

The Common Message

2020-21 Second Interim



BASC
Business and Administration
Steering Committee

Writers and Contributors

Topic		
Background	Committee	
Introduction	Committee	
Key Guidance	Shannon Hansen, San Benito	Dean West, Orange
Governor's 2021-22 Budget	Shannon Hansen, San Benito Derick Lennox, CCSESA	Dean West, Orange
Reopening Framework	Michael Simonson, San Diego	Eric Dill, Santa Clara
Expanded Learning Time and Academic Intervention Grants	Bill Ridgeway, Santa Barbara	Priscilla Quinn, Kern
Planning Factors/MYP	Shannon Hansen, San Benito	Dean West, Orange
LCFF	Kate Lane, Marin	Tina Daigneault, Riverside
LCAP	Josh Schultz, Napa	Michael Simonson, San Diego
Early Childhood Education	Fernie Marroquin, Tulare	Dean West, Orange
Special Education	Scott Anderson, San Joaquin	Priscilla Quinn, Kern
Federal Stimulus	Priscilla Quinn, Kern	Bill Ridgeway, Santa Barbara
Cash Flow / Deferrals	Misty Key, Ventura	Denise Porterfield, San Mateo
Reserves / Reserve Cap	Colleen Stanley, Monterey	Liann Reyes, Santa Cruz
Negotiations/Collective Bargaining	Janet Riley, Merced	Mary Downey, Sonoma
Summary	Shannon Hansen, San Benito	Dean West, Orange

Sources

Association of California School Administrators
Ball / Frost Group, LLC
Bob Blattner and Associates
Bob Canavan, Federal Management Strategies
California Association of School Business Officials
California Collaborative for Educational Excellence
California Department of Education
California Department of Finance
California Public Employees' Retirement System
California State Teachers' Retirement System
California State Board of Education
California School Boards Association
California School Information Services
Capitol Advisors
Fiscal Crisis and Management Assistance Team
K-12 High Speed Network
Michael Hulsizer, Chief Deputy Governmental Affairs, Kern County Superintendent of Schools
National Forest Counties and Schools Coalition
School Services of California
Schools for Sound Finance (SF2)
Small School Districts' Association
Statewide LEC Co-chairs
WestEd

Table of Contents

- Sources 3
 - Second Interim Report Key Guidance..... 5
 - Significant Changes Since First Interim Reporting..... 5
 - Reopening Framework and Consolidated Guidance 6
 - Expanded Learning Time and Academic Intervention Grants..... 7
 - Planning Factors for 2020-21 and MYPs 9
 - Local Control Funding Formula 10
 - Local Control Accountability Plan..... 10
 - Early Care and Education (ECE) 11
 - Special Education 12
 - Federal Stimulus Funds..... 13
 - Cash Flow / Deferrals..... 14
 - Reserves / Reserve Cap..... 15
 - Negotiations..... 16
- Summary..... 17
- Appendix A - Apportionment Deferrals..... 18
- Appendix B – Additional Information for Reopening of Schools 19
- Appendix C – Additional Information for Federal Stimulus Funds 22

Second Interim Report Key Guidance

The January release of the Governor's 2021-22 state budget proposal provides funding for a cost-of-living adjustment (COLA) to address expenditure growth. It also addresses the immediate need to reopen schools safely. Components of the proposal include:

- Compounded Local Control Funding Formula COLA of 3.84% to be applied in 2021-22 (2.31% for 2020-21 and 1.5% for 2021-22)
- Statutory COLA of 1.5% (for select programs outside of LCFF)
- Partial paydown of cash deferrals
- Mitigating COVID-19 pandemic effects on students
- \$300 million in funding for Special Education Early Intervention Preschool Grant
- \$1.5 billion in Prop. 51 bond funds to support school construction projects
- \$2.3 billion one-time supplemental payment, outside of Prop 98, and the elimination of supplemental payments in subsequent years

The state budget proposal and federal relief from Washington, D.C. provide several one-time allocations in 2020-21 and 2021-22:

- \$2 billion in one-time Prop. 98 funds for in-person instruction beginning in February 2021
- \$4.6 billion in Prop. 98 funds for expanded learning time and academic intervention grants
- More Elementary and Secondary School Emergency Relief (ESSER) funds for in-person instruction to reopen schools
- \$330.7 million for Investing in Educators

Other proposals included in the Governor's 2021-22 State Budget release are funded from non-Prop. 98 funds and will affect students and their families. The best information available at this time regarding these programs will be provided later in this document.

Significant Changes Since First Interim Reporting

The proposed State Budget affects the multiyear projection factors. Projected COLAs for 2021-22 and 2022-23 have increased to 3.84% and 2.98%, respectively. The cost to fund the Local Control Funding Formula (LCFF) COLA is \$2 billion.

