

**Office of Christine Lizardi Frazier  
Kern County Superintendent of Schools  
Administration and Finance  
The District Advisor  
September 29, 2009**

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- 1. Sept. 28, 2009: E-mail From: The California State Department of Education To: School Nutrition Program Sponsors, Summer Food Service Program Sponsors, Child Care Agencies participating in the Child and Adult Care Food Program**

Attention: Food Service Director, Business Official

Reference: United States Department of Agriculture, Food and Nutrition Service, Policy Memo SP 38-2009; Title 7, Code of Federal Regulations, Section 245.2(b)

This e-mail provides information regarding a policy change for determining categorical (automatic) eligibility of children who are members of a household currently receiving assistance (benefits) under the Food Stamp Program, Food Distribution Program on Indian Reservations (FDPIR), or the Temporary Assistance to Needy Families (TANF) (known as the California Work Opportunities and Responsibility to Kids [CalWORKs] Program in this state).

This policy change represents the United States Department of Agriculture's (USDA) attempt to increase access to child nutrition programs and streamline the meal/milk eligibility process. Therefore, beginning in school year 2009-10, if one member of the household is certified as eligible for food stamps, FDPIR, or CalWORKs via direct certification and/or meal applications with case numbers for these programs, all children in the household are categorically eligible for free meals. This means that all children in a household who are on a meal eligibility application are eligible for free meals if at least one of the children on the application has a CalWORKs or food stamp case number. As a reminder, Title 7, Code of Federal Regulations, Section 245.2(b) defines the household as "...a group of related or nonrelated individuals, who are not residents of an institution or boarding house, but who are living as one economic unit."

If a local educational agency (LEA) does not have a meal application as a reference, it may use school district enrollment records to also determine children who are part of the household of a certified child, but who were perhaps not originally identified through direct certification to receive free meals or milk. For example, if two out of three children in a household are included on a direct certification list, but the third child is not, LEAs can use school district enrollment records to certify that additional child for free meals/milk.

Any income information is disregarded on a meal application submitted by a categorically eligible household. Further, for the purpose of carry-over into the new (2009-10) school year, LEAs must extend categorical eligibility to any newly enrolled siblings in the same household.



CALIFORNIA  
DEPARTMENT OF  
EDUCATION

**JACK O'CONNELL**  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

September 4, 2009

Dear American Recovery and Reinvestment Act Subrecipients:

**AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009  
SECTION 1512 REPORTING DEADLINES AND DATA COLLECTION SYSTEM**

This letter is to follow up on a letter I sent to you on Friday, August 28, 2009, in which I provided information on and recommended next steps to meet the reporting requirements imposed as a condition of receiving American Recovery and Reinvestment Act (ARRA) of 2009 funds. This letter advises subrecipients how and when to submit quarterly reports required by ARRA Section 1512 which applies to all entities receiving ARRA funds. Required reporting includes such matters as the number of jobs created and retained and the status of the project funded.

The first deadline for quarterly reporting is Wednesday September 23, 2009, and it is fast approaching. I advise ARRA subrecipients to review the information in this letter and on the California Department of Education (CDE) Web pages referred to in this letter and to immediately begin collecting the data they need to report and submitting the data as explained in this letter.

ARRA subrecipients include school districts, county offices of education, charter schools, school food authorities, child development administrators, and Special Education Local Plan Areas.

**Deadlines for Quarterly Reporting**

In accordance with the guidance on ARRA Section 1512 issued by the federal Office of Management and Budget (OMB), data on the use of ARRA funds by recipients (i.e., the state) and subrecipients (i.e., local educational agencies [LEAs] and other entities receiving funds through the state) are due to the federal government no later than the 10th day after the end of each calendar quarter. The first reports are due to the federal government on October 10, 2009, and will cover the period from the effective date of the grant through September 30, 2009.

For the CDE to meet the federal reporting deadline, subrecipients will have to submit data for the first quarterly report to the CDE by Wednesday, September 23, 2009. The early date is required because the CDE is submitting its data to the federal government via a statewide data system being developed by the Governor's Recovery Act Task Force—which requires submission of data by September 28, 2009.

The CDE recognizes that the deadlines for submission of information are before the end of the reporting period, which will preclude submission of final data for the reporting period. Please see the detailed notes on the individual data items that are available on the Web (see citation below) for information regarding how to handle this issue for particular data items.

**Instructions for Reporting**

The CDE has constructed a Web-based data collection system to collect information for each grant from subrecipients to comply with ARRA Section 1512 reporting requirements. The data collection system can be found on the [CDE ARRA Reporting & Data Collection System Web page](#). The data system will be open to subrecipients for data submission in the next several days. Information on how to use the data collection system and detailed notes on Section 1512 data fields are provided on the data collection system Web page.

In a separate e-mail, the CDE will issue passwords for the data collection system. These same procedures for password distribution to subrecipients were used to distribute passwords to LEAs for the State Fiscal Stabilization Fund (SFSF) application process. Child development agencies will use their Contract and Tracking System (CATS) user ID and password to obtain access to the data reporting system.

