

SCOE BIZ

Business Services Bulletin No. 20-24



5340 Skylane Boulevard
Santa Rosa, CA 95403-8246
(707) 524-2600 ■ www.scoe.org

June 25, 2020

To: District and Charter Business Services
From: Shelley Stiles, Director External Fiscal Services
Subject: June 2020 Edition for DBUG June 25, 2020

Budget Adoption and 45 Day REVISE

A budget agreement was reached between the Governor and the Legislature this week. When it has been signed by Governor Newsom, the 45-Day Revise count starts and it will be time for LEAs to make necessary budget updates to their 2020-21 Adopted Budgets. More details will follow in a separate SCOE Biz Bulletin, along with the BASC Common Message: 45-Day Revise.

SCOE will be requiring Districts to submit their 45-Day Revise report this year, or provide an explanation as to why the revise is not material. In addition, we will be asking for cash flow and budget update reports at important intervals (between interim reporting) throughout the upcoming 2020-21 year. These reports will help you with your cash analysis and provide SCOE with important milestones as we work together with LEAs to weather the COVID-19 economic downturn and remain fiscally solvent. It is highly recommended that Charter's prepare and submit the same documents to their authorizing LEA and a copy to SCOE as well.

Please mark your calendars now for the following cash flow and budget update submissions:

1. September 1: 45-Day Revise board item, along with an updated cash flow report
2. October 15: Budget update report from ESCAPE Financial System and updated cash flow
3. February 15: Budget update report and updated cash flow
4. April 15: Budget update report and updated cash flow

More details on specific budget report submission options from ESCAPE will follow in the next couple of weeks. Cash flow reports can be a current district used template, or the SCOE cash flow template. SACS form CASH will also be acceptable if updated appropriately.

CASH IS KING: More on Cash Deferrals

The May Revise proposed multiple deferrals, and the State Budget (poised for the Governor's signature) adds additional deferrals. For the 2020-21 year deferrals increase from \$5.4 billion to \$8.6 billion. School Services is reporting that \$1.54 billion from February will be paid in November, \$2.38 billion from March, April, and May apportionments will be paid in October, September, and August. LEAs will most likely need to resort to borrowing, either internally or externally. For your convenience, I've reprinted the cash borrowing options from the April SCOE Biz Bulletin No. 20-19 under reminders on the last page of this bulletin.

- ✓ If doing a TRAN (Tax Revenue Anticipation Note), notification to SCOE and the Sonoma County Treasury is required. Please email Shelley Stiles at ssstiles@scoe.org for details on the required notifications. SCOE will be providing a Zoom workshop focusing on cash flow management options, and presented by experts in the government finance field. Expect more information in July, for a late August or early September workshop.

- ✓ Effective cash management is essential and necessary for fiscal solvency. The FCMAT Fiscal Alert provides background information, relevant issues in cash flow analysis and planning, alternate ways for keeping the general fund in a positive cash status, and cash monitoring guidance. It is important to preserve cash! Consider delaying payments to vendors if possible to manage month end cash balances or carefully plan monthly discretionary spending to coincide with higher cash availability months.
- ✓ Please take a moment to re-read the FCMAT Fiscal Alert published in April 2020, posted on FCMAT's web page <https://www.fcmat.org/PublicationsReports/FCMAT-Fiscal-Alert-Effective-Cash-Management-During-Uncertain-Times.pdf>. School Services of California have written several Fiscal Reports on cash deferrals that can be found on their website if you are a client and have been attached for your convenience.

Personal Protective Equipment (PPE) Distribution for Sonoma County LEAs

The California Office of Emergency Services (CalOES) is providing Personal Protective Equipment (PPE) to LEAs. This equipment is meant to be enough for the first 60 days of the school year. Many are eager to know when these supplies will arrive and exactly what materials to expect. While we are still waiting for many details ourselves, here is the information that we have for now:

What will be provided, and how much?

- The PPE supplies to be allocated include:
 - N95 masks for school medical staff
 - Cloth masks and disposable masks for students (elementary and secondary sizes), teachers, and staff (masks are indicated as two per child and four per teacher.)
 - Face shields
 - Thermometers
 - **Gowns/smocks and gloves are not being provided**

Our understanding is that CalOES used DataQuest to develop the allocations. We are confirming the counts of items per district, including dependent charters and independent charters, to reconcile to the totals allocated to our county.

As an important note, these supplies are only meant to last 60 days. We strongly encourage you to begin looking into acquiring additional supplies for the rest of the year.

When will it arrive? How will it be distributed?

We are expecting the shipment by mid-July, but have not yet been given a delivery date. The supplies will be sent to SCOE. We will set up a distribution/delivery/pick up plan to make supplies available to LEAs before August 1.