Additionally, \$6.7 billion has been received in federal COVID-19 ESSER II funds to support the reopening of schools.

The Legislature has approved \$6.0 billion for allocation to schools to mitigate COVID-19's impact on students, while providing schools with guidance and resources to maximize safe in-person services to students. Use for the remaining \$700 million has yet to be proposed and approved by the Legislature.

Reopening Framework and Consolidated Guidance

On January 7, the Governor released his proposal to provide \$2 billion in one-time Prop. 98 funds for in-person instruction grants. The grants would be available to all LEAs except for non-classroom based charter schools. This proposal requires action by the Legislature, so LEAs are advised to not include in-person instruction grant revenue in their budgets until guidance regarding the requirements and grant amounts for this program is certain. However, the budget proposal should be understood separately from recent health requirements.

- On January 14, 2021, the California Department of Public Health (“CDPH”) issued the [COVID-19 and Reopening In-Person Instruction Framework & Public Health Guidance for K-12 Schools in California, 2020-2021 School Year](#) (“Consolidated Guidance”). The Consolidated Guidance is intended to consolidate and update prior state public health guidance/orders related to schools and supersedes some prior guidance related to school and school-based programs. The Consolidated Guidance applies to all public, charter, and private schools in California.

COVID-19 Safety Plan Posting Requirement

There is some confusion related to the governor’s funding proposal and the requirement in the current guidance for K-12 schools related to a February 1 deadline for posting of COVID-19 Safety Plans (CSPs). Given that the funding proposal is still under deliberation, LEAs are currently only required to meet the Feb. 1 deadline as referenced in the schools guidance, which is as follows:

- **For schools that are currently “open” as defined in the California Department of Public Health (CDPH) guidance:** Local educational agencies ONLY need to post their CSP by Feb. 1. They do not need to submit that plan to the local health department (LHD) or to the Safe Schools Team.
- **For schools that are not “open” as defined in CDPH guidance but are seeking to reopen elementary grades while in the Purple Tier and are under the 25/100,000 case rate:** Local educational agencies need to post their CSP and concurrently submit it to their LHD and Safe Schools for All Team for review.
- **For schools that are not “open” as defined in CDPH guidance and have no current plans to reopen elementary grades while in the Purple Tier:** Local educational agencies do not need to post the CSP at this time.

Approved K-6 grade applications are not permitted to resume in-person instruction until the adjusted CR has been less than 25 per 100,000 population per day for at least 5 consecutive days. Schools that have not already reopened may not apply to reopen grades 7-12 while in the purple tier, but must wait until the county is in the red tier.

Additional Requirements for Data Reopening

Beginning February 1, 2021, every LEA shall notify CDPH, on the prescribed forms, of the following information on or before the second and fourth Monday of each month:

- Number of students enrolled by school site and school district
- For non-classroom based charter schools, total number of students enrolled and number of students attending each resource center
- Number of students participating in full-time in-person learning, by school site and school district
- Number of students participating in hybrid learning by school site and school district
- Number of students participating in distance learning by school site and school district
- Number of school employees who work onsite at a school by school site and school district
- Number of students being served in cohorts while the school is closed for in person instruction and the support and services they are receiving

Additional information on reopening of schools is found in Appendix B.

Expanded Learning Time and Academic Intervention Grants

As proposed for 2020-21, eligible LEAs (school districts, county offices of education, and charter schools) would be apportioned approximately \$4.6 billion in one-time Prop. 98 funds in the following manner:

1. LEAs would receive \$1,000 per homeless pupil enrolled in 2020-21.
2. State special schools would receive \$725 for each unit of average daily attendance as of the 2020-21 first principal apportionment certification.
3. Remaining funds would be allocated to LEAs proportionally on the basis of their LCFE entitlement, determined as of the 2020-21 first principal apportionment certification.
4. Preliminary grant allocations would be available by March 2, 2021. Funds would be allocated to LEAs in equal portions in March 2021 and July 2021 and would be available for expenditure through June 30, 2022.

In all circumstances, LEAs receiving these funds must deliver services in accordance with applicable individualized education programs. Funds must be used for activities that support academic achievement by expanding instructional time and providing targeted academic interventions, with priority for low-income students, English language learners, youth in foster care, homeless youth, students with disabilities, and pupils identified for tiered reengagement strategies. Specifically, funds must be expended for any of the following purposes:

1. Extending instructional learning time beyond what is required, by increasing the number of instructional days or minutes during the school year, providing summer school or intersessional instructional programs, or taking any other action that increases the amount of instructional time or services provided to pupils based on their learning needs.