**Data Elements**

Data elements to be collected from each subrecipient, for each grant, include: (1) data that must be reported to the federal government at the subrecipient level (for example, the name of the subrecipient and the amount of each subaward); and (2) data that the CDE needs to collect from subrecipients to properly report at the recipient (state) level (for example, the number of jobs retained or created).

For ease of reporting, the CDE preloaded as much data as possible, including the subrecipient's name, address, and grant award amounts. We also provided drop-down or check boxes, to the extent possible, to simplify data entry.

The specific data elements being collected from each subrecipient, for each grant, each quarter, are as follows:

- The subrecipient's D-U-N-S Number—a unique nine-digit identification number provided by Dun & Bradstreet (see my previous letter for instructions on applying for a D-U-N-S Number)
- The subrecipient's Congressional district, State Senate district, and State Assembly district
- Names and compensation of each of the subrecipient's five most highly compensated officers, if applicable (this data will not be required for most subrecipients receiving funds through the CDE)
- Contact information for the person who can answer questions regarding the data submitted
- Number of full-time equivalent jobs created or retained as a result of ARRA funding in the reporting period (from the effective date of the grant through the end of the reporting period), separately identified as certificated jobs, classified jobs, or vendor jobs
- ARRA funds expended or obligated for the reporting period
- Name and location (zip+4) of any vendor that has received or invoiced more than \$25,000 in ARRA funds during the reporting period
- Information regarding infrastructure expenditures, if any

I encourage you to review the document titled "Data Fields for Quarterly Section 1512 Reporting," which is available on the [CDE ARRA Reporting & Data Collecting Web page](#). This document contains detailed descriptions of the data elements and will answer many questions about reporting.

We note that questions still remain about the data requirements. Some of the guidance we expect from the U.S. Department of Education (ED) has not yet been released.

It is also possible that the data requirements cited in this letter may change for future reporting periods. In the event of clarifications or changes in requirements, we will change our data collection system to accommodate those changes.

### **Recommended Actions**

It is now time to actually start submitting data through the Web-based data collection system. I advise subrecipients to review the information in this letter and on the [CDE ARRA Reporting and Data Collecting Web page](#), begin collecting the data needed to report, and submit data as soon as possible. As indicated earlier in this letter, data for the first quarterly report are due Wednesday, September 23, 2009.

In anticipation of the upcoming reporting period, in my earlier letter I advised all subrecipients receiving ARRA funding through the CDE to immediately do the following:

- Determine whether you have a D-U-N-S Number and apply for one if necessary.
- Identify and correct any outstanding issues that arose from the SFSF password distribution process. If it is necessary to contact the CDE, please send an e-mail to [arra@cde.ca.gov](mailto:arra@cde.ca.gov).
- Sign up for the CDE ARRA listserv by sending a blank e-mail to [join-arra-page-updates@mlist.cde.ca.gov](mailto:join-arra-page-updates@mlist.cde.ca.gov).

The federal government is very serious about these reporting requirements and it is essential that data be submitted timely. According to the federal OMB Implementing Guidance, issued June 22, 2009, page 15:

"Federal awards, like most legal contracts, are made with stipulations outlined in the award's term and conditions. Non-compliance with the reporting requirement as established under section 1512 of the Recovery Act is considered a violation of the award agreement because awards made with Recovery funds have a specific term requiring such compliance. The award term language is found in the *Code of Federal Regulations (CFR)* in 2 CFR Part 176.50. The Awarding Agency may use any

customary remedial actions necessary to ensure compliance, including withholding funds, termination, or suspension and debarment, as appropriate.”

## **Conclusion**

Many questions remain about the reporting requirements, and it is possible that the requirements may change in future quarters. As we receive additional information from the federal government about ARRA Section 1512 requirements—and about program specific reporting—we will share it with you. We will continue to keep you apprised of developments concerning ARRA implementation through the listserv and on the [CDE ARRA Web page](#).

In the meanwhile, it is essential that subrecipients immediately begin collecting the data they need to report and submitting the data as explained in this letter.

If you have any questions regarding ARRA reporting, please contact Linda M. Lewis, Education Fiscal Services Consultant, Fiscal Services Division, at 916-319-0658, or by e-mail at [arra@cde.ca.gov](mailto:arra@cde.ca.gov).

Sincerely,

JACK O'CONNELL

JO:cb

OFFICE OF CHRISTINE LIZARDI FRAZIER  
KERN COUNTY SUPERINTENDENT OF SCHOOLS  
ADVOCATES FOR CHILDREN

District Advisory Newsletter  
September 2009

**ARRA Reporting**

ARRA Section 1512 requires data on the use of ARRA funds by recipients be submitted to the federal government no later than the 10th day after the end of each calendar quarter. For the CDE to meet this requirement, school districts must have its data submitted to the CDE by September 23, 2009 at 6:00 p.m. for the period ending September 30, 2009.

In early September, the CDE released its ARRA Reporting and Data Collection system to gather information for each grant from school districts to comply with ARRA Section 1512. The web-based system requires an entity password and system password which should have been e-mailed to District Superintendents on or around September 14, 2009. For school districts that have not received these passwords, an e-mail should be sent **immediately** to [ARRA@cde.ca.gov](mailto:ARRA@cde.ca.gov) with the organization's name and the CDS code. The passwords will be sent to the individual on file.

