

SONOMA COUNTY OFFICE OF EDUCATION



Bulletin No. 17-07

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To: District/Charter Business Services

From: Judy Thomson, Director Fiscal Services

State of the State

According to the State Controller's Office's January 2017 monthly report, California revenues of \$12.85 billion for December missed projections in the 2016-17 Budget Act that Governor Jerry Brown signed in June by \$1.87 billion, a shortfall of 12.7 percent. For the first half of the fiscal year that began in July, total revenues of \$51.72 billion are \$1.66 billion below budget estimates. Greater detail is below:

- ✚ *Personal income tax (PIT) receipts* of \$8.58 billion in December fell short of budget projections by \$1.38 billion, or -13.9 percent—roughly the same percentage by which November PIT receipts topped estimates. Six months into the new fiscal year, California has collected total PIT receipts of \$34.58 billion, missing estimates by \$824.1 million, or -2.3 percent.
- ✚ *Corporation tax receipts* of \$1.77 billion for December were \$29.4 million lower than expected. Fiscal year-to-date corporation tax receipts of \$3.23 billion are \$347.7 million below projections in the 2016-17 Budget Act—a shortfall of -9.7 percent.
- ✚ *Retail sales and use tax receipts* of \$2.14 billion for December missed expectations by \$372.1 million, or -14.8 percent. For the fiscal year-to-date, sales tax receipts of \$12.06 billion are \$610.4 million below estimates, or -4.8 percent.

Governor's 2017-18 Proposed Budget

On January 10, 2017, the Governor released his proposal for the 2017-18 State Budget (Budget). It is estimated that LCFF will remain approximately 96% funded in 2017-18. Some of the major 2017-18 budget components include:

- \$73.5 billion Proposition 98 funding in 2017-18
- \$744 million to LCFF gap closure, the amount needed to fund the estimated 1.48% statutory COLA
- \$423 million for K-12 Proposition 39 (2012) – Clean Energy Jobs Act
- \$200 million for Career Technical Education Incentive Grant
- \$287 million for discretionary one-time mandate monies (approximately \$48 per ADA).
These funds will offset LEAs' outstanding mandate reimbursement on a dollar for dollar basis.
- **Re-establish apportionment deferrals**, shifting \$860 million in LCFF from June 2017 to July 2017

The **2017-18 DOF gap funding percentage was decreased to 23.67%**, a difference of -49.32% since First Interim was prepared. **How does that affect your MYP?**

CALPADS Certification Report 1.19

Attached is the CALPADS 1.19 - COE LCF-Count report which provides the certified enrollment of district students in COE programs as well as the associated unduplicated pupil count. District students in COE programs should be included in your LCFF calculator.

LCFF Calculator

Version 17.2b of the LCFF calculator on the FCMAT website has been updated with the assumptions from the Governor’s Proposed Budget and for the extension of EPA from Prop 55.

If you use your First Interim LCFF calculator to prepare your Second Interim LCFF calculation, LEAs will need to update LEA specific assumptions AND change the following universal assumptions:

Updated Assumptions for Second Interim ~ Governor’s Budget Proposal, Prop 55

	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>
COLA	0.00%	1.48%	2.40%	2.53%	2.66%
Gap Funding	55.28%	23.67%	53.85%	68.94%	100%
EPA %, Prop 55	25.00%	23.00%	21.00%	21.00%	21.00%

Version 17.2a ~ First Interim Gap Funding percentages:

	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>
Gap Funding	54.18%	72.99%	40.36%	73.98%

SCOE will be analyzing fiscal stability of each LEA using the Updated Assumptions for Second Interim. The next major update is estimated to be released Monday, April 3rd and will include updated CDE certifications and the addition of fiscal year 2021-22.