2. Accelerating progress to close learning gaps through the implementation, expansion, or enhancement of learning supports including, but not limited to:
 - a. Tutoring or other one-on-one or small group instruction provided by certificated or classified staff.
 - b. Learning recovery programs and materials designed to accelerate pupil academic proficiency.
 - c. Educator training in accelerated learning strategies and effectively addressing learning gaps.
3. Integrated pupil supports to address other barriers to learning, such as the provision of health, counseling, or mental health services, access to school meal programs, before and after school programs, referrals for support for family or pupil needs, or programs to address pupil trauma and social-emotional learning.
4. Community learning hubs that provide students with access to technology, high-speed internet access, and other academic supports.
5. Supports for credit deficient pupils to complete graduation or grade promotion requirements.
6. Additional academic services for pupils, such as diagnostic assessments of pupil learning needs.
7. Training for school staff on strategies, including trauma informed practices, to engage students and families in addressing students' social emotional health and academic needs.

As a condition of receiving these funds, by June 1, 2021, the governing board or body of an LEA must adopt at a public meeting an addendum as a part of its 2021-22 LCAP, describing how the funds will be used in accordance with the statutory requirements.

By March 1, 2021, the superintendent, with the concurrence of the executive director of the SBE, must develop and post publicly on the department's website, a template for the addendum to the LCAP. The addendum template must include the following:

1. A short description of the LEA's plan for assessing the needs of all of its pupils for expanded learning time and academic intervention opportunities and informing the parents/guardians of all of its pupils requiring learning recovery supports of the availability of these opportunities.
2. The LEA's expenditure plan for funds received. This must include an indication of how much of the awarded funds each LEA will allocate and expend for each allowable purpose and will reflect both estimated and actual expenditures. Actual expenditures must be reported when they are available.

An LEA may receive or expend funds before the adoption of its 2021-22 LCAP addendum.

Planning Factors for 2020-21 and MYPs

Key planning factors for LEAs to incorporate into their 2020-21 second interim reporting and multiyear projections are listed below and are based on the latest information available.

Planning Factor	2020-21	2021-22	2022-23
Statutory COLA	2.31%	1.50%	2.98%
COLA Suspension	-2.31%	0.00%	0.00%
Funded LCFF COLA	0%	3.84%	2.98%
STRS Employer Rates (Approximate)	16.15%	15.92%	18.00%
PERS Employer Rates (Approximate)	20.70%	23.00%	26.30%
Lottery – Unrestricted per ADA	\$150	\$150	\$150
Lottery – Prop. 20 per ADA	\$49	\$49	\$49
Mandated Block Grant for Districts			
K-8 per ADA	\$32.18	\$32.66	\$33.63
9-12 per ADA	\$61.94	\$62.87	\$64.74
Mandated Block Grant for Charters			
K-8 per ADA	\$16.86	\$17.11	\$17.62
9-12 per ADA	\$46.87	\$47.57	\$48.99
State Preschool (CSPP) Part-Day Daily Reimbursement Rate	\$30.87	\$31.34	\$32.26
State Preschool (CSPP) Full-Day Daily Reimbursement Rate	\$49.85	\$50.60	\$52.11
General Child Care (CCTR) Daily Reimbursement Rate	\$49.54	\$50.29	\$51.78
Routine Restricted Maintenance Account <i>(Flexibility for calculation to exclude STRS and PERS on behalf payments, ESSER and LLMF Funds from calculation)</i>	3%	3%	3%

Local Control Funding Formula

The majority of Prop. 98 for 2021-22 is proposed for LCFF, with total LCFF funding increasing to \$64.5 billion when adjusted for declining ADA and a compound COLA of 3.84%, derived from the unfunded 2020-21 statutory COLA of 2.31% and an estimated 1.5% statutory COLA for 2021-22.

Under the Governor's budget proposal and current law, traditional attendance accounting returns in 2021-22 with the assumption that all students will attend school in person. Assuming traditional attendance accounting returns, LEAs will be able to take advantage of the prior year ADA guarantee in the case of declining enrollment. For most school districts, 2020-21 ADA that becomes the prior year, is, in fact, 2019-20 ADA. Districts should nonetheless monitor enrollment carefully because the additional cushion in 2021-22 is offset by the recognition in 2022-23 of two years of ADA decline. Charter schools are not afforded the prior year guarantee and will be funded on current year ADA again beginning in 2021-22.

Given the continued economic uncertainties associated with the pandemic, all LEAs are encouraged to continue to develop multiple scenarios using the LCFF COLA planning factors as best case. LEAs that are prepared for both best and worst case budgets are better able to weather economic uncertainty.

Local Control Accountability Plan

The LCAP adoption cycle and related requirements are expected to return to a more normal cycle this spring. By June 30, 2021, LEAs will need to adopt an LCAP using the LCAP template and expenditures tables that were approved in January 2020 but later suspended for the 2020-21 year. The template and expenditure tables can be found here: <https://www.cde.ca.gov/re/lc/>.

