

SONOMA COUNTY OFFICE OF EDUCATION



Bulletin No. 18-14**March 2018**

March 23, 2018

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

State of the State

According to the March 2018 State Controller's Office monthly report, California's total revenues of \$6.51 billion for February were slightly lower than estimates in the governor's 2018-19 proposed budget by 6.3 percent, and under 2017-18 Budget Act projections by 8.7 percent, State Controller Betty T. Yee reported on 3/9/2018.

For the fiscal year overall, the "big three" sources of General Fund revenue, personal income tax (PIT), retail sales and use tax, and corporation tax, are beating estimates in the enacted budget. For the first eight months of the 2017-18 fiscal year, total revenues of \$81.07 billion are 3.1 percent higher than expected in the January budget proposal, 6.0 percent above the enacted budget's assumptions, and 10.6 percent higher than the same period in 2016-17.

- ✚ For February, PIT receipts of \$2.99 billion were 14.4 percent below the proposed budget's projections. The decrease of \$505 million in February's PIT revenues is due to the net impact of lower receipts and higher refunds, which were \$293 million above estimates in the governor's proposed budget. For the fiscal year, PIT receipts are higher than anticipated in the 2017-18 Budget Act by \$2.92 billion.
- ✚ Corporation taxes for February of \$164.3 million were 23.1 percent higher than expected in the proposed budget. For the fiscal year to date, total corporation tax receipts are 28.1 percent above assumptions in the 2017-18 Budget Act.
- ✚ Sales tax receipts of \$3.24 billion for February were \$22.6 million higher than anticipated in the governor's budget proposal unveiled in January. For the fiscal year, sales tax receipts are \$421.6 million higher than the enacted budget's expectations.

Immediate Aid to Restart School Operations (Restart) Program

The purpose of the Restart Grant program is to assist local educational agencies (LEAs) and non-public schools with expenses related to the restart of elementary and secondary schools in areas where a major disaster or emergency was declared related to the consequences of Hurricanes Harvey, Irma and/or Maria or the California Wildfires in 2017.

1. **Districts need to apply for grant if they want to participate:** On behalf of impacted LEAs, the CDE is applying for a Restart Program grant from the U.S. Department of Education. Interested LEAs must complete an application by Tuesday, March 27, 2018, and email to EmergencyServices@cde.ca.gov. The program application can be found at <https://www.cde.ca.gov/ls/fa/sf/restartprogram.asp>. The CDE will submit California's Restart Program Grant on Friday, March 30, 2018.
 - See the attached information for more details. This is another opportunity to receive funding for expenses incurred due to the October firestorms that may not be covered by local insurance reimbursements or FEMA claims.
2. **CDE needs information from all Districts and Charters that filed J-13A waivers. SCOEBIZ will complete and file a Restart Data form for all by Tuesday 3/27/2018 on behalf of each LEA.** This process tells the Federal government the extreme need for funding in our county and will help those deeply affected districts receive the funding.

District of Choice ~ An Update

Districts that elect to operate as a District of Choice have to register as a District of Choice. They must register by submitting a registration form to the CDE again if you are operating a program and wish to remain in the program. If you are already operating as a District of Choice, and you wish to withdraw from this program, the application includes a withdrawal notification option. The application is available here: <https://surveys2.cde.ca.gov/go/districtofchoice.asp>.

Registering is just one step in the process of being a District of Choice. **Registration is due by July 1, 2018.**

Your independent auditor will be auditing you on this program beginning in 2018-19.

The 2018-19 Audit Guide proposes to add the following language:

- Determine if the governing board of a school district elected to operate as a school district of choice
- If the governing board of a school district elected to operate as a school district of choice, perform the following:
 - Verify the school district of choice registered as a school district of choice with the California Department of Education and the county board of education where the school district of choice is located
 - Verify the school district of choice adopted by resolution the number of transfers it is willing to accept and that the school district accepted all pupils who apply to transfer until the school district is at maximum capacity
 - Review the school district's selection process and verify that there is no inquiry into student characteristics, other than for purposes of free and reduced-price meal eligibility, to determine whether or not a pupil be enrolled according to E.C. 48301(a)
 - If the number of transfer applications exceeded the number of transfers the governing board of a school district of choice elected to accept, verify a public drawing was held by reviewing the board minutes of which the determination was made at a regularly scheduled meeting of the governing board
 - Verify the school district of choice collected the required data in E.C. 48313(a)
- Report any noncompliance in a finding

CalPERS Employer Rates

The CalPERS Board recently took action to adopt new actuarial assumptions and a new strategic asset allocation that will impact the employer contribution requirements. CalPERS circular letter 200-015-18 is attached providing detailed background information and discussion. The CalPERS board is expected to adopt the actual 2018-19 schools employer rates at its April 2018 meeting.