COVID-19 Federal ESSER Funds Application period open

All LEAs should have already received their password via email in order to fill out the application. If the Superintendent or Charter Administrator did not receive an email, please contact the CDE via email to CARESAct@cde.ca.gov. We are not aware of a deadline for the application at this time. Questions about the application process, use of funds, and reporting requirements can be found on the CDE web page along with the application form at <https://www.cde.ca.gov/fg/cr/caresact.asp>.

Prop 39 Annual Expenditure Reports

Do you still have Prop 39 energy projects in process? If so, remember that you are required to submit an Annual Progress Report for each approved EEP until all eligible energy measures within the approved plan are completed. The Annual Progress Report templates will be available July 1, 2020, and must be submitted by September 30, 2020. The report should include activities that occurred in the previous fiscal year (July 1, 2019, to June 30, 2020). More information can be found at the Proposition 39 website at <https://www.energy.ca.gov/programs-and-topics/programs/california-clean-energy-jobs-act-proposition-39-k-12-program>

2019-20 J13a waiver approval status

Waivers for closures during fall 2019 due to the Kincade Fire, Public Safety Power Shutoffs, or poor Air Quality submitted to CDE are still in the approval process. A small portion of J13a waivers submitted have been approved and LEAs notified. We are still expecting approval notifications for waivers submitted. Please contact Shelley Stiles ([sstiles@scoe.org](mailto:ssstiles@scoe.org)) or Vickie Holden (vholden@scoe.org) if you have questions about your submitted waiver or need a copy for your auditors. CDE will notify the LEA directly via email with questions or the approval letter. Hard copies follow in the mail.

Property Taxes – Teeter Plan

Sonoma County operates on the Teeter Plan (Alternative Method of Property Tax Allocation), which was adopted by the Sonoma County Board of Supervisors on June 29, 1993. Sonoma County is not investigating a change in the operation of the plan and the current method of property tax allocations.

Operating under a Teeter Plan means that the **county controller sends the full amount of owed property taxes due to the local school district whether the taxes are actually paid or not.** It is our understanding that Teeter counties do not have the authority to lessen the payment to districts due to more taxpayers paying late.

Consolidated Application and Reporting System (CARS)

CARS is open now through June 30 for revisions to 2019-20 necessary if utilizing any COVID-19 federal flexibility. Any changes must be certified in the CARS system by close of day on June 30.

The Consolidated Application and Reporting System (CARS) spring release will open July 6, 2020. All data collections deadline for certification is August 17, 2020.

- CDE has provided trainings posted on YouTube. The Navigating CARS webinar is an introduction to the system that is targeted to new local educational agency users. It covers how to maneuver in the CARS application, reviews the function of each tab, provides examples of data collection forms, and offers additional information about how CARS operates. This training webinar can be accessed here: <https://www.youtube.com/watch?v=qSI-b4YxiJY>.
- Additional information about CARS is available on the California Department of Education CARS web page at <http://www.cde.ca.gov/fg/aa/co/cars.asp>.
- If you have any questions regarding CARS, please try your SCOE Advisor with your questions first. If the answer is unknown or your question is unique, then please contact the Consolidated Application support desk by email at conappsupport@cde.ca.gov.
- Anyone may subscribe to the Consolidated Application distribution list by sending a blank email to join-consolidated-application@mlist.cde.ca.gov.

Remember, the SCOE Co-Op has been eliminated, and all LEAs will need to complete CARS reporting (exception for the very small LEAs, 150 ADA or less, by request) in order to received Federal Title funding.

REMINDERS:

Your team of SCOE Fiscal Advisors, along with Shelley Stiles and Mary Downey have been regularly providing COVID-19 Fiscal Guidance. Documents have been posted on the SCOE web page, under DBUG Resources <https://www.scoe.org/pub/htdocs/fiscal-dbug.html>. Updates to each document are completed, as more information becomes known. Please watch for updates via e-mail and on the SCOE web page. You can currently find the following:

- FAQ: Economic Crisis Planning Impact on Budget
- LCAP - Fiscal Perspectives - Updated 5/20/2020
- COVID-19 Funding Sources - Updated 6/17/2020

- SCOE Biz 20-22 May Revision Guidance
- Attendance Reporting Matrix

Cash borrowing options

Please re-read SCOE Biz Bulletin No. 20-19 dated April 23, 2020 for details about cash borrowing options. You can find it posted in the SCOE website, under DBUG resources at https://www.scoe.org/files/20-19_SCOE_Biz_Cash_Borrowing_for_Next_Fiscal_Year_with_attachment.pdf

Three options are presented in the bulletin for District consideration:

- A. County Treasurer (Line of Credit) – available to Districts only
- B. TRAN (tax and revenue anticipation notes) – available to Districts only
 - Although SCOE cannot make vendor recommendations, we can share a list of vendors used across the state for TRAN issuance. Please contact Shelley Stiles directly at sstiles@scoe.org if you are in need of vendor names. **BOTH SCOE and the County Treasury require notification of TRAN issuances. For individualized questions, please contact Shelley Stiles.**
- C. Interfund Borrowing