In addition LEAs must adopt a one-time transitional Annual Update using the [template posted January 25](#), which will require reporting on both the actual expenditures and outcomes related to the 2019-20 LCAP, and the implementation status and estimated actual expenditure for the 2020-21 Learning Continuity and Attendance Plans. LEAs will need to be thoughtful and clear about how they communicate about these matters to their stakeholders, as there may be a disconnect between planned expenditures and what actually happened due to pandemic disruptions.

The components of the LCAP for the 2021-22 LCAP year must be posted as one document assembled in the following order:

- LCFF Budget Overview for Parents (still awaiting updated template)
- Annual Update with instructions
- LCAP Template (including)
 - Plan Summary
 - Stakeholder Engagement
 - Goals and Actions

- Increased or Improved Services for Foster Youth, English Learners, and Low-Income Students
- Expenditure Tables
- LCAP Instructions

Further changes to LCAP requirements may be forthcoming. The Governor’s expanded learning time and academic intervention grants proposal, if approved as presented, would require the adoption of an addendum as part of the 2021-22 LCAP describing how grant funds would be used.

In addition, the 2020-21 budget bill SB 98 requires changes to the LCAP template to be adopted by January 31, 2022 to require new elements for LEAs identified for differentiated assistance same pupil subgroup or subgroups for three or more consecutive years, and for LEAs with schools that persistently underperform relative to the state and other schools within the LEA (see E.C. 52064(e)).

Finally, the Governor has proposed additional changes “to address concerns that some [LEAs] allocate funds for increased and improved services and then leave them unspent, reallocating them for other purposes in future years.” The proposed trailer bill language would require LEAs to include in their LCAPs a calculation of any estimated shortfall in meeting their increased or improved services requirement for the “annual update” year. This shortfall could include a quantitative shortfall – e.g. estimated actual expenditures are less than budgeted expenditures – and/or a qualitative shortfall – estimated improvement in a service was less than the planned improvement. The calculated amount of this shortfall would then become an added increased and improved services requirement in the LCAP year. These changes, if adopted, would be effective for LCAPs adopted in June of 2022.

Early Care and Education (ECE)

The Governor’s proposed budget focuses on avoiding further loss in the child care system, due to COVID-19 pandemic disruption and builds on the recommendations made in the [Master Plan for Early Learning and Care](#). The Master Plan for Early Learning was released December 1, 2020 and recommends a multi-year plan for transforming the state’s child care and early education systems. The 2020 Budget Act shifted early learning, child care, and nutrition programs from the Department of Education to the Department of Social Services. This transition, which becomes effective July 1, 2021, will align all child care programs within a single department in state government. In addition, early learning and child care programs received a 1.5% COLA.

The budget proposals begin the implementation of the Master Plan under K-12 Education by providing:

Transitional Kindergarten (TK)

- \$250 million one-time Prop 98 funds over multiple years, providing grants to LEAs that offer “early access to TK”, assisting in up-front costs to expand TK.

- \$50 million one-time Prop 98 funds to support professional development of TK teachers and supports for TK and K teachers in training, while providing instruction in inclusive classrooms, ELL, social-emotional learning, trauma-informed practices, restorative practice and mitigating implicit bias.
- \$200 million one-time General Fund dollars to support facility expansion for TK and full-day K programs.

Cradle to Career Data System

- \$15 million General Fund, including \$3 million one-time, to establish an office within the Government Operations agency to provide support and resources for a comprehensive K-12 data system, which coordinates with CalPADS.
- \$3.8 million ongoing Prop 98 funds to support the California Career Guidance Initiative, which provides an “interface for student data between high schools, students and families that will be integrated into the Cradle to Career Data System.”

Special Education

The Governor’s budget proposals for special education once again start by highlighting the significant shortfall in federal funding provided for special education services. The federal government funds only about 10% of special education costs in California, woefully short of the stated 40% goal, and only a small fraction of preschool special education costs. The 2021-22 budget proposals for special education build upon state (Prop. 98) funding augmentations implemented the past two years and include:

- The base special education funding formula to receive the estimated statutory COLA of 1.5%, bringing the new base funding rate to \$634.38/ADA.
- \$300 million ongoing for the Special Education Early Intervention Grant to supplement existing special education resources to increase the availability of evidence-based services and support school readiness for infants, toddlers, and preschoolers, with a focus on inclusive settings. Restricted funds to be allocated to the LEA of residence based on the number of preschool children with exceptional needs.
- \$5 million one-time funding to establish professional learning networks for increasing LEA capacity to access federal Medi-Cal funds.
- \$250,000 for a lead county office of education to provide guidance for Medi-Cal billing within the statewide system of support.

Additionally, the Governor’s budget proposes to use \$500,000 one-time federal Individuals with Disabilities Education Act funds for a study to examine certification and oversight of nonpublic school special education placements.