CDE Letter ~ Public Schools remain safe havens for California students

State Superintendent of Public Instruction, Tom Torlakson issued correspondence on December 21, 2016 which declared public schools “safe havens” for students and their parents. The correspondence reminds families of existing laws that protect them and their students’ records from questions regarding immigration status. The following guidelines about existing laws that protect student records were identified:

- ✚ The 1984 Supreme Court decision *Plyler v. Doe* requires schools to enroll all eligible children regardless of their citizenship or immigration status.
- ✚ State and federal laws prohibit educational agencies from disclosing personally identifiable student information to law enforcement, without the consent of a parent or guardian, a court order or lawful subpoena, or in the case of a health emergency.
- ✚ Districts must verify a student’s age and residency, but have flexibility in what documents or supporting papers they use. They do not have to use documents pertaining to immigration status.
- ✚ To determine age, for example, an LEA can rely on a statement from a local registrar, baptismal records, or an affidavit from a parent guardian or custodian.
- ✚ To determine residency, an LEA can rely on property tax receipts, pay stubs, or correspondence from a government agency.

To see the aforementioned correspondence, go to <http://www.cde.ca.gov/nr/el/le/yr16ltr1221.asp>

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

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/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
2015	\$18,700	2.26%
2016	\$19,100	2.12%
2017	\$19,200	0.626%

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

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, 2017 the adjusted bid threshold is \$88,300.

Calendar Year	Bid Threshold	Percentage Change in Implicit Price Deflator
2015	\$86,000	2.26%
2016	\$87,800	2.12%
2017	\$88,300	0.626%

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/>.

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, 2017 to January 31, 2017. You may report your data at any time during this period. LEAs must submit cash balance data by January 31, 2017, 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

Note: The cash balance to be reported regardless of the fiscal year from which the funds originated. CMDC information, including instructions, future reporting dates, FAQs, and Login can be found at the CDE Web site <http://www.cde.ca.gov/fg/aa/cm/>. If you have any questions, please contact Leslie Sharp at 916-323-4977 or by e-mail at federalcashmanagement@cde.ca.gov.

Geographic Boundaries of Charter Schools

The **California Supreme Court denied a petition to review** a recent ruling by the California Court of Appeals that clarified that a charter school authorized by a school district must be located within the school district’s boundaries, unless an express exception applies. **Therefore, the California Court of Appeals stands.** Charter Schools, whether classroom-based or nonclassroom-based, may not operate an in-county satellite facility outside of the authorizing district boundaries unless exceptions apply. The **California Court of Appeals** exceptions are:

- ✚ **Independent study/Adjacent County Exception** ~ A charter school may open a ‘resource center’ in an adjacent county if the space is support students enrolled in independent study. However, a majority of the students must receive instruction in, and be residents of, the county of the authorizing district (i.e. Sonoma County).
- ✚ **Unavailability Exception** ~ A charter school may open one site outside of its authorizing district’s boundaries, but within the same home county, if the charter school has attempted, but is unable, to locate its entire program within the authorizing district because a facility or site is unavailable.
- ✚ **Partnership with certain federal workforce programs / juvenile court schools /residential facility Exception**

If you have any questions or concerns, please contact legal counsel.

Increased Requirements for Debt Management Policy and Practices

Effective January 1, 2017, (per **Senate Bill (SB) 1029**, Hertzberg) issuers must certify on the **Report of Proposed Debt Issuance** that they have:

- ✚ Adopted local debt policies concerning the use of debt; and
- ✚ The proposed debt issuance is consistent with those policies.

The issuer's **local debt policies** *must* include (A) through (E), below:

- A. The purposes for which the debt proceeds may be used.
- B. The types of debt that may be issued.
- C. The relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable.
- D. Policy goals related to the issuer's planning goals and objectives.
- E. The internal control procedures that the issuer has implements, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

FCMAT has prepared a Fiscal Alert which provides a sample Debt Management Policy (attached) which is located at <http://www.gfoa.org/debt-management-policy>.

