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August 24, 2022

Honorable Michael D. Coughlan
Presiding Judge
San Joaquin County Superior Court
180 East Weber Avenue, Suite 1306-J
Stockton, California 95202

Re: Stockton Unified School District Board of Trustees
San Joaquin County Grand Jury Case #0121

Dear Judge Coughlan:

The Board of Trustees ("Board") of the Stockton Unified School District ("District") is in receipt of the Report from the San Joaquin County Grand Jury in the above-referenced case, and this letter constitutes the Board's formal response to the Report.

Pursuant to *California Penal Code* Sections 933 and 933.05, following the District's Town Hall meeting of August 4, 2022, and following review and discussion by the Board of Trustees at its regular Board Meeting on August 23, 2022, this is the response of the Board of Trustees to each of the Findings and Recommendations set forth in the Report. The District will comply with the Recommendations as noted herein as soon as practical, but with recent changes to its top-level administration, the District will need more time to comply with some of the Recommendations than was recommended by the Grand Jury.

Finding F1.1.1: Stockton Unified School District does not utilize financial software that aligns with the San Joaquin County Office of Education software, making analysis and review by the San Joaquin County Office of Education difficult.

Response to Finding F1.1.1: The District recognizes the importance of its financial software and of its compatibility with the software utilized by the San Joaquin County Office of Education.

Finding F1.1.2: Stockton Unified School District Business Services staff lacks necessary training and guidance to execute complex District business needs, resulting in the need to hire outside consultants at an increased cost to the District.

Response to Finding F1.1.2: The District disagrees with this finding. There are many excellent administrators and staff in the District's Business Services Department, and these employees undergo regular and consistent training. Nevertheless, it has been necessary to retain the services of outside consultants to augment these services, particularly in light of recent personnel vacancies and shortages, but the Board disagrees that doing so reflects a lack of staff training.

Finding F1.1.3: **The current Chief Business Officer was hired without following Board Policy 4211, creating an appearance of partiality and creating diminished internal and external confidence.**

Response to Finding F1.1.3: In hiring its prior Chief Business Officer, although the District engaged in an expedited process in order to fill the vacancy as soon as possible, the District complied with the basic principles set forth in Board Policy 4211, including that "there will be no unlawful discrimination in selection."

Recommendation R1.1.1: **By January 1, 2023, the Stockton Unified School District Board of Trustees direct the Superintendent to assess the current financial software to be compatible with the San Joaquin County Office of Education software.**

Response to Recommendation R1.1.1: On August 9, 2022, the Board of Trustees complied with this Recommendation.

Recommendation R1.1.2: **By December 1, 2022, Stockton Unified School District Board of Trustees, in conjunction with the Business Services Department, develop, adopt and implement training policies with protocols consistent with California Association of School Business Officers best practices.**

Response to Recommendation R1.1.2: The District already has an extensive system of policies and procedures regarding training and staff development such as is set forth in Board Policy/Administrative Regulation 4131, 4231, and 4331. These trainings include those offered through the California Association of School Business Officials ("CASBO") and other organizations. Nevertheless, by February 14, 2023 will have complied with this Recommendation.

Recommendation R1.1.3: **By December 1, 2022, the Stockton Unified School District Board of Trustees publicly commit through a Board resolution to adhere to Board Policy 4211.2 in recruitment efforts, candidate screenings and interview processes for all open positions.**

Response to Recommendation R1.1.3: On August 9, 2022, the Board of Trustees complied with this Recommendation.

Finding F1.2.1: Not all change orders are brought to the Board of Trustees for approval or ratification, leaving the Board and senior management unaware of overruns and total cost of projects and causing possible cost overages and budget deficits.

Response to Finding F1.2.1: The District regrets to report that not all change orders have been brought to the Board for approval or ratification, but the District will take steps to remedy this problem, to the extent that it exists.

Recommendation R1.2.1: By August 30, 2022, the Stockton Unified School District Board of Trustees develop, adopt and implement a policy with procedures for tracking adjustments to contracts.

Response to Recommendation R1.2.1: The Board will comply with this Recommendation no later than December 13, 2022.

Recommendation R1.2.2: By August 30, 2022, the Stockton Unified School District Board of Trustees develop, adopt and implement a policy to require the Facilities and Planning Department to submit all construction change orders to the Board for review, approval and ratification under one standard agenda heading.

