

Subject **RE: Excess ERAF Distribution Update**
From Ma, Jacelyn <Jacelyn.Ma@fin.sccgov.org>
To willf@campbellca.gov <willf@campbellca.gov>, bethv@cupertino.org <bethv@cupertino.org>, Harjot Sangha <harjot.sangha@cityofgilroy.org>, sniederhofer@losaltosca.gov <sniederhofer@losaltosca.gov>, Peter Pirnejad <ppirnejad@losaltoshills.ca.gov>, GUngvari@losgatosca.gov <GUngvari@losgatosca.gov>, ELeMon@losgatosca.gov <ELeMon@losgatosca.gov>, LLai@ci.milpitas.ca.gov <LLai@ci.milpitas.ca.gov>, reynold@cityofmontesereno.org <reynold@cityofmontesereno.org>, dat.nguyen@morganhill.ca.gov <dat.nguyen@morganhill.ca.gov>, [22 more...](#)
Cc Au, Gloria <gloria.au@fin.sccgov.org>, Olaiya, Margaret <Margaret.Olaiya@fin.sccgov.org>, Oberg, Maria <maria.oberg@fin.sccgov.org>, Tom, Annie <Annie.Tom@fin.sccgov.org>, Chau, Ivy <ivy.chau@fin.sccgov.org>
Date 2023-09-07 03:01 PM



Dear Colleagues,

We would like to provide you with the following three important updates related to the Excess ERAF:

- 1. California School Board Association (CSBA) Case Decision**
 - The Third District Court of Appeal has affirmed the Trial Court decision in the California School Boards Association case, ruling that CSBA did not establish that charter schools are entitled to ERAF.
- 2. State Controller's Office audit finding on Marin County's Excess ERAF calculation**
 - In August 2023, the SCO issued a negative audit finding to Marin County regarding inclusion of the redevelopment dissolution revenue in the Excess ERAF calculation, asserting that this violated Health & Safety Code section 34188(d).
 - Excess ERAF counties do not agree with this finding and are currently working to find a resolution.
- 3. FY2023-24 Projection Update (before any provision to account for the State Controller's audit finding or other annual adjustments in the calculation)**
 - We have updated the projection for FY2023-24 based on the latest State-released information, which is now available on our website, please see below link for the information. Please note, the amounts posted are before any provision to account for the State Controller's audit finding or other annual adjustments in the calculation.

For Cities: <https://controller.sccgov.org/cities/excess-eraf-distribution-cities>

For Special Districts: <https://controller.sccgov.org/special-districts/excess-eraf-distribution-special-districts>

While we are pleased with the resolution of the CSBA case, it is important that agencies establish reserve funds for the at-risk amounts because of the SCO Marin County's audit finding. We previously conveyed the annual at-risk percentage of 30%, with the recent positive result in the CSBA case, **the annual at-risk percentage is now at about 22% of the distribution**. Please be aware that this percentage may fluctuate each year, and we will keep you updated on any

changes. Please ensure that you have these reserves, both on an ongoing basis and going back to the distribution in Fiscal Year 2020-21 (for the Fiscal Year 2019-2020 Excess ERAF), same period as communicated previously. The ERAF distribution to each agency for each of these years is available on our website. Please see the link listed above. We strongly encourage each agency to reserve 22% of the amount shown for each year. Please note, however, that the SCO still has not provided its calculation methodology, and this percentage could change.

Should there be any questions, feel free to contact our office.



Jacelyn Ma, CPA
Division Manager
County of Santa Clara | Controller-Treasurer's Office
70 W Hedding St, 2th Fl | San Jose, CA 95110
Phone: 408 299-5260
Cell: 408 483-7264
Jacelyn.Ma@fin.sccgov.org

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From: Ma, Jacelyn

Sent: Friday, March 10, 2023 4:05 PM

To: willf@campbellca.gov; bethv@cupertino.org; Harjot Sangha <harjot.sangha@cityofgilroy.org>; jfurtado@losaltosca.gov; srevillar@losaltoshills.ca.gov; GUngvari@losgatosca.gov; LLai@ci.milpitas.ca.gov; reynold@cityofmontesereno.org; dat.nguyen@morganhill.ca.gov; derek.rampone@mountainview.gov; tarun.narayan@cityofpaloalto.org; julia.cooper@sanjoseca.gov; Selena.Ubando@sanjoseca.gov; klee@santaclaraca.gov; MMcCahan@SantaClaraCA.gov; npegueros@saratoga.ca.us; apabis@saratoga.ca.us; tkirby@sunnyvale.ca.gov; aldercroft.hcwd@gmail.com; gcrcd@pacbell.net; smoreno@gcrcd.org; LAHCFD Clerk <clerk@lahcfd.org>; dina@lomaprietarcld.org; philw@purissimawater.org; samv@purissimawater.org; contact@ranchoreccenter.com; Chuck Griffen <cgriffen@sccl.org>; saratogacemetery@sbcglobal.net; twhitley@saratogafire.org; trischeu@valleywater.org; Charlene Sun <CSun@valleywater.org>; christine@sscvMemorialDistrict.org

Cc: Au, Gloria <gloria.au@fin.sccgov.org>; Oberg, Maria <maria.oberg@fin.sccgov.org>; Payne, Glenn <Glenn.Payne@fin.sccgov.org>

Subject: Excess ERAF Distribution Update

Dear Colleagues,

The Excess ERAF information for the current year's distribution and the next fiscal year's preliminary estimate are available on our website, please see below for the links.

For Cities: <https://controller.sccgov.org/cities/excess-eraf-distribution-cities>

For Special Districts: <https://controller.sccgov.org/special-districts/excess-eraf-distribution-special-districts>

The calculations and projections are based on the State February reports with adjustment to the latest property tax revenues. The decline in the next year's preliminary Excess ERAF estimate is mainly due to the increase in the funding requirement for the State special education programs.

Please note, due to the litigation over the Excess ERAF calculation brought by the California School Board Association and the State's revisiting the treatment of redevelopment agency's dissolution revenue in the calculation, same as prior years (starting FY2020-21 distribution), about 30% of the provided amounts are considered at-risk. Please budget with cautions.

Should there be any questions, feel free to contact our office.



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