May 23, 2019

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

**State of the State**
April collections of state tax revenues are critically important, and the second largest month of collection for the corporation tax. Personal income taxes for the prior years are also due in April. The April tax data is used by the Department of Finance (DOF) to develop the revenue forecasts used in the May Revision.

- For April, personal income tax (PIT) receipts appeared to be tracking closely with the Governor’s January Budget forecast for the current year.
- April corporation taxes are expected to boost collection levels above the January Budget forecast by more than $1 billion.
- Sales tax receipts, reported by the Franchise Tax Board, for the month of April were almost $660 million ahead of the forecast.

On May 9, 2019 the California State Controller Betty Yee issued the following statement on Governor Gavin Newsom’s May Revision of his proposed state budget:

"Mindful of an economic downturn approaching, the Governor’s May Revision demonstrates resilience and foresight with a disciplined focus on the use of one-time revenue by providing historic-level funding for education and elevating the urgency for tracking homelessness. I look forward to working with the administration on expanding housing tax credit programs to address California’s dire housing needs and affordability crisis."

**May Revision**
Recently, SCOE hosted School Services of California (SSC) and Capitol Advisors will be here on May 28th to discuss the governor’s May Revision. SCOE will be issuing guidance next week and providing the Common Message as soon as it becomes available. Watch you email for both of these important documents.

Highlights of the May Revision:
- Strong April tax revenues allow Governor Newsom to retain most of his proposals from January. Revenues are up a little bit over the three-year forecast period, resulting in an increased Prop 98 guarantee by about $700M, from 2017-18 through 2019-20.
- COLA reduced from 3.46% in January to 3.26% at the May Revise for 2019-20.
- School district reserve cap is not being triggered with the first deposit to the Prop 98 reserve of $389M. This amount is insufficient to trigger the cap on school district reserves in 2020-21.
- Unchanged from the January proposal, the May Revision does not propose any one-time discretionary funds.
May Revision proposes an increase in the Special Education grant funding proposal of $119M bringing the total to $696M. The distribution of the proposed funding remains the same as January and excludes about three quarters of LEAs from eligibility.
  - Unduplicated count of 55% or higher **AND**
  - Special Education enrollment as a percentage of total district enrollment above 10.93%, which is currently the statewide average

- Classified School Employee Summer Assistance Program is included to continue the program for an additional year.

- Additional investment outside to Prop 98 to further reduce the CalSTRS employer contribution rate from the statutory rate of 18.13% to 16.7% in 2019-20 and from 13.1% to 18.1% in 2020-21.

LEAs should recalculate their 2019-20 LCFF funding and minimum proportionality percentage (MPP) using Version 20.1a of the LCFF Calculator. All districts and charters should download and use this new version of the calculator for their 2019-20 Adopted Budget and LCAP. To download the latest version, please visit: [http://fcmat.org/local-control-funding-formula-resources/](http://fcmat.org/local-control-funding-formula-resources/)

This Calculator includes the 2019-20 May Revise multiyear COLA (as calculated by the Department of Finance). The LEA data has been updated as of the 2018-19 1st Principal Apportionment using 2018-19 P-1 ADA. Districts and Charters should update the 2018-19 data with actual P-2 ADA. This updated information should be provided to the LCAP team to assure MPP criteria is met in the LEA’s LCAP.

The SSC dartboard is attached and should be used as part of your multiyear projection (MYP) assumptions. Remember that MYPs are projections that are expected to change as various factors change. Document those factors for your stakeholders.

SSC summed up the May Revise quite nicely with final thoughts listed on slide 145. If you did not attend their workshop here is the summary:
  - For the May Revision, the Governor stays the course on most of his January Proposals
    - Budgets will continue to be tight with what we call the “Big Three” indicators that most LEAs are dealing with now
      - Declining enrollment
      - Pension cost increases
      - Special Education program costs
    - If COLA only is your near-term LCFF future, deficit spending and/or cuts to programs will be the result
    - Collective bargaining will continue to be a struggle as the teacher shortage continues

**Consolidated Application and Reporting System (CARS)**

The Consolidated Application and Reporting System (CARS) spring release is now open. All data collections have a deadline of June 30, 2019. With the addition of the LCAP Federal Addendum this year it is particularly important that your CARS data be certified early. The LCAP Federal Addendum will not open all screens for data input until the LEA has completed and certified the LCAP Federal Addendum page and the Application for Funding in CARS.

The suggested order of operation/priority in your CARS certification is:
1. Complete and certify the LCAP Federal Addendum Certification page
2. Complete and certify the Application for Funding page
3. All other applicable pages must be completed prior to June 30.