Response to Recommendation R1.2.2: The Board will not implement this recommendation because it is neither warranted nor reasonable. The Board, however, agrees that construction change orders must be approved by the Board in order to be enforceable. But there is no legal basis for all construction change orders to be submitted “under one standard agenda heading,” and indeed, there are good reasons to do otherwise.

Recommendation R1.2.3: By August 30, 2022, the Stockton Unified School District Board of Trustees direct the Director of Facilities and Planning to designate an individual to monitor and update change orders monthly and to ensure other employees in the department are cross trained in this process.

Response to Recommendation R1.2.3: The Board will implement this recommendation by September 27, 2022.

Finding F1.3.1: The elimination of the Stockton Unified School District Grant Development Office in a February 2021 District reorganization resulted in grants no longer being monitored by a specific department or individual, risking additional and unnecessary spending from the General Fund.

Response to Finding F1.3.1: The District will re-establish the Grant Development Department, and it is actively recruiting for a Grant Development and Compliance Specialist who will report directly to the Superintendent.

Finding F1.3.2: Stockton Unified School District does not identify and pursue all grant opportunities due to a lack of coordinated leadership, potentially resulting in unnecessary spending from the General Fund, contributing to a budget shortfall and missing opportunities for additional funding for the benefit of the students.

Response to Finding F1.3.2: The District regularly identifies and pursues available grant opportunities, and the District will plan to increase its efforts in this regard.

Recommendation R1.3.1: By December 30, 2022, the Stockton Unified School District Board of Trustees reinstate the Grant Development Office to identify grant opportunities and apply for and monitor all grant applications. Reinstatement of the Grant Development Office will facilitate project and cost management.

Response to Recommendation R1.3.1: The District will re-establish the Grant Development Department, and it is actively recruiting for a Grant Development and Compliance Specialist who will report directly to the Superintendent.

Recommendation R1.3.2: By December 30, 2022, the Stockton Unified School District Board of Trustees approve the reinstatement of a grant writer position within the Grant Development Office to explore grant opportunities for programs, facilities and services to assist in minimizing the risk of a Stockton Unified School District budget deficit.

Response to Recommendation R1.3.2: At the regular Board meeting on July 26, 2022, the Board reinstated the Grant Development and Compliance Specialist position.

Finding F1.4.1: Stockton Unified School District's purchasing policies and procedures are not clearly defined, allowing for deviation from California Association of School Business Officers ("CASBO") best practices by the Business Services Department.

Response to Finding F1.4.1: The District's general purchasing policies and procedures are set forth in Board Policy/Administrative Regulation 3310, 3311, and 3311.1, and in addition, the District maintains certain manuals and guides for its Purchasing Department including the Purchasing Policies and Procedures Manual; the School Bid Guidelines and Exceptions, updated October 26, 2021; and the Districtwide Purchasing Guidelines, updated February 1, 2022. These manuals/guides are intended to summarize, in a user-friendly format, the applicable Board Policies, Administrative Regulations, statutes, and case law. The District will review this material to enhance clarity and consistency. The Board disagrees, though, that CASBO provides definitive "best practices" against which the District's policies and procedures can or should be judged, although the District may consult CASBO resources to the extent that they may be helpful. Finally, the Board responds to the concerns raised in the Report regarding the District not utilizing an RFQ process to retain Total School Solutions; TSS provided professional consulting services, and because this was a "special service" under Government Code Section 53060, no bidding or Request for Qualifications was required.

Finding F1.4.2: **Stockton Unified School District's purchasing policies and procedures are not clearly defined, causing inaccurate evaluations of actual cost and delivery of products and services.**

Response to Finding F1.4.2: The Board disagrees that its purchasing policies or procedures have caused incorrect evaluations of the actual cost and delivery of products and services. And the Board incorporates by this reference its response to Finding 1.4.1 above.

Finding F1.4.3: **Stockton Unified School District is inconsistent in use of Invitation for Bid, Request for Qualifications and Request for Proposal, resulting in providers not being strategically vetted and thereby allowing opportunity for misuse of funds and/or malfeasance.**

Response to Finding F1.4.3: The District disagrees with this Finding. Purported inconsistencies identified in the Report are attributable to an exemption for special services, as explained above, and moreover, the Board is unaware of any evidence of misuse of funds or malfeasance. Nevertheless, the District will be implementing new policies and procedures pertaining to purchasing and procurement.

