

SONOMA COUNTY OFFICE OF EDUCATION



SCOEBIZ Business Services

Bulletin No. 16-08

January 2016

January 26, 2016

To: District/Charter Business Services
From: Judy Thomson, Director Fiscal Services
RE: January 2016 DBUG

State of the State

For the first half of the fiscal year (July – December 2015), total revenues of \$51.1 billion exceeded projections by \$884.6 million, or 1.8 percent, with higher-than-expected personal income tax revenues more than offsetting shortfalls in the corporation tax and the sales and use tax. Personal income tax since the beginning of the fiscal year beat estimates by \$1.3 billion, or 3.9 percent. The corporation tax fell short by \$120.6 million, or 3.6 percent, while the sales and use tax slipped \$262.5 million, or 2.1 percent, compared to projections.

For the first year in 15 years, the state is covering month-to-month shortfalls exclusively through internal borrowing from special funds rather than external loans, such as revenue anticipation notes.

Governor's 2016-17 Proposed Budget

On January 7, 2016, the Governor released his proposal for the 2016-17 State Budget. It is estimated that LCFF will be approximately 95% funded by 2016-17. Some of the major components include the following

- \$71.6 billion Proposition 98 guarantee, an increase of \$3.2 billion from 2015-16
- \$2.8 billion is going to fund LCFF gap, 49.08% is the estimated gap funding percentage for 2016-17
- The proposal includes \$300 million for CTE incentive grant in 2016-17
- \$1.28 billion for one-time mandate monies (approximately \$214 per ADA)
- \$1.65 billion for Targeted Play and Learning Block Grant - proposal for the early education block grant which would consolidate existing funding for State Preschool, TK, Preschool Quality Rating and Improvement Systems; no details yet

Note: DOF gap funding percentage:

- 2017-18 is 45.34%
- 2018-19 is 6.15%

Transportation – Members of the JPA

Under LCFF, CDE was required to continue to provide transportation funding to Transportation JPAs for 2013-14 and 2014-15 only. Pursuant to AB 104, these JPAs were allowed to allocate the former transportation funding to member school districts. Beginning 2015-16, these funds are included in the member districts LCFF entitlements.

Account coding guidance ~ A school district should record payment to the JPA for home-to-schools transportation services as a subagreement for services using Function 3600 and Object 5100. The first \$25,000 of the subagreement with the JPA may optionally be coded to Object 5800. JPAs will record its expenditures to Goal 7110, Nonagency, eliminating double counting expenditures in the statewide financial data. CSAM Procedure 805, p. 805-3, has an example of a JPA providing

CALPADS

Please note that the Fall 1 Amendment Window closes February 19, 2016.

LCFF Calculator and CALPADS

Recently enacted legislation allows for LEAs to enroll students who turn 5 after December 2nd in a Transitional Kindergarten (TK) program at the start of the school year... sometimes called Extended TK or ETK. However, these students should:

- NOT be included in the Unduplicated Pupil Percentage (UPP).
- NOT claim ADA for these students until these students turn 5 years old.

LCFF Calculator ~ Enrollment and unduplicated pupils counts used in the LCFF Calculator should *exclude* ETK students. ***Enrollment should agree with the CALPADS 1.17 Report using filter option "LCFF"***.

California School Accounting Manual – E-rate Reimbursements

A revised CSAM will be released in March 2016.

CSAM Procedure 560 will include the following language: "...**E-Rate reimbursements**, rebates, or discounts and similar subsidies and credits. If the E-Rate discount or subsidy is received as a discount on a bill, the full amount of the bill before discount should be debited to the expenditure account and the E-Rate discount or subsidy should be credited to Other Local Revenue." CDE's former guidance was that telecommunications expenditures are reported net of the E-Rate discount. However, federal programs such as Head Start are not allowed to report anything but the expenditure net of the discount. CDE is aware of this issue and will provide additional guidance.

