HOUSEKEEPING

- All Attendees are muted.
- If you would like to ask a question, please use the Chat feature.
  - Make sure you are messaging “All Panelists and Attendees” by using the drop down.
- This Webinar is being recorded and will be made available to CASH Members for future reference.
STATE AND LOCAL FUNDING PROVIDED TO ADDRESS THE IMPACT OF COVID-19 ON SCHOOLS

Dave Walrath, Murdoch, Walrath & Holmes
Bob Canavan, Federal Management Strategies, Inc.

COVID FUNDING

• $355.2 million from Federal Trust Fund
  – Current law: Must be spent between March 13, 2020 to September 30, 2021
  – Proposed change: Allow expenditures through September 30, 2022

• $4,439.8 million from Coronavirus Relief Fund
  – Current law: Must be spent between March 1, 2020 to December 30, 2020
  – Proposed change: Change expenditure deadline to whatever deadline is adopted by the federal government

• $539 million general fund
  – Current law: Must be spent between March 1, 2020 to December 30, 2020
PROPOSED ADDITIONS TO ALLOWABLE USES

• Paragraph 5 is added for the proposed uses to include the following language: Addressing health and safety concerns, including, but not limited to, purchasing public health testing, personal protective equipment, supplies to sanitize and clean the facilities and school buses of the local education agency and other related needs.

WHAT’S NEXT?

• Special session?
• Changes to budget triggers?
• Time during which the state could act.
• Time during which the federal government could act.
CARES Act State Grants, LEA subgrants & allowable LEA funding usages

- The CARES Act P.L. 116-127 is providing California LEAs $1.4 billion Emergency Relief Funds.

- Sec. 18003. (a) Grants.—From funds reserved under section 18001(b)(2) of this title, the Secretary shall make elementary and secondary school emergency relief grants to each State educational agency with an approved application...

- (b) Allocations To States.—The amount of each grant under subsection (a) shall be allocated by the Secretary to each State in the same proportion as each State received under part A of title I of the ESEA of 1965 in the most recent fiscal year.

- (c) Subgrants To Local Educational Agencies.—Each State shall allocate not less than 90 percent of the grant funds awarded to the State under this section as subgrants to local educational agencies (including charter schools that are local educational agencies) in the State in proportion to the amount of funds such local educational agencies and charter schools that are LEAs received under part A of title I of the ESEA of 1965 in the most recent fiscal year.

Allowable Use of CARES Act Funds

- (d) Uses Of Funds.—A LEA that receives funds under this title may use the funds for any of the following:


  - (2) Coordination of preparedness and response efforts of local educational agencies with State, local, Tribal, and territorial public health departments, and other relevant agencies, to improve coordinated responses among such entities to prevent, prepare for, and respond to coronavirus.

  - (3) Providing principals and others school leaders with the resources necessary to address the needs of their individual schools.

  - (4) Activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including how outreach and service delivery will meet the needs of each population.

  - (5) Developing and implementing procedures and systems to improve the preparedness and response efforts of local educational agencies.

  - (6) Training and professional development for staff of the local educational agency on sanitation and minimizing the spread of infectious diseases.

  - (7) Purchasing supplies to sanitize and clean the facilities of a local educational agency, including buildings operated by such agency.
Allowable Use of CARES Act Funds

- (8) Planning for and coordinating during long-term closures, including for how to provide meals to eligible students, how to provide technology for online learning to all students, how to provide guidance for carrying out requirements under the IDEA (20 U.S.C. 1401 et seq.) and how to ensure other educational services can continue to be provided consistent with all Federal, State, and local requirements.
- (9) Purchasing educational technology (including hardware, software, and connectivity) for students who are served by the local educational agency that aids in regular and substantive educational interaction between students and their classroom instructors, including low-income students and students with disabilities, which may include assistive technology or adaptive equipment.
- (10) Providing mental health services and supports.
- (11) Planning and implementing activities related to summer learning and supplemental afterschool programs, including providing classroom instruction or online learning during the summer months and addressing the needs of low-income students, students with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care.
- (12) Other activities that are necessary to maintain the operation of and continuity of services in local educational agencies and continuing to employ existing staff of the local educational agency.
- (e) State Funding.—With funds not otherwise allocated under subsection (c), a State may reserve not more than 1/2 of 1 percent for administrative costs and the remainder for emergency needs as determined by the state educational agency to address issues responding to coronavirus, which may be addressed through the use of grants or contracts.
- (f) Reallocation.—A State shall return to the Secretary any funds received under this section that the State does not award within 1 year of receiving such funds and the Secretary shall reallocate such funds to the remaining States in accordance with subsection (b).

