

Minutes of the Education Audit Appeals Panel

Monday, February 23, 2026
915 L Street, Cedar Room
Sacramento

Call to Order and Roll Call

Elizabeth Dearstyne called the meeting to order at 1:32 p.m.

Panel members present: Elizabeth Dearstyne, 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 January 26, 2026 meeting were approved.

Item 1	Report of the Executive Officer	Information
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Rebecca Lee reported that there are 16 formal appeal cases currently being tracked. Since the last meeting, there was one formal appeal filed by Hart-Ransom Union Elementary School District, which was a denied summary review related to the Expanding Learning Opportunities Program. The settlement for Ojai Unified School District will be heard in Closed Session.

There will now be a Consolidate Hearing for the California Innovative Career Academy and Highlands Community Charter School cases, which will still carry the two EAAP case numbers and two Office of Administrative Hearings (OAH) numbers. The Formal Appeals report will be updated to have that more clearly identified. The Consolidated Hearing is scheduled for June 8 through June 10, 2026.

Mr. Guillen had a question regarding the anticipated date for the Panel to act on the Highlands case. Ms. Lee explained that before the June hearing, there could be a prehearing settlement conference and they may potentially present an agreement to the Panel, or there could be a decision which would be heard after the hearing date.

The Formal Appeals Report added a new column as requested to identify the basis of appeal for formal appeals, with the three categories: substantial compliance with all legal requirements, errors of fact, or interpretation of law. The listed basis is what the local educational agency (LEA) has stated in their formal appeal, and EAAP staff made no assumptions on the appropriate basis.

Since the last meeting, one new summary review was filed for Inglewood Unified School District, with multiple findings being appealed. There were two determinations, one fully and one partially granted. Currently there are two pending cases, Pajaro Valley Unified School District and the Inglewood Unified School District.

Item 2	Public Participation	Information
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No comments were received from the public.

Item 3	Legislation Report Discussion and action as appropriate regarding any legislation that may affect EAAP	Information
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Ms. Lee spoke on the Trailer Bill Language (TBL) released earlier this month and specifically the charter school oversight proposals that seemed substantially similar to Senate Bill 414, which was vetoed. Ms. Lee presented the various proposed additional requirements for audits and auditors, including specific changes commencing with the 2027-28 Audit Guide.

Ms. Lee also noted potential impacts to EAAP related to the timing of audit completion and review, that could impact workflow for EAAP and the receipt of appeals. The Panel had already seen a preview of related proposed Audit Guide changes last year, so EAAP staff will continue to monitor as this moves through the budget process.

Item 4	<i>Emergency Supplemental Regulations: 2025-26 Audit Guide</i> To address issues resulting from legislative changes to the conditions of apportionment, and make non-substantive edits.	Information Action
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The text of the proposed emergency and permanent regulations is identical, so Items 4 & 5 were discussed together. Per Education Code section 14502.1(b), “A supplemental audit guide may be adopted to address legislative changes to the conditions of apportionment. It is the intent of the legislature that supplements be adopted before March 1 of the audit year.”

Because of the March 1 deadline, the emergency rulemaking package is necessary. If approved by the Panel, the emergency rulemaking package would be posted on EAAP’s website and forwarded to its interested party list, and five days later, the package would be submitted to Office of Administrative Law (OAL). After EAAP files with OAL, the public would have five calendar days to submit comments in writing to EAAP and OAL. OAL then has 5 days to review the regulations and file with the Secretary of State.

As soon as that is completed, EAAP will make changes to the audit guide based on feedback from OAL. Those versions will be used to complete the permanent rulemaking procedures for the 2025-26 Audit Guide. That text, along with suggestions from the audit guide committee, will be used for the 2026-27 Audit Guide rulemaking process, anticipated to be heard in March, completed by June, and available by July 1.

The permanent rulemaking process will have a 45-day comment period. The Panel action would be to adopt the proposed Emergency Rulemaking for the Supplemental Regulations and approve the initiation of the rulemaking process for the Permanent Supplemental Regulations.

Proposed changes:

TT. Home to School Transportation Reimbursement is amended in Procedure 1 to include reference to the April 1 deadline, as required by Education Code section 39800.1(a). In Procedure 5, the reference to the October deadline was removed, as LEAs may submit revisions in November and December.

W. Unduplicated Local Control Funding Formula Pupil Counts is amended in Procedure 1.a to include reference to a “federal Summer Electronic Benefit Transfer for Children (Summer EBT) – compliant Universal Benefit Application” as another form of supporting documentation to verify pupil eligibility for free and reduced-price meals.