To access the CDE ARRA Reporting & Data Collection System, school districts will need to go to: <http://www2.cde.ca.gov/arrareporting/logontypes.aspx>

Districts should select School District or County Office of Education, then select its county and school district name. Finally enter the entity password and system password to begin entering ARRA data.

The following information is required to be entered into the CDE ARRA Reporting & Data Collection System: (1) D-U-N-S number, (2) Congressional district, State Senate district, and State Assembly district, (3) names and compensation of the five most highly compensated employees, (4) contact information for the person who can answer questions regarding the data submitted, (5) number of FTE jobs created or retained separated by certificated jobs, classified jobs, or vendor jobs, (6) ARRA funds expended or obligated, (7) name and location of any vendor that has received or invoiced more than \$25,000 in ARRA funds during the period, and (8) information regarding infrastructure expenditures. For each of the eight data elements above there is a "help link" that contains a description of the specific information required. These "help links" also allow you to search for your district's Congressional, Senate, and Assembly districts plus

provide you with information on accessing your D-U-N-S number. Districts may continually revise information in the system through the deadline date. It is essential that Districts save its information frequently to ensure proper submittal. The main menu page will provide you with the last date submitted (saved) and the date due.

For those school districts that received funding from multiple ARRA programs (Fiscal Stabilization, Title I, and Child Nutrition – Equipment Assistance), data will need to be provided on each funding source. On the main menu page under Grants, you will see a list of all ARRA funding provided to your district. Detailed information will need to be entered for each ARRA funding program. After entering information, you will need to click "save" before moving on to the next ARRA funding program.

For more detailed information about the ARRA Reporting and Data Collection system requirement, their website can be found at: <http://www.cde.ca.gov/ar/rr/rptingdatcol.asp>.

The following items have been attached to provide additional information regarding the ARRA Reporting and Data Collection System: (1) CDE letter dated September 4, 2009 and (2) frequently asked questions on use of the data collection system for federal reporting.

If you have any questions or problems with the ARRA reporting requirements, your Fiscal Advisors are available to assist you with this process.

**IDEA ARRA Reports**

In addition to the quarterly reports required for Fiscal Stabilization funds and Title I supplemental grants, SELPA's must also file. Like the previous two reports, the information submitted in the SELPA reports include the number of jobs created or retained, the amount of funds expended or obligated, the amount paid for infrastructure items, and the amounts paid to vendors. The SELPA accumulates this data and sends it to the CDE on a quarterly basis (the first report is due September 23rd). The CDE in turn submits the data to the federal government by the 10th of the month after the close of each quarter. The

CDE gives us an earlier due date (in this case the 23rd) to allow them time to combine all the data and report it to the feds in a timely manner.

We expect that each quarterly report to the CDE will continue to be due approximately a week before the end of the quarter and our deadline will likely be at least a week prior to that date. We will communicate to you all of the information that will be needed, including our due dates, in the near future.

The SELPA must report expenditures to the CDE at least quarterly. These reports will serve as the basis to calculate subsequent apportionments as well as report and pay interest earned in excess of \$100. We will run expenditure reports as of the end of the quarter.

As you know, in late June we received the initial IDEA ARRA apportionments. The CDE has confirmed that future apportionments will be based upon the percent of the previous funds that you have expended.

For example:

- First apportionment: \$50,000
- Funds expended \$10,000  
(which represents 20% of the apportioned funds)
- Next scheduled apportionment \$30,000
- Amount to be received \$ 6,000  
(20% of \$30,000)

Remember that interest earned on ARRA funds must be repaid once the amount exceeds \$100. For those districts who have earned in excess of \$100, we will be transferring this amount from you so we can remit it to the CDE. This is expected to occur on or about September 30th. Keep in mind that choosing to spend ARRA funds early may save you from repaying interest. For example, if you choose to spend \$50,000 ARRA dollars prior to spending “existing” dollars you will keep the interest earned on those existing funds. Conversely, if the ARRA funds are held, then the interest earned on the \$50,000 must be turned over to the CDE.

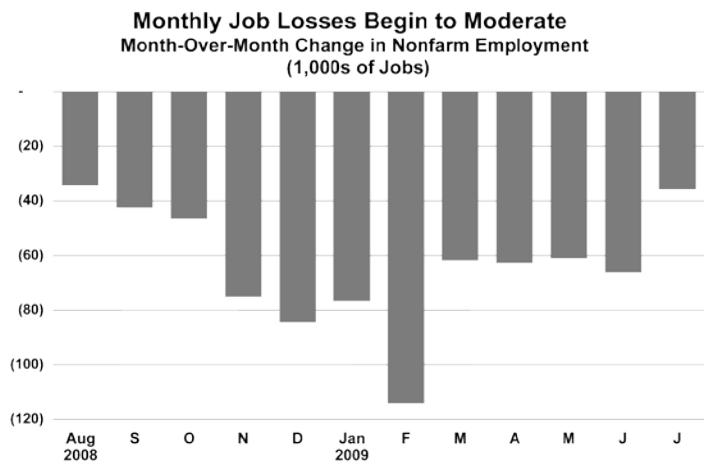
All of the ARRA calculations are subject to federal and state audit. We have heard repeatedly that there will be an unprecedented level of transparency and scrutiny placed on the use of ARRA funds. All documents supporting your calculation should be maintained until further clarification.