COVID-19 Aid Negotiations Stalled
Jeopardizing Additional Education Funding.

- The CARES Act P.L. 116-127 is providing California LEAs $1.4 billion Emergency Relief Funds.
- HOUSE: In May, passed the HEROES (Health and Economic Recovery Omnibus Emergency Solutions) Act calling for $70 billion for K-12 education.
- SENATE: Did not vote on Republican HEALS (Health, Economic Assistance Liability Protection and Schools) Act proposing $70 billion K-12 education with 2/3 conditional on students in school and a private school set-aside.
- COVID-19 Aid Negotiations: Stalled between Administration and Congressional Democratic leaders. Senate Republicans did not participate. Pending issues include funding for Education, State and local governments, and the postal service.
- President’s Executive Orders: Legality of the executive orders challenged. Partially extends unemployment benefits using disaster assistance funds, postpones payments of student loans, suspends payroll taxes, partially delays evictions.
- AUGUST RECESS: Democrat and Republican conventions. Congressional Democrats want talks resumed, to extend unemployment benefits, payroll protection programs, provide aid to reopen schools and child care, nutrition programs, aid to hospitals, assistance for states and local governments and postal service funding. Willing to negotiate funding. House returned and passed postal service aid funding bill.
- ADMINISTRATION: Funding package limit $1 trillion, negative on aid to state and local governments, might be changing position on some postal service aid.
- SEPTEMBER: Congress returns as pressure builds to resume COVID negotiations. Imperative that COVID aid negotiations resume ASAP and that additional aid be provided to schools and states and local governments. Additional COVID and school reopening funding needed now. Possible vote on COVID package.
ALLOWABLE EXPENDITURES: GUIDELINES FOR SPENDING STATE AND FEDERAL COVID-19 FUNDS

Bill McGuire, Bill McGuire and Associates
Kristin Coates, Twin Rivers USD
Ryan DiGiulio, Fontana USD
$2.3 Trillion Federal Funding and Considerations

- The CARES Act provides new, one-time funding for states, districts and schools—based in part on poverty but with significant flexibility regarding where funds are used.
- The law includes a $30.75 billion Education Stabilization Fund divided into three parts and meant to provide initial relief to states and districts facing education challenges stemming from the coronavirus. The parts are:
  - The $13.5 billion Elementary and Secondary School Emergency Relief Fund. States will receive this funding based on the number of students in poverty in the same manner as funding is provided under Title I, Part A, of the Elementary and Secondary Education Act—better known today as ESSA, the Every Student Succeeds Act. States must allocate 90 percent of that funding to districts, including charter schools, based on Title I, Part A. Districts have flexibility on how to target the funds they receive, including how and which schools are funded.
  - The $3 billion Governor’s Emergency Education Relief Fund. States will receive funds based on a combination of both school-age population and rates of poverty, and governors have wide discretion over use of these funds to support K-12 or higher education.
State Funding and Consideration

• Funding to Schools March 2020 – December 2020
• CARES ACT – ESSER $1.5 Billion – Title I Formula
  - Resource Code 3210
• SB 117 - $100 Million GF – Per ADA Formula
  - SB 117 Funds are allowed to be used for costs associated with maintaining nutrition services, cleaning and disinfecting facilities, personal protective equipment, and materials necessary to provide students with opportunities for distance learning. The priority for these funds is health and safety needs for LEAs, including for student meal access, during COVID-19 closure periods. Due to the emergency nature of these funds, the funding allocation formula and allowable uses of funds contained in this letter may not closely align with the appropriation language in Section 9 of Senate Bill 117 but are in concurrence with the Department of Finance and the Legislature. Clean-up language will be forthcoming in future legislation.
  - Resource Code 7388

State Funding and Consideration

• Included in 2020-21 State Budget – July 2020
• SB 98, Section 110 Learning Loss Mitigation (LLM) $5,335,047,000
  - $335,227,000 FTF/GEER - $1,144,773,000 CARES - Special Ed Methodology (a)
    - Resource Code 3215
  - $2,855,277,000 CARES - Unduplicated Pupil Percentage Methodology (b)
    - Resource Code 3220
  - $539,926,000 GF - $439,844,000 CARES- LCFF Methodology (c)
    - Resource Code 7420
State Funding and Considerations
Dave Walrath