Finding F1.4.4: **Stockton Unified School District inconsistently uses a Request for Proposal for legal services as required by Board Bylaw 9124, potentially resulting in greater costs for legal services.**

Response to Finding F1.4.4: The District points out that the awarding of contracts for professional services, like legal services, is not entirely based on pricing, but rather, is based largely on the quality of services provided. Moreover, as a matter of law, school districts are not required to use a Request for Proposal or public bidding process when retaining legal services.

Finding F1.4.5: **The Board of Trustees routinely disregards Stockton Unified School District staff recommendation and analysis of Request for Proposals, potentially causing the hiring of lesser qualified and/or more costly vendors.**

Response to Finding F1.4.5: The District disagrees with this Finding. The Board does not routinely disregard staff recommendations and analyses on Requests for Proposals. In fact, only on rare occasions does the Board not support the staff recommendation. Moreover, if the Board were to decline a staff recommendation, that does not mean that the Board has disregarded or not considered the staff recommendation. The Board values and thoroughly considers staff recommendations in awarding contracts.

Recommendation R1.4.1: **By September 30, 2022, Stockton Unified School District Board of Trustees develop, adopt, and implement a revised Board Purchasing Policy 3310 to include clear policies and procedures for use of Invitation for Bid, Request for Qualifications and Request for Proposal.**

Response to Recommendation R1.4.1: The District will comply with this Recommendation by November 8, 2022.

Recommendation R1.4.2: **By November 1, 2022, Stockton Unified School District Board of Trustees develop, adopt, and implement a training program and training schedule for administration, department heads and purchasing staff on the use of Invitation for Bid, Request for Qualifications and Request for Proposal.**

Response to Recommendation R1.4.2: District staff already are engaged in such training. By November 8, 2022, the District will publicize the trainings in which staff has been engaged.

Recommendation R1.4.3: **By September 30, 2022, Stockton Unified School District Board of Trustees publicly agree through a Board resolution to adhere to Board Bylaw 9124 by requiring a Request for Proposal for all legal services.**

Response to Recommendation R1.4.3: The District will not comply with this Recommendation as such as Board Resolution is unnecessary. As matter of law, school districts are not required to use a Request for Proposal or public bidding process when retaining legal services.

Recommendation R1.4.4: By September 30, 2022, Stockton Unified School District Board of Trustees publicly agree, through a Board resolution, to require and consider staff recommendations and scoring matrixes prior to voting on any Request for Proposal.

Response to Recommendation R1.4.4: The Board will not comply with this Recommendation because such as Board Resolution is unwarranted and unnecessary. The Board routinely considers staff recommendations and scoring prior to voting on vendors' proposals. Nevertheless, during this calendar year, the District will be implementing new policies and procedures pertaining to purchasing and procurement.

Recommendation R1.4.5: By September 30, 2022, The Board of Trustees pass a resolution affirming Board Policy 3310, SUSD Districtwide Purchasing Guidelines, and Administrative Regulation 3310 and direct the Superintendent to follow these Policies, Guidelines and Regulations.

Response to Recommendation R1.4.5: The Board does not believe that such a Board Resolution is necessary, but the Board will comply with this Recommendation by November 8, 2022.

Finding F1.5.1: Lack of detailed billing and incomplete invoices for Board review creates risks of paying for services not received.

Response to Finding F1.5.1: The Board disagrees that this is an uncontrolled risk at the District.

Recommendation R1.5.1: By October 1, 2022, the Stockton Unified School District Board of Trustees develop, adopt and implement a policy that requires legal firms to provide detailed billing information as prescribed by the American Bar Association.

Response to Recommendation R1.5.1: All law firms retained by the District submit proper detailed invoices. The District points out, though, that the legal services invoices that were submitted to the Grand Jury by the District were redacted to prevent disclosure of attorney-client privileged information.

Finding F1.6.1: Consultant forms are accepted and forwarded to the Board without all sections completed and/or answered appropriately, impairing the Board's ability to make informed decisions.

Response to Finding F1.6.1: The District will take steps to remedy this problem, to the extent that it exists.

