

SCOE BIZ

Business Services

Bulletin No. 25-10

January 23, 2025

To: District and Charter Business Services
From: Sarah Lampenfeld, Director, External Fiscal Services
Subject: January 2025 Edition

Governor's Proposed Budget

On January 6, 2025, the Governor provided a preview of the proposed 2025-26 State Budget, with the full release by the Department of Finance (DOF) on January 10th. The proposal highlighted a fully balanced budget with no deficits and reinforced the Governor's commitment to key education initiatives, including the Expanded Learning Opportunities Program and Universal Transitional Kindergarten.

The budget proposal projects a 2.43% cost-of-living adjustment (COLA) for 2025-26, a decrease from the 2.93% forecasted in the June 2024 Enacted Budget. Additionally, the Governor emphasized the need for fiscal prudence, noting the state's heavy reliance on capital gains from high-income earners.

Some of the major components include:

- ✚ 2.43% statutory COLA, applied to the base grants and other education programs funded outside of the LCFF, such as Special Education, Child Nutrition, Mandated Block Grant, and the Equity Multiplier.
 - It is Important to mention that two more data points, the 4th quarter data from 2024 and the 1st quarter of 2025, are needed for the final calculation of the 2025-26 COLA.
- ✚ Projects Prop 98 is a Test 2 for 2023-24 and Test 1 for 2024-25 and 2025-26, which means the local reserve cap will not be triggered for 2025-26.
- ✚ Eliminates the LCFF deferrals proposed in the Budget Act of 2024.
- ✚ \$435 million more for full implementation of the Expanded Learning Opportunities Program (ELOP).
 - Proposes to lower the UPP for ELOP to 55% from 75%
- ✚ \$1.8 billion one-time Student Support and Professional Development Discretionary Block Grant (SSPD).
 - Similar to Arts, Music, and Instructional Materials Block Grant where the dollars are intended to support rising costs and specified state priorities; however, will be fully discretionary per the DOF.
- ✚ Ongoing and one-time support to Universal Transitional Kindergarten.
 - Includes \$1.5 billion to Prop 98 to support lowering the average student-to-adult ratio from 12:1 to 10:1 in TK classrooms.

- The proposal includes a significant increase to the LCFF TK add-on, which School Services of California did NOT recommend budgeting in 2nd Interim.
- ✚ Ongoing and one-time support for curriculum and instruction such as \$300K for personal finance curriculum, \$10 million one-time for statewide use of English language proficiency screeners for TK students, and \$40 million one-time for purchasing screening materials and training for educators to administer literacy screening beginning in 2025-26.
 - \$150 million one-time Prop 98 for specialized kitchen equipment, infrastructure, and training to promote more freshly prepared meals with local ingredients.

Does anyone remember the Learning Recovery Emergency Block Grant reduction with the Budget Act of 2023 and the promise to restore the dollars in 2025-26, 2026-27, and 2027-28? The good news the budget proposal includes \$378.6 million to restore the funding as promised. Bad news: In preparation for the funds ALL LEAs must complete a needs assessment in 2024-25 and include a goal/action in their LCAP to account for these dollars. This means if you spent all the original LREBG dollars by June 2025 you still need to complete a needs assessment in preparation for the allocation of funds coming.

2nd Interim Guidance & Common Message

A separate SCOE Biz containing 2nd Interim guidance and required submissions will be e-mailed out to all business contacts in early February, along with the Common Message for 2nd Interim, once available.

The School Services of California Dashboard for the 2025-26 Governor’s Budget is attached for your reference.

Release of 2024 Edition of the California School Accounting Manual (CSAM)

On November 13, 2024, the State Board of Education approved the 2024 CSAM Edition. The new edition can be downloaded [here](#). The release letter and summary of changes can be found [here](#).

Stimulus Funding and Federal Interest in Real Property Reporting and Recording Requirements

The CDE released a letter on December 20, 2024, regarding a recent advisory from the U.S. Department of Education on the use of federal funds for construction and certain facility improvement projects. As a result, LEAs **may** be required to report property interests and/or record interest. The full letter can be found [attached](#).

Developer Fee Collection Timing: SB 937 And Schools

As of January 1, 2025, SB 937 modifies Government Code section 66007 with the aim of aiding certain residential developments by delaying payment of impact fees until the earlier of final inspection or certificate of occupancy (hereinafter referred to as “Project Completion”).

The language of SB 937 is unclear. Schools should also be aware that some may contend that SB 937 applies to school impact fees ("Fees").

Schools should be aware that Education Code section 17620(b) prohibits the issuance of a building permit until schools certify that Fees have been paid. Additionally, Education Code section 17621(c), allows schools to choose whether Fees are subject to Government Code section 66007 and its provisions regarding delayed fee collection.

Although SB 937 modifies Government Code section 66007, it did not change or repeal Education Code sections 17620(b), or 17621(c). Thus, a rational interpretation is that building permits should not be issued prior to Fee payment, and schools are still able to choose whether they are subject to Government Code section 66007.

