



association of california
school administrators

Business Services Council

Wednesday, March 3, 2021 | 1:00pm – 2:00pm
Via Webex

Sheldon K. Smith, Ed.D., President

AGENDA

- I. **Welcome & Introductions** – Sheldon K. Smith, Ed.D. | 1:00pm
Attendees: Yuri Calderon, Tara Clark, Leslie Corder, Vivian Hamilton, Shannon Hansen, Ruben Hernandez, Rosa Loza, Tim McLellan, Dawnalyn Murakawa-Leopard, Sheldon Smith, Kristy Tchamourian, Rick Wiersma
- II. **Supplemental & Concentration Grant Carryover Proposal** | 1:15 - 2:00pm
Sara Pietrowski, Policy Director | State Board of Education

The original LCFF language was silent on this issue. Shirley Weber asked the State Auditor to review this. The Auditor's report was published in 2019; the State Board of Education provided a lengthy response to the Auditor's report. The Auditor felt that S&C funds needed to be spent on pupils in the UPP count, in the same manner that would have been required in a categorical program. SBE felt it was important to convey that the focus of the LCFF was on ensuring outcomes and improved services and supports, and to shift the focus away from the categorical mindset. The Auditor and Dr. Weber did not agree, and a bill was proposed last year. AB 1835 proposed to treat S&C dollars as categorical funds and stated that carryover dollars needed to be used on unduplicated pupils in future years. The Governor vetoed the bill, but indicated support for the underlying premise that students in the unduplicated count needed to receive the benefit of the dollars. His veto message said, in part:

I deeply support the underlying goal of this bill – to ensure that unspent Local Control Funding Formula supplemental and concentration grant funds are expended on services for our most vulnerable students – and I applaud Dr. Weber for her continued leadership... There is a simpler solution that allows us to address the objectives of AB 1835 much sooner and with more transparency. Therefore, I am directing the Department of Finance to propose language as part of my budget in January... I look forward to

working with Dr. Weber and the Legislature to implement this requirement in next year's budget.

The intent of the language in the Governor's budget proposal is to ensure that the obligation to serve our neediest student is met, to address this need within the LCAP, and to move to implementation as quickly as possible. The language impacts three sections of Education Code.

42238.07 – This element creates the new carryover requirement, asking districts to calculate the difference between planned expenditures and estimated actuals as well as between costs for planned improvements and actual actions. The net amount of unutilized funds in either category, funding needs to be saved to support the unduplicated population of students in future years. The intent is to ensure that unduplicated students are receiving the increased or improved services that they are entitled to under the LCFF.

Districts need to evaluate the amount of improvement being affected. This will require quite a bit of professional development, particularly around determining how much of the MPP the actions satisfied, and what implementation issues might affect this.

The new procedures will be implemented in two steps via sections 52064 and 52070.

Using the existing template, districts will need to calculate differences between planned actions/expenditures and estimated actuals using the expenditure tables. This will go into effect in Spring 2022

With regards to the satisfaction of the MPP through increased or improved services, this measurement would occur in the following year's update. This is the hardest part – to make sure we are thinking through what is required to determine what to carry over and how to calculate the amount.

Section 52064 would require that by January 2022, SBE would need to adopt an LCAP template with new tables that capture increased and improved services for unduplicated students and a new section where a district would explain how they are going to use any carry over to serve unduplicated students.

Sections 52070 and 52070.5 (one for districts having COE's approve and one for counties having the State approve) include language that is not new but rather provides clarification and explanation that anything that is required must be checked for during the LCAP review and approval process. There is also a new requirement to check the new sections of the LCAP to review the carry over obligation.

There has been some push for multiple versions of the annual update, to provide updates to carry over amounts through year end closing – but SBE believes that

while there are budget implications, the LCAP is not the budget. SBE is comfortable using the estimated actuals at the time of the annual update because they don't want Districts to be continually updating the LCAP.

SBE is currently unsure whether this carry over requirement will be auditable. SBE is having discussions with DOF, CDE, and FCMAT to work out these “nuts and bolts.” They are also working with these groups to determine whether there a need for a new resource code.

Carry over dollars can be redistributed to provide services as needed through the LCAP without being tied to a specific action. Needs change, new learnings develop – so as the plan changes, the dollars can shift, as long as they are still being used to support students in the unduplicated count.

The intent is not to create a “nitpicky” process in determining what has been implemented and what has not. The intent is simply to avoid allowing districts to intentionally underspend their S&C funds in order to allow unused dollars to fall into the base and to ensure that districts meet the obligations to students that are generated by S&C grants and requirements and that the MPP is met.

If there is a drop in enrollment, or in a district's UPP, and it's going to impact the district's MPP, the LCAP can be amended, but the language does not require an amendment. If there is a major change in a district's plans, the LEA can determine if they want to update their LCAP.

If there is a material change in the carry over amount between the annual update (based on estimated actuals) and year end closing, there is currently no requirement for subsequent updates, so currently any difference would not be reflected until the following year's annual update. It is unclear whether there would be public disclosure requirements and/or a “true up” mechanism related to plan revisions necessitated by changes in carry over amounts.

Feedback from stakeholders and the ongoing conversations taking place now will be incorporated into bill language in the next couple of weeks. The Current <https://esd.dof.ca.gov/trailer-bill/public/trailerBill/pdf/281> section 13

VIII. **Adjourn** | 12:20pm

Council Meeting Dates

Date	Meeting Location	Time
May 14, 2021 (Friday)	May Revise Budget Rapid Reaction Webinar *Date pending the release of the May Revise	4pm - 5pm
May 26, 2021 (Wednesday)	Business Services Council Meeting <i>Virtual</i>	10am - 12pm