

**Minutes of the
Education Audit Appeals Panel**
Monday, January 25, 2016
915 L Street, Cedar Room
Sacramento

Call to Order and Roll Call

Chair David Botelho called the meeting to order at 1:32 p.m.

Panel members present: David Botelho, designee of the Director of the Department of Finance; Nick Schweizer, designee of the Superintendent of Public Instruction; and Joel Montero, Chief Executive Officer of the Fiscal Crisis and Management Assistance Team.

Review of Agenda

Mr. Botelho read out the agenda items.

Approval of Minutes

Action: The Panel members unanimously approved the minutes of the October 26, 2015 meeting.

Item 1	Report of the Executive Officer 1. Summary of appeal activities 2. Apportionment significant findings: audit reports and RDAs 3. Other items of interest	Information
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Executive Officer Mary Kelly reported that since the last meeting, no new summary review requests were filed and there were two determinations made. The appeal from Shasta Union was denied; the appeal from Arcata was granted. She stated that there was one formal appeal filed since the last meeting (Shasta Union).

Ms. Kelly also noted that EAAP employee, Chris Pentoney, retired in December and that several individuals were being interviewed for the staff service analyst position.

Item 2	Public Participation This time is reserved for any person to address the Panel. If the subject is on the Public Session Agenda, individuals may comment now or at the time the item is considered. If the subject is not on the Public Session Agenda, the Panel is not empowered to take action on it. Public comment is limited to 3 minutes per speaker; the Panel may extend the limit by a uniform amount per speaker. No comment will be taken on matters at issue in items on the Closed Session Agenda, or on any pending adjudicatory proceeding.	Information
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There were no comments from the public.

Item 3	Legislation Report Discussion and action as appropriate regarding any legislation that may affect EAAP	Information Action
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Ms. Kelly reported that there was no legislation to discuss.

Item 4	EAAP Rulemaking Calendar Approve the rulemaking calendars for 2016	Information Action
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Ms. Kelly informed the panel that Government Code requires state agencies to prepare a rulemaking calendar by Jan 30 of each year. The Office of Administrative Law collects and compiles the agencies rulemaking calendars into one calendar. Ms. Kelly directed the panel to the calendars for EAAP, Schedule A and B, and noted that they followed the template prescribed by OAL.

Action: By unanimous vote, the Panel approved the EAAP Rulemaking Calendars for 2016.

Item 5	<i>Emergency Supplemental Regulations: 2015-16 Audit Guide</i> To address issues resulting from legislative changes to the conditions of apportionment, and make non-substantive edits.	Information Action
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Item 6	Notice of Proposed Rulemaking: <i>Permanent Supplemental Regulations: 2015-16 Audit Guide</i>	Information Action
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Ms. Kelly suggested that Items 5 and 6 be discussed together, since the text of the proposed emergency and permanent regulations is identical. She informed the panel that the SCO had proposed several changes to the 2015-16 guide that would be incorporated into the Supplemental Audit Guide.

Ms. Kelly reminded the panel that statute requires that any such changes be adopted by the panel by March 1, so the panel could defer consideration and action to a February meeting. Ms. Kelly provided the panel members with a print out of all the suggested changes, highlighted in yellow, and proceeded to identify the following changes:

- *Section R* is a new section that addresses *Educator Effectiveness*. The 2015 education omnibus trailer bill provided funding for teacher effectiveness, subject to specific requirements of the LEAs.
- *Section U Proper Expenditure of Education Protection Account Funds* includes a technical adjust to remove the word “disbursed” to make the audit step a determination of whether funds have been properly expended.
- *Section W Unduplicated Local Control Funding Formula Pupil Counts* was revised to exclude any transitional kindergarten student who had their 5th birthday after Dec 2. A new

Ed code allows enrollment in TK prior to their 5th birthday, however, the child will not generate ADA or be included in the unduplicated pupil count until the child is 5.

- *Section Z Immunizations* was revised to exclude independent study and special education pupils from the vaccine requirement.

Mr. Botelho asked what the process would be if approved by the Panel. Ms. Kelly noted that the emergency rulemaking package would be posted on EAAP's website and forwarded to its interested party list and five days later, the package would be submitted to OAL. After EAAP's filing with OAL, the public would have five calendar days to submit comments in writing to EAAP and OAL. OAL would then have 5 days to review the regulations and file them with the Secretary of State.

Action: By unanimous vote, the Panel adopted the proposed Emergency Supplemental Regulations and approved initiation of the rulemaking process or the Permanent Supplemental Regulations for the 2015-16 Audit Guide.

Item 7	Next Meeting February 29, 2015 Tentative EAAP meeting calendar for 2016	Information Action
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Ms. Kelly referred to the provided calendar of suggested dates for 2016 meetings. The Panel reviewed and approved the following dates: February 29, March 28, April 25, May 23, June 27, July 25, August 29, September 26, October 24, November 28, and December 19.

There was discussion among the panel members as to whether it would be more efficient to schedule meetings bi-monthly, while acknowledging that an additional meeting may be scheduled to address rulemaking deadlines. Mr. Montero stated that it was best to have the meetings pre-scheduled, then cancelled if unnecessary. Mr. Botelho and Mr. Schweizer concurred. The Panel's next meeting is tentatively scheduled for Monday, February 29, 2016, at 1:30 p.m.

The Public Session recessed at 1:50 p.m.

Closed Session

The Panel met in Closed Session from approximately 1:50 p.m. until 2:06 p.m.

Call to Order: Public Session

Mr. Botelho recalled the Public Session to order at 2:06 p.m.

Closed Session Report:

Mr. Botelho reported that the Panel had discussed the Options for Youth, Opportunities for Learning litigation matter, but had taken no action.

Adjournment

Mr. Botelho adjourned the meeting at 2:07 p.m.