Government Code 66007 prohibits local agencies imposing impact fees from requiring payment "notwithstanding any other provision of law," until the "date of the final inspection, or the date the certificate of occupancy is issued, whichever occurs first." However, the "notwithstanding" language in Government Code section 66007 predated SB 937, and was specifically addressed in *RRLH, Inc. vs. Saddleback Valley Unified School Dist.* (1990) 222 Cal.App.3d 1602 (Saddleback), which held that despite Government Code section 66007's "notwithstanding any other law" language, the more specific language in Education Code section 17620 gave schools the ability to require payment prior to issuance of a building permit. Saddleback is relevant here, because "the Legislature is deemed to be aware of existing laws and judicial decisions in effect at the time legislation is enacted and to have enacted and amended statutes in the light of such decisions as have a direct bearing upon them." *People v. Overstreet* (1986) 42 Cal.3d 891, 897. The Legislature was presumed to be aware of Education Code section 17620, and Saddleback, when it passed SB 937, and it did nothing to change either one, suggesting an intent to leave them intact.

In light of the previous, it's reasonable to assume that SB 937 does not apply to school district developer fee collection at all. However, schools should be aware that there was some limited discussion in legislative hearings about the bill's application to schools. Schools should also be aware that some Permitting Issuing Agencies may contend that it does apply to schools.

Educator Effectiveness Funds

Per an email from the CDE on 1/13/25, they had some essential reminders regarding the Educator Effectiveness Funds (EEF) 2021 Block Grant Program. This program provides funds to county offices of education, school districts, charter schools, and state special schools to provide professional learning and to promote educator equity, quality, and effectiveness. Funds may be expended during the 2021–22, 2022–23, 2023–24, 2024–25 and 2025–26 fiscal years. For more information, please visit the EEF home web page at [Educator Effectiveness 2021–26 - Educator Excellence \(CA Dept of Education\)](#).

Please note that the EEF Block Grant Program includes conditions of apportionment. If all conditions of apportionment are not met, this may result in the return of allocated funds. The conditions of apportionment are as follows:

1. California *Education Code (EC)* [41480\(d\)\(1\)](#) states: The local plan for EEF needs to be heard in a public meeting of the governing board of the school district, the county

- board of education, or governing body of the charter school, before its adoption in a subsequent public meeting. This must take place on or before March 31, 2023.
- **Local educational agencies' (LEAs') EEF plan must have been presented and adopted in two separate public meetings on or before March 31, 2023.**
2. [EC 41480\(d\)\(2\)](#) states: There are two required data collections that must be submitted on or before September 30, 2023, and on or before September 30, 2026.
 - **LEAs must report EEF expenditures on or before September 30, 2023, and again on or before September 30, 2026.**
 3. LEAs must ensure that no employees were charged a fee by the LEA for services allowable under [EC 41480](#) including, but not limited to, beginning teacher induction program costs, during the grant period pursuant to this section.
 - **LEAs shall ensure that none of their employees are charged for services allowable under EEF (such as induction and credentialing).**

For additional information, please visit the CDE Educator Effectiveness 2021–26 Block Grant Program web page [Educator Effectiveness 2021–26 - Educator Excellence \(CA Dept of Education\)](#).

Prop 28: Arts and Music in Schools Preliminary Entitlements

On January 3rd CDE released Prop 28 2024-25 preliminary entitlements. The preliminary entitlement estimates are available on the Proposition 28: Arts and Music in Schools web page at <https://www.cde.ca.gov/fg/aa/pa/prop28ams.asp>. The CDE will publish revised AMS entitlements with the certification of the 2024–25 First Principal Apportionment in February 2025; significant revisions to entitlement amounts are not anticipated.

Minimum Wage Increase

In California, the 2025 minimum wage rate of **\$16.50** an hour for businesses took effect on January 1st regardless of the size of the business. Please see SSC's Fiscal Report: *Minimum Wage Increases Effective January 25, 2025*, for more information.

Note that the Sonoma County Living Wage Ordinance is codified in the Sonoma Municipal Code. Per SCLS, it requires that all "covered employers" comply with the living wage standards. The Code specifically exempts from "covered employers" the following: "Government agencies, including, without limitation, cities, other counties, and state agencies." School districts are sovereign government entities separate from the County, and are therefore exempt from the ordinance.

IRS Standard Mileage Rate for 2025

Beginning January 1, 2025, the mileage reimbursement rate for business travel is 70 cents per mile (up from 67 cents in 2024).

Bid Limit Increased for 2025

Effective January 1, 2025, the bid threshold limit for non-construction, competitively bid contracts has increased to \$114,800. This higher bid limit only applies to 1) the purchase of







equipment, materials, and supplies to be furnished, sold, or leased to the school district; 2) services, except construction services; and 3) repairs, including maintenance as defined in Public Contract Code section 20115. Note: The \$15,000 threshold for construction services/public works projects has not changed. CDE's notification letter can be found [here](#).

P-1 Principal Apportionment Data Collection

Thank you to everyone for your hard work on P-1. All Principal Apportionment Data Collection (PADC) records were submitted to CDE by end of day on the January 15th deadline. **P-2 data is due to SCOE on April 18th**. MARK YOUR CALENDARS NOW!

