

# SONOMA COUNTY OFFICE OF EDUCATION



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**Bulletin No. 17-10**

**March 2017**

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March 13, 2017

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

## **State of the State**

According to the March 2017 State Controller's Office monthly report, California's February revenues of \$6.5 billion missed expectations by -\$772 million, or -10.6 percent. For the first eight months of the 2016-17 fiscal year that began in July, total revenues of \$73.28 billion are \$663.9 million below last summer's budget estimates, and \$888.1 million short of January's revised fiscal year-to-date predictions. Greater detail is below:

- ✚ *Personal income tax (PIT) receipts* of \$3.1 billion in February fell short of the governor's proposed budget by -\$5.3 million, or -0.2 percent. In the current fiscal year, California has collected total PIT receipts of \$50.97 billion, or -0.9 percent less than January's revised estimate.
- ✚ *Corporation tax receipts* of \$168 million in February were -35.0 percent short of assumptions in the proposed 2017-18 budget. Fiscal year-to-date corporation tax receipts of \$3.82 billion are 3.3 percent **above** projections in the proposed budget.
- ✚ *Retail sales and use tax receipts* of \$3.06 billion for February missed expectations in the governor's proposed 2017-18 budget by -\$710.2 million, or -18.8 percent. For the fiscal year to date, sales tax receipts of \$16.29 billion are -\$613.5 million below the revised estimates released in January, or -3.6 percent.

## **Nonclassroom - Based Charter School Resource Center Location**

### **Summary of Relevant Education Code Sections per California State Board of Education Policy #17-01, March 2017**

California *Education Code (EC)* Section 47605(a)(1) provides that a charter school petition shall identify a single charter school that will operate within the geographic boundaries of the authorizing school district. A charter school may propose to operate at multiple sites within the school district if each location is identified in the petition. Pursuant to *EC* Section 47605.1(d), a single site outside of the district boundaries, but within the county is permissible, but only where: (1) the school attempted but was unable to locate a facility within the district, or (2) the site outside the district is temporary, or (3) partnership with certain federal workforce programs/juvenile court schools / residential facilities. Additionally, *EC* Section 47605.1(c) provides that a charter school may establish a resource center, meeting space, or other satellite facility located in a county adjacent to that in which the charter school is authorized if the facility is used exclusively for educational support for nonclassroom-based independent study, and the charter school provides its primary educational services in, and a majority of the pupils it serves are residents of, the county where the school is authorized.

In consequence to *Anderson Union High School District v. Shasta Secondary Home School* (2016) litigation where the Third District Court of Appeal held that the geographic restrictions in *EC* sections 47605(a) and 47605.1(d) apply to nonclassroom-based charter schools operating resource centers, the waiver application process is available. SBE Policy#17-01 sets forth guidelines for the processing of these waiver applications and to facilitate management of the SBE's agenda. Consistent with *Anderson*, waivers shall apply only to existing, noncomplying resource centers of nonclassroom-based charter schools. This policy shall expire on November 10, 2017.

For greater detail please go to: <http://www.cde.ca.gov/be/ag/ag/yr17/agenda201703.asp> and click on [Item o8 Attachment 1](#) (DOC)

## **SDI payments**

Reminder to remind districts with SDI and all 501(c)3 Charters not already compliant with AB 1245 (EDD's electronic filing and payment requirement):

AB 1245 will be phased in over two years. Employers with 10 or more employees will become subject to the electronic requirements with first quarter 2017, and all other employers will be subject January 1, 2018. **First quarter 2017 filing and payment is due April 1, 2017** (delinquent if not filed and paid by May 1, 2017).

Employers should:

1. Enroll in EDD's e-Services for Business prior to filing (tutorial on EDD's website)
2. Payments can be made either by credit card or through the district's clearing account

### **Prop 39 Clean Energy Jobs ~ deadline fast approaching**

To ensure LEAs can encumber Proposition 39 K-12 program allocations by the statutory required deadline of June 30, 2018, **the last date to submit energy expenditure plans (EEP) to the Energy Commission is August 1, 2017.**

**August 1, 2017** - Last date by which a district can submit an Energy Expenditure Plan.

**June 30, 2018** – LEA's final encumbrance date.

**June 30, 2020** – final date by which all projects must be completed

**June 30, 2021** – Final date by which final reports must be submitted

Public Resources Code Section 26233 (d) states "A local educational agency (LEA) shall encumber funds received pursuant to this section by June 30, 2018". The California School Accounting Manual, procedure 210-11 details budgetary accounting for LEAs. It defines *encumbrance* as a commitment in the form of a purchase order or offer to buy goods or services.