Dates to Remember:

07/01/2020	Preliminary Cash Roll to FY21
07/01/2020	2020-21 Screens open in ESCAPE
07/03/2020	Independence Day – SCOE Closed
07/08/2020	ESCAPE Payroll Balancing Zoom training
07/08/2020	2020-21 First AP batch due @ Noon
07/24/2020	SCOE Year-End Closing Entry Packets emailed to LEAs
07/30/2020	Unaudited Actual Workshop via Zoom
07/30/2020	Districts eFile Use Tax and mail payment deadline
08/05/2020	Year-End Close checklist due to SCOE Advisor

NO JULY DBUG

NOTE:

- Want to add something to a DBUG Agenda? Want a topic added to SCOE Biz? Contract DBUG Chair Christina Menicucci
- Documents presented at DBUG found posted at <http://www.scoe.org/pub/htdocs/fiscal-dbug.html>
- Workshop manuals and Fiscal Services/IT forms may be found at <http://www.scoe.org/escape> under the heading of Resources on the left side of the page.

Governor Newsom and Legislature Reach Budget Agreement

By Sara C. Bachez and Elizabeth Esquivel, Governmental Relations

On Monday, June 22, 2020, Governor Newsom and legislative leaders [announced](#) they reached a state budget agreement. In their press release, both Assembly Speaker Rendon and Senate Pro Tem Atkins stated that “this budget required some tough decisions and more work remains ahead”. Today, June, 24, 2020, the Senate Budget and Fiscal Review Committee will meet to act on the budget package and on Friday, June 26, 2020 the Assembly Budget Subcommittee No. 6 on Budget Process, Oversight, and Program Evaluations will meet before the bills head to the floor.

The Legislature is expected to vote on the agreement by Friday, June 26, 2020 before sending the budget package to Governor Newsom for his signature.

List of Budget Bills

[SB 74](#) (Mitchell): Budget Act of 2020.

[AB 77](#) (Committee on Budget)/ [SB 98](#) (Committee on Budget and Fiscal Review): Education finance: education omnibus budget trailer bill.

[AB 84](#) (Committee on Budget): Public employment and retirement.

[SB 121](#) (Committee on Budget and Fiscal Review): Budget Act of 2020.

[Final Assembly Floor Report](#)

[Analysis of Budget Trailer Bills](#)

2020-21 General Fund Budget Summary 2020 Budget Act (Dollars in Millions)

	2019-20	2020-21
RESOURCES:		
Prior Year Balance	\$11,280	\$1,972
Revenues/Transfers	\$139,745	\$129,913
Transfer to Budget Stabilization Account	-\$2,120	\$0
Withdrawal from the Budget Stabilization Account	\$0	\$7,806
Total Resources	\$148,905	\$139,691
EXPENDITURES:		
Proposition 98	\$52,656	\$45,066
Non-Proposition 98	\$94,277	\$88,834
Total Expenditures	\$146,933	\$133,900
FUND BALANCES:	\$1,972	\$5,791
Reserve for Encumbrances	\$3,175	\$3,175
Special Fund for Economic Uncertainties	-\$1,203	\$2,616
COVID Reserve	\$0	(\$716)

Safety Net Reserve	\$900	\$450
Budget Stabilization Account	\$16,116	\$8,310
Total Reserves	\$15,813	\$11,376
Source: Final Assembly Floor Report		

The state budget is primarily based on the Legislature's framework, which relies on \$14 billion in federal funding to be received by October 15, 2020. If federal funds are more than \$2 billion but less than \$14 billion, the amount above \$2 billion shall be proportionally allocated among the programs listed below. Should the state receive an infusion of new federal funding, the following restorations and actions would occur:

- \$150 million restored to the Judicial branch budget.
- \$45 million restored to the moderate-income housing production funding.
- \$203 million restored to the infill infrastructure grant program at the Department of Housing and Community Development.
- \$46 million restored to the child support administration.
- \$5.8 billion deferrals rescinded to K-12 schools.
- \$791 million deferrals rescinded to California Community Colleges.
- \$472 million restored to the University of California.
- \$500 million restored to the California State University.
- \$88 million restored to the Golden State Teacher Grant Program.
- \$250 million would be provided to offset counties' recent loss of realignment sales tax funding.
- \$2.8 billion would be deposited into the Employee Compensation Reduction Offset Fund.