LEAs Have Incredible Resources at This Exact Moment in Time
Bill McGuire
LEA (District/COE) Allocations

200 to 220 LEAs COVID-19 Funding

Changes made in SB 820:

- Governor’s Emergency Education Relief (GEER) fund could be used for an additional year, extending the deadline from September 30, 2021, to September 30, 2022.
- Extends the expenditure deadline for $540 million in funds from Proposition 98 from December 30, 2020, to June 30, 2021
- December 30, 2020, deadline to expend the Coronavirus Relief Fund dollars, which is $4.4 billion of the $5.3 billion for LLM, would be extended if the federal government changed that deadline in law

Current Spending Timelines & I/C

- Always Charge Indirect Cost (I/C) at 5.0% indirect cost on $42 Million is $2.1 Million back to the LEA
Federal Guidance – ESSER (CARES Act Section 18003)

- LEAs may use Elementary and Secondary School Emergency Relief Funds for:
- Any activities that are authorized under the Elementary and Secondary Education Act, IDEA, Carl D. Perkins Career and Technical Education Act, Adult Education and Family Literacy Act, and McKinney-Vento. CARES Act Section 18003(d)(1).
- Coordination of preparedness and response efforts of LEAs with state, local, tribal, and territorial public health departments, and other relevant agencies, to prevent, prepare for, and respond to coronavirus. CARES Act Section 18003(d)(2).
- Providing resources for principals and others school leaders to address school-specific needs. CARES Act Section 18003(d)(3).
- Activities that address unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youths, including how outreach and service delivery will meet the needs of each population. CARES Act Section 18003(d)(4).
- Developing and implementing procedures and systems to improve the preparedness and response efforts of LEAs. CARES Act Section 18003(d)(5).
- Training and professional development for LEA staff on sanitation and minimizing the spread of infectious diseases. CARES Act Section 18003(d)(6).
Federal Guidance – ESSER (CARES Act Section 18003)

- LEAs may use Elementary and Secondary School Emergency Relief Funds for:
  - **Purchasing supplies to sanitize and clean facilities operated by an LEA**, CARES Act Section 18003(d)(7).
  - Planning and coordination during long-term closures, including how to provide meals to eligible students, how to provide online learning technology to all students, how to provide guidance on meeting IDEA requirements, and how to ensure *other educational services can continue to be provided consistent with federal, state, and local requirements*. CARES Act Section 18003(d)(8).
  - Purchasing educational technology, which could include hardware, software, and connectivity, for students served by the LEA that aids in regular, substantive educational interaction between students and educators, including low-income students and students with disabilities. This could also include assistive technology or adaptive equipment. CARES Act Section 18003(d)(9).
  - Providing mental health services and supports. CARES Act Section 18003(d)(10).
  - Planning and implementing summer learning and supplemental afterschool program activities, including providing classroom instruction or online learning during the summer months and addressing the needs of low-income students, students with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care. CARES Act Section 18003(d)(11).
  - Other activities necessary to maintain the operation of and continuity of services in LEAs and continuing to employ existing staff. CARES Act Section 18003(d)(12).

Federal Guidance – GEER – (CARES Act Section 18002)

- LEAs may use grants awarded under the Governor’s Emergency Education Relief Fund to:
  - Provide emergency support to local educational agencies that have been significantly impacted by COVID-19 to continue to provide educational services to students as well as *support the LEA’s ongoing functionality*, CARES Act Section 18002(c)(1).
  - Provide support to any education-related entities deemed essential for carrying out emergency educational services to students for activities that are authorized under the ESEA, IDEA, Carl D. Perkins Career and Technical Education Act, Adult Education and Family Literacy Act, and McKinney-Vento. CARES Act Section 18002(c)(3).
  - Provide support to any education-related entities deemed essential for providing childcare and early childhood education, social and emotional support, *and the protection of education-related jobs*, CARES Act Section 18002(c)(3).

*Source: District Administration*
US Treasury’s CRF Frequently Asked Questions

- The Guidance says that a cost was not accounted for in the most recently approved budget if the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation. What would qualify as a “substantially different use” for purposes of the Fund eligibility?

- Costs incurred for a “substantially different use” include, but are not necessarily limited to, costs of personnel and services that were budgeted for in the most recently approved budget but which, due entirely to the COVID-19 public health emergency, have been diverted to substantially different functions. This would include, for example, the costs of redeploying corrections facility staff to enable compliance with COVID-19 public health precautions through work such as enhanced sanitation or enforcing social distancing measures; the costs of redeploying police to support management and enforcement of stay-at-home orders; or the costs of diverting educational support staff or faculty to develop online learning capabilities, such as through providing information technology support that is not part of the staff or faculty’s ordinary responsibilities.

