

SONOMA COUNTY OFFICE OF EDUCATION



Bulletin No. 18-09

January 2018

January 26, 2018

To: District/Charter Business Services
From: Shelley Stiles, Director External Fiscal Services

State of the State

As the governor's Department of Finance released its proposed 2018-19 budget, State Controller Betty T. Yee reported that California's total revenues of \$16.25 billion for December were \$2.79 billion above June's budget expectations.

"I can sum up the governor's budget in one word: smart. The federal tax measure did not just stick it to California's individual taxpayers—it also likely will have a devastating impact on our state budget, which may mean less money for essential social services such as Medi-Cal, Medicare, and the children's health insurance program," said Controller Yee, the state's chief fiscal officer. "We are not going to know for months just how deep the wounds will be from the president's massive giveaway, so until we do, Governor Brown is once again wise in exercising caution with responsible short-term spending, boosting rainy day fund reserves, and paying down debt."

- ✚ Personal income taxes (PIT) and corporation taxes, two of the "big three" sources of General Fund dollars, exceeded projections for the month. All three, including retail sales and use taxes, are ahead of fiscal year-to-date estimates. For the first half of the 2017-18 fiscal year, total revenues of \$57.21 billion are higher than budget projections by 7.1 percent and 10.6 percent higher than the same period in 2016-17.
- ✚ For December, PIT receipts, the state's largest revenue source, were \$11.50 billion, or 25.0 percent above projections. While a portion of the variance may be due to taxpayer behavior, it is likely to be offset by reductions in future months' receipts. For the fiscal year, PIT receipts of \$39.10 billion are higher than budget estimates by \$2.28 billion or 6.2 percent.
- ✚ Corporation taxes for December of \$2.47 billion were \$699.0 million or 39.6 percent higher than expected. For the fiscal year to date, total corporation tax receipts of \$4.26 billion are \$932.2 million, 28.0 percent, above assumptions in the 2017-18 Budget Act.
- ✚ Sales tax receipts of \$1.86 billion for December were \$272.4 million lower than anticipated in the budget. However, for the fiscal year, sales tax receipts of \$12.03 billion are \$461.0 million or 4.0 percent above budget estimates.

Governor's 2018-19 Proposed Budget

On January 10, 2018, the Governor released his final proposed State Budget for the upcoming 2018-19 fiscal year. He caps off his legacy of restructuring the entire public education funding delivery model. Ahead of schedule, the proposal includes fully funding LCFF in 2018-19. Some of the major 2018-19 budget components include:

- \$78.3 billion Proposition 98 funding in 2017-18
- LCFF gap closure rate of 100%, two years early with an infusion of nearly \$3 billion
- 2.51% statutory COLA, applied to LCFF base grant for 2018-19
- \$200 million ongoing to establish a K-12 specific component of the community college-administered Strong Workforce Program to support K-12 CTE programs aligned with needed industry skills
- \$1.8 billion for discretionary one-time mandate monies (approximately \$295 per ADA); these funds will offset LEAs' outstanding mandate reimbursement on a dollar for dollar basis.
- For School Facilities; authorize a total of \$640 million in Proposition 51 bond authority

2nd Interim Guidance & Common Message

A separate SCOE Biz containing 2nd Interim guidance and required submissions will be e-mailed out to all Business contacts the first week of February, along with the Common Message for 2nd Interim. SCOE will be analyzing fiscal stability of each LEA using the updated assumptions included with the Governor's 2018-19 Proposed Budget.

CALPADS Certification Report 1.19

Attached is the CALPADS 1.19 - COE LCFF-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 18.2c of the LCFF calculator on the FCMAT website at

<http://fcmat.org/local-control-funding-formula-resources/> has been updated with the assumptions from the Governor's Proposed Budget, containing calculations for all LEA's reaching 100% full funding in 2018-19. All other versions of the calculator will not provide an accurate estimate.

Don't forget that the calculator pre-fills 2016-17 with P-2 data. The property tax sections should be overridden manually to match 2016-17 P-Annual taxes.

2017-18 Property Tax Estimates

P-1 Estimates for property taxes were submitted to CDE in mid-December and have been emailed to each district along with guidance and explanations. The P-1 submission does include estimated reductions in property taxes county-wide due to the October 2017 fires. Attached is correspondence from the Sonoma County Auditor-Controller-Treasurer-Tax Collector dated January 22, 2018. There will be an additional posting of secured property tax revenue to Districts this month. These are not additional taxes, but rather an early payment of the April secured tax installment due to heavy unseasonal tax collections since the December payments. Please read the memo fully and contact your SCOE accountant with any questions or concerns.