If you are part of the Co-Op and are working with ESS (Belinda Soto) for your CARS reporting you should get your CARS screen shots filled out ASAP and sent to her for data entry and certification.
*LCAP Federal Addendum*
All LEAs (both Districts and Charters) that receive Title I, Title II, Title III or Title IV will need to submit the LCAP Federal Addendum directly to CDE. Attached are slides from a CDE webinar related to the Federal Addendum that may be useful in helping you complete your requirements. The slide presentation can be found at [https://www.cde.ca.gov/fg/aa/lc/documents/submittedaddendum.pdf](https://www.cde.ca.gov/fg/aa/lc/documents/submittedaddendum.pdf)

The number of sections the LEA is required to complete will vary based on the number of the ESSA programs the LEA is applying for in the Application for Funding page in CARS.

If you have questions regarding the addendum please contact Rachael Maves at 522-3332 or rmaves@ scoe.org

*Federal Addendum Dates Recap:*
- ConApp (CARS) submission is due on June 30, 2019
- Certify the LCAP Federal Addendum page and Application for Funding page in CARS prior to completing the LCAP Federal Addendum
- LCAP Federal Addendum *must be board approved prior to submission*
- LCAP Federal Addendum due on July 1, 2019
- Addendums received after July 1, 2019 will experience a delay the Addendum approval and receiving ESSA funding allocations.

*CSI Prompts in LCAP*
The Local Agency Systems Support office of CDE prepared information regarding the CSI prompts in the LCAP and emailed out to all on the LCFF listserv. Please see the attached PDF file for guidance on addressing the Comprehensive Support and Improvement (CSI) prompts in the Local Control and Accountability Plan (LCAP).

Schools receiving CSI funds in 2018-19, as identified by the California School Dashboard, have three years to spend the funding. CSI eligibility is an annual identification, every time the dashboard is released. Schools identified in 2019-20 will be eligible for another round of CSI funding and will have three years to spend that 2nd round of funding. It is recommended that LEAs use the YEAR component of the SACS account code string to separately identify multiple years of CSI funding.

*ESSA Per-Pupil Expenditure Reporting*
ESSA includes a requirement that every state and LEA within each state report LEA and school site expenditures per pupil. CDE issued guidance on August 1, 2018 in the attached letter for your reference (shared at DBUG last fall and in February 2019). Beginning with the 2018-19 Unaudited Actual data, each LEA that receives any federal funds will be required to report per-pupil expenditures by school site. CDE is requiring each LEA to report this data in the late fall of 2019 or early winter of 2020.

More information on where and how to report the data will be shared as soon as it is known. The attached slides presented by School Services of California at the May Revise workshop will give you more guidance and information. CDE is compiling a list of potential questions and will post them as a FAQ in their web page soon.

*Property and Liability 2019-20 Preliminary Program Rate*
The preliminary excess insurance information results in a pool average increase of 57%, however, the premium increases district-to-district will vary significantly based on each individual district's allocation. RESIG will present information for discussion later in this meeting.
Charter Schools Annual Information Survey
The 2019-2020 Charter Schools Annual Information Update is being required by CDE for all charter schools. The Annual Update consists of five questions and should take only a few moments of your time. The 2019-20 Charter Schools Annual Information Survey is now available online at https://www.cde.ca.gov/sp/ch/csisfosvy.asp
It must be completed and submitted to the CDE by May 31, 2019.

2018-19 Flat Fee Allocation – County Programs
Attached is a detailed spreadsheet showing the 2018-19 Flat Fee Allocation – 50% of the charges for 2018-19 based on P-1 for Community Students and NPS/LCI Students. The 50% expenditure was posted in early May to 01-0000-0-0000-9200-7142-000-0000. The final allocation and remaining balance will be posted prior to the close of your books.

REMINdERS:

Notice of Public Hearing for 19-20 Budget
Almost all Districts have filed out the public notification (SCOE Biz Bulletin No. 19-15 dated March 22, 2019) so that SCOE can place the ad in the newspaper for you. This requirement applies to Districts and is optional for Charters.

Please make sure to check the newspaper to ensure your LEA’s Notice of Public Hearing has been correctly published. Copy and save for our auditors.

