

SONOMA COUNTY OFFICE OF EDUCATION



Bulletin No. 17-02

August 2016

August 26, 2016

To: District/Charter Business Services
From: Judy Thomson, Director Fiscal Services

State of the State

According to the State Controller's Office, July revenues came in below projections in the 2016-17 Budget Act by \$591 million or 9.8 percent, with all three of the State's main revenue sources falling short of expectations for the first month of the fiscal year: retail sales approximately 23% lower; personal income taxes approximately 7% lower; and corporate taxes approximately 18% lower.

California's revenues also fell short of expectations for April, May and June. However, for the entire 2015-16 fiscal year that ended June 30, personal income tax accounted for the bulk of growth, beating last summer's budget projections by almost \$1.8 billion. Corporation taxes came in \$698 million lower than anticipated, while sales taxes fell \$307.5 million short. It should be noted that personal income taxes are a primary source of California's General Fund revenues and are considered highly volatile.

For June, the state unemployment rate was 5.4% and the U.S. rate was 4.9%; both rates were up 0.2% from May.

For the first six months of the calendar year, residential construction permits are averaging 97,000 per month, which compares favorably to the 12-month average for all of 2015 of 96,000. The median price for a single family home sold in June was \$519,440, a 5.5% gain from one year ago.

Instructional Materials Public Hearing Requirements for Fiscal Year 2016-17

Education Code Section 60119 requires that local governing boards hold an annual public hearing **on or before the end of the eighth week from the first day pupils attend classes** and adopt a [resolution](#) (DOC) stating whether each pupil in the LEA has sufficient textbooks or instructional materials. This public hearing and resolution are required annually. LEAs should keep the resolution on file for the LEA's annual audit.

EC Section 60119(c)(1) states that sufficient textbooks or instructional materials means, "each pupil, including English Learners, has a standards-aligned textbook or instructional materials, or both, to use in class and to take home. This paragraph does not require two sets of textbooks or instructional materials for each pupil." This specifically applies to four subject areas: reading/language arts, mathematics, science, and history-social science.

For more detailed information go to <http://www.cde.ca.gov/ci/cr/cf/> and click on "Instructional Materials Frequently Asked Questions" for direct responses to realistic/practical questions.

See attached 2016-17 audit steps from the 2016-17 Guide for Annual Audits of K-12 Local Education Agencies.

Mandate Block Grant (MBG) ~ 2016-17 funding

A completed MBG Application **must be submitted electronically by August 30, 2016, to receive 2016-17 MBG funding**. The MBG Request for Application can be found at: <http://www.cde.ca.gov/fg/fo/r14/mandatebg16rfa.asp>. The MBG Application and other important MBG details may be accessed from the Web page above. LEAs may select the link for the MBG Application to find logon instructions and, if necessary, request a new password. LEAs that have been issued a password for the 2015-16 Mandate Block Grant may use the same password to access this application.

The Mandate Block Grant Web page at: <http://www.cde.ca.gov/fg/aa/ca/mandatebg.asp> provides information regarding the MBG, including links to correspondence, frequently asked questions, and the MBG Application.

College Readiness Block Grant (CRBG) ~ Resource 7338

The CRBG is funding to provide high school pupils, particularly unduplicated pupils, additional supports to increase the number who enroll at institutions of higher education and complete an undergraduate degree within four years. Preliminary funding is allocated to LEAs at a preliminary rate of \$149.32 per unduplicated pupil in grades nine through twelve (9–12) attending a school that is currently accredited or in the process of obtaining accreditation from the Accrediting Commission for Schools, Western Association of Schools and Colleges (WASC) with no LEA serving at least one unduplicated pupil in grades 9–12 during the 2015–16 fiscal year receiving less than \$75,000. The resource should be available in the next SACS validation table update, scheduled for mid-September.

As a condition of receipt of funds, **LEAs are required to report to the CDE by January 1, 2017**, on a web application to be prescribed, on *how the LEA will measure the impact* of College Readiness Block Grant funds received on the LEA’s unduplicated pupils’ access and successful matriculation to institutions of higher education *as identified within the plan required to be developed* (see EC Section 41580(e)). School Services of California (SSC) reported that the CDE has confirmed the online report will only require basic information pertaining to the identification of the LEA, its WASC accreditation status, and a short answer to describe how the LEA will measure the impact of the CRBG funds on its unduplicated pupils’ access and success in matriculating to institutions of higher education. The online report is intended to be brief, and no final expenditure report will be required.