J13A waivers for closed days

All waivers received as of 1/25/2018 have been forwarded to CDE for final approval by the California State Board of Education (SBE). You will be notified when approved. The SBE meets six times per year and upcoming meeting dates are March 14-15, 2018 and May 9-10, 2018. P-2 attendance should be submitted with a reduced divisor after the waiver approval is received. A revised and updated form J13A along with advisory postings can be found on the CDE web page at <https://www.cde.ca.gov/fg/aa/pa/j13a.asp>. This new form should now be used from this point forward. CDE will no longer accept any waivers on the old format. If you would like SCOE to review your J13A waiver prior to board approval please contact your SCOE accountant. There are still a handful of districts that have not completed the waiver for closed days.

J13A waivers for material decreases in ADA can also be filed by any LEA. Never fear! Your SCOE accountants will be doing a repeat training for filing waivers for material decreases. We are just waiting for final confirmation of how long the time period for material decrease can be for.... ie - a few days immediately after the closure, a month... or for the full school year. Please contact your SCOE Accountant if you plan to file a material decrease waiver.

NPS Closure Days and ADA reporting

The following guidance has been received from CDE regarding NPS closure days:

When there is a school closure due to an emergency at a NPS, the closure would be considered a non-instructional day and the student should not be marked absent. For attendance accounting purposes, the NPS is not required to change their attendance calendar except noting that it was a non-instructional day in their attendance records. In terms of reducing the divisor for the school closure, you would use the same method as you would for any other school (see FAQ #25 below). For re-calculating the NPS ADA, the district needs to calculate days operated by the NPS up to Principal Apportionment period, and compare the NPS' divisor with the district's P-1/P-2/AN divisor and use whichever is higher for NPS ADA.

25. When there is a school closure, should the local educational agency (LEA) adjust the divisor immediately or wait for the California Department of Education (CDE) J-13A approval letter?

An LEA applying on behalf of schools that calculate average daily attendance (ADA) based on days taught (without a fixed divisor) should reduce their divisor (days taught) for any school closure, disregarding whether it was approved or not, because it was not a day of instruction.

An LEA applying on behalf of schools that calculate ADA using a fixed divisor should reduce their divisor only when the State Superintendent of Public Instruction has approved their school closure. Once the J-13A approval letter has been received, the LEA should reduce their divisor (days taught) by the days approved for closure. After the ADA has been recalculated using the reduced divisor, the LEA should submit a corrected attendance file with the updated numbers to the CDE.

All LEAs should keep the J-13A approval letter to document the school's compliance with instructional time laws and authority to maintain school for less than the required annual instructional days and minutes without incurring a fiscal penalty to their Local Control Funding Formula funding.

Please visit the Form J-13A web page at <https://www.cde.ca.gov/fg/aa/pa/j13a.asp> for more information.

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, 2018 to January 31, 2018. You may report your data at any time during this period. LEAs must submit cash balance data by January 31, 2018, 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 is 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.

CARS Update re: 2017-18 Application for funding for Title IV, Part A

The 2017-18 Application for Funding has been re-opened for Districts to apply for Title IV, Part A in the 2017 Winter Release. Local agencies have until February 28, 2018 to choose to apply for Title IV funds. See the attached CARS News Flash #59 for more details.

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, 2018 the adjusted bid threshold is \$90,200.

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/>.

Minimum Wage Increase

Minimum wage increased from \$10.50 per hour to \$11.00 per hour beginning January 1, 2018.

Proposition 39 - Clean Energy

February 26, 2018, is the final opportunity to request Proposition 39 funding. If a local educational agency (LEA) has award allocation remaining, now is the time to apply by submitting an energy expenditure plan (EEP) to the Energy Commission. All amendments requesting additional Proposition 39 K-12 grant funding are also due by February 26, 2018. After February 26, 2018, the Energy Expenditure Plan Online System will not accept new energy expenditure plans or amendments requesting additional Proposition 39 funding. However, amendments for adjustments to approved EEPs that do not request additional funding will continue to be accepted after February 26, 2018. Rules regarding amendments that document significant EEP changes are outlined in the program guidelines. 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), or for those out-of-state at [\(916\) 653-0392](tel:916-653-0392).