Class Size Penalties

This attendance information is only reported at P-2. P-2 attendance reporting details will be sent out prior to the April 17, 2018 deadline for submission to SCOE.

Got Bees?

The Bee Association has offered to remove and relocate any bee swarms that we have or that any of our districts have. The contact is David McGahey at [\(707\) 772-7588](tel:7077727588).

Charter Schools – Payroll Frequency Requirement

California Labor code – does it apply to charter school employees?

The answer is yes and no, as addressed in a March 2018 FCMAT Fiscal Alert. Attached is the full alert. Please read it in its entirety as there is lots of information for Charters to think about.

Charters may need to follow labor code and pay classified and administrative employees twice monthly; however conversion charters may be exempt from this labor code and can continue with their current practice of paying employees monthly. Independent charters may need to move to a twice monthly payroll to be in compliance with labor code. Independent 501c3 charters who process their payroll through SCOE in ESCAPE will have an opportunity to convert to twice monthly payrolls beginning July 1, 2018. SCOE has asked School and College Legal Services to provide guidance to all Sonoma County Charters. Stay tuned for more information.

ADA Loss Due to Student Protests

School Services of California published Fiscal Report; Volume 38 No. 5, dated March 9, 2018 based on a question submitted by a District.

School & College Legal Services of California published Memo No.07-2018 on the same subject.

Both agencies stated that any losses due to student walkouts will not be recovered, but in the event of a school closure following a threat, language in E.C. 41422 might allow the filing of a waiver for the full day. Both articles are recommended reading.

Reporting Changes for Government Compensation in California

Public agencies must annually disclose compensation in California. Upcoming changes in reporting requirement letters have been mailed directly to districts and Charters in mid-January and instruction letters were mailed in mid-February. Attached are sample copies of the letters.

For Calendar Year 2017, districts and charters are advised to choose "yes" in the drop down field to indicate that unfunded liability payments are included in the "Defined Benefit Plan: Employer's Share" column. STRS has indicated that the increasing STRS employer rates are being used for the unfunded liability.

For Calendar Year 2018, you will be required to report the normal costs without the unfunded liability portion. SCOE is working with ESCAPE to make sure this requirement is included in the Pay 54 report used to report the compensation annually before reporting for Calendar Year 2018.

Reports for Calendar Year 2017 must be submitted by June 29, 2018.

Need Document Scanning Services?

SCOE's print shop not only provides reasonably priced full service printing, but can also provide scanning services. If you are in need please contact the SCOE print shop for more information and pricing.

Dates to Remember:

03/28/2018	RESIG – Orientation for Superintendent's, CBO's, HR and Benefit Managers
04/06/2018	Hands on Position Control Lab
04/06/2018	Hands on Budget Development Lab
04/10/2018	SCLS Workshop – Public Contracting (K-12/CCD)
04/13/2018	ESCAPE Open Lab
04/25/2018	SCOE Business Services closed from 8am to 1:30pm
04/26/2018	DBUG
05/03/2018	SchoolWise User Group
05/08/2018	HR/Payroll Updates (Yearly Review) Workshop
05/10/2018	CalPADS/Aeries User Group
05/11/2018	ESCAPE Open Lab
05/16/2018	CalPADS EOY for Beginners
05/16/2018	Next Fiscal Year Workshop
05/17/2018	CalPADS EOY for Advanced Users
05/18/2018	CalPADS for Administrators
05/23/2018	CalPADS in Aeries for Beginners
05/24/2018	Year End Close Workshop
05/24/2018	DBUG
05/25/2018	CalPADS in Aeries for Advanced Users

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.