SB 1029 contains a declaration of the California Legislature in uncodified portions of the bill that state and local agencies should adopt comprehensive written debt management policies pursuant to the recommendation of the Government Finance Officers Association (GFOA). GFOA is a national association of government finance professionals with a shared mission to promote excellence in state and local government financial management.

California Debt and Investment Advisory Commission's (CDIAC) reporting forms and fees can be found at the website <http://www.treasurer.ca.gov/cdiac/reporting.asp>. CDIAC's guidance regarding SB1029 is located at <http://www.treasurer.ca.gov/cdiac/> by clicking on "Guidance on 1029 Implementation with SB1029" on the left side of the webpage. Some of its guidance is noted below:

Government Code 8855(i) requires any issuer of public debt to provide a *Report of Proposed Debt Issuance* to the California Debt Investment and Advisory Commission *no later than 30 days before the sale* of such debt.

Government Code section 8855(k) ~ Effective January 1, 2017, state and local issuers are required to submit an **annual debt transparency report** for any issue of debt for which they have submitted a *Report of Final Sale* during the reporting period. The annual debt transparency report is due to CDIAC within seven (7) months of the close of the reporting period, defined as July 1st to June 30th. This provision makes January 31st the effective deadline for submittal of the annual debt transparency report. Debt issued between January 1, 2017 and June 30, 2017, and reported to CDIAC on or after January 21, 2017 will be required to submit an annual debt transparency report no later than January 31, 2018.

At minimum the *annual debt transparency report* will require issuers to include:

- A) Debt **authorized** during the reporting period, which shall include:
 - 1. Debt authorized at the beginning of the reporting period.
 - 2. Debt authorized and issued during the reporting period.
 - 3. Debt authorized but not issued at the end of the reporting period.
 - 4. Debt authority that has lapsed during the reporting period.
- B) Debt **outstanding** during the reporting period, which shall include the following:
 - 1. Principal balance at the beginning of the reporting period.
 - 2. Principal paid during the reporting period.
 - 3. Principal outstanding at the end of the reporting period.
- C) The **use of proceeds** of issued debt during the reporting period, which shall include the following:
 - 1. Debt proceeds available at the beginning of the reporting period.
 - 2. Proceeds spent during the reporting and the purposes for which it was spent.
 - 3. Debt proceeds remaining at the end of the reporting period.

Additional requirements/stipulations apply. Please see the Guidance from CDIAC for more detailed information.

2017 Standard Mileage Rates

Beginning on January 1, 2017, the standard mileage rates for the use of a car will be:

- 53.5 cents per mile for business miles driven, down from 54 cents for 2016
- 17 cents per mile driven for medical or moving purposes, down from 19 cents for 2016
- 14 cents per mile driven in service of charitable organizations

Education Technology K-12 Voucher Program Funding

Another round of Education Technology K-12 Voucher Program funding totaling \$11.9 million is available as a result of a 2003 antitrust settlement agreement between Microsoft Corporation and California consumers and businesses. The list of eligible and potentially eligible schools and districts is available on the CDE [K-12 Voucher Program: Funding](http://www.cde.ca.gov/fg/fo/r5/etvo6estfund.asp) webpage: <http://www.cde.ca.gov/fg/fo/r5/etvo6estfund.asp> Those districts that opt to participate in this round of funding will be sent vouchers by the Settlement Claims Administrator (SCA) and will have until November 30, 2018 (2 years) to submit receipts for eligible products and services for reimbursement. The aforementioned list includes funding for eligible Sonoma County LEAs ranging from \$500 to \$22,000.

The funds should be used to purchase and support education technology that improves teaching and student achievement. Schools are no longer required to create an education technology plan for eligibility.

Dates to Remember:

01/30/2017	How to Respond to a Public Records Act Request –contact School & College Legal Services
02/03/2017	General Ledger Clean-Up – <i>Part II</i> – 9:00 to noon
02/08-10/2017	Payroll Certification program
02/13/2017	Holiday
02/17/2017	Open lab
02/20/2017	Holiday
02/24/2017	DEBUG

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