Federal Cash Management Data Collection (CMDC)

The data collection window for the Federal Cash Management Data Collection (CMDC) System is open. You may report your data at any time during this period. **LEAs must submit cash balance data by January 31st** for the following programs in order to receive funds in the next apportionment for those programs (if you are a Title III Consortium LEA, your cash apportionments flow based on the total combined reporting for all Consortium LEAs):

-  Title I, Part A
-  Title I, Part D
-  Title II, Part A
-  Title III, Immigrant
-  Title III, LEP
-  Title IV

Note: The cash balance is to be reported regardless of the fiscal year from which the funds originated. CMDC information, including instructions, future reporting dates, FAQs, and Login can be found at the CDE Web site <http://www.cde.ca.gov/fg/aa/cm/>.

Federal Quarterly Interest Reporting (due January 31st)

CDE federal program grantees are required to report and remit interest to the CDE at least quarterly. Although grantees are allowed to keep interest amounts up to \$500 per year for administrative purposes, the \$500 is in total for all federal programs, not for each federal program. When reporting and remitting federal interest to the CDE, grantees should specify the time period of interest-earning and the federal program resource codes. Interest on federal cash balances should be sent to the CDE at the following address:

California Department of Education
P.O. Box 515006
Sacramento, CA 95851
Attention: Cashier's Office

If no \$ to Remit Email:
cashmanagement@cde.ca.gov

The CDE requests LEAs submit documentation regarding the calculations and the interest rate used. Documentation (once available) for the **current quarter's rate of 3.934%** can be found at <https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/auditor-controller-treasurer-tax-collector/divisions/treasury/publications/interest-apportionment>. A complete list of federally reimbursable programs that should be EXCLUDED from your interest calculations can be found at <https://www.cde.ca.gov/fg/ac/co/reimbursableprograms.asp>. A good report to use for documenting your calculations is the Fiscal24 Resource Cash daily balances. You will need to enter the reporting period (quarter dates), interest rate for the quarter, and specific

federal resources you would like to include in the calculation. **Title I, II, III, IV, ELOG (resources 3218 and 3219 only), and ESSER III would need to be included, but you may have other non-reimbursable programs.**

CARS – Consolidated Application and Reporting System

The CARS Winter Release of data collections closed on January 15th; however, the window remains open through February 15th for corrections. If you have not completed the reporting, please do so now. If you still need assistance, please reach out to your fiscal advisor.

ESSA PPE Reporting

CDE's web-based application for LEAs to submit Every Student Succeeds Act Per-Pupil Expenditures (ESSA PPE) is now available. Login information for the application was sent to each LEA Superintendent and Administrators of direct-funded charter schools listed in the California School Directory in mid-December. **LEAs are expected to submit data to the CDE no later than March 1, 2025.**

If you have additional questions on ESSA PPE reporting, please see the [FAQs](#).

School-Level Finance Survey (SLFS)

The National Center for Education Statistics (NCES) within the U.S. Department of Education (ED), along with the Office for Civil Rights (OCR), has implemented a new requirement, the School-Level Finance Survey (SLFS). Starting with fiscal year (FY) 2023–24 data collection, NCES Function 1000 (Instruction) data field will be collected.

LEAs can submit their SLFS data through the California Department of Education (CDE) [Every Student Succeeds Act Per Pupil Expenditure \(ESSA PPE\) data collection system](#) and select the SLFS survey. Note: The ESSA PPE and SLFS surveys are two distinct data collection efforts. To prevent LEAs from having to access two separate data collection systems, the CDE expanded its current ESSA PPE data collection system to capture SLFS data as well.

If you have additional questions on SLFS reporting, please see the [FAQs](#).

Transportation Service Plan Update by April 1st

Effective 2022-23, school districts receive reimbursement for 60% of their prior-year transportation expenses. This funding requires school districts to adopt a Transportation Service Plan and update the plan each year by April 1st.

Mid-Year Update to the 2024-25 LCAP

Effective 2023-24, LEAs must present an update on the implementation of the current-year LCAP to the governing board **by February 28th**. This is an informational-only item, not an action item. The report must include: all available midyear outcome data related to metrics included in the current-year LCAP and all available midyear expenditure and implementation data on all actions.

Classified School Employee Summer Assistance Program (CSESAP)

The Classified School Employee Summer Assistance Program (CSESAP) provides up to a dollar-for-dollar match on amounts withheld from a participating local educational agency's (LEA's) classified school employees' monthly paychecks during the 2025-26 school year. The classified

employees' pay withheld and the state match funds will be paid by LEAs to the LEA's eligible employees in the summer months following the 2025-26 school year.

School districts and county offices of education that elect to participate must notify their classified school employees by January 1, 2025, and **the California Department of Education (CDE) by April 1, 2025.** More information can be found on the CDE webpage at <https://www.cde.ca.gov/fg/aa/ca/csesap.asp>. A summary of key dates and requirements that LEAs need to be aware of in implementing the program if the LEA decides to participate in FY26 can be found [here](#).

