

**Date:** April 17, 2020  
**To:** All Humboldt County School Districts  
**From:** Corey Weber, Director of Fiscal Services  
**Subject:** Preparing for Potential Recession

Due to the effects on the economy from the COVID-19 pandemic and the related shelter-in-place orders, it is important that Districts and Charter Schools prepare for an upcoming recession and understand the impacts it may will have on their fiscal status.

By looking at the last recession, we can see the possible actions that the State may take to deal with this recession.

These include:

- Reduction in revenues and unfunded COLAs.
- Mid-year cuts to revenues.
- Deferrals - A delay in the cash apportionments to districts from the month it was expected to the following, or a later, month.

HCOE will be reviewing each district and charter school budget should these actions be taken by the State. We will work with each district or charter school that we feel are at the greatest risk to help them respond to the impacts.

Things to look at now in order to prepare:

- Cash – “Cash is King” – districts and charter schools should look at their current year budget to see where they can make adjustments in order to maintain or increase ending fund balances between now and June 30, 2020. The more cash you have available, the more flexible you will be in responding to any negative impacts.
- COVID-19 expenditures – be sure to track these additional expenditures and utilize the funding from the State (SB 117 funds) and the Federal government (CARES Act Education Stabilization Fund) to offset these costs.

For more information regarding the last recession and how to plan for a new one, please see the SSC Fiscal Reports [“Lessons from the Great Recession”](#) and [“It’s Time to Batten Down the Hatches”](#).