- Note that a public function does not become a “substantially different use” merely because it is provided from a different location or through a different manner. For example, although developing online instruction capabilities may be a substantially different use of funds, online instruction itself is not a substantially different use of public funds than classroom instruction.


SB 98 – Section 110

- Funds apportioned to eligible local educational agencies from the Federal Trust Fund pursuant to subdivision (a) shall be used from March 13, 2020, to September 30, 2021, inclusive, and all other funds apportioned pursuant to this section shall be used from March 1, 2020, to December 30, 2020, inclusive, for activities that directly support pupil academic achievement and mitigate learning loss related to COVID-19 school closures, and shall be expended for any of the following purposes:

  - (1) Addressing learning loss or accelerating progress to close learning gaps through the implementation, expansion, or enhancement of learning supports that begin before the start of the school year and the continuation of intensive instruction and supports into the school year.

  - (2) Extending the instructional school year by making adjustments to the academic calendar, increasing the number of instructional minutes provided during each week or school day, or taking any other action that increases the amount of instructional time or services provided to pupils based on their learning needs.

  - (3) Providing additional academic services for pupils, such as diagnostic assessments of pupil learning needs, intensive instruction for addressing gaps in core academic skills, additional instructional materials or supports, or devices or connectivity for the provision of in-classroom and distance learning.
SB 98 – Section 110

• (4) Providing integrated pupil supports to address other barriers to learning, such as the provision of health, counseling, or mental health services, professional development opportunities to help teachers and parents support pupils in distance-learning contexts, access to school breakfast and lunch programs, or programs to address pupil trauma and social-emotional learning.

• (e) As a condition of receipt of the funds pursuant to this section, an eligible local educational agency shall certify that funding received pursuant to this section will be used in full compliance with federal law, and shall adopt, on or before September 30, 2020, at a regularly scheduled meeting of the governing board or body of the local educational agency, a learning continuity and attendance plan pursuant to Section 45009 of the Education Code.

• (f) This section does not preclude an eligible local educational agency from receiving or expending funds pursuant to subdivisions (a) and (b) before the adoption of its learning continuity and attendance plan for the 2020–21 school year.

• (g) As a condition of receipt of the funds pursuant to this section, each eligible local educational agency shall maintain a file of all receipts and records of expenditures made pursuant to this section for a period of no less than three years, or, where an audit has been requested, until the audit is resolved, whichever is longer. Receipts and records that are required to be retained by each eligible local educational agency shall be made available to the Superintendent, upon request. The Superintendent shall take action to recoup any federal disallowances of funds allocated to eligible local educational agencies, as applicable.

Always Changing – August 2020 – SB820

• Section 58:
  • (g) As a condition of receipt of the funds pursuant to this section, each eligible local educational agency shall maintain a file of all receipts and records of expenditures made pursuant to this section for a period of no less than five years, or, where an audit has been requested, until the audit is resolved, whichever is longer. Receipts and records that are required to be retained by each eligible local educational agency shall be made available to the Superintendent, upon request. The Superintendent shall take action to recoup any federal disallowances of funds allocated to eligible local educational agencies, as applicable.

  • (h) (1) As a condition of receipt of the funds pursuant to this section, an eligible local educational agency shall report, on or before August 31, October 15, 2020, the balance of any unexpended funds received from the Coronavirus Relief Fund to the Superintendent. Funds that are not expended by December 30, 2020, shall be reported to the Superintendent within 30 days, and the Superintendent shall initiate collection proceedings.

  • (2) As a condition of receipt of the funds pursuant to this section, an eligible local educational agency shall report, on or before August 31, 2021, the balance of any unexpended funds received from the Federal Trust Fund to the Superintendent. Funds that are not expended by September 30, 2022, shall be reported to the Superintendent within 30 days, and the Superintendent shall initiate collection proceedings.
Always Changing – August 2020 – SB820

• Section 71:
  • Expenditures of moneys appropriated pursuant to Sections 110 and 118 of Chapter 24 of the Statutes of 2020 and Section 18003(c) of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act (Public Law 116-136) shall not be considered school district or county office of education general fund expenditures for purposes of Section 17070.75 of the Education Code.
  • Additional Funding does not apply to RRMA!