Fiscal Reports by School Services of California

School Services does an excellent job of providing explanations to current topics. If you are a member of School Services of California you can also see these reports by logging in to view their web page or subscribe to their email services. **Attached** for your convenience are:

- ✚ Ask SSC... Independent Study -Meeting Student Needs Under Immigration Uncertainty

REMINDERS:

Contact Information and Helpful Web links

- ✚ Stay informed by *joining* CDE's listservs:
 - PASE: join-pase-contacts@mlist.cde.ca.gov(send a blank email)
 - LCFF: join-LCFF-list@mlist.cde.ca.gov(send a blank email)
 - CALPADS: <http://www.cde.ca.gov/ds/sp/cl/listservs.asp>
 - Prop 28-Arts and Music in Schools join-prop28@mlist.cde.ca.gov (send a blank email)
- ✚ LCFF Information (Funding Overview, FAQs, etc.): <http://www.cde.ca.gov/fg/aa/lc/>
- ✚ LCFF Audit Finding Calculator and Derived Value of ADA: <http://www.cde.ca.gov/fg/au/ag/statecomp.asp>
- ✚ EPA FAQs <http://www.cde.ca.gov/fg/aa/pa/pafaq.asp>
- ✚ Funding Rates and Information ~ Principal Apportionment:
 - <https://www.cde.ca.gov/fg/aa/pa/ratesandinfo.asp>

Dates to Remember:

- | | |
|------------|--|
| 01/24/2025 | CALPADS Fall 1 Final Certification Deadline |
| 1/25/2024 | The Basic and General Ledger (GL) Mid-Year Clean-Up RSVP with your fiscal advisor. Short presentation followed up open lab time for help with GL clean-up from 9:00 a.m. to 11:00 p.m. |
| 01/28/2025 | LCAP Development Series_- Session 2 9:00 a.m. – 12:00 p.m. |
| 02/04/2025 | Capitol Advisors: Budget Perspectives Workshop (Governor's Budget 2025)
Register Here |
| 02/26/2025 | CALPADS Connect 1:00 p.m. – 2:30 p.m. |
| 02/10/2025 | Lincoln's Birthday Day observed – SCOE Closed |
| 02/13/2025 | Frontline ERP HR/Payroll User Group RSVP HERE |
| 02/17/2025 | President's Day – SCOE Closed |
| 02/27/2025 | DBUG |

2024-25 District Business User Group (DBUG) meeting dates:

All meetings are on the 4th Thursday at **9:00 a.m.** (New time this year)

Dates: 2/27/2025, 3/27/2025, 4/24/2025, 5/22/2025, and 6/26/2025

Mini-Training Sessions/Working Sessions

- **All CBO Roundtable:** Date TBD, 7:30 to 9:00 a.m.

Workshops

Next Fiscal Year Workshop: May 14, 2025, 9:00 a.m. to 12:00 p.m.

Year-End Close Workshop: June 4, 2025, 9:00 a.m. to 12:00 p.m.

NOTE:

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

SSC School District and Charter School Financial Projection Dartboard 2025-26 Governor's Budget

This version of the School Services of California Inc. (SSC) Financial Projection Dartboard is based on the 2025-26 Governor's Budget proposal. SSC has updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. SSC has also updated the Local Control Funding Formula (LCFF) factors. SSC relies on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF PLANNING FACTORS					
Factor	2024-25 ¹	2025-26 ²	2026-27	2027-28	2028-29
Department of Finance Statutory COLA	1.07%	2.43%	3.52%	3.63%	3.49%

LCFF GRADE SPAN FACTORS FOR 2025-26				
Entitlement Factors per ADA*	TK-3	4-6	7-8	9-12
2024-25 Base Grants	\$10,025	\$10,177	\$10,478	\$12,144
Statutory COLA of 2.43%	\$244	\$247	\$255	\$295
2025-26 Base Grants	\$10,269	\$10,424	\$10,733	\$12,439
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	\$1,068	–	–	\$323
2025-26 Adjusted Base Grants ³	\$11,337	\$10,424	\$10,733	\$12,762
Transitional Kindergarten (TK) Add-On ⁴	\$6,404	–	–	–

*Average daily attendance (ADA)

OTHER PLANNING FACTORS						
Factors		2024-25	2025-26	2026-27	2027-28	2028-29
California CPI		2.85%	2.92%	2.70%	2.76%	2.90%
California Lottery	Unrestricted per ADA	\$191	\$191	\$191	\$191	\$191
	Restricted per ADA	\$82	\$82	\$82	\$82	\$82
Mandate Block Grant (District)	Grades K-8 per ADA	\$38.21	\$39.14	\$40.52	\$41.99	\$43.46
	Grades 9-12 per ADA	\$73.62	\$75.41	\$78.06	\$80.89	\$83.71
Mandate Block Grant (Charter)	Grades K-8 per ADA	\$20.06	\$20.55	\$21.27	\$22.04	\$22.81
	Grades 9-12 per ADA	\$55.76	\$57.11	\$59.12	\$61.27	\$63.41
Interest Rate for Ten-Year Treasuries		4.39%	4.49%	4.41%	4.30%	4.30%
CalSTRS Employer Rate ⁵		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate ⁵		27.05%	27.40%	27.50%	28.50%	28.20%
Unemployment Insurance Rate ⁶		0.05%	0.05%	0.05%	0.05%	0.05%
Minimum Wage ⁷		\$16.50	\$16.90	\$17.40	\$17.80	\$18.30

STATE MINIMUM RESERVE REQUIREMENTS FOR 2025-26	
Reserve Requirement	District ADA Range
The greater of 5% or \$88,000	0 to 300
The greater of 4% or \$88,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 250,000
1%	250,001 and higher

¹Applies to Adults in Correctional Facilities Program in the 2025-26 fiscal year.