REQUIRED After Action Report regarding October Wildfire

The After Action Report is required, even if your district or private schools were not directly affected by the fires. Keep in mind that all districts and private schools took action during this emergency, which included closing schools and seeking waivers for attendance reporting:

Pursuant to §2450(a), Chapter 1, Division 2, Title 19 CCR, "any city, city and county declaring a local emergency for which the governor proclaims a state of emergency, and any state agency responding to that emergency, shall complete and transmit an after-action report to OES within ninety (90) days of the close of the emergency period as specified in CCR, Title 19, §2900(j)."

In addition:

Beyond the statutory requirement for after-action reports, information collected through this process is important for the California Governor's Office of Emergency Services in ensuring the effectiveness of the Standardized Emergency Management System. Information can also demonstrate grant performance activity associated with FEMA training and exercise programs; thus providing justification for future grant funded emergency management programs for California.

All districts need to complete the AFTER ACTION Report and submit according to the directions on the last page. The report was emailed out to all districts as a word document. Please contact Dave Mathe at dmathe@scoe.org and he will be able to go through the form with you line by line. He has done this with other districts and they have completed it in a very short amount of time.

Expecting a Check from Follett?

SCOE has received a payment from Follett School Solutions the includes payments to 5 Sonoma County School Districts but does not provide any details on the district names. If you are expecting a refund please contact Bonnie Tanner at btanner@scoe.org Refund amounts range from \$27.41 to \$257.16.

Contact Information and Helpful Web links

- Principal Apportionment and Special Education (PASE) Office: PASE@cde.ca.gov
- Stay informed by *joining* CDE's listservs:
 - PASE: join-pase-contacts@mlist.cde.ca.gov(send a blank e-mail)
 - LCFF: 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>
- Funding Rates and Information ~ Principal Apportionment:
<https://www.cde.ca.gov/fg/aa/pa/ratesandinfo.asp>

Differentiated Assistance, Continuous Improvement, Improvement Science – Oh my!:

Just like Lions, Tigers, and Bears – Oh my!, are you hearing these terms being bantered around your district and are wondering - Oh my, what do these words mean and how do they impact business services?

Differentiated Assistance: The Statewide System of Support identifies Differentiated Assistance as an opportunity to provide eligible LEAs that have been shown in the Dashboard to need attention in two or more Local Control Funding Formula priority areas for a student group. The priorities are represented with indicators on the Dashboard. The state's priorities for education include pupil achievement (math and English Language Arts test scores and English Learner progress); school climate (suspension rates); and pupil engagement (graduation rates).

Under this new system of support, County Offices of Education will work in partnership with LEAs to identify the cause of performance gaps for student groups and develop strategies to improve.

Continuous Improvement or **Improvement Science** is an approach to support LEA's in examining systems & structures to more deeply understand the underlying causes of performance gaps and developing strategies for improving outcomes for students. The approach uses a variety of tools to gather and analyze data, both quantitative and qualitative, to help hone in on a problem under the system, and engage in cycles to improve outcomes. Rather than looking for quick fixes this process requires a slow and methodical approach to defining a problem before jumping to a solution and testing out change ideas on a small scale prior to implementing them on a larger scale.

Dates to Remember:

01/30/2018	HR/Payroll User Group
01/31/2018	ACA Verification due to IT
02/01/2018	CALPADS Fall 2 for Administrators
02/01/2018	CALPADS SchoolWise User Group
02/05/2018	GL Clean-Up
02/08/2018	CALPADS – CA Dashboard, Foster/Homeless, and Migrant Training
02/15/2018	CALPADS Aeries User Group
02/20/2018	Prior Year ADA Corrections to P-2 and P-Annual due, Prior Year Audit Adjustment to CalPads data due
02/22/2018	DBUG
03/07/2018	Finance User Group
03/16/2018	ESCAPE Open Lab
03/20/2018	FY19 Position Control Workshop
03/20/2018	FY19 Budget Development Workshop
03/21/2018	CALPADS SchoolWise User Group
03/22/2018	CALPADS Aeries User Group
03/23/2018	Charter/District Meeting
03/23/2018	DBUG

NOTE:

Want to add something to a DBUG Agenda? Contract DBUG Chair Christina Menicucci

Want a topic added to SCOE Biz? Contact Shelley Stiles at sstiles@scoe.org

Documents presented at DBUG and Firestorm Disaster Documents may be found at

<http://www.scoe.org/pub/htdocs/fiscal-dbug.html>

Workshop manuals and Fiscal Services/IT forms may be found at <http://www.scoe.org/escape> under the heading of Resources on the left side of the page.