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**California Department of Education
Official Letter**

July 20, 2020

[Email notice of this letter was sent on July 20, 2020 to the PASE and CDEfisc email distribution lists.]

Dear County Superintendents of Schools:

2020–21 Advance Principal Apportionment

The California Department of Education (CDE) certified the 2020–21 Advance Principal Apportionment (Advance) on July 20, 2020, pursuant to California *Education Code (EC)* Section 41330 in the amount of \$37,896,443,203. At the end of each month from July 2020 through January 2021, county treasurers will receive warrants that reflect state aid for Advance programs for local educational agencies (LEA). County superintendents of schools should advise school districts and charter schools immediately of this apportionment.

The 2020–21 Advance is apportioned on the basis of an LEA's Second Principal Apportionment (P-2) funding from the preceding fiscal year pursuant to *EC* Section 41330, Senate Bill (SB) 98, Chapter 24, Statutes of 2020, and funding appropriations provided in the 2020–21 Budget Act.

A summary of the Advance calculations is described below. This letter, as well as Excel files that provide funding and monthly payment amounts, are available on the CDE website at <https://www.cde.ca.gov/fg/aa/pa/pa2021.asp>.

2020–21 Advance Calculations by Program

The following provides specific details regarding the calculation of funding for each program, including the Local Control Funding Formula (LCFF). **Because this apportionment is merely a means to begin allocating funds in accordance with *EC* Section 41330, it should not be used by LEAs for budgeting.** At the close of this letter, an overview of the impacts to an LEA's 2020–21 LCFF funding as a result of Section 34 of SB 98 is provided.

Local Control Funding Formula State Aid – County Offices of Education

The estimated 2020–21 LCFF State Aid for each county office of education (COE) is based on funding from the 2019–20 P-2 certification and reflects the following:

1. The Advance carries forward the COE's 2019–20 P-2 LCFF Entitlement because the 2020–21 cost-of-living adjustment (COLA) is set to zero pursuant to Section 29 of SB 98.
2. Funding for Local Control and Accountability Plan (LCAP) support for COEs funded on the Target formula as of 2016–17 P-2, pursuant to *EC* Section 2575.1, is included in the Advance state aid amount with zero COLA per SB 98 provisions. Additional state aid for Differentiated Assistance pursuant to *EC* Section 2575.2 is equal to the 2019–20 P-2 amount because statute does not provide COLA for this funding.
3. The 2019–20 P-2 local revenue amount was used to determine the COE's Advance state aid and excludes any one-time Redevelopment Agency (RDA) Asset Liquidation funds reported as part of the COE's 2019–20 P-2 property taxes.
4. The Education Protection Account (EPA) Entitlement, which is an offset to state aid, has been recalculated to reflect the 2020–21 funding estimate of \$8.8 billion. See the EPA section below for additional detail.

Local Control Funding Formula State Aid – School Districts and Charter Schools

The estimated 2020–21 LCFF State Aid for each school district and charter school is based on funding from the 2019–20 P-2 certification and reflects the following:

1. The Advance carries forward the school district's or charter school's 2019–20 P-2 LCFF Entitlement because the 2020–21 COLA is set to zero pursuant to Section 29 of SB 98.
2. 2019–20 class size penalties (reflected in the miscellaneous adjustments and minimum state aid adjustments lines of the School District LCFF funding exhibit) have been excluded from the Advance.
3. The 2019–20 P-2 local revenue amount was used to determine the school district's Advance state aid and excludes any one-time RDA Asset Liquidation funds reported as part of the district's 2019–20 P-2 property taxes.
4. The EPA Entitlement, which is an offset to state aid, has been recalculated to reflect the 2020–21 funding estimate of \$8.8 billion. See the EPA section below for additional

detail.

Education Protection Account

EPA revenues, as authorized by Section 36 of Article XIII of the California Constitution, are generated by an increase in the personal income tax rates for upper-income taxpayers. All LEAs will receive quarterly EPA payments through the 2030–31 fiscal year, which will be paid outside of the Principal Apportionment. For most LEAs, EPA funding offsets state aid allocated through the Principal Apportionment.

Using a revised 2020–21 EPA revenue estimate of approximately \$8.8 billion, the CDE calculated estimated EPA entitlements using a factor of 36.4728093 percent based on the 2019–20 P-2 statewide total of revenue limits and charter school block grant funding and 2019–20 P-2 local revenue data, adjusted to exclude one-time RDA Asset Liquidation funds. If an LEA's 2019–20 P-2 EPA entitlement was based on \$200 per ADA (the minimum), the 2020–21 estimated EPA entitlement was not recalculated for the Advance.

While the funding is not allocated through the Principal Apportionment, estimated 2020–21 EPA amounts are provided on the Advance Apportionment Summary available on the CDE's website at <http://www.cde.ca.gov/fg/aa/pa/iassf20adv.asp> for your convenience. For additional information on EPA calculations, letters of apportionment, payment schedules, spending restrictions, frequently asked questions, SACS financial reporting and more, please refer to CDE's EPA web page at <https://www.cde.ca.gov/fg/aa/pa/epa.asp>.