²Applies to Equity Multiplier, Special Education, Child Nutrition, State Preschool, Youth in Foster Care, Mandate Block Grant, Charter School Facility Grant Program, American Indian Education Centers, and the American Indian Early Childhood Education Program.

³Additional funding is provided for students who are designated as eligible for free or reduced-price meals, foster youth, and English language learners. A 20% augmentation is provided for each eligible student with an additional 65% for each eligible student beyond the 55% identification rate threshold.

⁴Funding is based on TK ADA only and is in addition to the adjusted base grant amount. Further, the funding is adjusted by statutory COLA each year.

⁵California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) rates are subject to change based on determination by the respective governing boards.

⁶Unemployment rate in 2024-25 is final, and the subsequent years' rates are subject to actual experience of the pool and will be calculated in accordance with California Unemployment Insurance Code Section 823(b)(2).

⁷Minimum wage rates are effective January 1 of the respective year.



CALIFORNIA DEPARTMENT OF EDUCATION

TONY THURMOND
STATE SUPERINTENDENT OF
PUBLIC INSTRUCTION

1430 N STREET, SACRAMENTO, CA 95814-5901 • 916-319-0800 • WWW.CDE.CA.GOV

December 20, 2024

Dear County and District Superintendents, Charter School Administrators, and Local Educational Agencies

Stimulus Funding and Federal Interest in Real Property Reporting and Recording Requirements

A recent advisory has been issued by the U.S. Department of Education (ED) regarding the use of federal funds under certain programs authorized to assist educational entities in responding to the COVID-19 pandemic. This includes the Elementary and Secondary School Emergency Relief (ESSER) Fund and the Governor's Emergency Education Relief (GEER) Fund. While most ED funding prohibits the use of funds for construction, some facility improvement projects were allowed under the aforementioned programs to make improvements to prevent, prepare for, or respond to the COVID-19 pandemic.

Since funds administered by the ED and typically available to local educational agencies (LEAs) are not normally used for such purposes, the ED has issued additional clarification regarding the interest reporting and recording requirements for subgrantees who have utilized funding to improve or purchase, in whole or in part, school facilities. It is important to note that these requirements are not new. Rather, the allowed use of funding was expanded due to the COVID-19 pandemic, making a broader range of funds eligible for purposes requiring interest reporting under the following federal regulations. These requirements fall into two categories: interest reporting and interest recording, which will be detailed separately below.

Property Interest Reporting

Who must report? Interest reporting requirements for real property in which the federal government retains an interest are contained in the Code of Federal Regulations (CFR), Title 2, Section 200.330 ([2 CFR § 200.330](#)). There is **no minimum federal interest threshold for reporting**. All grant and subgrant recipients are required to report, for at least 15 years, on the status of any real property in which the federal government has made a monetary investment, including any investment of emergency funds during the COVID-19 pandemic. Examples would include, but are not limited to, replacement or repair of HVAC equipment, installation of no-touch faucets and water fountains, or creation of outdoor learning spaces. Such investments would constitute a federal interest in the real property of the LEA.

What documents are required? The California Department of Education (CDE) must annually collect from LEAs or other subgrantees a [Real Property Status Report](#) (SF-429) along with the other applicable Standard Form 429 Attachment (A or C). Attachment C is only used when there is a real property disposition ([2 CFR §§ 200.310-200.313](#)). These documents are included as attachments to this letter and will also be available on the CDE Web site. Typically, submission of the cover page of form SF-429 and the appropriate attachment is sufficient.

How do I submit the required documents? These forms must be submitted to the CDE by January 28, 2025 (and annually thereafter, for at least 15 years) via email to ESSER_Reporting@cde.ca.gov. The LEA must retain the full form, and all other relevant documentation for federal audit purposes.

Interest Recording

Who must record? Recording requirements for real property in which the federal government retains an interest are contained in [2 CFR Section 200.316](#). The ED generally exempts subgrantees that use less than \$1 million in COVID-19 relief funds for a real property project from recording the federal interest. All grantees that have a renovation, major remodeling, construction, or real property project of **\$1 million or more in funds from these programs must record any notices of federal interest by January 28, 2025.**

What documents are required? Please file the [Assurances for Construction Programs](#) form (SF-424D) along with the notice of federal interest with the local jurisdiction in which the real property is located.

How do I submit the required documents? Notices must be filed with the local jurisdiction in which the real property is located. These notices are not required to be submitted to the ED or CDE.

Please find attached a copy of our Frequently Asked Questions (FAQ) document. This FAQ, along with links to the required forms, will also be available on the CDE Federal Interest Reporting Web page at <https://www.cde.ca.gov/fg/cr/fedinterestreporting.asp>. If you have any questions not addressed by our online resources, please send inquiries to ESSER_Reporting@cde.ca.gov.

Sincerely,

Juan Mireles, Director
School Facilities and Transportation Services Division

JM:vg

Federal Stimulus and Federal Interest in Real Property Reporting and Recording Requirements Frequently Asked Questions

Published December 19, 2024

The following Frequently Asked Questions (FAQs) address the federal requirements to report and record on the federal interest in real property improved or purchased, in whole or in part by Elementary and Secondary School Emergency Relief (ESSER) and/or Governor's Emergency Education Relief (GEER) funds.