Upcoming Professional Development Opportunities:


SCOE Biz E-Blast Recap – Please email Shelley Stiles sstiles@scoe.org for duplicate
E-Blast#19-01 through 19-19 sent out via email in August through February.
E-Blast#19-20: LCAP Federal Addendum Submission System was emailed on April 23, 2019

Dates to Remember:
05/28/2019 Capitol Advisors May Revise Workshop (must register with Capitol Advisors)
05/30/2019 CASBO SACS Basics Workshop (Sold Out)
05/31/2019 CASBO SACS Advanced Workshop
06/03/2019 Assignment Monitoring Training at SCOE provided by CDE
06/10/2019 School Wise in CalPads Training
06/11/2019 EOY in CalPads Training
06/13/2019 Aeries in CalPads Training
06/14/2019 2019-20 Fiscal Year Start-Up Form due to SCOE IT
06/19/2019 ESCAPE AP Year End Set up and ESCAPE AR Year End Set up Workshops
06/20/2019 Final 2018-19 AP due at Noon
06/20/2019 DBUG or Special Education Fiscal Workshop
06/22/2019 P-Annual Attendance due to SCOE
06/24/2019 2018-19 Last Cash Deposits and Cash Transfers due by 4:30 pm

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. We will be migrating all forms and materials to a shared Google based folder soon. A link will be provided when this occurs.
SSC School District and Charter School Financial Projection Dartboard  
2019-20 Governor’s May Revision

This version of School Services of California, Inc. (SSC) Financial Projection Dartboard is based on the 2019-20 Governor’s May Revision proposal. We have updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. We have also updated the Local Control Funding Formula (LCFF) factors. We rely on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

### LCFF ENTITLEMENT FACTORS

<table>
<thead>
<tr>
<th>Entitlement Factors per ADA</th>
<th>K-3</th>
<th>4-6</th>
<th>7-8</th>
<th>9-12</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19 Base Grants</td>
<td>$7,459</td>
<td>$7,571</td>
<td>$7,796</td>
<td>$9,034</td>
</tr>
<tr>
<td>COLA at 3.26%</td>
<td>$243</td>
<td>$247</td>
<td>$254</td>
<td>$295</td>
</tr>
<tr>
<td>2019-20 Base Grants</td>
<td>$7,702</td>
<td>$7,818</td>
<td>$8,050</td>
<td>$9,329</td>
</tr>
<tr>
<td>Grade Span Adjustment Factors</td>
<td>10.4%</td>
<td>-</td>
<td>-</td>
<td>2.6%</td>
</tr>
<tr>
<td>Grade Span Adjustment Amounts</td>
<td>$801</td>
<td>-</td>
<td>-</td>
<td>$243</td>
</tr>
<tr>
<td>2019-20 Adjusted Base Grants</td>
<td>$8,503</td>
<td>$7,818</td>
<td>$8,050</td>
<td>$9,572</td>
</tr>
<tr>
<td>Supplemental Grants (% Adj. Base)</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Concentration Grants</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Concentration Grant Threshold</td>
<td>55%</td>
<td>55%</td>
<td>55%</td>
<td>55%</td>
</tr>
</tbody>
</table>

### LCFF DARTBOARD FACTORS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Finance Gap Funding Percentage</td>
<td>100.00%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>COLA¹</td>
<td>3.70%</td>
<td>3.26%</td>
<td>3.00%</td>
<td>2.80%</td>
<td>3.16%</td>
</tr>
</tbody>
</table>

### PLANNING FACTORS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory COLA²</td>
<td>2.71%</td>
<td>3.26%</td>
<td>3.00%</td>
<td>2.80%</td>
<td>3.16%</td>
</tr>
<tr>
<td>California CPI</td>
<td>3.64%</td>
<td>3.38%</td>
<td>3.16%</td>
<td>3.05%</td>
<td>3.13%</td>
</tr>
<tr>
<td>California Lottery³</td>
<td>Unrestricted per ADA</td>
<td>$151</td>
<td>$151</td>
<td>$151</td>
<td>$151</td>
</tr>
<tr>
<td></td>
<td>Restricted per ADA</td>
<td>$53</td>
<td>$53</td>
<td>$53</td>
<td>$53</td>
</tr>
<tr>
<td>Mandate Block Grant (District)</td>
<td>Grades K-8 per ADA</td>
<td>$31.16</td>
<td>$32.18</td>
<td>$33.15</td>
<td>$34.08</td>
</tr>
<tr>
<td></td>
<td>Grades 9-12 per ADA</td>
<td>$59.83</td>
<td>$61.94</td>
<td>$63.80</td>
<td>$65.59</td>
</tr>
<tr>
<td>Mandate Block Grant (Charter)</td>
<td>Grades K-8 per ADA</td>
<td>$16.33</td>
<td>$16.86</td>
<td>$17.37</td>
<td>$17.86</td>
</tr>
<tr>
<td></td>
<td>Grades 9-12 per ADA</td>
<td>$45.23</td>
<td>$46.87</td>
<td>$48.28</td>
<td>$49.63</td>
</tr>
<tr>
<td>One-Time Discretionary Funds per ADA</td>
<td>$184</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest Rate for Ten-Year Treasuries</td>
<td>2.70%</td>
<td>2.85%</td>
<td>2.70%</td>
<td>2.80%</td>
<td>2.90%</td>
</tr>
<tr>
<td>CalPERS Employer Rate⁴</td>
<td>18.062%</td>
<td>20.733%</td>
<td>23.60%</td>
<td>24.90%</td>
<td>25.70%</td>
</tr>
<tr>
<td>CalSTRS Employer Rate⁵</td>
<td>16.28%</td>
<td>16.70%</td>
<td>18.10%</td>
<td>17.80%</td>
<td>17.80%</td>
</tr>
</tbody>
</table>

