
March 22, 2019

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

State of the State

California's total revenues of \$5.51 billion in February were lower than forecasted in the governor's proposed 2019-20 fiscal year budget by \$1.34 billion, or 19.5 percent, and in the FY 2018-19 Budget Act by \$2.01 billion, or 26.7 percent, State Controller Betty T. Yee reported on 3/11/2019.

Two-thirds of the way through FY 2018-19, total revenues of \$79.93 billion were lower than expected in the proposed and enacted budgets by \$4.20 billion and \$3.33 billion, respectively. For the fiscal year to date, state revenues are 1.4 percent lower than the same time last year.

Last month, sales and corporation taxes — two of the state's "big three" revenue sources — came in higher than assumed in the governor's proposed budget released in January.

- ✚ For February, personal income tax (PIT) receipts of \$1.39 billion were \$1.82 billion, or 56.6 percent, less than the Department of Finance forecasted in January; and they were \$2.05 billion, or 59.5 percent, lower than assumed in the budget enacted last June. In the current fiscal year, PIT is 6.0 percent below the FY 2018-19 budget forecast.
- ✚ Sales tax receipts of \$3.76 billion for February were \$407.7 million higher than anticipated in the proposed FY 2019-20 budget but \$58.3 million less than expected in the FY 2018-19 Budget Act.
- ✚ Corporation taxes of \$258.4 million in February were 59.8 percent higher than estimates in the FY 2019-20 proposed budget and 78.5 percent higher than in the enacted FY 2018-19 budget.

LCAP Fiscal Components and Changes from 2017-18

Budget Development, LCAP Development/Updates and joining all the elements together in the LCAP template is a daunting task. A short presentation has been prepared, along with written documentation to help LEAs. The documentation will address new components added to the Plan Summary of the LCAP as well as the added Budget Overview for Parents along with a few reminders about documentation for other LCAP sections that are not changing. All documentation will be posted on the SCOE website and emailed out.

Continuous Improvement Resources Web Page

The California Department of Education has introduced a new web page full of resources. The Continuous Improvement Resources web page is a Level 1 (Support for All) resource provided to all local educational agencies (LEAs) and schools under California's System of Support. The web page offers resources and tools to assist LEAs, schools, and stakeholders as they plan and implement continuous improvement efforts through their Local Control and Accountability Plan and school planning process. The resources web page includes training modules, frequently asked questions, worksheets, tools, protocols and templates and has links to other valuable resources. It can be found at <https://www.cde.ca.gov/sp/sw/t1/continuousimprovement.asp>

California Statewide Assignment Accountability System (CalSAAS)

CalSAAS is a new State Assignment Accountability System for electronic assignment monitoring, and will use data from the Commission on Teacher Credentialing (CTC) and CDE to identify potential misassignments and provide a communication platform for counties and school districts to address and resolve them. Training sessions have been scheduled at many County Offices of Education. SCOE has scheduled a training on June 3, 2019 (9am to 3pm). You can find a schedule of other current sessions at <https://www.cde.ca.gov/ds/sp/cl/training.asp> . For more information contact Candy Amos in SCOE IT and the information provided in the CalPads updates attached.

ADA Backfill, Property Tax Backfill for 2017 Wildfire Relief

All LEAs (Districts and Charters) had the opportunity to apply for material decreases in 2017-18 to help with lost ADA for that year. In 2018-19 all Districts (not Charters) are protected from enrollment decline and subsequent loss of ADA for one year – funding is based on the current year P-2 ADA or prior year P-2 ADA.

There is currently an additional ADA protection for Districts (not Charters at this point in time) that can substantiate a loss of 5% or more of dwellings within their boundaries. CDE has provided SCOE with an affidavit that can be filed to provide the protection one additional year. Please contact Shelley for more information and an electronic affidavit form if this applies to your district. Attached is a hard copy of the form with an explanation from CDE on the reverse side.

Basic Aid Districts will be backfilled for lost 2017-18 property tax revenue. In a recent conversation with CDE, the funds are scheduled to be released before mid-April. Remember, 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**. A notification will go out 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. In addition to the 2017-18 backfill, a small backfill is also expected for 2018-19. The County Auditor Controller and Tax Assessors Office is currently in the process of completing the 2018-19 claim for CDE to process and approve.

Emergency Closure Days and 2019-20 Calendar

There has been discussion at state level meetings with CDE regarding CDE's stance on waivers. Attached is a letter from 2015 that shares CDE's stance. A current memo addressing the wildfires of 2017-18 and 2018-19 is being drafted and will be shared as soon as it is received. **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. There are lots of things to think about when adding days to calendars such as transportation, participation in consortiums, and bargaining unit concerns.

Class Size Penalties

Class Size Penalty information is only reported at P-2. P-2 attendance reporting details will be sent out prior to the April 16, 2019 deadline for submission to SCOE.

Classified School Employee Summer Assistance Program

The March 1 deadline for employees to elect to participate has passed. By April 1, 2019 LEAs must report to CDE. It is critical that LEAs comply with the April 1 report so that CDE can get a good estimate of participation and be able to estimate the revenue stream to each LEA. The April 1 report (located at <https://www.cde.ca.gov/fg/aa/ca/csesap.asp>) will ask three questions:

1. Were employees notified by January 1?
2. Number of employees participating
3. Estimated amount employees will have withheld

RS 6230 – Clean Energy

Don't forget that all remaining balances in Resource 6230 must be spent or encumbered by June 30, 2019! Statute requires that LEAs encumber funds by June 30, 2019. This encumbrance date was extended by Assembly Bill 97, 2017-18 California Budget Act, from the original date of June 30, 2018.