General Questions

1. Is this a new requirement?

No. The federal reporting and recording requirements for investments in real property existed before the ESSER/GEER funding was made available. The recent federal notice regarding these funds was distributed to ensure these requirements are understood and that subgrantees remain in compliance, as funds overseen by the U.S. Department of Education (ED) do not typically allow for the improvement or purchase of property, and thus this requirement is likely not widely known.

2. Which funds does this requirement apply to?

This requirement applies to funding used for the improvement or purchase of property from:

- ESSER I, resource code 3210
- ESSER II, resource code 3212
- ESSER III, resource codes 3213, 3214
- GEER I, resource code 3215
- GEER II, resource code 3217

3. What must subgrantees report on property improved or purchased, in whole or in part, by federal grant funds?

All subgrantees that have property that was improved or purchased, in whole or in part, by federal grant funds from the programs described above must submit the cover page of the form [Real Property Status Report](#) (Cover Page) (SF-429) along with the other applicable SF-429 Attachments (A or C). Real property is defined in [2 CFR § 200.1](#) as "land, including land improvements, structures and appurtenances thereto, but excludes moveable machinery and equipment." Moveable equipment may include HVAC equipment, mobile classrooms, building furniture, and other similar items.

Typically, a subgrantee will submit the Cover Page and Attachment A. Attachment C is only used when there is a change in the real property disposition. If there is

a disposition, please contact the California of Education (CDE) at (ESSER_Reporting@cde.ca.gov) with any questions. Both forms can be found at the [Federal Post-Award Reporting Forms Web site](#).

4. Where do I submit the forms?

Subgrantees that have a renovation, major remodeling, construction, or real property project must submit the [Real Property Status Report](#) (SF-429) cover sheet and appropriate attachment annually to the California Department of Education (CDE) at ESSER_Reporting@cde.ca.gov.

The deadline for submission to CDE is **January 28, 2025**.

5. Do subgrantees still need to report after the period of performance?

Yes. A subgrantee must annually submit an [SF-429](#) report for a renovation, major remodeling, construction, or real property project for at least the first 15 years after a project is funded and for which a federal interest is retained.

Changes to the property or its status could affect the project period. If for any reason the property acquired or improved by federal grant funds is sold, transferred, or otherwise changes use, the grantee or subgrantee must first contact the ED for appropriate disposition instructions of the federal interest. Subgrantees may be required to reimburse the ED for the federal interest in the property if the property will not be used in the way that was supported originally by federal grant funds.

6. What happens if subgrantees fail to submit timely reports?

Failure to submit timely reports may result in delays or suspension of additional funding, potential penalties, or the requirement to return funds.

7. Are subgrantees subject to audits or compliance checks for ESSER fund use?

Yes. Subgrantees are subject to audits by both state and federal authorities to ensure funds are used appropriately. Subgrantees must maintain detailed records of all expenditures, as well as documents associated with reporting and recording the federal interest in property and be prepared to submit them during audits or compliance reviews.

8. Are there penalties for noncompliance with federal interest reporting and recording requirements discovered during reporting or audits?

Yes. Noncompliance may result in enforcement actions, including the subgrantee being required to repay the funds, loss of future funding, and potential legal action depending on the severity of the violation.

9. What documentation should subgrantees retain for reporting and audit purposes?

Subgrantees should retain all records pertaining to the use of federal funds. As it specifically pertains to federal interest reporting and recording, subgrantees

should retain copies of their [SF-429](#) in its entirety, the appropriate attachment, and records of local recording of the federal interest in a property when applicable.

10. Where can I find additional information?

For further guidance on federal interest in real property and compliance, please refer to the following resources: [ESSER and GEER FAQs](#) can be found on the ED's Web Site. All required forms including the SF-429 and all Attachments can be found on the [Federal Post-Award Reporting Forms Web site](#). For more information on federal Interest in real property, this Frequently Asked Questions document [FAQ: Federal Interest in Real Property](#) prepared by the U.S. Health and Human Services Bureau of Primary Health Care's Health Resources & Services Administration may be helpful.

Recording the Notice of Federal Interest

11. Which subgrantees need to record a Notice of Federal Interest (NFI)?

Generally, subgrantees that have a renovation, major remodeling, construction, or real property project **using \$1 million or more** in federal funds as calculated pursuant to the Code of Federal Regulations (CFR), Title 2, Section 200.1 ([2 CFR § 200.1](#)) must record the NFI in the official real property records for the jurisdiction in which the improved or purchased property is located. ESSER and/or GEER subgrantees that have a renovation, major remodeling, construction, or real property project using less than \$1 million in federal funds from these specific programs are normally not subject to this requirement, though exceptions apply, as outlined below.

12. What other factors may require recording requirements when using less than \$1 million in federal funds?

The federal interest in a project may still be significant even when the project uses less than \$1 million in federal funds. This may be the case if the federal funds represent the majority of the total value. For example, if \$900,000 in federal funds were to be invested in a building with a total worth of \$1,200,000. In other cases, the ED may determine that an LEA is in high-risk status which requires recording as an added safeguard to further protect the federal interest from other liens that could prevent the building from being used for its educational purpose. If you have questions on the application of this guidance to a particular project, please contact the state program officer at ESSER_Reporting@cde.ca.gov.

13. How is the share of federal interest determined?

The share of federal interest is determined based on the "Real Property Cost" field on the [SF-429](#) form, Attachment A.

