

SONOMA COUNTY OFFICE OF EDUCATION



Bulletin No. 18-12

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

State of the State

California's total revenues of \$17.35 billion for January beat the governor's 2018-19 proposed budget estimates by \$2.37 billion, or 15.8 percent, and outpaced 2017-18 Budget Act projections by \$1.45 billion, or 9.1 percent, State Controller Betty T. Yee reported on February 13, 2018.

- ✚ Personal income taxes (PIT) and corporation taxes, two of the "big three" sources of General Fund dollars, exceeded estimates for the second consecutive month and are both surpassing assumptions for the fiscal year. For the first seven months of the 2017-18 fiscal year, total revenues of \$74.56 billion are higher than expected in the January budget proposal by 4.0 percent, 7.5 percent above the enacted budget's assumptions, and 11.7 percent higher than the same period in 2016-17. For January, PIT receipts of \$15.60 billion were \$2.25 billion, or 16.9 percent, above the proposed budget's projections and \$1.33 billion ahead of 2017-18 Budget Act estimates. For the fiscal year, PIT receipts of \$54.70 billion are higher than anticipated in last summer's budget by \$3.61 billion, or 7.1 percent.
- ✚ Corporation taxes for January of \$551.6 million were \$211.3 million, or 62.1 percent, higher than expected in the proposed budget and \$143.4 million above the enacted budget's estimates. This variance is partially because refunds were approximately \$38.0 million lower than anticipated. For the fiscal year to date, total corporation tax receipts of \$4.81 billion are \$1.08 billion, or 28.8 percent, above assumptions in the 2017-18 Budget Act.
- ✚ Sales tax receipts of \$1.01 billion for January were \$138.0 million, or 12.0 percent, lower than anticipated in the governor's budget proposal unveiled last month. Notably, for the fiscal year, sales tax receipts of \$13.03 billion are \$151.2 million lower than January's assumptions but \$396.6 million, or 3.1 percent, above the enacted budget's expectations.

2017-18 First Principal Apportionment

The 2017-18 First Principal (P-1) Apportionment has been certified, which includes updated calculations for 2016-17 (Annual) and 2015-16 (Annual R-2). The P-1 information is available on the California Department of Education's (CDE) Web site at <https://www.cde.ca.gov/fg/aa/pa/pa1718.asp>. Special Education AB 602 ADA, Statewide Rates and Factors, and Out of Home Care information is also available on the Special Education Web page at <https://www.cde.ca.gov/fg/aa/se/index.asp>.

The CDE has also certified the 2017-18 Third Quarter Apportionment for the Education Protection Account (EPA). The EPA apportionment letter and payment schedule are available on the CDE Web site at <https://www.cde.ca.gov/fg/aa/pa/epa.asp>.

The CDE provides funding rates and information at <http://www.cde.ca.gov/fg/aa/pa/ratesandinfo.asp>.

LCFF – Supplemental/Concentration Grant & MPP Calculation

In 2018-19 LCFF will be fully funded and the LEA’s minimum proportionality percentage (MPP) requirement changes with this full implementation. During the Gap Years prior to full funding, the calculation of supplemental and concentration grant funds is based on revenues and incorporates prior-year supplemental and concentration grant expenditures, moving incrementally upward toward full implementation. At Full Implementation, the calculation of supplemental and concentration grant funds is based solely on the revenue calculation contained in Education Code Section (E.C.) 42238.02.

For the 2018-19 LCAP, each LEA will be accounting for the full 100% of supplemental and concentration grant (S&C) Funds or MPP. LEA’s will most likely see an increase in S&C funds from the 2017-18 LCAP. It is important that each LEA understand the potential impact of full funding. To calculate the difference from 2017-18 S&C funds, LEA’s will need to identify the total S&C grant funds on the current 2nd Interim LCFF calculator. The total S&C funds can be found in three locations in the calculator: the MPP tab, the bottom of the Summary tab, or in the Calculation Tab. Compare the 2018-19 S&C fund total on the LCFF calculator to the actual S&C total approved for your 2017-18 LCAP in the section labeled Demonstration of Increased or Improved Services for Unduplicated Pupils.

2017-18 2nd Interim Summary Tab of LCFF Calculator:

LCAP Percentage to Increase or Improve	2016-17	2017-18	2018-19	2019-20
Current year estimated supplemental and conc	\$ -	\$ -	\$ -	\$ -
Current year Percentage to Increase or Improve	0.00%	0.00%	0.00%	0.00%

2017-18 LCAP:

Demonstration of Increased or Improved Services for Unduplicated Pupils

LCAP Year: XXXX–XX

[Estimated Supplemental and Concentration Grant Funds](#)

\$ [Add amount here]

[Percentage to Increase or Improve Services](#)

[Add percentage here] %

J13A waivers for closed days

All waivers received as of 2/20/2018 have been forwarded to CDE for final approval. You will be notified when approved. No official approvals have been received yet. Per guidance received from CDE last week, you should change your attendance divisor to match the days taught, and this can be done immediately. P-2 attendance can be submitted with a reduced divisor. There are still four (4) LEA’s that have not completed the waiver for closed days. The waivers need to be completed as soon as possible.

J13A waivers for material decreases in ADA can also be filed by any LEA. We still do not have 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.

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

GASB 75 – First Year Implementation: 2017-2018

GASB 75 purpose: to align postemployment benefits (OPEB) accounting to be consistent with pension in order to compare the different liabilities. This additional disclosure drives more useful information and high level of transparency. GASB 75 will mirror GASB 68. Net or Total OPEB Liability will be recorded on the financial statements. A

strictly prescribed actuarial methodology and discounting will be used to produce the OPEB liability and more frequent actuarial valuations will be required. It is recommended that you contact your auditor to verify that your LEA has the correct information available in your current actuarial study to properly record OBEB benefits in your 2017-18 Unaudited Actuals documents and for your auditor to include in your 2017-18 Audit. A new or updated actuarial study may be required.

Special Ed SACS code consolidation

Previously, the State Budget Act had separate schedules within the federal Special Education budget item for IDEA Local Assistance entitlements, IDEA Preschool Local entitlements, and State Institution funding. Currently, the federal Special Education budget item has only one schedule for IDEA Local Assistance entitlements. Because the funding is now consolidated into one schedule, CDE program staff have determined that it is no longer necessary to prepare three separate grant awards. Consequently, it is no longer necessary to maintain three separate resource codes. **Effective 2018–19, the CDE will consolidate the following resource codes into the existing Resource 3310, Special Education: IDEA Basic Local Assistance Entitlement, Part B, Sec 611:**

- Resource 3320, Special Ed: IDEA Preschool Local Entitlement, Part B, Sec 611
- Resource 3400, Special Ed: Disabled Children State Institutions, Part B, Sec 611

Note that this change is due to a legislative issue and will not impact funding levels.

Dates to Remember:

03/07/2018	Finance User Group
03/09/2018	Ask the Auditor Workshop
03/09/2018	CALPADS – CTE Course Coding
03/15/2018	Second Interim Reports due to SCOE
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
03/23/2018	LCAP workshop/presentation at DBUG
03/30/2018	Hands on Position Control Lab
03/30/2018	Hands on Budget Development Lab
04/13/2018	ESCAPE Open Lab
04/26/2018	DBUG

NOTE:

- Want to add something to a DBUG Agenda? Want a topic added to SCOE Biz? Contact DBUG Chair Christina Menicucci
- 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.