

# SCOE BIZ

## Business Services Bulletin No. 19-10



5340 Skylane Boulevard  
Santa Rosa, CA 95403-8246  
(707) 524-2600 ■ www.scoe.org

---

January 22, 2019

To: District and Charter Business Services  
From: Shelley Stiles, Director External Fiscal Services  
Subject: January 2019 Edition

### **State of the State**

On the day Governor Gavin Newsom proposed his first budget, State Controller Betty T. Yee reported California's revenues in December fell short of assumptions in the 2018-19 fiscal year budget by \$4.82 billion. For the fiscal year, revenues of \$55.63 billion are 4.4 percent (\$2.54 billion) less than projected in the budget, which was enacted at the end of June.

"With our economy continuing to hover on the brink of a downturn, I applaud Governor Newsom's budget planning with an eye towards building a strong foundation of long-term cost savings and fiscal discipline. The Governor's proposals for debt and pension liability reduction; bold programming investments for education, health care, child care, and housing; and rainy day savings will pay dividends," said Controller Yee, the state's chief fiscal officer. "With thoughtful allocation of finite resources, we can shape solutions to one of our most vexing challenges—the widening inequality that plagues our state."

Personal income tax (PIT), sales tax, and corporation tax — the state's "big three" revenue sources — all were lower than projected in the FY 2018-19 budget. The shortfall in December could be partly due to lags in taxpayer filings at the end of the tax year as a result of federal tax deduction changes. Consequently, January receipts are expected to catch up to the FY 2018-19 budget forecast.

- ✚ Sales tax receipts of \$1.16 billion for December were \$1.42 billion less than anticipated in the FY 2018-19 budget.
- ✚ For December, PIT receipts of \$6.76 billion were \$3.45 billion less than expected in the FY 2018-19 Budget Act. PIT receipts in December 2017 were \$11.50 billion.
- ✚ Last month's corporation taxes of \$2.09 billion were \$179.5 million lower than FY 2018-19 Budget Act estimates.

### **Governor's 2019-20 Proposed Budget**

On January 10, 2019, Governor Newsom released his first proposed State Budget for the upcoming 2019-20 fiscal year. We see a continued commitment to the Local Control Funding Formula (LCFF) by providing the statutory cost of living adjustments (COLA), but no additional augmentation in unrestricted funds. Some of the major 2019-20 K-12 budget components include:

- \$80.7 billion Proposition 98 funding in 2019-20, projected to be based on Test 1
- 3.46% statutory COLA, applied to LCFF base grant for 2019-20; LCFF funding is \$63 billion.
- Statewide ADA is expected to continue to decline.
- A total of \$3 billion in one-time non-Proposition 98 funds to buy down the CalSTRS employer contribution rate (expected decrease of .5% in 2019-20 and 2020-21 over previous projected rates).
- No allocations for discretionary one-time mandate monies were included.

- Governor Newsom acknowledged the rising cost of Special Education services and the proposal includes \$576 million to support expanded Special Education services outside a students individualized education program.
- Early Childhood Education: Child Care, Preschool, and Kindergarten have significant investments leveraged with one time funding include Universal Preschool, Facility funding for Full-Day Kindergarten, Child Care and Birth to Three focuses outside of Prop 98 and K-12 funds.
- Bond sales of an additional 1.5M in Proposition 51 to support the State Facility Program.
- Continues to fund the Systems of Support for school districts in differentiated assistance.

The School Services of California Dashboard is attached for your reference. Look for Sonoma County specific guidance in the next couple of weeks.

### **2<sup>nd</sup> Interim Guidance & Common Message**

A separate SCOE Biz containing 2<sup>nd</sup> 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 2<sup>nd</sup> Interim. SCOE will be analyzing fiscal stability of each LEA using the updated assumptions included with the Governor's 2019-20 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 19.2c** 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, including Statutory COLA of 3.46% for 19-20, 2.86% for 20-21 and 2.92% for 21-22.

Don't forget that the calculator pre-fills 2017-18 with P-2 data and can be updated with by you with any P-2 corrections. The property tax sections should be overridden manually to match 2017-18 P-Annual taxes.

### **Wildfire Relief – 2017-18 Property tax back fill for Basic Aid Districts**

Excerpt from SCOE Biz E-Blast#19-13:

According to CDE, the funds are scheduled to be released between mid-January to early February.

These funds are being backfilled from State revenue sources that are NOT property tax based. It has been determined that the most **appropriate revenue code would be All Other State Revenue, object 8590, with Resource code 0000.**

If you have budgeted the expected revenue in a property tax object code, you may now update your budget to the correct code. I'll send out a notification as soon as the money is received and at that point in time we will know the exact dollar amounts for each Basic Aid District!