We will continue to discuss the interest and the FTE calculations with district CBO’s in our monthly meetings.

**DOF Bulletin**

The state unemployment rate increased in August to 12.2% according to statistics released by the Employment Development Department. Nonfarm employment suffered another loss of 12,300 jobs during the month. Eight of eleven industry sectors lost jobs in August with the largest decline in trade, transportation, and utilities. The national unemployment rate increased to 9.7%. In contrast, 35,800 nonfarm jobs were lost in July with unemployment set at 11.9%. Job losses occurred once again in eight of the eleven sectors with trade, transportation, and utilities losses once again leading the way. The national unemployment rate was 9.4%.

Since the national recession began in December 2007, California has lost 952,000 industry jobs. The number of people unemployed is 2,248,000.



Residential permits were down over 50% from a year earlier. New home permitting is off 51.5% from the same seven months in 2008. Non-residential permitting also fell 50% from a year earlier. However, the sales of existing homes increased 12% from a year earlier. The median price of homes sold in July was \$285,500. This is now substantially higher than the low of \$247,600 reached in February of this year.

Preliminary general fund cash tax receipts for August are \$213 million below forecast, however, we are no longer able to judge the performance of tax categories comprising the collections. The DOF has modified the report with a factor called the “unallocated revenue reduction” which reduces the targeted monthly collections by a certain percent of \$3 billion. Hopefully, at some point in the future, the DOF will allocate its \$3 billion downward adjustment among the individual revenue sources so that we can once again monitor performances by tax category.

## 2009-10 Comparison of Actual and Forecast Agency General Fund Revenues

(Dollars in Millions)

Revenue Source	AUGUST 2009				2009-10 YEAR-TO-DATE			
	Forecast	Actual	Change	Percent Change	Forecast	Actual	Change	Percent Change
Personal Income	\$2,637	\$2,554	-\$83	-3.1%	\$5,378	\$5,218	-\$160	-3.0%
Sales & Use Corporation	2,517	2,344	-173	-6.9%	4,512	4,263	-249	-5.5%
Insurance	121	138	17	14.0%	292	416	124	42.5%
Estate	375	266	-109	-29.1%	385	281	-104	-27.0%
	0	1	1	n/a	0	2	2	n/a
Pooled Money Interest	9	0	-9	-100.0%	18	0	-18	-100.0%
Alcoholic Beverages	27	25	-2	-7.4%	59	58	-1	-1.7%
Tobacco	9	8	-1	-11.1%	18	18	0	0.0%
Vehicle License Fees	151	117	-34	-22.5%	299	233	-66	-22.1%
Other	218	181	-37	-17.0%	395	358	-37	-9.4%
Unallocated Revenue Reduction	-217		(217)		-365		(365)	
<b>Total</b>	<b>\$5,847</b>	<b>\$5,634</b>	<b>-\$213</b>	<b>-3.6%</b>	<b>\$10,991</b>	<b>\$10,847</b>	<b>-\$144</b>	<b>-1.3%</b>

This is an agency cash report and the data may differ from the Controller's report to the extent that cash received by agencies has not yet been reported to the Controller.

Totals may not add due to rounding. The forecast is from the 2009 May Revision updated for the 2009 Budget Amendments.

### **UCLA Economic Forecast**

In its report released September 16, UCLA's economic forecast tempered any hopes of a rapidly improving economic recovery. They note that unemployment in the nation and the state is still increasing and will remain "ugly." The steep unemployment numbers, weak consumer spending, and an unwillingness by financial institutions to extend credit foretell a recession "lasting well into the next decade." The report also characterizes the size of the federal deficit as a "fiscal train wreck" and states that its magnitude could trigger a significant devaluation of the dollar (driving the price of imported oil through the roof). The Euro is already at an all time high against the dollar.

### **2008-09 J-7 CSR Report**

The California Department of Education (CDE) has released the 2008-09 J-7CSR report form. The form contains changes and instructions that reflect the modifications to the K-3 Class-Size Reduction (CSR) program made as part of SBX3 2 (Chapter 2/2009) and ABX4 4 (Chapter 4/2009). The big news regarding the forms and instructions is that they incorporate the new penalty schedule for exceeding the 20.44 average daily enrollment cap. While the format of the forms remains similar to prior years, be aware – when completing the forms, there are several changes to keep in mind.

An original copy of the Form J-7CSR and certification are due to this office by October 7, 2009, allowing enough time for the county office to review and approve in order to meet the CDE deadline.

Districts (LEAs) may claim an Option One (full-day) class in lieu of an Option Two (half-day) class. The districtwide cap is calculated based on the total number of Option One and Option Two classes, making no distinction in type. In other words, LEAs may choose to have an Option One class in place of a previous Option Two class. The funding for the class will be at the full rate, less any penalties for exceeding 20:1.