Maintenance/Operations and Facilities

• No Question:
  • Personal Projective Equipment
  • Cleaning and Sanitation of a Site
  • Preparing and Implementation for Social Distancing
  • Preparing and Implementation of Ingress and Egress to Site
  • Preparing and Implementation of Indoor Air Quality (IAQ) Standards
    • Including repair and replacement of HVAC systems not working to Standard
    • Including additional devises and filters to improve IAQ
  • Preparing and Implementation of Signage
  • Preparing and Implementation of Storage of Furniture and Equipment
What are LEA’s Investing in?

- Building Reserve Levels to Prepare for 2021-22 Budget Crisis
- 2019-20 Budget Savings into “one-time” items that will reduce “ongoing” expenditures in future years.
- 2020-21 Budget Savings into “one-time” items that will reduce “ongoing” expenditures in future years.
- 2019-20 & 2020-21 redirected budget savings from COVID-19 Funding into “one-time” items that will reduce “ongoing” expenditures in future years.
- 2019-20 & 2020-21 redirected budget savings from COVID-19 Funding into “one-time” items that do not have a current funding source

Investing in Reserves is Essential Now!

<table>
<thead>
<tr>
<th></th>
<th>2018–19 Average Unrestricted General Fund, Plus Fund 17; Net Ending Balances¹</th>
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</thead>
<tbody>
<tr>
<td>Unified School Districts</td>
<td>17.26%</td>
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<tr>
<td>Elementary School Districts</td>
<td>20.47%</td>
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<tr>
<td>High School Districts</td>
<td>15.64%</td>
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¹As a percentage of total general fund expenditures, transfers, and other uses

Source: School Services of California
Now is the time to spend wisely
• Clovis Unified Motto – To Poor to Buy Cheap!
• St. Helena Unified Motto – We can Afford to do it Right!
• Twin Rivers Unified Motto – Do it once and do it Right!
• Who will speak for the buildings if not YOU?
  • Investing in the buildings, building systems and equipment of the LEA are essential now!
• Always spend the most restricted funding first and to use unrestricted funding in the manner that provides the LEA with “Local Control”

Investing COVID-19 Savings from Utilities

• All Districts had real savings from COVID-19 Shutdown in March to June and will again September to October
• Investing this saving of $1 Million into Energy Saving Projects that did not have a funding source to reduce out year expenditures
Investing COVID-19 Savings from Transportation

- All Districts had real savings from COVID-19 Shutdown in March to June and will again September to October
- Investing this saving into School Buses or Projects that did not have a funding source to reduce operational cost

<table>
<thead>
<tr>
<th>Description</th>
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<th>2019-20 Receiving</th>
<th>Total Variance</th>
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<td>Total No Car Penalty Total</td>
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Investing COVID-19 Redirecting from Transportation

- Treasury FAQ – Redirect Drivers to “other duties” like delivering School Lunch and charge to COVID-19 Funding
- Investing this $730,000 per month in Redirected Salaries into School Buses or Projects that did not have a funding source to reduce operational cost

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When in Doubt Check with a Friend!

• There is lots of room for interpretation of allowable expenditures for most LEAs
• Follow the lead of other Districts and why they determined “something” to be an allowable expenditure
• Ask your Audit Firm to provide assistance “if” an expenditure is allowable
• Many of the issues are not black or white, it is OK to work in the grey
• Don’t go it alone

RRMA and Deferred Maintenance

• Allocations to RRMA will fluctuate over the years, treat any increases or flexibility as One-Time funding and spend wisely
  • Enhancements that will reduce on-going costs in the future
  • Opportunity to invest once again in Deferred Maintenance

• SB 820 Excludes COVID-19 Funding from RRMA 3% Calculations
What are District CBO’s Thinking and Doing
Q&A with Ryan DiGiulio and Kristen Coates

Staying Fiscally Solvent in These Times of Crisis
Mike Fine – CEO Fiscal Crisis Management Assistance Team (FCMAT)
Questions & Answers

• Please use the Chat feature on your screen to ask questions.
  – Make sure you are messaging “All Panelists and Attendees” by using the drop down.

UPCOMING WEB EVENTS

Thank you for attending today’s webinar.

Please mark your calendars for these future dates and topics:

**Indoor Air Quality: Research and HVAC Maintenance Required for Healthy Classrooms**
September 3, 2020
11:00 a.m. – 12:15 p.m.

Stay safe out there!
-CASH
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