Update: For federal and other categorical programs, report the telecommunications expenditure net of the discount. The discount is reported in Resource 0000 as local revenue and an expenditure.

Commodities - A unique object code will be created - 8221, Donated Food Commodities - .will be opened to resources 5310 and 5330. The SACS code combinations will be opened for optional use in 2015-16 and required for beginning in 2016-17. Code combinations will be available with the SACS2016 budget software release, for 2015-16 estimated actuals and 2016-17 adopted budget.

Affordable Care Act (ACA) ~ new annual reporting starting with the 2015 tax year:

Beginning with the 2015 tax year, ACA requires annual informational reporting requirements:

- **Forms 1094-B and 1095-B** ~ Internal Revenue Code (IRC) Section 6055 requires health insurance providers to prepare reports to individuals and to the Internal Revenue Service (IRS) on the health insurance coverage provided.
- **Forms 1094-C and 1095-C** ~ IRC Section 6056 requires applicable large employers (employers with 50 or more full-time equivalent employees) to file annual information returns and statements relating to the health insurance that the employer offers (or does not offer) to its full-time employees

Information returns will be due to individuals no later than January 31, 2016, and to the IRS by February 28, 2016, or by March 31, 2016, if filing electronically. However, due to the difficulty in implementing these new requirements, the IRS has **delayed the due dates for the 2015 tax year only**, as follows:

- Individual statements (Forms 1095-B and 1095-C) are due to individuals two months later, now by March 31, 2016
- Statements to the IRS (Forms 1094-B and 1094-C, along with the individual statements above) are due three months later, now by May 31, 2016, or June 30, 2016, if filing electronically

Please note: For future years, the original due dates must be adhered to.

Parental Limit of Liability for Willful Pupil Misconduct annual adjustment ~ letter posted at:

California *Education Code (EC)* Section 48904(a)(1) provides that the parent or guardian of a minor is liable for all damages caused by the willful misconduct of the minor that results in the injury or death of any pupil, school district or private school employee, or school volunteer. The parent or guardian is also liable for damages to real or personal property belonging to the school district or private school, or personal property belonging to a school employee, resulting from the willful misconduct of the minor. The liability of the parent or guardian shall not exceed:

Calendar Year	Liability Limit	Percentage Change in Implicit Price Deflator
2014	\$18,300	.858%
2015	\$18,700	2.26%
2016	\$19,100	2.12%

For further detail, please go to: <http://www.cde.ca.gov/fg/ac/co/parentliability2016.asp>

Bid Threshold annual adjustment :

Contracts subject to competitive bidding include:

1. Purchase of equipment, materials, or supplies to be furnished, sold, or leased to the school district.
2. Services that are not construction services.
3. Repairs, including maintenance as defined in *PCC* Section 20115, that are not public projects as defined in *PCC* Section 22002(c).

Effective January 1, 2016 the adjusted bid threshold is \$87,800.

Calendar Year	Bid Threshold	Percentage Change in Implicit Price Deflator
2014	\$84,100	.858%
2015	\$86,000	2.26%
2016	\$87,800	2.12%

Also note that public projects as defined in *PCC* Section 22002(c), such as construction or reconstruction of publicly owned facilities, have a lower bid threshold of \$15,000 that is not adjusted for inflation. For further detail, please go to: <http://www.cde.ca.gov/fg/ac/co/bidthreshold2016.asp>

Federal Cash Management Data Collection (CMDC)

The data collection window for the federal Cash Management Data Collection (CMDC) System is now available from January 10, 2016 to January 31, 2016. You may report your data at any time during this period. LEAs must submit cash balance data by January 31, 2016, for the following programs in order to receive funds in the next apportionment for those programs:

- Title I, Part A;
- Title I, Part D;
- Title II, Part A;
- Title III, Immigrant;
- Title III, LEP

The CDE will apportion funds in March 2016 for each of the five programs to those LEAs that report a cash balance, meet the cash management threshold, and meet other program requirements.