The CDE will apportion funds to eligible LEAs in two installments: approximately 50 percent entitlement will be released in October 2016 and the remaining funds released in spring 2017, subject to adjustments for the required reports and status of WASC accreditation. The funds are available for expenditure or encumbrance through the 2018–19 fiscal year. For more detail information go to: <http://www.cde.ca.gov/fg/aa/ca/collegereadiness.asp>

Transitioning into Every Student Succeeds Act (ESSA)

On December 10, 2015, President Obama signed ESSA, replacing the 2001 No Child Left Behind Act (NCLB), with full implementation in 2017-18. As part of California’s transition to ESSA, California must submit an ESSA State Plan to the U.S. Department of Education which is anticipated to take place in January 2017. The ESSA makes significant changes to the school accountability system, allocation of funding, and statewide assessments. 2016-17 is a transition year.

See School & College Legal Services of California’s Legal Update Memo No. 16-2016, *Every Student Succeeds Act (attached)* and the CDE prepared *Every Student Succeeds Act 2016-17 School Year Transition Plan (attached)*.

Federal Cash Management Data Collection ~ Reporting in Fiscal Year 2016-2017*

Reporting Period	Reporting Start Date	Reporting Deadline
1	07/10/2016	07/31/2016
2	10/10/2016	10/31/2016
3	01/10/2017	01/31/2017
4	04/10/2017	04/30/2017

*Cash balance to be reported regardless of the fiscal year from which it originated.

Applicable to: Title I, Part A; Title I, Part D, Subpart 2; Title II, Part A; Title III LEP; Title III Immigrant
 For more detailed information, see: <http://www.cde.ca.gov/fg/aa/cm/>

Timing of School Board Elections

Senate Bill (SB) 415, signed into law in September 2015, prohibits a political subdivision, such as school districts and community colleges, from holding elections on dates other than statewide election dates *if* holding it on another date previously resulted in “a significant decrease in” (lower) voter turnout. Lower voter turnout is defined as voter turnout at least 25% less than the average voter turnout for the previous four statewide general elections. The law also allows a voter to file an action, if a violation of this law is alleged. Districts should review their past voter turnout levels and move their elections to coincide with statewide elections, if deemed necessary.

Proposition 39 – California Energy Commission – Annual Progress Reports

Friday, September 30, 2016 is the last day for LEAs with approved energy expenditure plans to submit their Annual Progress Reports to the Energy Commission. Annual Progress Reports were made available on July 1, 2016, through the Energy Expenditure Plan Online Reporting System. LEAs are legally mandated to report to the Energy Commission. Each year LEAs must submit to the Energy Commission an Annual Progress Report for each approved energy expenditure plan until all eligible energy measures within an approved plan are completed. The Annual Progress Reports are made available for LEAs to report on activities that occurred in the previous fiscal year.

Reporting instructions, training videos, and PowerPoint presentations are available on the Proposition 39 (K-12) program webpage at: <http://www.energy.ca.gov/efficiency/proposition39/index.html>. Questions may be directed to Prop39@energy.ca.gov or the Proposition 39 (K-12) Hotline, toll-free at [855-380-8722](tel:855-380-8722).

New Training Requirement ~ Healthy Schools Act ~ Effective July 1, 2016

The Healthy Schools Act (HSA), a California right-to-know pesticide law, encourages the use of integrated pest management (reduction of reliance on pesticides by emphasizing pest prevention and sanitation techniques) at schools and child care centers. All California public K-12 schools and most licensed child care centers are affected.

The law requires *annual training* of at least one hour in integrated pest management (IPM) and the safe use of pesticides around children for anyone applying a pesticide on school or child care center grounds. The training requirement applies to use of any product labeled by the U.S. Environmental Protection Agency (EPA) as a "pesticide." This includes many products such as disinfectants, sanitizers, and weed killers (herbicides).

CDPR has developed free, online training courses to meet this requirement. Basic and advanced courses are currently available to address varying job duties and pesticide use. Staff members who use disinfectants and sanitizers should take the "basic" course. Staff members who apply pesticides like herbicides, insecticides, and rodenticides should take the "advanced" course. A group training kit for the "basic" course is available that will allow districts to train multiple people at a time. The kit is available free of charge, but districts must make copies of the materials to disseminate amongst their schools. Go to: <http://apps.cdpr.ca.gov/schoolipm/training/main.cfm> to find the California Department of Pesticide Regulation (CDPR) created training courses.