### **Revised LCAP Template and Budget Overview for Parents – 2019-20**

On January 9, 2019 the State Board of Education approved revisions to the Plan Summary section of the LCAP template and finalized the template for the added Budget Overview for Parents. See the attached School Services of California Fiscal Report. The revised template and new budget overview information can be found at <https://www.cde.ca.gov/re/lc/> . SCOE ESS will be hosting an LCAP workshop on January 25, 2019 and this information will be discussed in more detail. The LCAP Federal Addendum will also be required for 2019-20.

### **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, 2019 to January 31, 2019. You may report your data at any time during this period. LEAs must submit cash balance data by January 31, 2019, for the following programs in order to receive funds in the next apportionment for those programs (if you are a Title III Consortium LEA, your cash apportionments flow based on the total combined reporting for all Consortium LEAs):

- Title I, Part A;
- Title I, Part D;
- Title II, Part A;
- Title III, Immigrant;
- Title III, LEP
- Title IV

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/>.

### **Federal Quarterly Interest Reporting**

CDE federal program grantees are required to report and remit interest to the CDE at least quarterly. Although grantees are allowed to keep interest amounts up to \$500 per year for administrative purposes, the \$500 is in total for all federal programs, not for each federal program. When reporting and remitting federal interest to the CDE, grantees should specify the time period of interest earning and the federal program resource codes. Interest on federal cash balances should be sent to the CDE at the following address:

California Department of Education  
P.O. Box 515006  
Sacramento, CA 95851  
Attention: Cashier's Office

If no\$ to Remit: Email  
[cashmanagement@cde.ca.gov](mailto:cashmanagement@cde.ca.gov)

Beginning in 2018-19, please provide documentation of the interest calculations and the interest rates supplied by the county treasurer's office with your quarterly reports. A complete list of federally reimbursable programs that should be EXCLUDED from your interest calculations can be found at <https://www.cde.ca.gov/fg/ac/co/reimbursableprograms.asp>. A good report to use for documenting your calculations is the Fiscal24 Resource Cash daily balances. You will need to enter the reporting period (quarter dates), interest rate for the quarter, and specific federal resources you would like to include in the calculation. **Title I, II, III, IV would need to be included but you may have other non-reimbursable programs.**

### **CARS – Consolidated Application and Reporting System**

The 2018-19 CARS Winter Release of data collections is now open. The deadline for data certification is February 28, 2019. The CDE offers a training webinar for new users, Navigating CARS. The webinar can be accessed at <https://www.cde.ca.gov/fg/aa/co/cars.asp>. Details on changes in reporting for the Winter Release can be found at the same link. Attached is a copy of School Services of California's Fiscal Report, Consolidated Application Winter Release.

### **Minimum Wage Increase**

Minimum wage increased from \$11.00 per hour to \$12.00 per hour beginning January 1, 2019.

### **IRS Standard Mileage Rate for 2019**

Beginning January 1, 2019 the mileage reimbursement rate for business travel is 58 cents per mile (up from 54.5 cents in 2018),

**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, 2019 the adjusted bid threshold is \$92,600.

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. California Department of Education (CDE) has posted the 2019 Bid Threshold and Parental Liability Annual Adjustment letters to the CDE Accounting Correspondence web page at <https://www.cde.ca.gov/fg/ac/co/>.

School and College Legal Services is offering a workshop on Public Contracting: February 26, 2019 from 1 – 4 pm. You can sign up for this workshop at <https://sclscal.org/workshops/>.

**J13A waivers for 2018-19 closed days**

LEAs will need to complete a Form J13A, Request for Allowance of Attendance Because of Emergency Conditions by June 30, 2019. As we learned last year, CDE does want separate waivers for each LEA. This means that District Schools need to be on a separate waiver form and Charter Schools each need their own form. It does not matter if the Charter is a “roll up” school for financial reporting purposes. After board approvals of the waivers and all original signatures have been obtained, a single copy of the waiver should be sent to your SCOE Advisor. Charters need an original signature from their authorizing LEA in addition to board member signatures.

LEA closure days are non-student attendance days and therefore your student information system will need to be changed to reflect this. If the waiver is not approved, the district will need to revise their student information system and add in additional student day(s) to the calendar. SCOE will advocate on your behalf for approvals of all waivers submitted.

For waivers due to hazardous air quality, follow the normal J-13A process – i.e. substantiate closures or material decreases as you would normally. Days school was closed should be excluded from school district divisors because school was not taught on those days. The exception for a district would be community day school. Since community day school has a fixed divisor per statute, the district would need to wait for a J13-A approval letter from CDE to reduce the community day school divisor. Similarly, any county office program with a fixed divisor should keep their fixed divisor at the numbers listed in statute until receiving an approval letter from CDE authorizing the county office to reduce the divisor for that program.