The Web site to login to the CMDC system is at <http://www.cde.ca.gov/fg/aa/cm/>. If your LEA cannot locate its PIN, you can request that it be resent via e-mail by going to <http://www2.cde.ca.gov/cashmanagement/> and clicking on "Request PIN." Follow the prompts and your PIN will immediately be e-mailed to the e-mail address on file with the CDE for your LEA's Superintendent. Other information regarding the CMDC, including instructions, future reporting dates, and FAQs, can be found at the CDE Web site at <http://www.cde.ca.gov/fg/aa/cm/>.

If you have any questions, please contact Leslie Sharp at [916-323-4977](tel:916-323-4977) or by e-mail at federalcashmanagement@cde.ca.gov.

Consolidated Application and Reporting System (CARS)

The Consolidated Application and Reporting System (CARS) is a data collection system to apply for Categorical Program Funding and to report on the use of those funds. The CARS Winter 2015 data collection system became available as of January 15, 2016. All data collections have a **deadline date of Monday, February 29, 2016**.

Instructions and Guidance have been posted to our Web site at <http://www.cde.ca.gov/fg/aa/co/>.

If you have any questions regarding CARS, please contact the Consolidated Application Support Desk by e-mail at conappsupport@cde.ca.gov.

If you wish to subscribe to the Consolidated Application email list, please send a blank email to join-consolidated-application@mlist.cde.ca.gov.

Educator Effectiveness Funding ~ Resource 6264

As a condition of receiving Educator Effectiveness funds, each LEA is required to:

- ✚ Report **detailed expenditure information** to the CDE to be submitted by July 2018. The Educator Effectiveness Expenditure Report template is now available at: <http://www.cde.ca.gov/fg/aa/ca/educatoreffectiveness.asp> Also, please see attached.
- ✚ Must **adopt a plan** showing how these funds will be spent. It should be passed by the local board *after* a public meeting held at a previous meeting to explain the plan. There are no provisions for the plan to be submitted to or reviewed by the CDE or any higher level authority.

IRS Mileage Rates and Payroll Benefit parameters for 2016

Beginning on January 1, 2016...

The standard mileage rates for the use of a car (also vans, pickups or panel trucks) will be:

- 54 cents per mile for business miles driven, down from 57.5 cents for 2015
- 19 cents per mile driven for medical or moving purposes, down from 23 cents for 2015
- 14 cents per mile driven in service of charitable organizations

A summary of the payroll and benefit parameters for 2016 are noted in the School Services of California, Inc.'s Fiscal Report dated December 18, 2015.

2015-16 Audits

The 2015-16 audit guide has already been approved. There are three non-technical changes being proposed to the 2015-16 supplemental audit guide:

- The new TK law allows students with birthdays after Dec. 2 to enroll in school, but those students do not initially generate ADA and are not included in the unduplicated pupil counts. Audit procedures were amended to exclude these students from the unduplicated pupil count testing.

- Related to vaccinations, the list of schools that will be audited are posted on the www.Shotsforschools.org website. The link to download this listing is <http://www.shotsforschool.org/k-12/audit/>.
- New procedures added for Educator Effectiveness. Did the LEA adopt a plan? If not, the recommendation is to adopt the plan. Are LEAs tracking the expenditures consistent with the final expenditure report template? If not, then a recommendation to track the expenses will be made.

Dates to Remember:

02/08/2016	SCOE Holiday – Lincoln’s Birthday
02/09/2016	HR/PR Concepts 3
02/12/2016	Open Lab
02/15/2016	SCOE Holiday- President’s Day
02/23/2016	Position Control Budget
02/26/2016	DBUG
02/29/2016	ASB Workshop presented by FCMAT
03/21/2016	Facilities workshop

NOTE: Documents that are presented at DBUG may be found at dp.scoe.org website under the "DBUG/SCOE Bulletins" tab.