

Minutes of the Education Audit Appeals Panel

Monday, July 21, 2025
915 L Street, Cedar Room
Sacramento

Call to Order and Roll Call

Joel Montero called the meeting to order at 1:31 p.m.

Panel members present: Joel Montero, designee of the Fiscal Crisis and Management Assistance Team, Cheryl McCormick, designee of the Director of the Department of Finance and Abel Guillen, designee of the Superintendent of Public Instruction.

Approval of Minutes

Action: The minutes of the May 19, 2025 & June 17, 2025 meetings were approved.

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| Item 1 | Report of the Executive Officer | Information |
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Ms. Kelly welcomed Rebecca Lee as the new Executive Officer of EAAP. Ms. Kelly reflected on 14 years of service for EAAP, marking this her final meeting before retirement after 37 years in state service.

Ms. Kelly reported that since the last meeting, there was one formal appeal filed. Palmdale School District has filed a formal appeal in the amount of \$22 million. The finding is related to classroom teacher salaries. To preserve their appeal deadline, Palmdale submitted both a waiver to the Los Angeles County Office of Education and a formal appeal request to EAAP. However, EAAP staff anticipate that the appeal will likely be withdrawn. Anaheim Union High School District's proposed settlement agreement is on the Closed Session Agenda. The finding pertains to the School Facility Program Bond Fund Audit. Pursuant to statute, requests of this nature proceed directly to formal appeal.

Since the last meeting, two new summary reviews were filed, Dehesa School District and Rowland Unified School District. There were four determinations made on summary reviews since the last meeting. The cases of University Preparatory School, Shasta Union High School District and School for Entrepreneurship and Technology were granted. Lagunita Elementary School District had an Expanded Learning Opportunities Program (ELO-P) finding, which was denied. Alhambra Union School District had reported a finding for \$3.7 million, but their auditor determined that that the finding was included in the audit report erroneously. A revised audit report was subsequently submitted, and the district has withdrawn its request accordingly. The executive team anticipates making several summary review determinations in the coming days or week.

Ms. Kelly expressed appreciation for the Panel and EAAP staff. The Panel congratulated her on her retirement.

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| Item 2 | Public Participation | Information |
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Mr. Guillen introduced his staff member, Annie Baccay. She is the Education Administrator for the Operations and Administration Branch.

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| Item 3 | Legislation Report Discussion and action as appropriate regarding any legislation that may affect EAAP | Information Action |
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Mr. Morgan provided an update on two key bills that EAAP staff are currently monitoring: Assembly Bill 84 (AB 84) and Senate Bill 414 (SB 414). AB 84 incorporates several recommendations from the Charter School Task Force and aims to enhance the oversight responsibilities of charter school authorizers. Notably, the bill includes a provision that would require authorizers to verify the non-classroom-based ADA reported by charter schools, a measure intended to improve accountability. At this stage, it remains too early to determine the final outcomes of these legislative proposals.

Mr. Morgan provided an update on Assembly Bill No. 121, which has been enacted. While the bill addresses a broad range of topics, Mr. Morgan stated he believes only one or two provisions are expected to have a direct impact on EAAP's workload.

An amendment to Education Code section 41344.1(d)(4) was discussed. Previously, it stated that required written approval from the Department of Finance and the Superintendent of Public Instruction on summary judgment rulings involving amounts exceeding \$750,000 or 150 units of Average Daily Attendance (ADA). The updated language removes the dollar threshold and now states 150 units of ADA or the equivalent value calculated using the statewide average Local Control Funding Formula (LCFF) rate.

Also discussed were changes to the Expanded Learning Opportunities Program (ELO-P), what is referred to as "Rate 1" will be awarded to LEAs with an unduplicated pupil percentage of 55% or higher. A one-year grace period will be granted to newly eligible LEAs to allow time for adjustment. Additionally, an update for Transitional Kindergarten in the 2025–26 school year involves a change to the staff-to-student ratio. The ratio will shift from 12:1 to 10:1, representing an adjustment to program requirements.

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| Item 4 | Delegation of Authority forms revision to reflect new Executive Officer. Take action as appropriate to amend and sign the Delegation of Authority forms. | Information Action |
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Action: The following Delegation of Authority forms were signed and updated: Delegation of Authority to Correct Mistakes and Clerical Errors in Decisions, Delegation of Authority for Payment of Expenses, Delegation of Authority for Submission of Regulations and for Fiscal Impact Statements and Delegation of Authority to Hire Staff.

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| Item 5 | Next Meeting August 18, 2025 | Information Action |
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Adjournment

Mr. Montero adjourned the meeting at 2:06 p.m.

Closed Session Report:

In closed session, the Panel unanimously approved the Stipulated Agreement of the parties in the matter of Anaheim Union High School District, EAAP Case 25-14.