Federal Stimulus Funds

Coronavirus Relief Funds

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), passed in December 2020, extended the federal deadline for obligating CARES Act Coronavirus Relief Funds from December 30, 2020 to December 31, 2021. However, current trailer bill language, if approved, will require LEAs to spend these funds in full compliance with federal law by May 31, 2021. By March 1, 2021, LEAs with unspent funds must complete a certification with respect to the May 31 deadline. Funds not expended by May 31, 2021, will be swept by the state.

Elementary and Secondary School Emergency Relief (ESSER II) Fund

Under the CRRSA, California K-12 received \$6.7 billion of federal Elementary and Secondary School Emergency Relief (ESSER II) funds. Like the first round of ESSER, the state will be required to distribute 90% of the total allocation to LEAs (\$6.039 billion). The distribution will be based on the LEA's share of fiscal year 2020-21 Title I, Part A funds. A preliminary allocation schedule can be found at [CRSSA, ESSER II Preliminary Allocations](#). LEAs must obligate the funds by September 30, 2023. Since there is no supplanting prohibition, these funds may take the place of state or local funds for any allowable expenditures incurred through September 30, 2023.

ESSER II under CRSSA specifically calls out the additional allowable uses listed below in law, but the U.S. Department of Education has noted that the "additional allowable" uses under ESSER II are also permitted under ESSER I authorized by the CARES Act. For additional information refer to the Fact Sheet available on the U.S. Department of Education's website at https://oese.ed.gov/files/2021/01/Final_ESSERII_Factsheet_1.5.21.pdf.

- Addressing learning loss for students by:
 - Administering and using high quality assessments to assess students' academic progress and assist educators in meeting students' academic needs (including differentiated instruction).
 - Implementing evidence-based activities to meet the needs of students.
 - Providing information and help to parents and families on how to support students during distance learning.
 - Tracking student attendance and improving student engagement during distance learning.
- School facility repairs/improvements that help reduce risk of virus transmission and exposure to other environmental health hazards.
- Inspection, testing, maintenance, repair, and replacement projects to improve the indoor air quality of school facilities.
- ESSER II funds must be tracked and reported separately from ESSER I funds

Governor’s Emergency Education Relief (GEER II) Fund

Allocated \$4 billion to the GEER fund nationwide. For additional information refer to the Fact Sheet available on the U.S. Department of Education’s website

https://oese.ed.gov/files/2021/01/FINAL_GEERII_EANS-Methodology_Table_1.8.21.pdf.

- California expects to receive \$341.4 million of these funds.
- A total of \$154 million to be appropriated by the Governor (through the budget process) for any education purpose (for early education through higher education) related to COVID relief.
- The remaining \$187.4 is to provide assistance to nonprofit nonpublic schools, and is known as Emergency Assistance for Non-Public Schools (EANS). The Governor applies for these funds separately from the rest of GEER II.
 - EANS replaces the equitable services requirement found in ESSER I and GEER I, and as such there is no equitable services requirement for ESSER II or GEER II.

Additional information on federal stimulus dollars is found in Appendix C.

Cash Flow / Deferrals

The cash deferrals for fiscal year 2020-21 remain as approved in the 2020-21 budget. \$11 billion of principal apportionment cash deferrals continue as scheduled for fiscal year 2020-21 to fiscal year 2021-22:

- From February 2021 to November 2021 \$1.54 billion
- From March 2021 to October 2021 \$2.38 billion
- From April 2021 to September 2021 \$2.38 billion
- From May 2021 to August 2021 \$2.38 billion
- From June 2021 to July 2021 \$2.38 billion

It is important for districts to continue to prepare second interim cash flow projections and to meet all cash obligations timely.

The planned partial principal apportionments to be received in February through May 2021 are also still projected. The estimated percentages by month to be received are:

- From February 2021 to November 2021 47%
- From March 2021 to October 2021 18%
- From April 2021 to September 2021 18%
- From May 2021 to August 2021 18%
- From June 2021 to July 2021 0%

The June principal apportionment will be 100% deferred to July 2021.

The Governor's January budget proposal includes details to lessen the total cash deferrals in fiscal year 2021-22 and is proposed to defer only the June 2022 to July 2022 apportionment. It is important that every LEA continues to scrutinize every cash outflow and inflow for accurate cash flow projections leading into fiscal year 2021-22.

Reserves / Reserve Cap

County offices of education continue to reinforce the need for adequate reserve levels. The Government Finance Officers Association, a national organization representing federal, state, and local finance officials, recommends school districts and other local governments maintain reserves of at least two months of operating expenditures (approximately a 17% reserve) to mitigate revenue shortfalls and unanticipated expenditures. The association further recommends all governments develop a formal policy regarding their minimum reserves and consider maintaining reserves larger than 17% if revenues or expenditures are especially volatile.

Given the current health and economic volatility, it is critical that decisions about reserve levels are made thoughtfully and deliberatively. Inadequate reserves force districts to react quickly, which can cause significant disruptions to student programs and employees.