Finding F1.6.2: Stockton Unified School District paid at least one consultant for services not delivered, resulting in a misuse of public funds.

Response to Finding F1.6.2: The District regrets to report that it has confirmed that in at least one instance, the District paid a consultant for services not delivered, and the Board appreciates that the Grand Jury has brought this situation to its attention.. The District will take steps to remedy this problem, to the extent that it exists.

Recommendation R1.6.1: By October 1, 2022, the Board of Trustees direct the Superintendent to adhere to Stockton Unified School District Board Policy E 3600 and require all Consultant Forms be complete and accurate prior to presentation to the Board.

Response to Recommendation R1.6.1: The Superintendent is hereby directed to adhere to this Recommendation.

Finding F1.7.1: Stockton Unified School District current budget projections indicate there will be a budget deficit of more than \$30 million in fiscal year 2024-2025, a deficit which could cause layoffs and elimination or reduction of student programs.

Response to Finding F1.7.1: The District is in the process of resolving its budgetary issues.

Finding F1.7.2: Stockton Unified School District has no plan in place to deal with deficit spending, putting Stockton Unified School District at risk of fiscal insolvency.

Response to Finding F1.7.2: The District disagrees with this Finding.

Finding F1.7.3: Stockton Unified School District Departments do not have clear operational budgets, decreasing the effectiveness of planning and implementation of student-focused decision making.

Response to Finding F1.7.3: The District disagrees with this Finding.

Finding F1.7.4: Stockton Unified School District has no defined and documented plan to pay for essential and on-going costs once one-time funds are depleted or unavailable, increasing the risk of General Fund depletion.

Response to Finding F1.7.4: The District disagrees with this Finding.

Finding F1.7.5: Stockton Unified School District has no Multi-Year Financial Projection to monitor the one-time fund expenditures as Stockton Unified School District moves into 2022-2023, potentially causing the projected deficit to occur earlier.

Response to Finding F1.7.5: The District disagrees with this Finding.

Recommendation R1.7.1: By December 1, 2022, the Stockton Unified School District Board of Trustees, in conjunction with the Superintendent, develop, adopt and implement operational budgets that address projected deficit spending for the District and all departments.

Response to Recommendation R1.7.1: The District already is complying with this Recommendation.

Recommendation R1.7.2: By October 1, 2022, Stockton Unified School District Board of Trustees develop, adopt and implement a documented plan to identify the essential ongoing costs that are being funded by one-time money and revise the budget to reflect the impact to the General Fund.

Response to Recommendation R1.7.2: By November 23, 2022, the Board will adopt a plan to identify the essential ongoing costs that are being funded by one-time money, and will revise the District's budget if necessary.

Finding F2.1: The Stockton Unified School District Board of Trustees has shown disregard for Board Bylaw 9270, Conflict of Interest, contributing to an appearance of impropriety that may diminish the integrity of the District.

Response to Finding F2.1: The District disagrees with this Finding.

Finding F2.2: Not all Stockton Unified School District Board of Trustee members have completed the California School Board Association Master in Governance training program, leaving them inadequately trained in Board duties and responsibilities.

Response to Finding F2.2: The Board of Trustees will work on resolving these issues.

Recommendation R2.1: By October 1, 2022, all members of the Stockton Unified School District Board of Trustees complete all five of the California School Board Association Masters in Governance training courses.

Response to Recommendation R2.1: The District will comply with this Recommendation by June 30, 2023.

Recommendation R2.2: By October 1, 2022, Stockton Unified School District Board of Trustees provide Board members' California School Board Association certifications of completion of Masters in Governance training to the public in accordance with the Freedom of Information Act.

Response to Recommendation R2.2: By June 30, 2023, the District will comply with this Recommendation, consistent with the California Public Records Act.

Recommendation R2.3: By October 1, 2022, Stockton Unified School District Board of Trustees post Board members' California School Board Association certifications of completion of Masters in Governance training on the District website.

Response to Recommendation R2.3: By June 30, 2023, the District will comply with this Recommendation.

Finding F3.1: Lack of Stockton Unified School District Board of Trustee meeting minutes posted publicly and/or timely per Board Bylaw 9324, Minutes and Recordings, and Ed Code § 35145a creates diminished public awareness of the actions of the Board of Trustees.