The new training requirement and other changes resulted from passage of 2014's Senate Bill 1405. The HSA provisions are found in Education Code section 17608-17614 and Food & Agriculture Code section 13180-13188. Please see attached Table of Healthy School Act Responsibilities.

Other changes, such as posting an IPM plan to district or child care center websites and annual pesticide use reporting, went into effect in 2015. Required forms to complete these tasks and more information about the HSA and IPM can be found at www.cdpr.ca.gov/schoolipm. For more information, to ask questions, or to inquire about a group training kit please email school-ipm@cdpr.ca.gov or contact Belinda Messenger at (916) 324-4077.

REMINDERS:

Non-Voter Approved Debt disclosure form and requirements

Education Code Section 17150 *requires school districts to notify* the County Superintendent of Schools and County Auditor *at least 30 days prior to the governing boards' approval of the issuance of certificates of participation (COPs) or other non-voter-approved debt secured by real property* such as: Lease purchases (LP) secured by real property; Qualified Zone Academy Bonds (QZABs) secured by real property; Revenue bonds; Energy Loans or Bond Anticipation Notes (BANs). The law requires the district provide repayment schedules, evidence of the ability to repay, and costs of issuance as well as information necessary to assess the anticipated effect of the debt issuance. Within 15 days of the receipt of the information, the County Superintendent of Schools and the County Auditor are authorized to comment publicly regarding the district's capacity to repay the debt obligation, based on the information provided.

The Disclosure of Non-Voter Approved Debt form is located at <https://fb.scoe.org/default.asp?W81> . Please complete, supply supporting documentation, and submit in accordance to the above.

General Obligation (GO) Bonds and Proposition 39 (55% Local Vote Bonds)

Traditional GO Bonds require 2/3 vote of the registered voters voting in the election. Under Proposition 39, which was enacted in November 2000, schools can authorize GO Bonds with 55% voter approval. Proposition 39 bond issuances include additional accountability requirements such as, including certain types of audits, provisions for conducting elections, and establishing a Citizens Oversight Committee. Some requirements are listed below:

- ✚ Following a bond election, the County Registrar of Voters will provide the school district calling the election with the formal results in the form of a Certificate of Election Results. The governing board of the school district is to enter the results of such election into its minutes and to certify such proceedings to the County Superintendent of Schools, usually done in the form of a resolution. This action is normally taken at the next regular meeting of the governing board of the school district after the certification is received. This action must occur before the issuance and sale of the authorized bonds.
- ✚ Ed Code Section 15278(a) requires that bond measures passed pursuant to Proposition 39 establish a Citizens Oversight Committee (Committee). The initial members of the Committee must be established within 60 days after the date that the governing board of the school district enters the results of the bond election on its minutes. The governing board of the school district may also adopt policies, guidelines and procedures to be applicable to the Committee once it is established. It is recommended that policies, guidelines and procedures be adopted before members of the Committee are selected. The Committee shall consist of at least seven (7) members to serve for a term of two (2) years, without compensation, and for no more than two (2) consecutive terms. The Committee *may not include* any employer or official of the school district or any vendor, contract, or consultant of the school district **and must include** certain member types from the community.
- ✚ Ed Code Section 15278 (b) requires certain documents relating to the Committee be made available on an internet website maintained by the school district.

It is recommended that districts that have recently passed GO Bonds discuss regulatory requirements with their bond or legal counsel. For more detailed information, please see the California Debt Advisory Investment Committee (CDIAC) website (<http://www.treasurer.ca.gov/cdiac/>) and California's Coalition for Adequate School Housing (C.A.S.H.) website (<http://www.cashnet.org/>).

Transparency Requirements for Local Bonds

Assembly Bill (AB) 2274 and AB 2551, add transparency requirements to local bonds that become effective on January 1, 2015.