A detailed description of the reporting process is attached to this newsletter for your information.

### **2009-10 Budget Revisions**

E.C. 42127(i)(4) states that, "Not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by the Budget Act." *This year, E.C. 42127(i)(4) is not applicable* to districts that have elected a single-budget adoption. Note that the language refers to the Governor signing the annual Budget Act, which was signed in February 2009—months before districts had to adopt their local budgets; the language does not reference amendments to the State Budget.

The latest State budget expands the list of allowed ending fund balances that may be swept to include: adult education, deferred maintenance, pupil transportation equipment, California high school exit exam (CAHSEE), targeted instructional improvement grant (TIIG), and instructional materials.

The deficit factor has risen from 17.967% to 18.355%. In addition, all school districts will have a one-time revenue limit cut of \$252.83 per ADA.

The required reserve for economic uncertainty has been relaxed to allow:

- 2009-10 – one third of the percentage for a reserve adopted by the State Board of Education as of May 1, 2009.
- 2010-11 – progress must be made toward returning to compliance with the minimum reserve.
- 2011-12 – the reserve must be fully restored to the percentage adopted by the State Board of Education as of May 1, 2009.

Although the 45 day revision window is not required this year, we recommend that districts update their budgets and bring them into concurrence with the budget revisions adopted by the State in July.

### **Flexibility Transfers**

Most of you are taking advantage of the flexibility transfer provisions provided by ABX42 and follow-up legislation. As you all know, boards must approve the transfer of state categoricals to unrestricted use by “specifying the explicit purposes for which the funds will be used.” This approval, allowing for public comment, must take place annually following a public hearing. If this opportunity was taken in conjunction with another public hearing, a separate and distinct hearing would not be required. But if this recommendation/proposal was not tied to a public hearing already held, one would be required. For further information, please contact your district advisor or accounting representative.

### **QEIA Solution**

The solution to the poorly conceived QEIA “triple-flip” is supposedly concluded with the adoption of SB34. This legislation prohibits the CDE from reducing QEIA district revenue limits unless an equal amount of replacement money with comparable flexibility is “found.” As you will recall, \$400 million in revenue limit reductions was to fund QEIA programs in 2009-10 with backfill coming from federal appropriations to the state that included Title I funds. The most likely sources for backfill are State Fiscal Stabilization

Funds and state reversion funds, possibly from unspent CSR monies.

### **First Day and First Friday Enrollments, 2009**

First day enrollment for this year totaled 168,757, which is 387 fewer than in 2008. That figure is a two-tenths of 1% decline from the previous year. The first Friday enrollment was 172,152, a 383 increase from the previous year. By number as well as percent of growth, Arvin, Richland, Taft High, and the several charter schools saw the largest increase in enrollments.

### **Apportionments**

1. Final apportionment, 2008-09 Arts and Music block grant, schedule attached.
2. Deferred payments, 2008-09 TIIG, [www.cde.ca.gov/fg/aa/ca](http://www.cde.ca.gov/fg/aa/ca).
3. First payment, 2008-09 Math and Reading Professional Development Program schedule attached.
4. Third apportionment, 2008-09 Title I, [www.cde.ca.gov/fg/aa/ca](http://www.cde.ca.gov/fg/aa/ca).
5. Special apportionment, 2009-10 EIA, [www.cde.ca.gov/fg/aa/ca/eia.asp](http://www.cde.ca.gov/fg/aa/ca/eia.asp).
6. Apportionment for 2008-09 Student Identifier Maintenance Reimbursement, [www.cde.ca.gov/ds/td/lo/localfunding.asp](http://www.cde.ca.gov/ds/td/lo/localfunding.asp).

### **Calendar**

1. Sept. 24 – CBO monthly meeting, 8:30, Rm 1B.
2. Oct. 15 – Countywide Disaster Drill.
3. Oct. 16 – Jaime Henderson retirement dinner, 6:00 p.m., Stockdale County Club.
4. Oct. 19 – SI&A “Attention to Attendance” workshop, 1:30 p.m., Rm 1B.
5. Oct. 28 – Superintendents’ meeting day and lunch.
6. Oct. 30 (Friday) – CBO monthly meeting, 8:30, Rm 1B.
7. October – Quarterly Williams Report for July-Sept. due to District Advisory.

## Filing the 08/09 J-7 CSR

The California Department of Education (CDE) has released the 2008-09 J-7CSR report form with changes and instructions that reflect the modification to the K-3 Class-Size Reduction (CSR) program made as part of SBX3 2 (Chapter 2/2009) and ABX4 4 (Chapter 4/2009). The big news regarding the forms and instructions is that they incorporate the new penalty schedule for exceeding the 20.44 average daily enrollment cap. While the format of the forms remains similar to prior years, be aware—when completing the forms, there are several changes to keep in mind.