Major K-12 Adjustments

- Rejects 10% Local Control Funding Formula (LCFF) reduction from May Revise and provides no cost of living adjustment. The final budget package does not include the requirements as specified in [AB 1835](#) (Weber).
- Allocates \$5.53 billion in discretionary federal funds and General Fund for one-time COVID closure impacts.
- Allocates \$1.4 billion in federal Elementary and Secondary School Emergency Relief Fund (ESSER) funds directly to local educational agencies (LEAs) based on Title 1 distribution.
- Provides \$2.3 billion funding relief to reduce school employers' rate contributions to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees Retirement System (CalPERS).
- Restores K-12 categorical programs, completely rejecting the Governor's May Revise proposal to reduce these programs by \$352.9 million.
- Provides \$50 million for the California Department of Education to administer the Early Literacy Support Block Grant to award grants to local educational agencies with the 75 schools that have the highest percentage of pupils in grade 3 scoring at the lowest achievement standard level on the state summative assessment in English language arts and also meet other specified conditions.
- Provides \$3 million to the California Department of Education to establish an expert lead in literacy within the statewide system of support and require the expert lead in literacy to assist local educational agencies eligible for grants authorized by the Early Literacy Support Block Grant as well as create professional learning networks.
- Provides \$450,000 for the California Department of Education to support the alignment and integration of online platforms supporting the California School Dashboard, the Local Control and Accountability Plan electronic template system, and the school accountability report card.
- Provides \$4.2 million for the Kern County superintendent of schools to administer the Standardized Account Code Structure system replacement project.
- Provides \$60 million for the Classified School Employee Summer Assistance Program, in which funds would be available until June 30, 2025.

Analysis of AB 77 - The Education Trailer Bill

Deferrals. For the 2019-20 budget year, the state will defer from the June apportionment \$1,850,377,000 to July 2020, to be paid by the State Controller no later than July 15, 2020.

For the 2020-21 budget year, the state will defer a total of \$11,041,535,000, which includes the \$5,278,463,00 that was part of the May Revise, and an additional \$5,763,072,000 in trigger deferrals that has been included in the final budget deal. The breakdown is as follows:

- \$1,540,303,000 from the February apportionment to be drawn in November
- \$2,375,308,000 from the March apportionment to be drawn in October
- \$2,375,308,000 from the April apportionment to be drawn in September
- \$2,375,308,000 from the May apportionment to be drawn in August
- \$2,375,308,00 from the June apportionment to be drawn in July
- The Director of Finance will determine that if there are sufficient federal funds provided to the state for the 2020-21 fiscal year that may be used to offset the deferral of payments.

The state budget also defers \$3.412 billion in the 2021-22 budget year.

(AB 77, Section 10, Education Code Section 14041.5, pages 57-60; Section 11, Education Code Section 14041.6, pages 60-65)

The state budget will provide up to \$300 million in deferral hardship funds for school districts and charter schools that have exhausted all internal and external sources of borrowing. In order for a local educational agency (LEA) to receive a payment, the county superintendent of schools or the chartering authority shall certify to the Superintendent of Public Instruction and the Department of Finance on or before January 5, 2021 that the LEA is unable to meet obligations for February or any subsequent month until the deferral is repaid, and shall provide the Superintendent an estimate of the amount of additional funds necessary for the school district to meet its financial obligations for February or any subsequent month until the deferral is paid.

(AB 77, Section 12, Education Code Section 14041.8, pages 65-75)

Full-Day Kindergarten Facilities Grant Program. The state budget makes the program contingent upon an appropriation by the Legislature, to fund for the first two years schoolsites that did not offer a full-day kindergarten program as of July 1, 2019.

(AB 77, Section 13, Education Code Section 17375, pages 75-79)

Proceeds from the Sale of Surplus Property. A school district may deposit the proceeds from the sale or lease of surplus real property into the general fund of the school district for any one-time general fund purpose. Before a school district exercises this authority, it must submit to the State Allocation Board documents certifying both of the following:

- The sale of real property pursuant to this section does not violate the provisions of a local bond act.
- The real property is not suitable to meet projected school construction needs for the next 10 years.

The governing board of the school district at a regularly scheduled meeting shall present a plan for expending one-time resources and identify the source and use of the funds and describe the reasons why the expenditures will not result in ongoing fiscal obligations for the school district.

(AB 77, Section 14, Education Code Section 17463.7, pages 79-81; Section 15, Education Code Section 17524, page 81)

Peace Officers on School Campuses. The Legislature intends to evaluate the presence of peace officers and other law enforcement on school campuses and identify and consider alternative options to ensure pupil safety is based on the needs of the local school communities. It's the intent of the Legislature to encourage local educational agencies to use school resources currently allocated to such personnel, for pupil support services, such as mental health and professional development on cultural competency and restorative justice.

(AB 77, Section 17, Education Code Section 38000, pages 82-84)

Micro-college Prohibition. School districts, charter schools, and county offices of education shall not expend funds provided for courses or instruction offered by private or public college or universities beyond that permitted in pursuit of a high school diploma, except for courses or instruction in which pupils are enrolled in before July 1, 2020.