### STATE MINIMUM RESERVE REQUIREMENTS

<table>
<thead>
<tr>
<th>Reserve Requirement</th>
<th>District ADA Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>The greater of 5% or $67,000⁶</td>
<td>0 to 300</td>
</tr>
<tr>
<td>The greater of 4% or $67,000⁶</td>
<td>301 to 1,000</td>
</tr>
<tr>
<td>3%</td>
<td>1,001 to 30,000</td>
</tr>
<tr>
<td>2%</td>
<td>30,001 to 400,000</td>
</tr>
<tr>
<td>1%</td>
<td>400,001 and higher</td>
</tr>
</tbody>
</table>

¹2018-19 rate includes statutory COLA of 2.71% plus an augmentation of 0.99% represented by an additional $670 million for school districts and charter schools. County offices of education receive only the statutory COLA.
²Applies to Special Education, Child Nutrition, Preschool, Foster Youth, American Indian Education Centers/American Indian Early Childhood Education and Mandate Block Grant.
³Rates are anticipated to increase once the Lottery Commission releases its revenue estimate in late May 2019.
⁴California Public Employees’ Retirement System (CalPERS) rate is final for 2018-19 and 2019-20 fiscal years.
⁵California State Teachers’ Retirement System (CalSTRS) rates for 2019-20 and beyond are subsidized based on the Governor’s Budget Proposal.
⁶Rate adjusts upward to $69,000 beginning in 2019-20.
Background

To receive funding under the Every Student Succeeds Act (ESSA), a local educational agency (LEA) must have a plan approved by the State Educational Agency on file with the State.

• Within California, LEAs that apply for ESSA funds are required to complete the Local Control and Accountability Plan (LCAP), the LCAP Federal Addendum Template (Addendum), and the Consolidated Application (ConApp).

• The LCAP, in conjunction with the Addendum and the ConApp, serve to meet the requirements of the ESSA LEA Plan.
Requirements for Funding (1)

To receive ESSA funding for 2019-20, the LEA must complete the following three requirements.

1. The LEA must certify the 2019-20 LCAP Federal Addendum page in the Consolidated Application and Reporting System (CARS)

Requirements for Funding (2)

2. The LEA must certify the 2019-20 Application for Funding page in the CARS
Requirements for Funding (3)

3. the LEA must complete and save each applicable section of the Addendum, review the Addendum for accuracy, and submit the Addendum.

CARS 2019-20 Spring Collection

The 2019-20 Spring Data Collection for the CARS is anticipated to be released on or about May 15, 2019.

• The 2019-20 Spring Data Collection includes both the Local Control Accountability Plan Federal Addendum Certification page and the Application for Funding page.

• For additional information on the CARS please see https://www.cde.ca.gov/fg/aa/co/cars.asp.
User Accounts (1)

- The LCAP Federal Addendum (Addendum) submission system uses the California Department of Education (CDE)'s Centralized Authentication System (CAS) to manage users.
- Users will use the same credentials that they use for logging on to the Consolidated Application Reporting System (CARS).
  - Please Note: Each user must be associated with an LEA in the CAS to be able to logon to the submission system.
  - Example:
    https://www3.cde.ca.gov/cdeauthentication/registration.aspx?programabbr=CARS

User Accounts (2)

To register as a CAS user please visit the CAS Logon page at https://www3.cde.ca.gov/cdeauthentication/logon.aspx?programabbr=lcapfas and select New User Registration.
- Users can also retrieve a forgotten password or navigate to the LCAP Federal Addendum System Logon from the CAS Logon Page.
LCAP Federal Addendum Submission Site

The submission system is available for LEA access at https://www2.cde.ca.gov/lcapfas.

Submission Dashboard (1)

- The number of sections the LEA is required to complete will vary based upon the number of ESSA programs the LEA is applying for in the Application for Funding page in the CARS.
- The Submission Dashboard tracks the number of unapproved sections ready for submission.
Submission Dashboard (2)

• An LEA may submit its Addendum for review after all the identified sections in the Submission Dashboard have been completed.

• The specific ESSA programs for which the LEA is applying are displayed on the Submission Dashboard page.

Instructions, Strategy, and Alignment

• The Instructions, Strategy, and Alignment prompts must be completed before the system allows the LEA to complete the other program sections of the Addendum.
Responding to the Prompts

• The prompts in the Addendum submission system are the same as the prompts in the Addendum template adopted by the SBE.

