clara | Alum Rock Union Elementary | 110.3 |
| 95 | Santa Clara | Gilroy Unified | 84.6 |
| 96 | Santa Cruz | Pajaro Valley Unified | 88.1 |
| 97 | Santa Cruz | Santa Cruz City Elementary | 42.6 |
| 98 | Santa Cruz | Santa Cruz City High | * |
| 99 | Shasta | Anderson Union High | 16.9 |
| 100 | Shasta | Cascade Union Elementary | 12.1 |
| 101 | Shasta | Cottonwood Union Elementary | 7.7 |
| 102 | Shasta | Oak Run Elementary | 0.4 |
| 103 | Shasta | Pacheco Union Elementary | 4.7 |

| | | | |
|---|---|---|---|
| 104 | Solano | Dixon Unified | 27.5 |
| 105 | Solano | Fairfield-Suisun Unified | 156.3 |
| 106 | Sonoma | Geyserville Unified | 3.1 |
| 107 | Sonoma | Healdsburg Unified | 16.8 |
| 108 | Sonoma | Sebastopol Union Elementary | 5.5 |
| 109 | Sonoma | West Sonoma County Union High | 21.7 |
| 110 | Stanislaus | Denair Unified | 10.1 |
| 111 | Stanislaus | Knights Ferry Elementary | 1.2 |
| 112 | Stanislaus | La Grange Elementary | 0.3 |
| 113 | Stanislaus | Modesto City Elementary | 264.7 |
| 114 | Stanislaus | Modesto City High | * |
| 115 | Stanislaus | Riverbank Unified | 24.0 |
| 116 | Stanislaus | Waterford Unified | 18.3 |
| 117 | Tehama | Red Bluff Union Elementary | 16.0 |
| 118 | Tulare | Hot Springs Elementary | 0.5 |
| 119 | Ventura | Oak Park Unified | 30.0 |
| 120 | Yuba | Wheatland Union High | 6.1 |

* Santa Cruz City Elementary and Santa Cruz City High School Districts are two districts with joint administration and fiscal reporting. Modesto City Elementary and Modesto City High are two districts with joint administration and fiscal reporting. The amount shown in the column is the combined budget.

**Questions: Management Assistance Unit | 916-327-0538**

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California Department of Education
1430 N Street
Sacramento, CA 95814

Attachment B

May 10, 2012 Education Agenda

| District | Tenure of State Administrators and State Trustees | Legal Authority (in addition to AB 1200) | Date of Issue | Amount of State Loan | Interest Rate | Date/Amount of I –Bank Refinance & Remaining General Fund Loan | Outstanding Balance of I-Bank and General Fund Loans | Amount of Annual Loan Payment; Due Date | Amount Paid By District Including Principal & Interest | Pay Off Date |
|---|---|---|---|---|---|---|---|---|---|---|
| King City Joint Union High/ South Monterey County Joint Union High | Administrator 7/23/09 – Present | SB 130 Ch 20/09 | 7/22/09<br>3/11/10<br><br>4/14/10 | $2,000,000<br>$3,000,000<br><br>$8,000,000<br>$13,000,000 | 5.44% | 4/14/10<br>I-Bank refinanced $5 million GF loan, plus provided additional $8 million (total I-bank loan of $14,395,000 including principal, accrued interest, and expenses) | $14,125,000 as of 8/15/11 (Bond debt service payments due February and August each year, through 2029.) | I-Bank: $1.2 million total due during the period July through October, 2010-2028. | $1,253,088 | October 2028 I-bank |
| Vallejo City Unified | Administrator 6/22/04 – Present<br>Trustee 7/13/07 - Present | SB 1190, Ch 53/04 | 6/23/04<br>8/13/07 | $50,000,000<br>$10,000,000<br>$60,000,000 | 1.500% | 12/1/05<br>$20,642,992 refinanced by sale of I-Bank bonds of $21,205,000 (principal and accrued interest)<br>$25,000,000 – GF<br>8/13/07 2nd draw of $10,000,000 - GF | $42,385,055 as of 7/1/11 | I-Bank: $1.3 million total due during the period July through January, 2006-2024; GF: $1.6 million due each June, 2007 – 2024; GF: $670,797 due each August, 2008- 2024 | $22,270,211 | January 2024 I-bank<br><br>8/13/24 GF |
| Oakland Unified | Administrator 6/16/03 – 6/28/09<br>Trustee 7/1/08 - Present | SB 39, Ch 14/03 | 6/4/03<br>6/28/06 | $65,000,000<br>$35,000,000<br>$100,000,000 | 1.778% | 12/1/05<br>$50,830,859 refinanced by sale of I-Bank bonds of $59,565,000 (principal and accrued interest)<br>6/28/06 2nd draw of $35,000,000 – GF | $69,080,771 as of 7/1/11 | I-Bank: $3.8 million total due during the period July through January, 2006-2023; GF: $2.1 million due each June, 2007-2026 | $41,598,787 | January 2023 I-bank<br><br>6/29/26 GF |
| West Fresno Elementary | Administrator 3/19/03 – 6/30/11<br>Trustee 8/26/08 – 12/4/09 | AB 38, Ch 1/03 | 12/29/03 | $1,300,000 ($2,000,000 authorized) | 1.93% | N/a | -0- | N/a | $1,425,773 | 12/31/10 GF |
| Emery Unified | Administrator 8/7/01- 6/30/04;<br>Trustee 7/1/04 – 7/29/11 | AB 96, Ch 135/01 | 9/21/01 | $1,300,000 ($2,300,000 authorized) | 4.19% | N/a | -0- | N/a | $1,742,501 | 6/20/11 GF |
| Compton Unified | Administrators 7/93- 12/10/01 Trustee 12/11/01-6/2/03 | AB 657, Ch 78/93<br>AB 1708, Ch 924/93 | 7/19/93<br>10/14/93<br>6/29/94 | $3,500,000<br>7,000,000<br>9,451,259<br>$19,951,259 | 4.40%<br>4.313%<br>4.387% | N/a | -0- | N/a | $24,358,061 | 6/30/01 GF |
| Coachella Valley Unified | Administrators 5/26/92- 9/30/96<br>Trustee 10/1/96-12/20/01 | SB 1278, Ch 59/92 | 6/16/92<br>1/26/93 | $5,130,708<br>2,169,292<br>$7,300,000 | 5.338%<br>4.493% | N/a | -0- | N/a | $9,271,830 | 12/20/01 GF |
| Richmond/ West Contra Costa Unified | Pre-AB 1200 Trustee 7/1/90 – 5/1/91; Administrator 5/2/91- 5/3/92; Trustee 5/4/92- Present | AB 1202, Ch 171/90 Superior Court Order | 8/1/90<br>1/1/91<br>7/1/91 | $2,000,000<br>7,525,000<br>19,000,000<br>$28,525,000 | 1.532% 2004 refi rate | 12/1/05<br>$15,475,263 refinanced by sale of $15,735,000 in I-Bank bonds (principal plus accrued interest) | $9,368,387 as of 7/1/11 | $1.4 million total due during the period July through January, 2006-2018 | $38,136,411 | January 2018 I-bank |