(AB 77, Section 23, Education Code Section 41370, page 89)

Inter-fund Borrowing Allowance. For the 2020-21 and 2021-22 fiscal years, if the state defers any payments owed to school districts, the governing board of a school district may authorize, by resolution, moneys held in any fund or account to be temporarily transferred to another fund or account for payment of obligations. Amounts transferred shall be repaid either in the same fiscal year, or in the following fiscal year, if the transfer takes place within the final 120 calendar days of a fiscal year. The governing board of a school district shall hold a public hearing to take testimony from the public before adopting the required resolution.

(AB 77, Section 33, Education Code Section 42603.1, page 135)

School Finance, Instruction, and Accountability. Provides the following definitions:

- **Distance learning:** instruction in which the pupil and instructor are in different locations and pupils are under the general supervision of a certificated employee of the local educational agency. Distance learning may include, but is not limited to, all of the following:
 - Interaction, instruction, and check-ins between teachers and pupils through the use of a computer or communication technology.
 - Video or audio instruction in which the primary mode of communication between the pupil and certificated employee is online interaction, instructional television, video, telecourses, or other instruction that relies on computer or communications technology.
 - The use of print materials incorporating assignments that are the subject of written or oral feedback.
 - Distance learning may be offered under the following circumstances:
 - On a local educational agency or schoolwide level as a result of an order or guidance from a state public health officer or a local public health officer.
 - For pupils who are medically fragile or would be put at risk by in-person instruction, or who are self-quarantining because of exposure to COVID-19.
 - Distance learning shall include all of the following:
 - Confirmation or provision of access for all pupils to connectivity and devices adequate to participate in the educational program and complete assigned work.
 - Content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction.
 - Academic and other supports designed to address the needs of pupils not performing at grade level or in need of support, such as English learners, students with disabilities, and foster youth or students experiencing homelessness, and students requiring mental health services.
 - Special education and related services required by a student's individualized education program.

- Designated and integrated instruction in English language development, including assessment of English language proficiency, support to access curriculum, the ability to reclassify as fully English proficient, and as applicable, support for dual language learning.
 - Daily live interaction with certificated employees and peers for purposes of instruction, progress monitoring, and maintaining school connectedness. If daily live interaction is not feasible, the governing board of the school district shall develop, with parent and stakeholder input, an alternative plan for frequent live interaction that provides a comparable level of service and school connectedness.
- ***In-person instruction:*** instruction under the immediate physical supervision and control of a certificated employee of the local educational agency while engaged in educational activities required of the pupil. A local educational agency shall offer in-person instruction to the greatest extent possible.
 - ***Local educational agency:*** school district, county office of education, or charter school, excluding a charter school classified as a nonclassroom-based charter school pursuant to Section 47612.5 and 47634.2 as of the 2019-20 fiscal year.

For the 2020-21 school year, the minimum schoolday for a local educational agency is as follows:

- 180 instructional minutes in kindergarten.
- 230 instructional minutes in grades 1 to 3, inclusive.
- 240 instructional minutes in grades 4-12, inclusive.
- 180 instructional minutes for pupils in grades 11 and 12 that are enrolled part time in classes of the California State University or the University of California for which academic credit will be provided upon satisfactory completion of enrolled courses.
- 180 instructional minutes for any pupil who is also a special part-time student enrolled in a community college and who will receive academic credit upon satisfactory completion of enrolled courses.
- 180 instructional minutes for pupils enrolled in a continuation high school.

Calculating Apportionments for 2020-21 Fiscal Year. A LEA shall offer in-person instruction, and may offer distance learning pursuant to the following requirements:

- The California Department of Education shall use the average daily attendance in the 2019-20 fiscal year reported for both the second period and the annual period apportionment that included all full school months from July 1, 2019 to February 29, 2020, inclusive, and extended year average daily attendance attributed to the 2019-20 school year reported pursuant to Section 96 of the act. Any positive adjustment to ADA for the 2019-20 fiscal year in the second or annual period attendance report submitted to the Superintendent of Public Instruction after August 17, 2020, shall be substantiated by concurrence from an independent auditor.
- LEAs shall satisfy the annual instructional day requirements described in Section [41420](#), [46200.5](#), and [46208](#), and in Section [11960](#) of Title 5 of the California Code of Regulations through in-person instruction or a combination of in-person instruction and distance learning.
- LEAs shall not be required to offer the annual instructional minutes that it would otherwise have offered pupils to meet the requirements of Sections [46207](#) and [47612.5](#), or the implementing regulations of those sections.
- LEAs shall not be required to offer the minimum instructional minutes in physical education required pursuant to Section [51210](#), [51220](#), [51222](#), and [51223](#).

Determining Instructional Minutes in the 2020-21 School Year.

- For in-person instruction, instructional minutes shall be based on time scheduled under the immediate physical supervision and control of an employee of the local educational agency who possesses a valid certification document, registered as required by law.