Questions may be directed to [Prop39@energy.ca.gov](mailto:Prop39@energy.ca.gov) or the Proposition 39 Hotline, toll-free at [855-380-8722](tel:855-380-8722), or for those out-of-state at [\(916\) 653-0392](tel:916-653-0392). For more information: <http://energy.ca.gov/efficiency/proposition39/>

### **Overview of Federal Funding for K-12 and Early Childhood Education**

In March, the Legislative Analyst's Office (LAO) presented an Overview of Federal Funding for K-12 and Early Childhood Education to a subcommittee on education. The LAO's PowerPoint can be found at <http://www.lao.ca.gov/Publications/Detail/3588>

#### **✚ Federal Government's First Educational Focus Was to Support Children in Poverty**

- Federal role historically was limited, but it increased significantly with the 1965 passage of Elementary and Secondary Education Act (ESEA). The act provided federal funds to school districts with high proportions of low-income students.

#### **✚ Federal Role Has Continued to Increase Over Time**

- As part of the 1994 reauthorization of ESEA, federal government required schools to administer standardized student tests, report test results, and develop school improvement plans if they did not meet certain performance expectations.
- As part of the 2001 reauthorization, the No Child Left Behind (NCLB) act expanded testing to more grades and required certain corrective actions if schools did not meet performance expectations.
- As part of the 2015 reauthorization, the Every Student Succeeds Act (ESSA) still requires testing but removes many of NCLB's repercussions.

#### **✚ Three Major Acts Govern Federal Role Today**

- „The Healthy, Hunger-Free Kids Act supports several child nutrition programs.
- „The ESSA supports several elementary and secondary education programs.
- „The Individuals With Disabilities Act supports services for students with disabilities.

## **Every Student Succeeds Act (ESSA) – And Other Federal Updates**

With the transition to a new president and the transition to a new administration of ED, there is a fair amount of uncertainty and speculation as to what will happen with guidance and regulations issued before these transitions occurred. Congress has the ability to utilize the Congressional Review Act (CRA), which gives Congress the authority to pass a joint resolution of disapproval within 60 days of the publication of any final regulation. If signed by the president, this resolution not only rescinds the regulation at issue, but also prevents the agency from ever issuing anything “substantially similar” on the same piece of law. At the State Board of Education’s March 8-9 meeting, it was announced that Congress has invoked the CRA for the Higher Education Act Title II Teacher Preparation Regulations ([H.J.Res. 57](#)) and ESSA Title I Accountability Regulations ([H.J.Res. 58](#)). Both resolutions will head to President Trump who is expected to sign and overturn the regulations. Despite this uncertainty, SBE anticipates that this will have little impact as California remains committed to streamlining local, state, and federal requirements into a single, coherent system for planning, accountability, and continuous improvement and support.

### ***Title Funding***

*Title I:* allocations will be reduced by a new 7% *state*-level set-aside for school improvement to the districts. Based on a memo from the US Census Bureau recommending caution to take back either 5%, 10% or 15% *PLUS* assume state will also do set-aside of 7% so could take up to a 22% cut in funding in 2017-18. The census spreadsheets were sent out to the CARS list-serve. You can email the CARS group directly to get the email that was sent out with the census data.

*Title II:* The hold harmless will be taken away. The funds will then be redistributed. Districts should be cautioned there could be large swings in funding for 2017-18.

*Title III:* There are no changes in the calculation formula for Title III, Part A under ESSA.

Various items of importance to the federal Every Student Succeeds Act (ESSA) are discussed in ESSA Update #6 (attached) which can be located at <http://www.cde.ca.gov/re/es/letter18jan17.asp>.

### ***\*\*\*School Level Expenditure Accounting***

As recent as February 2017, CDE was proceeding as if the ESSA regulations would go through as is and that education would need to develop means of school level accounting in time for the 2018-19 school year. In March 2017, CDE shared that the federal regulations that provide for the one-year extension of the due date to 2018-19 for state and LEA report card dissemination, as well as the requirement that states develop a uniform methodology to calculate per-pupil expenditures at the LEA and school level, will most likely be repealed. As a result, we will need to be prepared to account for school-level expenditures in 2017-18. CDE may consider developing general guidelines. We will keep you posted.