X. Local Control and Accountability Plan (LCAP) is amended to move and update Procedures 5.e and 5.f to new Procedures 7.a. and 7.b, respectively, pursuant to Education Code section 52065.1. New Procedures 7.c and 8 are added to verify the LCAP was adopted on or before July 1 of the audit year and to report the fiscal penalty in the audit finding for non-compliance with the requirements in new Procedure 7.

BZ. Expanded Learning Opportunities Grant (ELO-G) is deleted from the audit guide because LEAs are not eligible to expend state funds during the 2025-26 school year.

DZ. Expanded Learning Opportunities Program (ELO-P) has various amendments made in Procedures 1 through 9 to incorporate changes to Education Code section 46120 and to provide clarity. These changes will conform to the allowed one-year grace period for LEAs that are newly eligible for the Tier 1 level funding. Because of the way the Education Code was written to maintain the previous language, the edits are to conform to the appropriate Education Code and the new audit requirements.

EZ. Transitional Kindergarten is amended in Procedures 2 and 4 to include updated references to the applicable Education Code sections to address penalty calculation changes for average class enrollment exceeding 24 pupils and the 1 to 10 adult-to-pupil ratio, both effective in 2025-26. There was also a technical correction to Procedure 5 to correctly reference Education Code section 48000(g)(4) instead of section 4800(g)(4).

BB. Mode of Instruction is amended in Procedure 1.a to delete reference to an outdated Education Code section 47605.4. An amendment is also made to Procedure 1.d to replace reference to an outdated Education Code section 76004(s) with section 76004(t)(2).

Action: The Panel members unanimously adopted the proposed Emergency Rulemaking Regulations.

Item 5	Notice of Proposed Rulemaking: Permanent Supplemental Regulations: 2025-26 Audit Guide	Information Action
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Action: The Panel members unanimously approved the initiation of the permanent rulemaking process for the 2025-26 Supplemental Audit Guide.

Item 6	Notice of Proposed Rulemaking: Permanent Regulations: Definitions and Conflict of Interest Code	Information Action
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Ms. Lee presented the proposals to make technical updates to the EAAP sections of the California Code of Regulations.

First, the Definitions section is updated to conform with Education Code 41344.1(b) which specifically requires the Department of Finance to be a party to all appeals, so they were just added into the list in subdivision (c) defining the “Parties to the appeal”.

Second, the proposed changes to the Conflict of Interest Code stemmed from the EAAP biennial review, such that the code must reflect the current organizational structure and properly identify officials and employees who should be filing Statements of Economic Interests (Form 700). EAAP staff worked with the Fair Political Practices Commission (FPPC) staff to include technical conforming changes utilizing suggested boilerplate language provided by the FPPC. A second disclosure category was also added moving existing language to report all sources of income, excluding salary from LEAs authorized in statute to pursue appeals before the EAAP, from Category I to Category II. This included an asterisk with the exemption related to any salary, reimbursement for expenses or per diem, or social security, disability, or other similar benefit payments from a federal, state, or local government agency.

Ms. Dearstyne raised a question on the Conflict of Interest Code, regarding clarification and specification that an LEA is a local government agency. Ms. Lee stated she will work with the FPPC to include more specific language.

Ms. Dearstyne also recommended adding the Department of Education to the Definitions section, as Education Code allows them to intervene as a party in any appeal. Ms. Lee stated she will make updates to include the Department of Education.

Mr. Guillen suggested not acting on these regulations, for now, to allow time to incorporate suggested changes. Mr. Guillen asked if these changes were urgent, and Ms. Lee explained the changes would go through the regular rulemaking process, and EAAP staff has time make to updates and bring them back for the next meeting.

No action was taken by the Panel.

Item 7	Delegation of Authority forms revision to reflect new EAAP Chairperson. Take action as appropriate to amend and sign the Delegation of Authority forms.	Information Action
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Action: The Panel approved the revision of the Delegation of Authority forms, and the following 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
- Delegation of Authority to Hire Staff
- Procurement and Contracting Officer (PCO) Designation Letter

Item 8	Next Meeting March 23, 2026	Information
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Adjournment

Ms. Dearstyne adjourned the meeting at 2:01p.m.

Closed Session Report:

In closed session, the Panel unanimously approved the Stipulated Agreement of the parties in the matter of Ojai Unified School District, EAAP Case 25-47.