Response to Finding F3.1: The District has discovered that there had been some lapses in Board approval of Minutes, but on a going-forward basis, this issue has been resolved.

Finding F3.2: The absence of general discussion in Board minutes diminishes Board accountability and public transparency, leaving District constituents ill-informed of District issues that could have adverse effects on the students.

Response to Finding F3.2: The District disagrees with this Finding. The audio and Zoom recordings of Board of Trustees meetings are available to the public, and except for Closed Session, all Board discussions are open to the public so there is full transparency.

Finding F3.3: Board agenda packets are often missing important information, a violation of Board Bylaw 9324, Agenda/Meeting Materials, contributing to ill-informed decision making which could adversely impact students and constituents.

Response to Finding F3.3: The District disagrees with this Finding. Board agenda packets are in full compliance with law and with Board Bylaw 9324.

Finding F3.4: Lack of public discussion on Board agenda items creates an appearance of business being conducted “behind closed doors” and fosters mistrust among District staff and constituents.

Response to Finding F3.4: The District disagrees with this Finding. The audio and Zoom recordings of Board of Trustees meetings are available to the public, and except for Closed Session, all Board discussions are open to the public so there is full transparency.

Finding F3.5: Lack of certified translators for Board meetings causes inaccurate and nontransparent translations of public meetings.

Response to Finding F3.5: The District disagrees with this Finding. There are trained and experienced translators available at every Board meeting.

Recommendation R3.1: By September 1, 2022, Stockton Unified School District Board of Trustees agendaize and approve Board minutes at the following Board meeting to optimize public information and transparency in accordance with Board Bylaw 9324.

Response to Recommendation R3.1: The District has discovered that there had been some lapses in Board approval of Minutes, but this issue has been resolved on a going-forward basis. It is a goal of the District to have Board Meeting Minutes agendaized and approved at the following Board meeting.

Recommendation R3.2: By September 1, 2022, Stockton Unified School District Board of Trustees amend Board Bylaw 9324 Minutes and Recordings, to require posting Board minutes on the Stockton Unified School District website within 30 days of Board meetings to optimize transparency.

Response to Recommendation R3.2: The District has discovered that there had been some lapses in Board approval of Minutes, but this issue has been resolved on an ongoing basis. It is a goal of the District to have Board Meeting Minutes agendaized and approved at the following Board meeting.

Recommendation R3.3: By August 15, 2022, Stockton Unified School District Board of Trustees follow Board Bylaw 9324.2 by including a summary of Board discussion in meeting minutes.

Response to Recommendation R3.3: The audio and Zoom recordings of Board of Trustees meetings are available to the public, and except for Closed Session, all Board discussions are open to the public so there is full transparency. On August 9, 2022, the Board of Trustees approved clarifying revisions to Board Bylaws 9324.

Recommendation R3.4: By August 15, 2022, Stockton Unified School District Board of Trustees adhere to Board Bylaw BB 9322 Agendas/Meeting Materials and direct the Superintendent to ensure all Board agenda packets have completed forms, with no blank spaces or incomplete details and information.

Response to Recommendation R3.4: The District already complies with this Recommendation.

Recommendation R3.5: By October 1, 2022, Stockton Unified School District Board of Trustees utilize professional services of a certified Spanish translator for all Board meetings to insure accurate translation of all public meetings. This will ensure transparency.

Response to Recommendation R3.5: Although its translators are not necessarily certified, such as through the American Translators Association, the District retains the services of dedicated, competent, and professional translators to work at Board meetings.

Recommendation R3.6: By November 1, 2022, the Stockton Unified School District Board of Trustees, during a public meeting, discuss each finding and recommendation of this full Grand Jury report as a separate Board agenda discussion item.

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Response to Recommendation R3.6: On August 4, 2022, the District hosted a Town Hall meeting for the purpose of hearing from the public regarding the Grand Jury Report. Additionally, at the Board's regular meeting on August 23, 2022, the District's draft Response to the Grand Jury Report was agendaized, and the public and members of the Board of Trustees had a full opportunity to express their views on each Finding and Recommendation in the Grand Jury Report prior to the Board approving this response to the Report.

Sincerely,

Cecilia Mendez
President, Board of Trustees
Stockton Unified School District

cc: Trisa Martinez, Staff Secretary to the Grand Jury, grandjury@sjcourts.org