### ***LCAP Addendum***

To ensure that federal planning requirements are aligned with the State and local planning efforts, **the CDE has developed a Local Educational Agency Plan LCAP Addendum (LCAP Addendum)** to supplement the LCAP. The CDE anticipates the LCAP Addendum will be made available in spring 2017.

- For the **2017–18** transition year, LEAs will meet State and federal planning requirements through the LCAP, the LCAP Addendum, and the Consolidated Application Reporting System (CARS).
- All LEAs applying for ESSA funding in **2018–19** will be required to complete the appropriate sections of the LCAP Addendum in concert with the 2018–19 LCAP review and update.

## **District of Choice ~ An Update**

The District of Choice program has been around since the mid 1990's. Program is no longer operational effective July 1, 2017 and ceases January 1, 2018 unless re-authorized. There is a longstanding legal opinion that the (basic aid) program will be funded through 2017-18 because students have been accepted prior to the sunset date.

**SB52** has been introduced to extend the program for 5 more years.

**AB185** has also been introduced to extend the program but does NOT include the basic aid choice funding provision.

Existing code indicates that High School Districts that have accepted students must continue to serve them through matriculation. Same conditions do not apply to Elementary School Districts. See Education Code sections 48300 through 48315.

### **On-Behalf Contributions Update to CalSTRS 67 & 68 FAQs Web Page**

Effective this year, CalSTRS will provide information regarding the CalSTRS on-behalf contributions. CDE will no longer be providing the STRS on-behalf rate. CalSTRS has added on-behalf contributions frequently asked questions (FAQs) to its GASB 67 and 68 FAQs Web page at <http://www.calstrs.com/general-information/gasb-67-68-frequently-asked-questions>. One of those FAQs provides two example methodologies, including stepped-out calculations, for LEAs to determine their share of the state's on-behalf contributions:

- I. Use the same proportionate share percentage as calculated by CalSTRS and published in its annual audited Other Pension Information (OPI). This proportionate share percentage is used to determine school employers' proportionate share of State Teachers' Retirement Plan's net pension liability, deferred inflows and deferred outflows of resources, if school employers choose to use CalSTRS calculation.
- II. Calculate State contributions as a percent of total creditable compensation (covered payroll) and multiply by each school employer's creditable compensation to calculate on-behalf contributions applicable for that school employer.

CalSTRS advises that school employers develop their own policies for determining estimates of on-behalf contributions, and to refer to GASB 68 authoritative literature, its accounting policies, auditors, etc. during implementation.

### **LCFF – MPP Calculation**

Step 2 (Prior Year [estimated] Expenditures for Unduplicated Pupils above what was spend on services for all pupils) of the 7-step Minimum Proportionality Percentage (MPP) calculation gives LEAs leeway to shape inputs into the calculation in ways that affect the LEA's future obligation to increase or improve services for 'high need students' (low-income students, English learners, and foster youth) such as in **defining the prior year or baseline expenditures on services provided for high need students and defining what is your core program.**

1. How did the LEA define the prior year (baseline) level of services for high need students in 2013-14? Did the LEA use only the prior (2012-13) level of Economic Impact Aid (EIA) or did the LEA add additional services too?
2. How did the LEA add to the prior year level of services for high need students each year after 2013-14 (i.e., for new high need student services added in 2014-15 and thereafter)?

### **LCAP Updates**

1. The State Board of Education has re-named the evaluation rubrics as the California School Dashboard.  
Evaluation Rubrics = California School Dashboard
2. The new LCAP Addendum is coming... spring 2017.
3. The updated Local Control Accountability Plan (LCAP) – new, improved, changed!

**CDE's "California Model Five by Five Placement Reports and Data" ~ An Additional Dashboard** Separate from its new California School Dashboard, the CDE has prepared **another** online resource that consists of color grids showing a breakdown of how every school in a district did on each performance indicator, with links to each school's dashboard report. The California Model Five-by-Five Placement Reports and Data

(<http://www6.cde.ca.gov/californiamodel/>), as the site is called, is a one-stop school comparison tool that will enable parents, teachers and district administrators to identify high-performing schools that could serve as models and low-performing schools as priorities for help in a district's LCAP.