### Impact of Funding Penalties

The 2008-09 J-7CSR reporting form calculates funding as follows:

$$\# \text{ Students Enrolled (not to exceed 20)} \times \$1,071 \times \text{Penalty Factor}$$

The penalty factor is the percentage of incentive funding per student per participating classroom that a district receives based on the distance from the 20:1 target. Based on this formula, the maximum funding that a classroom can receive is:

$$20 \text{ students} \times \$1,071/\text{student} \times 1.00 = \$21,420$$

By comparison, a classroom with 26 students would generate:

$$20 \text{ students} \times \$1,071 \times 0.70 = \$14,994$$

### Number of Classes Capped

The new penalty structure provides incentive funding for any class that exceeds the 20.44 limit, but, during the period when the penalties are permitted (from 2008-09 through 2011-12), the maximum number of classes for which a district can claim funding pursuant to Education Code Section (E.C.) 52124.2 is capped by the total number of classes reported on the district's 2008-09 Operations Application. The total number of classes applies as a districtwide cap, which means that, year to year, the number of classrooms claimed within a grade level may change as long as they follow the implementation priorities for the program and, in total, do not exceed the cap.

A district that has chosen to maintain K-3 CSR at 20 students per classroom and is growing or a rapidly growing district that has only increased class sizes slightly may find itself limited by this cap and should plan with the cap in mind.

### File the J-7CSR Correctly

There are only limited error checks within the electronic Form J-7CSR. It is important that the Form J-7CSR be completed and filed correctly in order to be accepted by the CDE and certified for payment. The CDE will not accept the form if it exceeds the number of classes that were included on the original 2008-09 Operations Application. For example, if the cap on the Operations Application was 100 classes for the K-3 CSR program and the submitted Form J-7CSR claims 102 classes, CDE will return the form for correction. It will need to be revised and resubmitted before it is certified for payment. So, no cash until it is correct!

### Deadline

The CDE has indicated that an original copy of the Form J-7CSR and certification are due to CDE by October 19, 2009, so plan enough time for the county office of education (COE) to review and approve it to meet the deadline to the CDE.

This policy supersedes the policy provided in the January 2008 edition of the USDA Eligibility Manual for School Meals and extends to the Child and Adult Care Food Program and the Summer Food Service Program when collecting household applications. Please note that this policy does not extend to other categorically eligible programs such as the Head Start or the Migrant Education Programs.

#### Frequently Asked Questions

Q1. How does this policy affect direct certification?

A1. The direct certification designation extends to all children in the household if at least one child in the household is on the direct certification list. Therefore, all children in the household are eligible for free meals/milk.

Q2. How do I determine additional children who are part of the family if they are not listed on the direct certification list and I do not have a meal application for the family?

A2. LEAs may use district enrollment records to determine additional children who are part of the family to qualify them for free meal/milk benefits.

Q3. If an application has a valid nine digit food stamp or CalWORKs case number for only one child on the application, are the other children on the application eligible for free meal benefits even though they do not have a case number?

A3. Yes, if at least one child in the household has a valid case number then the LEA must extend eligibility for free meals or milk to all children in the household.

Q4. Do I still need to look at the income on an application if at least one child has a valid case number on the application?

A4. No, disregard any income information provided on an application with a valid case number.

Q5. Does the 30 day carryover rule for eligibility status from the previous year extend to newly enrolled children from the same household?

A5. Yes, LEAs must carryover the eligibility status from the previous year into the beginning of the new school year. This includes extending free meal/milk benefits to newly enrolled children from households receiving food stamps, CalWORKs, or FDIPIR.

Q6. When is this policy effective?

A6. This policy is effective immediately. LEAs should ensure that all students considered categorically eligible based on this new policy are given free meal/milk benefits.

Q7. How do I notify households of a change in eligibility based on this policy?

A7. Any household with meal status changes based on this new policy should be sent either the "Direct Certification Eligibility Notification" letter (if changes made due to direct certification eligibility) or the "Approval/Denial Notification" letter (if the change is based on a Free and Reduced Price Meal Application). These letters can be found under the section titled "Eligibility Materials for Free and Reduced-Price Meals" at the following CDE Web page:  
<http://www.cde.ca.gov/ls/nu/sn/eligmaterials.asp>

You can find more information in USDA Policy Memo SP 38-2009 at the following USDA Web page: [http://www.fns.usda.gov/cnd/Governance/Policy-Memos/2009/SP\\_38-2009\\_os.pdf](http://www.fns.usda.gov/cnd/Governance/Policy-Memos/2009/SP_38-2009_os.pdf)  
(Outside Source)

If you have any questions regarding this e-mail, please contact one of the following School Nutrition Program, Child and Adult Care Food Program, or Summer Food Service Program Specialists at the contact information provide below:

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## **2. The fiscal outlook for education: The challenges of the next two years**

**Brett McFadden and Tahir Ahad – ACSA Newsletter**

Public education has certainly taken a beating during the state budget crisis. Average 2009-10 school district revenue limits are 22% lower than in 2007-08. That equates to an average revenue limit loss of \$840 per student since 2007-08. That loss in funding becomes even greater when one factors in the 20 percent reduction most categorical programs took in 2008-09 and 2009-10. Average school district revenue limits are at the same levels they were in 2004-05.