There has been discussion at state level meetings with CDE regarding CDE’s stance waivers. CDE is STRONGLY urging all LEA’s to build in emergency closure days on an annual basis, now that filing waivers has become an annual norm. Concern is for the repeated loss of student instructional time over multiple years. In the future, waivers may not be approved and additional days required.

**Classified Employee Summer Assistance Program**

If your LEA is offered this program to your classified employees by the January 1, 2019 deadline please email Shelley Stiles to let us know, so that we may be of assistance to you in setting up ESCAPE to facilitate your participation.

The Employee Election Form to Participate in the Classified School Employee Summer Assistance Program (CESAP) is now available under the Other Contents heading on the California Department of

Education's webpage at <https://www.cde.ca.gov/fg/aa/ca/csesap.asp>. Local educational agencies (LEAs) participating in the CSESAP are advised to provide specific filing instructions to their employees to ensure the election form is submitted to participating LEAs by the statutory deadline of March 1, 2019. For questions on the CSESAP, please contact Derrick Andrade by email at [csesap@cde.ca.gov](mailto:csesap@cde.ca.gov).

### **Classified Professional Development Funds- Resource 7311**

- ✓ This block grant will be funded based on the number of classified school employees in 2017-18. Entitlement information is available at <https://www.cde.ca.gov/fg/aa/ca/csepdbg.asp>
- ✓ **100% of the funding was received in December and is posted to revenue.**
- ✓ The funds, when received, shall be expended with first priority being for professional development for the implementation of school safety plans. Appropriate uses can be found listed in Education Code 45391(C) – see attached.
- ✓ Attached is the CDE letter of First Apportionment. The letter with live links can be found at <https://www.cde.ca.gov/fg/fo/r14/csepdbg18apptltr1.asp>

### **Low-Performing Students Block Grant – Resource 7510**

You do not need to apply for these funds. The first 50% of the LPSBG funds were released and posted in Resource 7510. A School Services of California Fiscal Report is attached.

- ✓ 2018–19 Preliminary Entitlements for the Low-Performing Students Block Grant (LPSBG) are now available on the California Department of Education’s (CDE) web page at <https://www.cde.ca.gov/fg/aa/ca/lpsbg.asp>.
- ✓ **\$1976 per eligible student:** \$300 million state-wide on one-time funding will be available state-wide and will be distributed on a per-student basis to LEAs serving low-performing students who do not qualify for supplemental LCFF grants.
- ✓ **Your Board will need to discuss and adopt the plan at a January or February meeting, prior to submitting the Required Report #1.**
- ✓ Grant recipients shall report to the State Superintendent **on or before: March 1, 2019, Required Report Number One** [\(select the hyperlink to access the online reporting tool\)](#), regarding the adopted plan to use the grant funds to increase the academic performance of pupils identified pursuant to [EC Section 41570\(d\)](#); and **November 1, 2021, Required Report Number Two** (hyperlink to the online reporting tool will be provided once it is available), regarding the implementation of the plan, the strategies used, and whether those strategies increased the academic performance of the pupils identified pursuant to [EC Section 41570\(d\)](#).

Report #1 asks the following information:

- Basic Contact information for the LEA
- Does the LEA choose to accept LPSBG Funding -- Yes or No
- If you Opt-In, each LEA must answer four questions.
  - 1) Summarize how the funds will be used to increase or improve evidence-based services for pupils identified.
  - 2) How will the effectiveness of the evidence-based services be measured?
  - 3) How are services aligned with and describe in the LEA's local control and accountability plan?
  - 4) On what date **was** the LPSBG Plan discussed and adopted at a regularly scheduled meeting of the governing board of the school district, county board of education, or the governing body of the charter? (*Key word in this question: WAS. If you enter a future date you can't submit the report.*)
- If you Opt-Out, CDE will request the return of funds already released.

Note: All eligible LEAs must complete Required Report #1. If an eligible LEA chooses not to receive LPSBG funds, the LEA still must complete Required Report #1 to formally document that choice.

## REMINDERS:

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

- 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>
- Funding Rates and Information ~ Principal Apportionment: <https://www.cde.ca.gov/fg/aa/pa/ratesandinfo.asp>

### **Performance Based Budgeting Workshop: Connecting Academic Outcomes and Resource Allocation: Best Practices in School Budgeting**

Mark your calendars now for March 13, 2019. Government Finance Officers Association will be here to share a Performance Based Budgeting presentation. The presentation will be geared towards collaboration between Business and Educational Services. The workshop is intended for Superintendents, Ed. Services, and CBO's.