- For distance learning, instructional time shall be based on the time value of assignments as determined, and certified to, by an employee of the local educational agency who possess a valid certification document, registered as required by law.
- For a combined day of instruction using in-person instruction and distance learning, time scheduled under the immediate supervision of an employee of the local educational agency who possesses a valid certification document can be combined with assignments to meet the equivalent of a minimum day of instruction.
- The process by which a local educational agency receives credit for a material decrease in ADA for apportionment pursuant to Section [46392](#) due to an event described in this section, is suspended for all LEAs.

Child Nutrition. School districts, county offices of education, and charter school shall provide nutritionally adequate meals for pupils who are eligible for free or reduced-price meals, whether engaged in in-person instruction or distance learning, contingent upon the California Department of Education receiving an approved waiver from the United States Department of Agriculture, for each day of the scheduled school year.

The budget provides \$112.2 million from the Federal Trust Fund to reimburse eligible child nutrition program operators based on meals served for breakfast and lunch at a rate not to exceed an additional \$0.75 per meal.

(AB 77, Section 118, pages 333-336)

Documenting Attendance. Document daily participation for each pupil on each schoolday. A pupil that does not participate in distance learning shall be documented as absent. Each LEA shall ensure that a weekly engagement record is completed for each pupil for each whole or partial day of distance learning. A student who does not participate daily in either in-person instruction or distance learning, shall be deemed absent, to be reported in the LEAs chronic absenteeism rates in its local control and accountability plan.

LEAs shall develop written procedures for tiered reengagement strategies for all pupils who are absent for more than three schooldays or 60 percent of the instructional days in a school week, and communicate regularly with parents/guardians regarding the pupil's academic progress.

Penalties for Non-compliance.

- For a school district that offers fewer than the 180 instructional days or for a charter school that offers fewer than the 175 instructional days, the Superintendent of Public Instruction shall withhold from the local educational agency's local control funding formula grant apportionment for the prior year ADA of each affected grade level, the sum of .0056 multiplied by that apportionment for each day less than what was required.
- For a local educational agency that does not meet the daily attendance and participation requirements, the Superintendent of Public Instruction shall withhold from the LEA's local control funding formula grant apportionment the percentage of days out of compliance multiplied by the derived value of ADA, all multiplied by the ADA of each affected grade level.
- For local educational agencies that provides distance learning shall not be penalized for instruction provided before September 1, 2020, that fails to meet these requirements.

Learning Continuity and Attendance Plan. The governing board of a school district, a county board of education, and charter school shall adopt a learning continuity and attendance plan, in consultation with stakeholders, by September 30, 2020 and the local control funding formula budget overview for parents by December 15, 2020. These documents are to be adopted in a public meeting.

The governing board of a school district, county board of education, and charter school shall not be required to adopt a local control and accountability plan or annual update to a local control and accountability plan for the 2020-21 school year and shall not be required to comply with paragraph 2 of Executive Order No. [N-56-20](#), which extends the deadline to adopt the LCAP and budget overview for parents to December 15, 2020.

The school board shall file the learning continuity and attendance plan with the county superintendent of schools no later than five days after adoption, and the county superintendent of school may submit recommendations, in writing, for amendments to the learning plan by October 30, 2020. The school board shall consider the recommendations in a public meeting within 15 days of receiving the county superintendent's recommendations.

The Superintendent of Public Instruction, in consultation with the executive director of the state board, shall develop a template for the learning continuity and attendance plan that includes a 1) description of how the LEA will provide continuity of learning and address the impact of COVID-19 on pupils, staff, and the community and the LEA's ability to address the impact of COVID-19; 2) in-person instructional offerings and actions to address learning loss due to school closures in the 2019-20 and 2020-21 school years; 3) plans for distance learning; and 4) mental health, professional development, and reengagement strategies.

(AB 77, Section 34, Education Code Section 43500, pages 136-149)

Prohibits Lay-offs of Specified Credentialed Employees. From July 1, 2020 to July 1, 2021, prohibits school districts laying off certificated employees, except for administrative or supervisory credential positions.

(AB 77, Section 38, Education Code Section 44955.5, pages 150-151)

Prohibits Lay-offs of Specified Classified Employees. From July 1, 2020 to July 1, 2021, school districts, county offices of education, community colleges, or joint powers authority shall not terminate the services of any permanent or probationary classified employees because of a lack of funds or a lack of work if the employees either hold classifications in, or are assigned to positions in, nutrition, transportation, or custodial services.

(AB 77, Section 94, page 303)

Special Education. Approves the Governor's special education funding reform and provides \$645 million for special education services, of which \$545 million will go towards increasing the base rates (\$625 per ADA) and \$100 million for the low-incident cost pool. Allocates \$4 million to establish a California Dyslexia Initiative.