14f. Real Property Cost:	\$	Share Percentage %:
Federal Share:	\$ <input type="text"/>	[<input type="text"/> %]
Non-Federal Share:	\$ <input type="text"/>	[<input type="text"/> %]
Total (sum of Federal and Non-Federal Share):	\$ <input type="text"/>	[<input type="text"/> %]

The SF-429 Attachment A and instructions can be obtained on the [Federal Post-Award Reporting Forms Web site](#).

14. If my project used less than \$1 million in federal funding, does that mean there is no federal interest in the property?

No. The federal interest exists in improved real property even if the federal interest is not recorded. Subgrantees must still maintain adequate documentation regarding protection of all federal interest. This includes timely filing of the cover page of the form [SF-429](#) along with the other applicable SF-429 Attachments (A or C) referenced above in Section 2 and maintaining the associated records. Additionally, subgrantees must follow all federal real property disposition requirements.

15. By when does a subgrantee need to record an NFI?

Any ESSER or GEER subgrantee that has an acquisition, renovation, major remodeling, construction, or real property project of \$1 million dollars or more in federal funds must record all NFIs by **January 28, 2025**.

16. How do I file an NFI?

LEAs should check with the local jurisdiction in which the real property is located for instructions on how to record the NFI. Typically, there are six general requirements for an NFI:

- 1) The NFI must reference the appropriate Project/Program Award Number, which can be found in the following list:
 - GEER I - S425C200012
 - GEER II - S425C210012
 - ESSER I - S425D200016
 - ESSER II - S425D210016
 - ESSER III - S425U210016
- 2) The description of the project should clearly describe the approved construction project, renovation, or purchase supported in part or whole by grant funds.
- 3) The legal description should be preferably the full legal description of the property in the deed. However, Township and Range, or Map, Block, and Lot number will be accepted. A physical address may be included, but it does not constitute a sufficient legal description by itself.
- 4) The signatory of the NFI should be the owner of the property or authorized representative. This indicates the owner's consent to have a lien filed on the property.
- 5) The NFI must then be notarized and embossed with a notary seal.
- 6) The NFI must then be recorded with the applicable local jurisdiction

Additional information and federal guidelines are available in the [ED's Office of Elementary and Secondary Education \(OESE\) letter](#) regarding recording and reporting federal interest.

Completing the SF-429

17. Who is the subgrantee's "Authorized Certifying Official"?

The governing body of a subgrantee must authorize a specific individual to act as the "Authorized Certifying Official." A copy of this authorization must be kept on file by the subgrantee. By signing, the Authorized Certifying Official is certifying that to the best of their knowledge and belief, the information contained in the report is true, correct and accurate. A false statement of fact in the report may constitute a violation of federal law and may be grounds for possible punishment as provided in [18 U.S.C. § 1001](#).

18. Who must complete the SF-429

The [SF-429](#) and appropriate attachment (A or C) must be completed by all subgrantees that have property that was improved or purchased, in whole or in part, by federal grant funds. Reports must be submitted annually for at least the first 15 years following the award. A separate copy of attachment A is required for each piece of real property. There is no minimum federal interest at which the reporting requirement ceases to apply.

19. How long is my reporting period of federal Interest?

Typically, this reporting period should be 15 years from the start of the allowable grant period, the end of the grant period, or from when the funds were utilized in the project. The ED will define the applicable beginning date.

20. How do I report the real property cost?

Enter the total cost of the property, using the current value as required pursuant to [2 CFR § 200.1](#) of the Code of Federal Regulations. Include the following data for ANY federal agencies contributing to the acquisition or improvement of the property.

- 1) Amount provided by the federal government
- 2) Share percentage provided by the federal government (based on the federal share of the total cost of the project)
- 3) Amount provided by the subgrantee or other non-federal parties
- 4) Share percentage provided by the non-federal parties
- 5) Total cost
- 6) Total share percentage (sum must equal 100 percent)

21. Where Can I Find Additional Assistance in completing the SF-429?

Detailed federal instructions for completing the SF-429, along with attachments A and C are available at the [Federal Post-Award Reporting Forms Web site](#). Please note that the CDE will review submitted documents for completeness only and will not verify the accuracy of the information. Therefore, acceptance of a submission by CDE does not secure the subgrantee from any discrepancies or errors identified in a federal audit.

Federal Funding and Reporting Acronyms: A Quick Reference

- CFR – Code of Federal Regulations
- CDE – California Department of Education
- ED – U.S. Department of Education
- ESSER – Elementary and Secondary School Emergency Relief
- GEER – Governor’s Emergency Education Relief
- HVAC – Heating, Ventilation, and Air Conditioning
- LEA – local educational agency
- NFI – Notice of Federal Interest
- OESE – Office of Elementary and Secondary Education
- SF – Standard Form

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Minimum Wage Increases Effective January 1, 2025

 **BY TEDDI WENTWORTH**

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posted November 22, 2024

California's minimum wage is projected to increase to \$16.50 per hour effective January 1, 2025. Per Labor Code, the minimum wage rate will be adjusted annually for inflation based on the national Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W). Because the CPI-W increased by 3.18%, for the period from July 1, 2023, to June 30, 2024, employees will be guaranteed the \$16.50 rate even if they work for small employers—those employers with 26 employees or less ([Labor Code Section 1182.12\(c\)\(3\)\(A-B\)](#))—and the ongoing increase in the future is caused by [Labor Code Section 1182.12\(c\)\(1\)](#).