RSVP and see a more detailed workshop description [here](#):

[https://docs.google.com/forms/d/e/1FAIpQLSduXX-ItaooURNg5MbOQVPix\\_f4XovSsafFodGsCCRatpVRmQ/viewform](https://docs.google.com/forms/d/e/1FAIpQLSduXX-ItaooURNg5MbOQVPix_f4XovSsafFodGsCCRatpVRmQ/viewform).

### **Upcoming Professional Development Opportunities:**

SCOE is hosting some workshops in February and March for your Professional Development.

Attached are the flyers and registration information for the upcoming workshops:

- CASBO - ***Emotional Intelligence: The Art of Personnel Management*** ~~February 25, 2019~~  
DATE Change to March 4, 2019
- CASBO - ***Pupil Attendance Accounting for School Personnel*** February 26, 2019
  - SESSION FILLED TO CAPACITY. A wait list is being created.
  - An additional opportunity is being scheduled for Fall 2019
- Government Financial Officers Association (GFOA) - ***Connecting Academic Outcomes and Resource Allocation: Best Practices in School Budgeting*** March 13, 2019
- CASBO - ***Evaluation & Performance Management*** March 25, 2019
- School Services of California - ***Advanced Collective Bargaining*** March 28, 2019
- FCMAT – ***ASB Workshop*** May 3, 2019

As with previous workshops, SCOE will be covering the cost for district staff to attend. Some of these workshops may be listed as electives for specific certification courses through CASBO. If you have any questions about the registration process, please contact Bonnie Tanner in SCOE Business Services at [btanner@scoe.org](mailto:btanner@scoe.org).

***SCOE Biz E-Blast Recap – Please email Shelley Stiles [sstiles@scoe.org](mailto:ssstiles@scoe.org) for duplicate***

E-Blast#19-01 through 19-09 sent out via email in August through October.

SCOE Biz E-Blast#19-10: Bulletin No. 19-08 2017-18 Audit Report and Audit Findings (November 6, 2018)

SCOE Biz E-Blast#19-11: SACS Validation Tables released Nov 9, 2018 now in ESCAPE (Nov 13, 2018)

SCOE Biz E-Blast#19-12: Classified Summer Assistance Program updated information (Dec 7, 2018)

SCOE Biz E-Blast#19-13: UPDATE: Fire Related ADA losses and 17-18 Property Tax backfill for Basic Aid Districts (January 8, 2019)

SCOE Biz E-Blast#19-14: Low-Performing Students Block Grant Reporting Requirements (Jan 14, 2019)

SCOE Biz E-Blast#19-15: GL Cleanup checklist and tips (January 16, 2019)

***Dates to Remember:***

|                 |  |
|-----------------|--|
| 01/25/2019      | LCAP Workshop (SCOE ESS and Business)  |
| 01/29/2019      | CalPads Fall 2 Training  |
| 02/01/2019      | Aeries in CalPads Fall 2 Training  |
| 02/06/2019      | CalPads Fall 2 for Administrators Training   |
| 02/11/2019      | SCOE Holiday   |
| 02/12/2019      | ESCAPE – HR/Payroll User Group   |
| 02/15/2019      | ESCAPE – Finance User Group  |
| 02/15/2019      | ESCAPE Open Lab  |
| 02/15/2019      | 2017-18 Audit Certification due to your SCOE Advisor   |
| 02/18/2019      | Federal Holiday – SCOE closed  |
| 02/19/2019      | Prior Year Corrections to P-2 & P-Annual, Adjustments to CalPads Data due to SCOE                      |
| 02/22/2019      | DBUG – including a “Ca School Dashboard 101” presentation  |
| 02/25 & 26/2019 | Two Day ESCAPE AP Certification Workshop   |
| 02/26/2019      | CASBO Pupil Attendance for School Sites (registration closed, FULL to capacity)                        |
| 03/04/2019      | CASBO Emotional Intelligence Workshop  |
| 03/13/2019      | GFOA Connecting Academic Outcomes and Resource Allocation: Best Practices in School Budgeting Workshop |
| 03/14/2019      | Aeries User Group Meeting  |
| 03/15/2019      | School Wise User Group Meeting   |
| 03/15/2019      | 2017-18 Audit Findings; Certification of Corrective Action due to your SCOE Advisor                    |
| 03/15/2019      | 2 <sup>nd</sup> Interim Reports due to SCOE  |
| 03/22/2019      | District/Charter Authorizer Workshop   |
| 03/22/2019      | DBUG   |

***NOTE:***

- Want to add something to a DBUG Agenda? Want a topic added to SCOE Biz? Contract DBUG Chair Christina Menicucci
- Documents presented at DBUG found posted 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.