(AB 77, Section 66, Education Code Section 56345, pages 219-254)

Local Control and Accountability Plan (LCAP). The LCAP will include a summary of the stakeholder engagement process and how stakeholder engagement influenced the development of the adopted local control and accountability plan and annual update to the local control and accountability plan. On or before January 31, 2022, the state board of education will develop instructions for LEAs that meet the criteria to receive technical assistance shall include a goal in the LCAP focused on improving the performance of the pupil subgroup(s) and for LEAs with a school(s) that receives the two lowest performance levels on all but one of the state indicators on the California School Dashboard, shall include a goal in the LCAP focused on addressing the disparities in performance at the school(s) compared to the district/county office of education as a whole.

(AB 77, Section 57, Education Code Section 52064, pages 198-204)

Excess Educational Revenue Augmentation Fund (ERAF). The State Controller shall issue, on or before December 31, 2020, guidance to counties that commencing with the 2019-20 fiscal year, if a county auditor-controller fails to allocate Educational Revenue Augmentation Fund revenues, the State Controller may request a writ of mandate to require the county auditor-controller to immediately perform this duty.

(AB 77, Section 84-85, Revenue and Taxation Code Section 97.2 and 97.3, pages 262-284)

The Early Childhood Development Act of 2020. It's the intent of the Legislature to launch a phased approach to achieving the state's Master Plan for Early Learning and Care to integrate child care programs to preschool, transitional kindergarten, and K-12 education. Commencing July 1, 2021, child care programs, (except for the California State Preschool) will be transferred from the California Department of Education to the California Department of Social Services.

(AB 77, Section 86, Education Code Section 10200, pages 284-290)

Compliance with Executive Order No. [N-26-20](#). Waives Education Code Sections 1244 and 41601 to avoid contradictory provisions for all local educational agencies that comply with Executive Order No. N-26-20 or that are not subject to a closure due to the coronavirus (COVID-19), for purposes of average daily attendance claimed for apportionment for the 2019-20 school year.

(AB 77, Section 91, page 301)

SB 117 (Chapter 3, Statutes of 2020) Clarification. Clarifies that the \$100 million appropriated to school districts on the basis of average daily attendance funded as of the 2019-20 first principal apportionment to LEAs, excluding nonclassroom-based charter schools, shall be used for costs associated with maintaining nutrition services, cleaning and disinfecting facilities, personal protective equipment, and materials necessary to provide pupils with distance learning services.

(AB 77, Section 93, pages 302-303)

Uses of Federal Funds.

- \$1.5 billion (\$355,227,000 from the Federal Trust Fund and \$1,144,773,000 from the Coronavirus Relief Fund) are allocated to eligible local educational agencies in an equal amount per pupil with exceptional needs, to mitigate learning loss.
- \$2.855 billion from the Coronavirus Relief Fund is allocated on the basis of the eligible local educational agency's supplemental and concentration grant funding determined as of the 2019-20 second principal apportionment certification.
- \$539.9 million in General Fund and \$439.844 million from the Coronavirus Relief Fund are allocated to eligible local educational agencies on the basis of its LCFF entitlement determined as of the 2019-20 second principal apportionment certification.
- Funding from the Federal Trust Fund shall be used from March 13, 2020 to September 30, 2021, and all other funds in this section shall be used from March 1, 2020 to December 30, 2020 for activities that directly support pupil academic achievement and learning loss related to COVID-19 school closures.
- Eligible local educational agencies will certify that funding will be used in full compliance with federal law, and shall adopt, on or before September 30, 2020, at a regular board meeting, a learning continuity and attendance plan, and can expend funds before the adoption of the plan. The eligible LEA shall maintain on a file of all receipts and records of expenditures for no less than three years, or, where an audit has been requested, until the audit is resolved. The eligible LEA shall report, on or before August 30, 2020, the balance of any unexpended funds received

from the Coronavirus Relief Fund to the Superintendent of Public Instruction. Funds that are not expended by December 30, 2020, shall be reported and the Superintendent of Public Instruction shall initiate collection proceedings

(AB 77, Section 110, pages 308-311)

California Community Schools Partnership Program. Provides \$45 million from the federal Elementary and Secondary School Emergency Relief Fund (ESSER) to establish the California Community Schools Partnership Program. The Superintendent of Public Instruction with the approval of the executive director of the State Board of Education, shall develop an application process to expand and sustain existing community schools, coordinate and provide health services, and provide training and develop best practices for integrating pupil supports.

(AB 77, Section 117, pages 331-333)

CASBO NewsBreaks and Advocacy tools are posted on our [website](#). For more information, contact CASBO's Governmental Relations staff: [Sara Bachez](#), Chief Governmental Relations Officer or [Elizabeth Esquivel](#), Senior Director of Policy and Governance. Remember that the most effective and convenient way to become involved is by joining CASBO [Advocacy Network](#).

California Association of School Business Officials

1001 K Street, 5th Floor | Sacramento, CA 95814 | Telephone: (916) 504-2250



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FISCAL REPORT

Ask SSC . . . Can We Book the P-2 Cash Deferral as Revenue This Year?