What does encumbrance mean? The Energy Commission is using the California Department of Education's guidance in interpreting the definition of encumbrance, which is defined in the California School Accounting Manual (CSAM) Section 210-11. Encumbrances are a budgetary tool and defined as obligations in the form of purchase orders, contracts, salaries, and other commitments chargeable to an appropriation for which a part of the appropriation is reserved.

The final project completion report will be made available to the LEAs on the Proposition 39 energy expenditure plan online system 12 months after the project completion date as indicated in the LEAs annual progress report. LEAs must complete and submit the final project completion report to the Energy Commission no later than 15 months after project completion. More information can be found on the California Energy Commission web page at <https://www.energy.ca.gov/efficiency/proposition39/index.html>

Administrator-to-Teacher Ratio

The district's ratio of administrative employees to teachers as governed by *Education Code* Section 41402 will be reviewed as part of the district's annual audit required by *Education Code* Section 41020. To prepare for the annual audit, school districts must compile the information identified on the worksheet as of a date selected by the school district. It is not mandatory that the worksheet be utilized as long as the district is capable of providing the auditor with the data required by *Education Code* sections 41403 and 41404 (i.e. the data requested on the worksheet). The data or completed worksheet should be maintained in district files. The worksheet need not be submitted to the California Department of Education. More information and the optional worksheet can be found at <https://www.cde.ca.gov/fg/aa/ca/atr.asp>

STRS On-Behalf Estimates for 2018-19

STRS On-Behalf actuals are booked as part of the year end close and unaudited actual process. Attached is a listing of Estimates for 2018-19 prepared by the External Services sub-committee for BASC. LEAs can use this estimate to update the 2018-19 budget if necessary or for a preliminary holding amount for the 2019-20 budget development. The 2018-19 STRS On-Behalf contribution to book will be recalculated and provided to LEAs closer to the actual closing for the 2018-19 year.

Title I VERY Preliminary Estimates for 2019-20

Please see attached for VERY preliminary Title I district allocations. The statewide grant will be down about \$25M in 2019-20. District allocations are primarily based on US Census Bureau estimates of poverty and population; however, there is a significant amount of additional information not yet available that will absolutely change the dollar amounts shown in the attachment. CDE had indicated that they do not yet have updated special population counts such as foster counts, don't yet have a final federal grant amount, and don't have CALPADS data needed to update COE and charter allocations. Even so, CDE expects the updates to these district estimates to be well within 5% up or down from the amounts shown. Please be very aware that the amounts are **VERY preliminary**. Better preliminary estimates will be published in July after the California Budget Act is signed.

Title IV Part A– Student Support (Resource 4127)

The following information regarding Title IV was recently received from CDE. Title IV is a very flexible program. It had a slow rollout and there may have been confusion back in June 2018 because of the unknowns. Please note, this is not the same funding as was recently made available as a one-time competitive award (Resource 4128). **This Title IV funding is an ongoing federal grant.**

Guidance from CDE is posted at <https://www.cde.ca.gov/fg/aa/co/ca17wguit4pastudsupp.asp> and <https://www.cde.ca.gov/fg/aa/ca/titleiv.asp> which include the funding profile and funding results, guidance and a link to the Fact Sheet. Please remember that ALL Federal Funds have specific spending requirements.

Attachments

SCLS Legal Update: Board Member Role in Labor Negotiations
CalPERS Circular Letter 200-013-19 and 200-014-19: GASB 68 and GASB 75
SSC Fiscal Report: CDE Revises SACS Software Codes
SSC Fiscal Report: UCLA Forecasters See Risks of Recession in late 2020
SSC Fiscal Report: Big Downside Risk for Capital Gains Revenue in Both 2018-19 and 2019-20
SSC Fiscal Report: CDE Announces Webinars ... CSI Prompts in the LCAP
SSC Fiscal Report: Ask SSC...Which CPI Should We Use?

REMINDERS:

Upcoming Professional Development Opportunities:

- School Services of California - **Advanced Collective Bargaining** March 28, 2019
- FCMAT – **ASB Workshop** May 3, 2019
- CASBO – **Standardized Account Code Structure: Basic Concepts** May 30, 2019
- CASBO – **Standardized Account Code Structure: Advanced Concepts** May 31, 2019

As with previous workshops, SCOE will be covering the cost for LEA 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.

SCOE Biz E-Blast Recap – Please email Shelley Stiles sstiles@scoe.org for duplicate

E-Blast#19-01 through 19-12 sent out via email in August through January.
SCOE Biz E-Blast#19-16: Bulletin 19-11 2019-19 Auditor Selection Due April 1 (January 28, 2019)
SCOE Biz E-Blast#19-17: Bulletin 19-12 2018-19 2nd Interim Guidance (February 4, 2019)
SCOE Biz E-Blast#19-18: J-13a waiver closure days; NEW information from CDE (February 5, 2019)
SCOE Biz E-Blast#19-19: ESSA School Improvement Funding for LEAs – DEADLINE (Feb 6, 2019)

Dates to Remember:

03/25/2019	CASBO Evaluation and Performance Management Workshop
03/28/2019	SSC Advanced Collective Bargaining Workshop
04/01/2019	Sales Tax Rates Increase in Sonoma County
04/01/2019	Auditor Selection Form and copy of contract due to SCOE
04/04/2019	Foundations for Improvement: Digging Deeper into the LCAP Workshop
04/12/2019	Data Day – Data Management Systems Demonstration
04/16/2019	P-2 Attendance due to SCOE
04/18/2019	DBUG
04/19/2019	ESCAPE Open Lab

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** 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.