



THE CABOC DIGEST

CALIFORNIA ASSOCIATION OF BOND OVERSIGHT COMMITTEES

ISSUE 1, MARCH 2020

CABOC Purpose

The specific purpose of this corporation is to provide training, assistance, and encouragement to California School Proposition 39 Citizens' Bond Oversight Committee Members through development of training materials, delivery of online training, conferences, workshops, formation of regional groups of California Citizens' Bond Oversight Committees and representing common interest at the statewide level.

School Proposition 39

Proposition 39 requires school districts that pass Proposition 39 bonds to seat a Citizens' Bond Oversight Committee (CBOC) to assure the community that bond funds are expended in the fashion outlined in the district's bond resolution. The CBOC must meet at least once a year and inform the public about the expenditure of bond revenues. The CBOC shall actively review and report on the proper expenditure of taxpayers' money for school construction.

Guiding Statement

The Little Hoover Commission is a bipartisan independent California oversight agency to promote economy and efficiency in state and local government. "The Commission fulfills this charge by listening to the public, consulting with the experts and conferring with the wise. In the course of its investigations, the Commission typically empanels advisory committee, conducts public hearing and visits government operations in action." The Little Hoover Commission in their Report #236, February 2017 made the following recommendations in regards School Proposition 39 bonds to the Governor and the Legislature for their consideration. These recommendations will guide the focus and work of CABOC.

2017 Little Hoover Commission Report #236 Recommendations for Local Bond Oversight

In its update of its 2009 bond oversight study, the Commission heard testimony and recommendations focusing both on improving the bond issuance process and improving local oversight, particularly in bolstering the effectiveness of local Citizens' Bond Oversight Committees as previously recommended by the Commission. Based on the testimony and written comments received, the Commission expands on and refines its prior recommendations for improving local bond oversight.

Recommendation 3:

The California Debt Investment Advisory Committee is encouraged to expedite the development of training materials for locally-elected officials on bond issuance.

Specifically, in addition to webinars, online training and other written materials, this should include a one- or two-page guide for local officials including key questions that should be answered by staff and consultants on the terms of any bond authorization, including total cost of the bond, including interest and fees and the effect of a bond issuance on debt ratio.

Recommendation 4:

Policymakers should enact legislation requiring a truth in bonding statement be provided for review by elected officials prior to authorizing a bond issuance.

Recommendation 5:

Policymakers should enact legislation requiring the county treasurer to review and comment on bond issuance proposals prior to authorization. The county treasurer also should advise policymakers on maintaining a prudent debt ratio.

Recommendation 6:

Develop easy-to-access online training materials for members of Citizens' Bond Oversight Committees.

Specifically, the Governor and Legislature should direct and authorize one-time funding to the Fiscal Crisis and Management Assistance Team to develop online training for local Citizens' Bond Oversight Committee members, with input and assistance from the California Debt and Investment Advisory Committee and the California League of Bond Oversight Committees.

Recommendation 7:

The Governor and Legislature should update and overhaul the education code related to the Strict Accountability in Local School Construction Bonds Act of 2000.

- ◆ Amend statutory code on performance audits to include the effectiveness and results of the bond program.
- ◆ Expand the role of Citizens' Bond Oversight Committees in selecting and interacting with bond program auditors.
- ◆ Require bond measures proposed to voters under the reduced threshold to include specific project lists.
- ◆ Change the appointment authority for members of Citizens' Bond Oversight Committees.
- ◆ Require districts to provide a minimal budget for the oversight committees, including a budget to hire independent counsel with municipal bond expertise.
- ◆ Require districts to provide a Web presence for Citizens' Bond Oversight Committees to prominently display meeting agendas and reports.

Recommendation 8:

Impose sanctions for school and community college districts that fail to adhere to constitutional and statutory requirements of Proposition 39 including preventing the district from adopting future bond measures under the reduced voter threshold.