We have communicated for some time that the fiscal outlook for school districts and county offices remains volatile thru 2011-12 -- with 2010-11 shaping up to be a very difficult year. But what exactly could we face in 2009-10 and 2010-11?

We got out of the prediction business a long time ago, but we think we have enough data and experience, aided by a bit of instinct, to start sketching a rough outline of our possible fiscal challenges. They include:

### **FY 2009-10**

Continued decreases in state revenues leaves Proposition 98 vulnerable to another round of mid-year reductions. If the Proposition 98 minimum guarantee drops below its projected level for 2009-10, K-14 education could face another threat of mid-year reductions.

But a lot of things remain uncertain at this time.

First, the minimum Proposition 98 guarantee needs to drop by a considerable amount.

Second, the Legislature and governor need to reach agreement on a reduction in school funding. A mid-year education budget cut is as much a political decision as it is a budget one.

Third, federal maintenance of effort requirements may create a “firewall” against further reductions to the Proposition 98 minimum guarantee.

As part of its application for federal education stimulus funds, the state agreed to maintenance of effort requirement pegging overall state education funding at the 2006-07 level. If state funding drops below that level (and California is very close to that level now), the state could be in jeopardy of losing a portion of its federal stimulus funds.

Now that does not mean state officials will not get creative and find a way around this requirement. They have done this before. But it does create a hurdle that may prove difficult for them to clear.

We are still in the early stages of this process, so much of the above analysis is based on mere speculation. We will have a clearer picture in November when the Legislative Analyst’s Office releases its annual five-year forecast. We will get an even better picture in January when the governor releases his proposed 2010-11 budget. But the bottom line remains the same – K-12 education is at risk of another mid-year budget reduction in 2009-10.

## **2010-11**

A lot of what happens in 2010-11 will depend on what happens to Proposition 98 in 2009-10. But early predictions are that 2010-11 is shaping up to be a very challenging year.

Local Education Agencies (LEAs) face a real threat of further revenue limit and categorical budget reductions in 2010-11. Almost all revenue and budget forecasts indicate the state will continue to face significant budget challenges. Even if state revenues stabilize, California continues to face a structural deficit that could jeopardize its ability to fully fund the Proposition 98 guarantee and any statutory COLA increase. In fact, we recommend LEAs assume another zero COLA year in 2010-11.

Compounding this problem is the fact that the federal stimulus money will be exhausted by a majority of school districts. A survey conducted by the Association of California School Administrators and Total School Solutions (ACSA/TSS) in July indicated that over 90 percent of districts and county offices will expend all of their one-time ARRA funds in 2009-10. What will happen in 2010-11 when that money is gone?

There is talk of the economy turning around. But the economy will not turnaround in time, nor in sufficient measure, to radically alter the state’s fiscal situation in 2010-11. Our state’s revenues are typically a year behind any official declaration of economic recovery. Most economists predict the recession is beginning to end but out-year economic performance will be sluggish thru 2012-13. Forecasts for California indicate that our state’s recovery will lag at least a year behind the rest of the nation.

Although, in 2010-11, the size of any education reductions will likely be smaller than what we faced in 2008-09 and 2009-10, we have already cut, deferred, and fund-shifted education funding to the tune of almost \$21 billion in the past two years alone. Not much else, other than essential positions and major programs, are left for districts and county offices to consider eliminating.

## Planning for the next wave

The next two fiscal years are critical to the long term fiscal health of school districts and county offices. Education leaders will need to think in a multi-year fashion and develop game plans that address as many contingencies as possible.

Start planning for the next year early. Although more reliable information may not become available until the May revise, it will be prudent to estimate revenues based on the current worst-case scenario.

This is the time to start educating your school boards and employee unions about the potential possibilities and their impact on the district's programs and services. A process and calendar or informing the community-at-large should also be devised and planned.

When communicating with various groups, however, one should refrain from using hyperbole and inflammatory language. Remember, people will be nervous and they will be looking towards the leadership for guidance. So you will need to deliver message factually but calmly.

Like we have done a numerous times before, we will get through this and the students will still receive best possible education under the circumstances. Let's stay focused on that goal!

**Editor's Note:** Tahir Ahad is President of educational consulting firm Total School Solutions and Brett McFadden is Management Services Executive at Association of California School Administrators (ACSA).

### 3. Ask SSC . . . Can Money From Fundraising Follow a Graduating 8th Grade Class to High School?

Lewis Wiley, Jr - SSC

Q. Our middle school 8<sup>th</sup> grade parents will be fundraising throughout the school year. If the class does not spend all of the money that was raised for the 8<sup>th</sup> grade class, can it carry that balance forward to the high school to start its freshman year with a balance?

A. No, the graduating 8<sup>th</sup> grade class should not carry the remaining balance in its 8<sup>th</sup> Grade Class Account to high school.

As stated in Education Code Section (E.C.) 48930, "Any such organization (student body) shall have as its purpose the conduct of activities on behalf of the students. . . ." The 2009 Associated Student Body Accounting Manual & Desk Reference, published by the Fiscal Crisis Management and Assistance Team (FCMAT), advises, and School Services of California, Inc., (SSC) concurs, that E.C. 48930 infers the student body funds are held to be spent on the current students at the same school site.