Below is a table illustrating minimum wage on an hourly, weekly, monthly, and annual basis. Based on inflation, School Services of California Inc. staff project that the minimum wage will continue to increase by the maximum amount allowed by law through 2029.

Minimum Wage	Effective Date: > 25 Employees	Effective Date: ≤ 25 Employees	Exempt Minimum Salary (Weekly)	Exempt Minimum Salary (Monthly)	Exempt Minimum Salary (Annually)
\$16.00/hour	January 1, 2024		\$1,280	\$5,547	\$66,560
\$16.50/hour	January 1, 2025		\$1,320	\$5,720	\$68,640
\$17.00/hour	January 1, 2026		\$1,360	\$5,893	\$70,720
\$17.40/hour	January 1, 2027		\$1,392	\$6,032	\$72,384
\$17.80/hour	January 1, 2028		\$1,424	\$6,171	\$74,048
\$18.30/hour	January 1, 2029		\$1,464	\$6,344	\$76,128

The forthcoming increase in the minimum wage highlights important operational considerations to ensure that employers are maintaining their obligation to comply with state and federal laws. Local educational agency human resources departments should review current salary schedules now to identify salary cells that may fall below the scheduled minimum increase in addition to preparing for future increases. Keep in mind that increases in the minimum wage also impact the threshold for

exemption from the overtime rules of the [Fair Labor Standards Act](#) (FLSA). Exempt workers in California must be paid a salary that is at least twice the state's minimum wage as well as meeting the duties test under the FLSA. Information on overtime exemptions in California can be found on the [Department of Industrial Relations](#) website.

Remember that the minimum wage, and any local ordinance, is an obligation of the employer and cannot be waived by any agreement, including collective bargaining agreements. So, even if you find yourselves in the middle of negotiations regarding salary, as employers, you are still obligated to comply with the minimum wage rate for the effective year.

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Ask SSC . . . Independent Study—Meeting Student Needs Under Immigration Uncertainty

 [BY MEGAN BAIER](#)

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posted December 19, 2024

Ask SSC . . . Can our district offer independent study to students who are concerned about attending school due to fears of detainment or deportation by immigration agents? We have received independent study requests from some of our mixed-status families in response to recent media coverage of potential changes to immigration policy.

The short answer to your question is “Yes” your district can offer independent study to students who are afraid to attend school due to fears of detainment or deportation. However, your district must adhere to all independent study requirements when doing so.

First, it is important to remember that all students must be offered in-person classroom instruction under the immediate supervision of a certificated employee. All school districts may offer independent study as a voluntary alternative to classroom instruction to any or all grade levels it serves, including instances where families request participation due to detainment or deportation concerns. For students who are afraid to attend school out of fear of deportation or detention of themselves or their families, independent study can provide an opportunity to maintain learning continuity, support, engagement with teachers and staff, and resolve truancy concerns. Provided that independent study requirements are met, students can elect to participate in independent study and generate independent study average daily attendance (ADA) from as little as one day to as long as the entire school year.

A cornerstone of independent study programs is that they are voluntary. For the duration of their participation in independent study, students must have an in-person classroom option to which they may return if they so choose, and no student may be obligated to participate in independent study.

Importantly, local educational agencies (LEAs) must adhere to all applicable independent study program requirements, many of which are conditions of generating ADA and funding. Noncompliance with many programmatic requirements may result in a loss of funding. The details of independent study requirements

can be found in [Education Code Sections 51744-51749.6](#). LEAs considering this option to serve students concerned about detention or deportation should (re)acquaint themselves with independent study law to ensure full compliance.

In addition to the fact that a student's participation in independent study must be voluntary, we highlight a few other requirements that are critical to know:

Eligibility Requirements

- Students with exceptional needs may participate in independent study as long as their Individualized Education Programs specifically provide for their participation, and no student with exceptional needs can be prohibited from participation on the basis that they cannot work independently or require additional supports.
- Students must be enrolled in a school within the school district.

Administrative Requirements

- Districts must have adopted and implemented an independent study board policy that is compliant with current law and regulations.
- Each student must have a signed written agreement.
 - a. Students who participate in independent study for more than 15 days must have the written agreement signed *prior* to participation.
 - b. Students who participate in independent study for 15 or fewer cumulative days (short-term independent study) must have the written agreement signed at some point during the year.

ADA Generation

- Traditional independent study ADA is generated based on the time value of student work product or combination of student work product and participation in synchronous instruction.
- Course-based independent study (CBIS) ADA is generated when students are making satisfactory progress and scheduled for at least a minimum day of instructional time.
- LEAs should be mindful of limits on ADA outlined in law.

Please note that the requirements above are not exhaustive. There are additional academic, recordkeeping, upper age limit, geographical, and programmatic requirements as well as requirements specific to traditional independent study and CBIS programs. The California Department of Education has posted frequently asked questions to its website that address both programmatic and fiscal issues [here](#) and [here](#).

Independent study programs can offer a viable way to support academic continuity for students. It would be important, however, for LEAs to carefully evaluate the academic and nonacademic needs of their students to ensure that they are supported in ways that will help them continue to thrive.