Although general fund reserves are an indicator of cash balance, they are not the same as cash – cash is but a portion of reserves. Districts' attention should be on maximizing the use of the one-time federal CARES Act funds due to the restrictive nature of those funds for the 2020-21 fiscal year, thereby reserving local and unrestricted funds to address the potential impact of possible deteriorating revenues in 2021-22 and 2022-23. This deterioration could come from economic impacts as well as the anticipated ADA cliff when the protections of the hold harmless provisions end.

The Governor's January budget proposal projects that deposits to the Public School System Stabilization Account (PSSSA) will be required in 2020-21 and 2021-22, bringing the projected balance to \$3 billion. Under current law, in fiscal years immediately succeeding those in which the PSSSA balance is equal to or great than 3% of the total K-12 share of the Prop. 98 guarantee, a 10% cap on school district reserves would be triggered. The projected PSSSA balance of \$3 billion in 2021-22 triggers school district reserve caps beginning in 2022-23.

SB 751 provided additional provisions to the reserve cap requirements:

- Basic aid districts and districts with ADA less than 2,501 are exempt from the reserve cap requirements.
- A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements of subdivision (a) for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances including, but not limited to, multiyear infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the cap limits.

As a reminder, in the event that the reserve cap is triggered, the portions of fund balance that are subject to the cap are the assigned and unassigned reserves in the general fund (01) and the special reserve fund for other than capital outlay (17). Any funds that are in the committed portion of the fund balance, meaning that the governing board took action to set aside the funds, are not included in the reserve cap calculation. GASB 54 defines the unrestricted components of fund balance as follows:

- Committed Fund Balance (Objects 9750 – 9769) – Amounts subject to internal constraints self-imposed by formal action of the governing board, which may be redirected in the same manner in which the original constraints were imposed
- Assigned Fund Balance (Objects 9770 – 9788) – Amounts intended to be used for specific purposes but for which the constraints do not meet the criteria to be reported as restricted or committed
- Unassigned Fund Balance (Objects 9789 – 9790) – Amounts not classified as restricted, committed, or assigned, which includes the reserve for economic uncertainties and any unappropriated amounts

Negotiations

An average of 85% of districts' ongoing costs are related to personnel. Therefore, decisions related to compensation have the biggest impact on district stability. In the continually evolving response to COVID-19 and the economic uncertainty surrounding mitigation of the virus, maintaining flexibility in labor agreements is crucial. It is prudent to weigh the needs of today against the risk of future fiscal unknowns.

Flexibility in agreements can be accomplished through several forms of negotiations, such as reopeners, single year contracts or use of contingency language.

Flexible collective bargaining agreements and a carefully crafted strategic plan with contingency language that allows for quick redirection will help provide district stability.

Risks can be diminished when LEAs follow fundamental best practices including a structurally balanced budget, sufficient reserves, and fund balance (cash on hand).

Risk factors include:

- Declining enrollment
- Loss of pandemic related ADA hold harmless protection
- Costs related to changing criteria for in-person instruction
- Staff shortages
- Increased PERS and STRS rates
- Reliance on one time funding
- Unknown costs due to changes in accountability
- Litigation costs: due process, COVID-19 exposure
- Requirements to provide more services to students in need

Summary

The Common Message is devised to assist LEAs in developing budgets and interim reports. How this information affects each LEA is unique. With this in mind, LEAs should evaluate their individual educational and financial risks. Special attention must be paid to out-year projections and the contributing factors both within and outside the control of district decision makers. Most importantly, LEAs should focus on the potential funding cliff due to declining enrollment and the effects on the 2022-23 fiscal year.