• Provide a response to each of the prompts in the applicable text box.

• Be succinct; responses are limited to 5,000 characters.

Completing the Section

• After completing each program section of the Addendum the LEA must provide specific program contact information.

• When completed, select “Save All and Return to Dashboard”.
Completing the Title Sections

- After completing the Instructions, Strategy, and Alignment prompts the LEA may complete the sections for each of the ESSA Programs for which it is applying.

- **NOTE:** The only ESSA Programs that will display are those programs for which the LEA has applied in the Application for Funding page in the CARS.

- The LEA will complete and save each program section in the same manner as the Instructions, Strategy, and Alignment section.

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Progress in the Dashboard

- The Submission Dashboard will display the LEA's current status of completion within the submission system.

- The status within the system will be updated each time a section is completed.
Prerequisites for Submission

As previously noted, prior to submitting the Addendum, the LEA must

• Certify the CARS 2019-20 LCAP Federal Addendum page
• Certify the CARS 2019-20 Application for Funding page
• Review the Addendum for accuracy

Submitting the Addendum (1)

• Only after each section has been completed and saved, the Addendum, in its entirety, may be submitted for review.

• The Submission Dashboard status will indicate that the Addendum is ready to be submitted.

• Select “Continue to Submission Page”.
Submitting the Addendum (2)

- Prior to submission, the LEA will certify that the Federal Addendum has been approved by the local governing board or governing body, as required.
- The LEA must provide the date of local board approval.

Submitting the Addendum (3)

- The LEA will also certify that it will work with the CDE to ensure that the Addendum addresses all required provisions of the ESSA programs and funding for which it is applying.
- Once the LEA has certified and provided the necessary contact information, select “Submit”.
- The system will notify the specific program reviewers of the LEA’s submission via email. An email verifying submission will also be sent to the LEA.
Review and Approval (1)

- The applicable program offices at the CDE will review the responses.
- If the response meets minimum requirements the reviewer will approve the response.
- If additional information or clarification is needed, the response will be returned and the reviewer will specify what information or clarification is needed for approval.

Review and Approval (2)

- After the section review is complete the LEA and the identified program contact will be notified of the review status (i.e. the program section is approved or there is additional information needed for approval) via email.
- The LEA must log on to the system to see what, if any, information or clarification is needed for approval.
- The LEA will revise the response(s) and resubmit for review, as necessary.
Review and Approval (3)

• When each program section has been approved, the LEA will be notified via email that the Addendum has been approved.

• The LEA will be able to view, but not edit, the responses that have been approved.

Submission Timeline (1)

• The deadline to submit the LCAP Federal Addendum is July 1, 2019.

  ◦ As previously stated, prior to submitting the Addendum, the LEA must:
    ◦ ensure that the Addendum has been approved by the local governing board or governing body and
    ◦ complete or revise the Application for Funding page in the CARS.
Submission Timeline (2)

• LEAs currently receiving ESSA funding are strongly encouraged to submit the Addendum prior to the July 1st deadline.

• LEAs that fail to submit the Addendum by the July 1st deadline may experience a delay of its ESSA funding.

Questions or Comments?

For questions about the LCAP or the school plan, please contact:
Local Agency Systems Support Office
LCFF@cde.ca.gov
916-319-0809

For questions about the LCAP Federal Addendum submission system, please contact:
LCAPAddendum@cde.ca.gov
Addressing the Comprehensive Support and Improvement Prompts in the LCAP

Background

At its January 2019 meeting, the State Board of Education (SBE) adopted revisions to the Local Control and Accountability Plan and Annual Update (LCAP) Template for the 2019-20 school year to align with the passage of Assembly Bill (AB) 1808 and to address plan approval requirements within the Every Student Succeeds Act (ESSA).

The ESSA requires that the State Education Agency (SEA) approve school plans for schools eligible for Comprehensive Support and Improvement (CSI). In California, the State Board of Education is the SEA. To address this requirement, the California Department of Education proposed to add three CSI Summary Prompts to the Plan Summary sections of the LCAP template. An LEA with a school or schools eligible for CSI must respond to the following prompts.

Prompt 1: Identify the schools within the LEA that have been identified for CSI.

The requirement is to identify to stakeholders those schools eligible to receive CSI. Use the common, readily identifiable name for each school. Use of identifiers such as a County-District-School (CDS) code, which is not readily understood by stakeholders, does not meet the requirement.

Note: For single school districts or charter schools, this section may either identify the school or be marked Not Applicable (N/A).

Prompt 2: Describe how the LEA supported the identified schools in developing CSI plans that included a school-level needs assessment, evidence-based interventions, and the identification of any resource inequities to be addressed through the implementation of the CSI plan.