An example below displays how San Jose Unified's schools did on the Smarter Balanced English language arts test for grades 3 to 8:

LEVEL	Declined Significantly by more than 15 points	Declined by 1 to 15 points	Maintained Declined by less than 1 point or increased by less than 7 points	Increased by 7 to less than 20 points	Increased Significantly by 20 points or more
Very High 45 or more points above	Yellow (None)	Green (None)	Blue • <a href="#">Hammer Montessori at Galarza Elementary</a>	Blue • <a href="#">Booksin Elementary</a> • <a href="#">Bret Harte Middle</a> • <a href="#">Los Alamitos Elementary</a> • <a href="#">Simonds Elementary</a> • <a href="#">Williams Elementary</a>	Blue • <a href="#">Graystone Elementary</a>
High 10 points above to less than 45 points above	Orange (None)	Yellow (None)	Green • <a href="#">Schallenberger Elementary</a>	Green • <a href="#">Castillero Middle</a> • <a href="#">Rachel Carson Elementary</a> • <a href="#">Reed Elementary</a> • <a href="#">Willow Glen Elementary</a>	Blue • <a href="#">Hacienda Science/Environmental Magnet</a> • <a href="#">River Glen</a>
Medium 5 points below to less than 10 points above	Orange (None)	Orange (None)	Yellow • <a href="#">Terrell Elementary</a> • <a href="#">Willow Glen Middle</a>	Green <b>San Jose Unified (District Placement)</b>	Green (None)
Low More than 5 points below to 70 points below	Red • <a href="#">Selma Olinder Elementary</a>	Orange • <a href="#">Ernesto Galarza Elementary</a>	Yellow • <a href="#">Anne Darling Elementary</a> • <a href="#">John Muir Middle</a> • <a href="#">Merritt Trace Elementary</a> • <a href="#">Washington Elementary</a>	Yellow • <a href="#">Canoas Elementary</a> • <a href="#">Grant Elementary</a> • <a href="#">Herbert Hoover Middle</a> • <a href="#">Lowell Elementary</a>	Yellow • <a href="#">Allen at Steinbeck</a> • <a href="#">Almaden Elementary</a> • <a href="#">Empire Gardens Elementary</a> • <a href="#">Horace Mann Elementary</a> • <a href="#">Peter Burnett Middle</a>
Very Low More than 70 points below	Red (None)	Red (None)	Red (None)	Orange • <a href="#">Gardner Elementary</a>	Yellow (None)

The horizontal axis measures performance over time. The vertical axis measures results on the latest test. A school's color is the intersection of the two.

### **An Additional Additional Dashboard from EdSource**

EdSource has compiled the key indicators in an easy-access database for each school or district in the state. It is located at: <https://edsources.org/2017/california-school-dashboard> .

### **Class Size Penalties**

This attendance information is only reported at P-2. Please see blue handout.

### **Contact Information and Helpful Web links**

- Principal Apportionment and Special Education (PASE) Office: [PASE@cde.ca.gov](mailto:PASE@cde.ca.gov)
- Stay informed by *joining* CDE's listservs:
  - ✚ PASE: [join-pase-contacts@mlist.cde.ca.gov](mailto:join-pase-contacts@mlist.cde.ca.gov)(send a blank e-mail)
  - ✚ LCFF: [join-LCFF-list@mlist.cde.ca.gov](mailto:join-LCFF-list@mlist.cde.ca.gov)(send a blank e-mail)
  - ✚ CALPADS: <http://www.cde.ca.gov/ds/sp/cl/listservs.asp>
- LCFF Information (Funding Overview, FAQs, etc.): <http://www.cde.ca.gov/fg/aa/lc/>
- CDE's LCFF Reports Web Page: <http://ias.cde.ca.gov/lcffreports/>
  - ✚ LCFF Funding Snapshot
  - ✚ LCFF State Priorities Snapshot
- LCFF Audit Finding Calculator and Derived Value of ADA: <http://www.cde.ca.gov/fg/au/ag/statecomp.asp>
- EPA FAQs <http://www.cde.ca.gov/fg/aa/pa/pafaq.asp>

### **Dates to Remember:**

- 04/06/2017 Attendance ~ Charter physical location corrections due to SCOE
- 04/17/2017 P-2 attendance ~ due to SCOE

05/01/2017	Reviewing Financial Audits ~ presented by Government Financial Strategies - <b>free</b> to LEAs within Sonoma County
05/17/2017	Next Fiscal Year Workshop
05/18/2017	2017-18 May Revision Workshop @ SCOE ~ School Services of California
05/22/2017	2017-18 May Revision Budget Perspectives@ SCOE ~ Capitol Advisors - <b>free</b>
05/25/2017	Year End Close Workshop
05/25/2017	DBUG

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