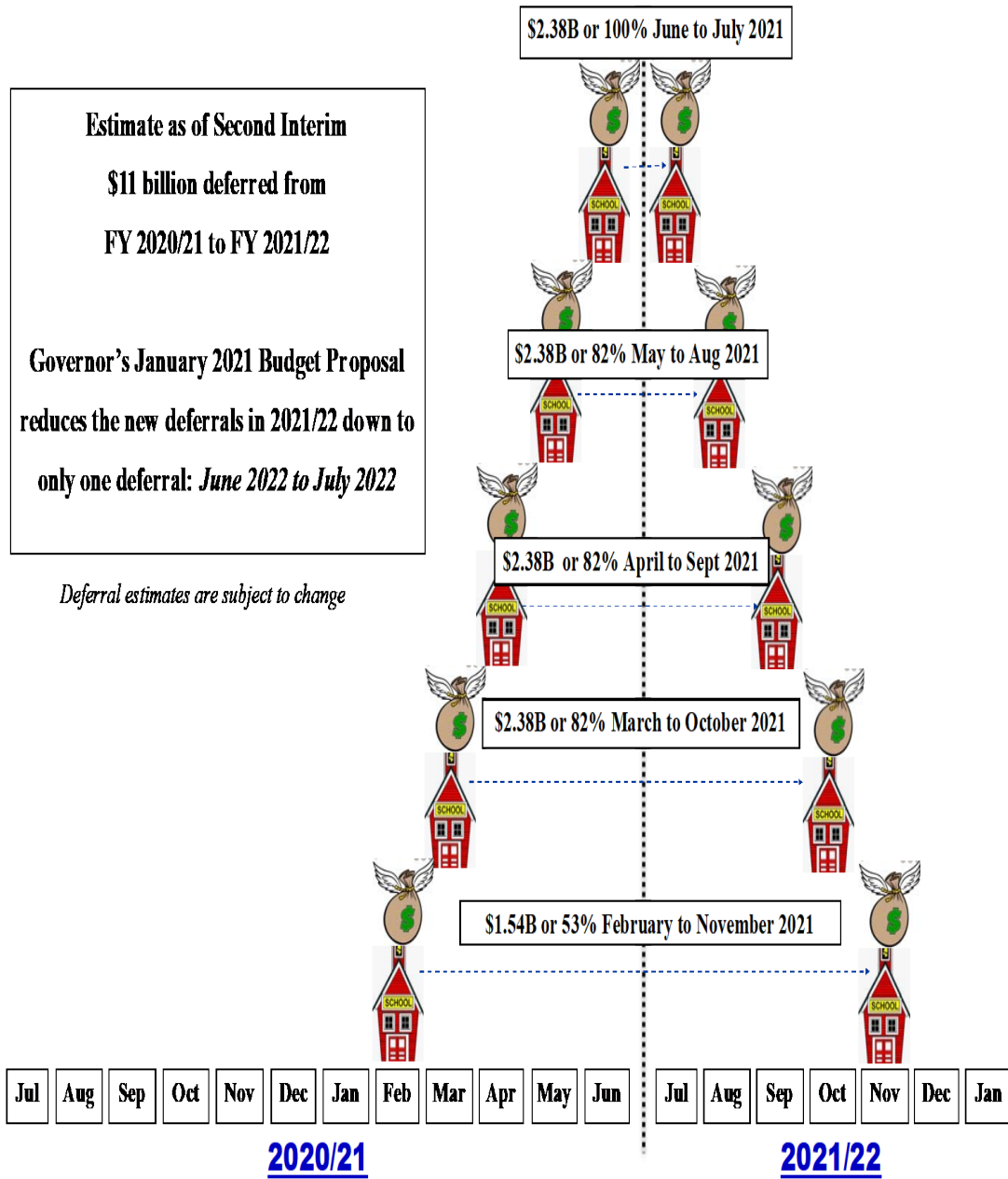
Appendix A - Apportionment Deferrals

Apportionment Deferrals

Estimate as of Second Interim
 \$11 billion deferred from
 FY 2020/21 to FY 2021/22

Governor's January 2021 Budget Proposal
 reduces the new deferrals in 2021/22 down to
 only one deferral: *June 2022 to July 2022*

Deferral estimates are subject to change



Appendix B – Additional Information for Reopening of Schools

IN-PERSON INSTRUCTION GRANTS

In-Person Instruction Grant requirements for eligible LEAs are reported below as described in the administration’s proposal. This information is expected to change and we expect early action funding available in the near future.

By February 1, 2021:

- Submit COVID-19 School Safety Plan (CSP) to local health jurisdiction, State Safe Schools for All Hub (e-mail: k12csp@cdph.ca.gov) and the county office of education (or to CDE for single district counties)
 - Must provide for in-person instruction as required by the dates specified below
 - Must describe how the LEA will conduct ongoing asymptomatic testing of staff and pupils consistent with the cadences set forth by the California Department of Public Health (CDPH)
 - Must include the written COVID-19 prevention program required by the COVID-19 Emergency Standards adopted by the California Occupational Safety and Health Standards Board (Cal-OSHA)
 - Must include the supplemental COVID-19 School Guidance Checklist approved by CDPH
 - Must post the CSP on website homepage
- Submit ratified collective bargaining agreements or memoranda of understanding that support implementation of the CSP to county office of education (or to CDE for single district counties)
 - Applies to all LEAs whose employees collectively bargain
- LEA must certify to county office of education (or to CDE for single district counties) it has verified that each of its pupils participating in distance learning has access to a computing device, software, and high-speed internet necessary to participate in online instruction
- COEs shall submit all information received from LEAs to CDE by February 5, 2021
- CDE shall notify each LEA applicant of its grant amount within 15 business days after submission deadlines

By February 16, 2021:

- Provide optional in-person instruction consistent with the CSP to at least all pupils in the following groups:

- Students with disabilities
- Foster youth
- Homeless youth
- Students without access to a device, software, or high-speed internet
- All students in grades TK-2

By March 15, 2021:

- In addition to the student groups listed above, provide optional in-person instruction consistent with the CSP to all pupils enrolled in elementary schools, up to grade 6
- Continue providing continuous in-person instruction through the end of the scheduled 2020-21 school year (adopted school calendar in effect on February 16, 2021), unless otherwise ordered by a state or local health official

LEAs in the Purple Tier

Must meet the requirements as defined above by either the February 1 deadline for full apportionment eligibility, or by March 1 for reduced apportionment eligibility, and the following shall apply:

- Local health jurisdictions shall notify the LEA and their COE within **seven** **business** days of submittal if the LEA's CSP is not approved. COEs must then notify CDE within five business days that the LEA is no longer eligible to receive the grant funding
 - LEAs may reapply by March 1 to be eligible for reduced apportionment by revising the CSP to satisfy the requirements of the local health jurisdiction
- In-person instruction may commence on the **sixth** business day after the CSP is submitted to the local health jurisdiction unless the CSP is found to be unsafe by the state or local health officer before the end of the fifth business day after submission
- These requirements do not apply to schools already open for in-person instruction by February 1, 2021, if their reopening was permitted by public health directives in effect at the time of reopening
 - LEAs already open for in-person instruction must submit the CSP by February 1, 2021 and post it on their website homepage
- LEAs are not required to offer in-person instruction if the seven-day adjusted average case rate in their local health jurisdiction or county is above 28 **cases** per 100,000 people per day or subsequently rises above this threshold
- **LEAs** must meet in-person instruction requirements for the pupil groups identified above when case rates fall below 28 per 100,000 for seven consecutive days

Grant Amounts

- Base grant per ADA, as certified in the 2020-21 first principal apportionment, excluding ADA generated by students in full time or course based independent study reported in 2019-20 P-2:
 - \$450.00, if open by February 16
 - \$337.50, if open by March 15
- Plus grade span adjustment
- Plus 2020-21 LCFE supplemental and concentration grant percentages
- Alternate amounts for necessary small schools, if open by February 16:
 - \$26,462.50 for $0 < 25$ ADA
 - \$52,925.00 for $25 < 49$ ADA
 - \$79,387.50 for $49 < 73$ ADA
 - \$105,850.00 for $73 < 97$ ADA
- Alternate amounts for necessary small schools, if open by March 15:
 - \$19,846.88 for $0 < 25$ ADA
 - \$39,693.75 for $25 < 49$ ADA
 - \$59,540.63 for $49 < 73$ ADA
 - \$79,387.50 for $73 < 97$ ADA

Allowable Uses of Funds

Funds may be used for any purpose consistent with providing in-person instruction for any pupil participating in in-person instruction, including:

- COVID-19 testing
- Personal protective equipment
- Ventilation and other site upgrades necessary for health and safety
- Salaries for certificated or classified employees providing in-person instruction or services
- Social and mental health support services provided in conjunction with in-person instruction

Funds are available for use until December 31, 2021, and final expenditure reports will be due by January 31, 2022. CDE will collect any unexpended funds.

Appendix C – Additional Information for Federal Stimulus Funds

Federal Funds not Part of Second Interim Budget Planning

The following federal funds are now available that may be beneficial to individual LEAs. These funds are not part of the Second Interim budget planning, but LEAs should know of the availability of the federal funds if they could address an LEAs unique needs.

Broadband Funding

- \$3.2 billion to provide \$50 per month broadband subsidies for low-income households as part of a new FCC Emergency Broadband Benefit program. At least one individual in a household must meet these qualifications:
 - Qualified to participate in the federal Lifeline program.
 - Qualified to participate in the free and reduced-price lunch program (school verification required).
 - Has experienced a substantial loss of income since February 29, 2020 that is documented by layoff or furlough notice, application for unemployment insurance benefits, or similar document.
 - Has received a federal Pell Grant in the current award year.
 - Meets the eligibility criteria for a participating provider's existing low-income or COVID-19 program.
- \$2 billion to telecommunication providers to replace China's Huawei/TZE equipment deemed a security risk by the FCC.
- \$1 billion for a dedicated tribal broadband connectivity grant program.
- \$300 million to fund a rural broadband grant program to facilitate broadband deployment in unserved areas.
- \$285 million to support broadband pilot program for communities at historically black colleges and universities, tribal colleges and universities and minority-serving education institutions.
- \$65 million to fund the FCC's development of more accurate broadband availability maps.

Childcare and Head Start

- Allocated \$10 billion nationwide for Childcare and Development Block Grants to provide immediate assistance to childcare providers and families to support the stability of the childcare sector.
- Allocated \$250 million nationwide for Head Start providers to prevent, prepare for, or respond to coronavirus so families can be safely served.