LEAs will provide a brief description of how the local needs assessment was conducted with the inclusion of stakeholder groups. Such a description may describe the kinds of data examined and how the LEA supported school site staff in the development of the School Plan. The LEA must provide a summary of how it supported school site staff regarding the local needs assessment included in the School Plan.

LEAs will provide a brief description of how evidence-based interventions were identified and selected. Such a description may describe the resources and guidance provided by the LEA to the school site staff regarding identification and selection of evidence-based interventions. The LEA must provide a summary of how it supported school site staff regarding the identification and selection of evidence-based interventions included in the School Plan.

LEAs will provide a brief description of how resource inequities were identified, which may have been through a needs assessment and/or a review of LEA- and school-level
budgets. Such a description may describe resources and guidance provided by the LEA to the school site staff regarding the identification of resource inequities. The LEA must provide a summary of how it supported school site staff in the identification of resource inequities and how resource inequities were addressed in the School Plan.

Recognizing the three CSI prompts in the LCAP are not a direct fit for SSD or charter schools, the second prompt may be read in the following way:

> Describe how the school developed its CSI plan that included a needs assessment, evidence-based interventions, and the identification of any resource inequities to be addressed through the implementation of the CSI plan.

**Prompt 3: Describe how the LEA will monitor and evaluate the implementation and effectiveness of the CSI plan to support student and school improvement.**

Describe the method/process/plan used by the LEA and school site to collect, organize, and examine the data necessary to evaluate the implementation and effectiveness of the CSI plan. The LEA shall identify what it considers to be the data sufficient to evaluate the implementation and effectiveness. An LEA’s response to this prompt should make clear that the LEA plans to collect the data it determines to be sufficient, including outcomes from the Dashboard, for this purpose.

Recognizing the three CSI prompts in the LCAP are not a direct fit for SSD or charter schools, the third prompt may be read in the following way:

> Describe how the school will monitor and evaluate the implementation and effectiveness of the CSI plan to support student and school improvement.
Per-Pupil Expenditure Reporting

- The ESSA includes a requirement that every state and LEA within each state report LEA and school site expenditures per pupil
- CDE issued guidance on August 1, 2018
  - CDE's guidance conforms to the existing financial data collection system and SACS
  - The U.S. Department of Education (ED) provided additional guidance on March 28, 2019
- Per-pupil expenditures are required to be included in the 2018-19 report cards
- To read the CDE guidance, visit: https://www.cde.ca.gov/pd/cc/bk/psf/cd/psfstr16efr.asp
- To read the ED guidance, visit: https://www2.ed.gov/policy/elsec/leg/essa/plc/PublicComment3272019.pdf

Per-Pupil Expenditure Reporting - The Numerator

- Neither the ESSA nor the CDE provide an explicit methodology for determining per-pupil expenditures
  - For school site expenditures, and to the maximum extent possible, LEAs should include ongoing costs associated with the day-to-day operation of a school incurred at the school site
  - Instruction
  - Instructional support
  - Student support services
  - Transportation
  - Facilities maintenance and operations
  - General administration

Per-Pupil Expenditure Reporting - The Denominator

- CDE recommends using enrollment as the denominator to be consistent with the student count used in federal expenditure calculations
  - Whether LEAs use ADA or enrollment, the denominator should be the same for each school's calculation

Per-Pupil Expenditure Reporting

- Expenditures must be disaggregated by fund source
  - However, no federal guidance has been issued to inform states or LEAs about what to include in their calculations
  - ESSA defines fund sources as:
    - Includes actual personnel and nonpersonnel expenditures
    - As well as centrally charged costs

LEA Per-Pupil Expenditures

- Total LEA Expenses
- LEA Student Count

School Per-Pupil Expenditures

- School Expenses
- School Share of Central Costs
- School Student Count
Dear County and District Superintendents, County and District Chief Business Officials, and Charter School Administrators:

The Every Student Succeeds Act Per-Pupil Expenditure Reporting Requirement

The Elementary and Secondary Education Act of 1965 (ESEA), as reauthorized by the Every Student Succeeds Act (ESSA), requires state educational agencies (SEAs) and their local educational agencies (LEAs) to prepare and publish annual report cards that contain specified data elements, including LEA and school-level per-pupil expenditures (PPE). Although California LEAs already collect and report on most of the required report card data elements, including LEA-level expenditures, they are not currently collecting or reporting school-level expenditures to the state.

The purpose of this letter is to provide information and guidance that will assist California LEAs with meeting the ESSA PPE reporting requirement. Although there is currently nothing in federal law or federal regulations that requires SEAs to develop a standard methodology for calculating PPE, the California Department of Education (CDE) recognizes the need to provide support to LEAs on implementing this new reporting requirement.