Basic Aid “Choice”, Court-Ordered Voluntary Pupil Transfer, and Charter Supplement

Funding for Basic Aid “Choice”, Court-Ordered Voluntary Pupil Transfer, and Charter Supplement are equal to their 2019–20 P-2 amounts.

Adults in Correctional Facilities

LEAs that participate in the Adults in Correctional Facilities (AICF) program receive funding on a reimbursement basis. The 2020–21 Budget Act provides \$15,746,000, which will be used to fund the 2019–20 program. Advance funding for the AICF program is equal to the 2019–20 P-2 state aid amounts for each LEA adjusted for the 2019–20 3.26 percent COLA.

Special Education – Assembly Bill 602 Program

The 2020–21 Budget Act provides \$3,428,323,000 for the Assembly Bill (AB) 602 program. The estimated 2020–21 state aid for each Special Education Local Plan Area (SELPA) is based on funding from the 2019–20 P-2 certification and reflects the following:

1. The 2019–20 Special Education Property Tax amount was used to determine the SELPA's Advance state aid and excludes any one-time RDA Asset Liquidation funds

reported as part of the county's 2019–20 P-2 property taxes.

2. A factor of 1.1552687096 was applied to each SELPA's adjusted 2019–20 state aid amount.

The 2020–21 Budget provides for an additional \$545.3 million to increase the base funding rates to \$625 per ADA and is included in the factor calculation. In addition, SB 98 (Chapter 24, Statutes of 2020) implemented a new base funding formula to calculate each SELPA's entitlement. The CDE will implement the new base funding formula at the 2020–21 First Principal Apportionment (P-1) Certification, to be calculated pursuant to *EC* Section 56836.148.

Special Education – Infant (Ages Two Years and Younger) Program

The 2020–21 Budget Act provides \$79,477,000 for the Infant program. The Advance is equal to the 2019–20 P-2 amounts for each LEA because the 2020–21 COLA is set to zero pursuant to Section 29 of SB 98.

Transfer of Funds for County Served District Funded Average Daily Attendance

EC Section 2576, as modified by AB 2235 (Chapter 99, Statutes of 2018), requires the CDE to transfer funds from the district of residence to the COE for all District Funded County Program ADA. The CDE implemented this change with the 2019–20 P-1 certification.

Funding for the Transfer of Funds for County Served District Funded ADA is equal to the 2019–20 P-2 amounts.

Other State Aid

Other State Aid captures pass-through payments made to LEAs for legislative priorities. Currently, this appropriation can be found in AB 104 (Chapter 13, Statutes of 2015).

Payment Schedule

Monthly payments for the Advance (July 2020 – January 2021) are available on the CDE's website at the county summary level and by LEA. For cash planning, LEAs should refer to the Principal Apportionment Payment Schedule web page at <https://www.cde.ca.gov/fg/aa/pa/papayschedule.asp>. The State Controller's website provides monthly payment information, including offset amounts at https://www.sco.ca.gov/ard_payments_k12.html and estimated payment dates at https://www.sco.ca.gov/Files-ARD-Payments/sched_2020.pdf.

In addition, for 2020–21 cash flow planning, Section 10 and 11 of SB 98 provides for the deferral of Principal Apportionment payments for the First Principal (P-1) and Second Principal (P-2) Apportionments. The deferral of Principal Apportionment payments does not impact quarterly payments provided through EPA. The table below identifies the Principal Apportionment deferrals for the 2020–21 fiscal year.

Deferral Month	Deferral Amount	Month of Deferral Payment
February 2021 (P-1)	\$1,540,303,000	November 2021
March 2021 (P-1)	\$2,375,308,000	October 2021
April 2021 (P-1)	\$2,375,308,000	September 2021
May 2021 (P-1)	\$2,375,308,000	August 2021
June 2021 (P-2)	100% of the P-2 payment	July 2021

Section 12 of SB 98 establishes a process for a school district or charter school to request an exemption from the deferrals and additional guidance about this process will be released in the coming months.

Overview of Impacts to LCFF Pursuant to SB 98

- An LEA's 2020–21 LCFF entitlement will be based on:
 - ❖ Average Daily Attendance (ADA): for all LEAs with the exception of newly operational charter schools, ADA for the 2020–21 school year will equal the LEA's ADA reported for the 2019–20 school year. ADA for newly operational charter schools will be determined using the charter school's 2020–21 enrollment as of October 7, 2020 as reported in the California Longitudinal Pupil Data System adjusted by the 2019–20 statewide absence rate of 4.49% for elementary (K–8) or 6.01% for high school (9–12).
 - ❖ Unduplicated Pupil Percentage (UPP): there will be no change to the UPP calculations or underlying data. An LEA's 2020–21 UPP will still be based on three years of enrollment and unduplicated pupil data and reflect actual data from the 2020–21 school year through 2018–19 school year.

- LCFF state aid will reflect property taxes collected in the 2020–21 fiscal year and 2020–21 EPA revenue.

If you need assistance, or have any further questions, please contact the Principal Apportionment Section by email at PASE@cde.ca.gov or by phone at 916-324-4541.

Sincerely,

Wendi McCaskill, Associate Director
Principal Apportionment Section

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Last Reviewed: Monday, July 20, 2020