Associated Student Bodies (ASBs) should ensure their goal is to, as we say often about categorical resources, "Spend today's dollars on today's students." In the event there are unspent funds, the ASB constitution or the school district's Board policy may direct where the funds revert after graduation. If both documents are silent as to unspent funds, best practices recommend the funds be transferred to the general ASB account at the same school. The ASB

constitution or the Board policy should be amended to address similar circumstances in the future.

ASBs that are successful in preventing unspent balances for a graduating class do so by being proactive in several ways, starting at the beginning of the school year when the class account's budget is submitted. An ASB advisor or principal's evaluation of the budget's revenues and expenses should indicate whether there will be an ending balance. Monthly reviews of the account to compare actual revenues and expenditures to budgeted revenues and expenditures should be an ongoing process that will assist with planning prior to the end of the school year. Also, a review of the unspent balances a few months before graduation should help to guarantee that the 8<sup>th</sup> grade students reap the fruits of the parents' fundraising labor.

#### **4. AB 138 mandates reinstated by state commission**

Tom Chorneau – SI&A

The Commission on State Mandates voted late last week to reinstate reimbursements for the Brown Act, the School Accountability Report Card (SARC) and the Mandate Reimbursement Process (MRP).

The action follows a court ruling in February that struck down a 2005 law attempting to order the commission to eliminate payments for the three activities that are otherwise required by the state to be performed by public schools and local government.

Although the State Controller's office is still working on claiming instructions, expectations are that the deadline for filing would be in late March, 2010.

Schools can not only file claims for the current year but can also file retroactive claims back to 2005.

The bill, AB 138, was passed by the Legislature with the intent to save the state some of the costs related to mandated activities by calling on the Mandate Commission to reevaluate its decision to require the state to reimburse schools and local agencies for carrying out the three activities.

The California School Boards Association's Education Legal Alliance challenged the bill's legality – with support from School Innovations & Advocacy – saying that the Legislature had overstepped its authority in making the request.

The school team won both at the trial level at before the 3<sup>rd</sup> Appellate District Court.

The Schwarzenegger administration decided in May not to appeal the higher court ruling.

#### **5. Positive early review of California from the ADP**

Scott Hill – SI&A

After a year of review and reflection, the initial findings coming out of the American Diploma Project suggest California's academic standards remain a national model and the state's early assessment program provides appropriate indication of student preparation.

California's ADP team took a significant departure from the standard approach used by both Achieve and other states when going through the alignment process of K-12, higher education, and career preparation. For most states—including Florida and Illinois, with which California was

paired for its alignment work—the project encompasses a vast redesign of the entire system of standards, assessments, accountability, and many policies to connect and align college and career preparation.

Recognizing that in California many efforts of the recent past—Getting Down to Facts, the Governor’s Committee on Education Excellence, and the Superintendent’s P-16 Council—had made substantive and meritorious recommendations for systemic change, the ADP team determined that scoping the project downward and more narrowly was in order. But because the state’s track record in welcoming recommendations for systemic change has not been great, the ADP team took that as a warning to be pragmatic and focused.

The team heard at its first meetings in Washington that the state had two elements strongly in its favor. First, the K-12 academic standards were recognized as strong, clear, and rigorous; the standards had been evaluated already by Achieve as part of its benchmarking work.

Second, California had, through the visionary work of the California State University and the State Board of Education, established the Early Assessment Program (EAP). EAP is both an assessment and a program, which is designed to give students information at the end of their 11<sup>th</sup> grade year regarding their readiness to take credit-bearing courses in college. California’s ADP team adopted the EAP as its initial definition of “college readiness.”

With our working hypothesis settled—EAP is a basis for identifying student preparation for college—the ADP team gathered and evaluated information from higher education, including the Competency Statements from the Intersegmental Committee on Academic Standards (ICAS). The statements were critical foundational elements as the three public segments and the private colleges and universities all had played a role in their development. The team also examined assessments used for placement across the higher education segments. Finally, Achieve also included the academic benchmarks they had developed for college readiness to ensure that the potential for broader confirmation of any findings was present.

The initial findings are promising. Achieve’s analysis suggests that the EAP is doing all that it was designed to do. In both language arts and math, the exam is a strong indicator of student preparation to undertake credit bearing courses in college.

Of course, much additional analysis is needed, and the narrow scope of California’s inquiry to date means that all we have accomplished is to put a firm foundation in the ground with EAP. But it is the hope of the ADP team that with a firm foundation and a place to start, the next generation of work can begin to get at some of the critical alignment issues that the state will face to really establish a coherent system for college and career readiness.

Among these are:

- Building a clearer conception of career readiness as expressed in various industry sector pilot programs, professional schools and technical training in California’s higher education segments, and content area needs, such as in mathematics
- Assessment policies, ranging from multiple use of cut scores, to multiple uses in higher education decisions for placement, to K-12 student and school-level accountability
- Aligned higher education policies

As the work continues, I’ll provide additional updates.