The CDE engaged school district and county office of education (COE) stakeholders in a work group setting over several months to seek input on how districts currently allocate and track school-level expenditures and the impact of these reporting practices on the ESSA PPE reporting requirement, in order to inform guidance to LEAs on the structure for and reporting of school-level PPE. Additionally, the CDE hosted a stakeholder engagement session attended by education association representatives, education advocate organizations, and other interested stakeholder groups to provide information and gather feedback related to the ESSA PPE reporting requirement.

Note that the guidance provided below works within the current standardized account code structure (SACS) and the current CDE financial data collection process. ESSA does not require that states or LEAs develop new accounting structures or data collection systems to implement this reporting requirement.

The Requirement
Specifically, ESSA sections 1111(h)(1)(C)(x) and 1111(h)(2)(C) require an SEA and all of its LEAs, which in California include school districts, COEs and charter schools, to report “the per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual nonpersonnel expenditures of Federal, State, and local funds, disaggregated by source of funds, for each local educational agency and each school in the State for the preceding fiscal year.”

The law is silent regarding the methodology to be used to calculate per-pupil expenditures, e.g., what categories of expenditures should be included or excluded, what pupil counts to use, etc., and no formal federal guidance has been issued.

**Effective Date**

According to the “Dear Colleague” letter issued by the US Department of Education (ED) on June 28, 2017, available on the ED website at [https://www2.ed.gov/policy/elsec/leg/essa/perpupilreqltr.pdf](https://www2.ed.gov/policy/elsec/leg/essa/perpupilreqltr.pdf), an SEA and its LEAs are allowed to delay, until the 2018–19 school year, reporting PPE on annual report cards. California, along with the majority of other states, are electing this option in order to allow thoughtful transition to collecting, calculating and reporting the required data, as many states’ financial systems and reporting processes, including California’s, do not currently support school-level expenditure reporting.

Note that 2017–18 SEA and LEA report cards, which must include all other data elements required by ESEA Section 1111(h)(1) and (2), must include a brief description of the steps taken by an SEA and its LEAs to ensure PPE information is included in 2018–19 report cards. The CDE recommends the following or a similar statement be included in all 2017–18 report cards:

> The California Department of Education issued guidance to LEAs on August 1, 2018 regarding how to calculate school-level per-pupil expenditures that will be reported on 2018–19 report cards.

**Calculating Local Educational Agency and School-Level Per-Pupil Expenditures**

LEAs will calculate LEA-level and school-level PPE using the financial data available in their local accounting systems. It is important to note that the law requires actual expenditures, not budgeted or estimated expenditures, be used in the PPE calculation.

Following are guidelines and other information to assist LEAs with their PPE calculations. In order to align with other federal financial data collections, the CDE followed parameters that exist for calculating current expenditures and expenditures per pupil in the National Public Education Financial Survey (NPEFS) and the Annual Survey of School System Finances (F-33).

**Included Expenditures**

Generally, all LEA expenditures that represent the ongoing, day-to-day operations of schools and LEAs for public elementary and secondary education, i.e., current expenditures, should be included in the calculation. These include, but are not limited to, instruction, instructional support, student support services, pupil transportation services, plant maintenance and operations, and general administration, but not including excluded expenditures discussed below.

**Excluded Expenditures**
Several types of expenditures are not appropriately included in current expenditures. These expenditures are either not associated with prekindergarten through grade twelve students, such as adult education; or are one-time, significant outlays that may distort the data, such as facilities acquisition. Therefore, the CDE recommends the following categories be excluded from total expenditures used in the PPE calculation:

- Adult Education (Fund 11; Goal 4XXX)
- Capital Outlay (Function 8500; Object 6XXX)
- Community Services (Goal 8100, Function 5000)
- Debt Service (Function 9100, Object 74XX)
- Nonagency (Goals 7110 and 7150)
- Tuition (Function 9200, Object 71XX)
- Transfers (Functions 9200 and 9300; Object 72XX, 76XX)
- County Services to Districts (Goal 8600)

LEAs may determine that other expenditures cause PPE to be misleading and elect to exclude them from the calculation. However, over-exclusion of expenditures should be avoided.

School-Level Versus Local Education Agency-Level Expenditures

For school-level PPE reporting, the per-pupil expenditure calculation will include expenditures charged directly to a school plus the school’s share of expenditures that are charged centrally at the LEA level but that benefit the schools, i.e., central expenditures.