AB 2274 adds reporting requirements to debt from bonds already approved by voters. It requires agencies to notify CDIAC of **any** proposed debt issuance, which would **include refinancing and other secondary issuances**. Prior to AB 2274, LEAs were only required to notify CDIAC of any *new* debt issuance. CDIAC can now require any information about the debt issuance "it considers appropriate" as part of the notification rather than limiting it to the sale date, the name of the issuer, the type of debt, and the estimated principal. In addition, the bill reduces the timeframe in which agencies shall notify CDIAC of a final debt sale from 45 days to 21 days after the sale or issuance. The aforementioned CDIAC reporting requirements are applicable to any issuance of debt after January 1, 2015.

AB 2551 enhances transparency requirements for local bond elections, including Proposition 39 (2000) and two-thirds vote general obligation bonds. The bill requires LEAs attempting to pass local bonds to *submit to their local elections office* the total estimated debt service, including principal and interest, if all bonds are issued, as part of the Tax Rate Statement required pursuant to Elections Code Sections 9400-9401. The aforementioned reporting requirements are applicable to any issuance of debt after January 1, 2015.

Cash Transaction limits at the County

The County Treasury requires 5 days advance notice anytime \$1 million or more is paid out to a single vendor. This requirement is in place giving the Treasury time to ensure there are sufficient funds for such a large outflow of cash. The Treasury invests our funds in the County Pool, receiving interest income. In the case of a large outflow of \$1 million or more, the funds cannot be invested the entire time the check is outstanding, eliminating the ability to invest and receive interest income. Wire Transfers (*5 day advance notice for transfer requests \$1 million or more; 2 day advance notice for transfer request over \$90k, but less than \$1 million*), on the other hand, are an immediate payment. In order to both accommodate Treasury's 5 days advance notice requirement and maximize our interest income, SCOE has implemented the following protocol:

Districts anticipating a payment over \$1 million to a single vendor, please use the wire transfer process in lieu of running payment through Escape's APY. Likewise, these should originate from the district's Chief Business Official.

The instructions (*Wire Transfer Procedures for Districts*) and form (*Wire Transfer Request Form, Rev. 6/14/16*) are located at: <https://fb.scoe.org/default.asp?W81>.

Annual Accounting for School Developer Fees ~ Fund 25, Object 8681

Government Code section 66006 requires that within 180 days of the end of the fiscal year, each district that levies developer fees must take the accounting available to the public **by December 26, 2016**. **The governing board must review the information at its next regularly scheduled meeting held *no earlier* than 15 days after the information becomes available to the public.**

Additionally, Government Code section 66001 requires each district that collects developer fees to **make further findings every five years** about any fund in which those fees remained unexpended at the end of the fiscal year. It is recommended that the five year accounting be made in conjunction with the annual accounting for each fund or account. Failing to comply with the statute, results in a refund of fees in question.

For greater detail, see School & College Legal Services' *Annual Report For School Facility Fees (K-12)*. It can be found at <http://www.sclscal.org/> under the Legal Updates tab. Please note that the pdf version of Memo No 23-2016 includes related Board Resolutions. Also, Government Code can be found at: <http://leginfo.legislature.ca.gov/faces/codes.xhtml>. Click on "Government Code" and scroll to the Title containing charter "66001 - 66006".

California Clean Energy ~ Proposition 39 K-12 Program ~ Upcoming Webinar – August 31, 2016

Learn how easy it is to receive free Proposition 39 K-12 Program funding with recent changes and updates. For those LEAs that have not yet applied, this is an opportunity to tell us why you have not applied for funding.

Conference Call-in-toll-free number: 1-866-469-3239

WebEx: Please go to <https://energy.webex.com> ; Meeting Number: 928 393 862

This meeting does not require a password.

School and College Legal Services of California (SCLS) Workshops

SCLS provides numerous workshops on current issues and useful topics for minimal fees. Please go to <http://www.sclscal.org/> and click on the Workshops tab. Also note that recent SCLS Legal Updates can be found at the aforementioned web address under the Legal Updates tab.

Dates to Remember:

09/02 thru 09/06	Business Services Department remodel ~ temporary procedures: <ul style="list-style-type: none">➤ Drop off APY, Payroll warrants, & Deposits in the Gravenstein Room with Thuan➤ Mail Pick-up ~ Please enter through the HR Department
09/05/2016	Holiday
09/07/2016	Finance User Group
09/13/2016	HR/PR User Group
09/19/2016	Prior Year Corrections to P-2 and Annual due to SCOE
09/26/2016	Open Lab
09/30/2016	DBUG

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