 [BY DEBBIE FRY](#)

 [BY DAVE HECKLER](#)

 [BY SHEILA G. VICKERS](#)

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posted June 19, 2020

Q. It looks like our June apportionment this year will be deferred to July. Based on my knowledge of accounting, I do not think we can book the deferred amount as revenue this year—can we?

A. This is a good question. Anyone with an accounting background knows that booking the revenue on the local educational agency (LEA) side, but not booking an expense on the state side of the transaction, goes against Generally Accepted Accounting Principles (GAAP), as the state is counting the appropriation in 2020–21 rather than in 2019–20—so how can LEAs book the revenues in 2019–20? A little history is in order . . .

The first time the Second Principal Apportionment (P-2) was deferred was in 2002–03—from June 2003 to July 2003—which was another point in time when the state had financial issues. The deferral was implemented as a way to reduce the state’s appropriation in 2002–03, thus allowing it to be treated as a budget cut on the state’s books. In other words, since only 11 months of apportionments were issued, the 12th month was counted as a budget cut. Then, as long as the deferral remained in effect, the following fiscal year only reflected 12 months of payments.

At the time, the Legislature made clear the intent was that LEAs could accrue the revenues in 2002–03 anyway. However, the Legislature’s intent still could not trump GAAP in the eyes of the independent audit community. LEAs and their independent auditors had a dilemma to face, which caused much controversy and debate at the time. In the end, state policy makers approved Senate Bill X1 18 (Chapter 4/2003), which added Education Code Section 33128.1, as follows: “Notwithstanding any other law, a local educational agency may

recognize for budgetary and financial reporting purposes any amount of state appropriations deferred from the current fiscal year and appropriated from the subsequent fiscal year for payment of current year costs as a receivable in the current year.”

Subsequently, the California State Controller issued an advisory stating that the state will treat the deferrals as payables in 2002–03 in its GAAP-based financial statements. This paved the way for LEAs to work with independent auditors to determine the proper treatment of the transaction. We are not aware of any LEAs that did not book the deferral as revenue and accounts receivable in 2002–03. Not doing so would have, in effect, implemented a significant budget cut on the LEA’s books.

The State Controller’s advisory can be found [here](#). Our advice is that you engage with your independent auditor to consider all of this information and determine the proper treatment of the P–2 apportionment being deferred from this month (June) to next month (July).

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

FISCAL REPORT

By the Way . . . Deferrals 101—The Podcast



BY SSC TEAM

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posted June 24, 2020

The State Budget deal will include billions of dollars in deferrals. While this is not a groundbreaking strategy, it has been a number of years since the State Budget included deferrals. Paul Richman and Matt Phillips joined forces to create an "explainer" about deferrals for the California Association of School Business Officials podcast series, "Adventures in Ed Funding."

The podcast provides clear examples that are especially useful for non-technical folks in gaining a solid grasp of the ins and outs of deferrals. Consider sharing this informative episode with your board members, bargaining unit leaders, parents, or community leaders to help them gain a better understanding about how deferrals work and their potential impact on school district finances. The podcast can be accessed by clicking [here](#).

New Podcast Episodes: Business NOT as Usual and Budget Deferrals

1 message

CASBO <donotreply@casbo.org>

Fri, Jun 19, 2020 at 7:04 PM

Reply-To: donotreply@casbo.org

To: sstiles@scoe.org

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The foremost authority on school business.

New Podcast Episodes



Adventures in ED FUNDING

**Addressing COVID-19:
What If We ... Don't Return to Business
as Usual in California Schools?
~ and ~
Everything You Need to Know
About Budget Deferrals (and
Don't Want to Postpone Asking)**

How can the COVID-19 disruption provide an opportunity to see, engage and act differently within our education system so that we produce successful outcomes for all students, not just some?

In a new episode, Hugh Vasquez, senior associate at the National Equity Project, illuminates the possibilities for us, highlighting key points from his article, "[What If We ... Don't Return to Business as Usual,](#)" and offering tips for pumping up our strategic equity leadership muscles.

Plus, in a bonus episode, Matt Phillips, director of management consulting services at School Services of California, Inc., returns to discuss what you need to know about deferrals, the significant yet seldom-understood fiscal mechanism that will be part of the final state budget.

Join us to hear exactly what it means when the state defers potentially billions of dollars in school funding and what the implications are for California school districts.

What If We ... Don't Return
to Business as Usual in
California Schools?

▶ Listen Now

Everything You Need to Know
About Budget Deferrals (and
Don't Want to Postpone Asking)

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And check out these and more COVID-19 podcast episodes:

- [Transportation Leaders Prepare to Re-Start Bus Service](#)
- [Crossing the Crises Intersection So Schools Can Carry On](#)
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California Association of School Business Officials
1001 K Street, 5th Floor | Sacramento, CA 95814 | Telephone: (916) 447-3783



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