It is important to note that LEAs are afforded flexibility to determine which expenditures are charged directly to the school level versus those expenditures that remain at the central level and are ultimately allocated to individual schools based on a reasonable, consistent allocation methodology. LEAs are ultimately responsible for the spending decisions made on behalf of their schools and are in the best position, based on LEA characteristics and governance, to identify costs that benefit individual schools versus those that benefit all of the LEA’s schools. Once a methodology for identifying school-level and central costs has been determined, school districts and COEs should consistently apply that methodology to all of their own schools.

That said, LEAs should ensure that, to the extent possible, school-level expenditures reflect costs that were actually incurred at the school site, with remaining costs those that are not directly identifiable to a school. This is especially true for teachers and other personnel that are assigned to a specific school site. LEAs should not simply use an averaging methodology to distribute all expenditures among all of their schools.

Student Counts

The other component of the PPE calculation is the student count. While LEAs have the option of using enrollment or average daily attendance (ADA) in the PPE calculation, the CDE recommends that LEAs use enrollment. This is consistent with the student count that is used in the federal current expenditures per pupil calculation, and that most school districts use to develop site budgets.

However, the CDE recognizes that for some LEAs enrollment may be distorting and ADA may provide a better representation of student count. Ultimately, LEAs should use the count that best provides an accurate representation of PPE, and use that count consistently for all of its schools.
Calculating Per-Pupil Amounts

Once total expenditures and student counts have been determined, the formulas for calculating LEA and school-level per-pupil amounts are:

- LEA-level PPE – total LEA expenditures divided by the LEA’s student count.
- School-level PPE – for each of the LEA’s schools, school-level expenditures, plus the school’s share of the LEA’s central expenditures, divided by the school’s student count.

Reporting and Presenting Per-Pupil Expenditure Data

CDE will ultimately collect the PPE data from LEAs for inclusion in the SEA report card. The CDE is working on determining the required level of per-pupil expenditure information that must be reported in SEA and LEA report cards pursuant to ESSA and how it will be presented within the report cards. At minimum, there will be reporting criteria for actual school-level expenditures and LEA-level expenditures allocated to school sites, broken out by federal funds and by state and local funds.

As noted earlier, PPE is one of many elements that must be included in the SEA and LEA report cards, and the other elements must be included in the report cards for the 2017–18 school year. The PPE information, which must be reported for the 2018–19 school year, will fit within the format and processes established for the SEA and LEA report cards released for the 2017–18 school year later this fall. Additional information about the reporting criteria, collection, and presentation will be forthcoming.

LEAs may consider providing additional student, teacher and school information in conjunction with PPE that will provide context for the amounts reported.

Considerations for 2018–19 Financial Reporting

As LEAs begin recording 2018–19 financial transactions, consideration should be given to this new reporting requirement and how the local financial system will capture the information needed for school-level reporting. Most LEAs are already tracking some level of expenditures directly to the school level, using the SACS school field or another locally defined field in the LEA’s accounting system, but opportunities for further refinement may exist. For example, LEAs may want to identify additional expenditures to be tracked at the school level in the financial system that can be easily identified to a specific school or schools.

Other areas for consideration:

- Use prior year financial data, e.g., 2017–18, to prepare test PPE data in order to make preliminary assessments of the outcomes and whether those outcomes meet expectations.
- Test and evaluate approaches to allocate central expenditures to the schools, analyzing how various approaches affect school-level per-pupil expenditure amounts.
- Anticipate questions that may be asked by the governing board, parents, and other stakeholders, and be prepared to answer them.

Every Student Succeeds Act Per-Pupil Expenditure Resources

The resources listed below provide additional information and tools related to the ESSA per-pupil expenditure reporting requirement:

https://www.cde.ca.gov/fg/ac/co/essappeltl.asp
Future Efforts

The CDE anticipates that throughout 2018–19 additional information and support for implementing the PPE reporting requirement will be provided to LEAs, such as additional correspondence, frequently asked questions, webinars, and workshop sessions. In particular, CDE will provide information regarding the process and timeline by which the CDE will collect the PPE data from LEAs, in order for that data to be incorporated into the SEA report card as required by ESSA.

If you have any questions regarding the ESSA PPE reporting requirement please contact the CDE School Fiscal Services Division, Office of Financial Accountability and Information Services by phone at 916-322-1770 or by email at sacsinfo@cde.ca.gov.

Sincerely,

Caryn Moore, Director
School Fiscal Services Division

Last Reviewed: Tuesday, August 21, 2018
ED Releases Proposed Guidance for Per Pupil Expenditure Reporting

The United States Department of Education (ED) released proposed guidance on March 28, 2019, in an effort to clarify the compliance requirements for Per Pupil Expenditure Reporting, under the Every Student Succeeds Act (ESSA).

ESSA section 1111(h)(1)(C)(x) requires local educational agencies (LEAs) to report actual expenditures, on a per-pupil basis, disaggregated by federal, state and local funds inclusive of personnel and nonpersonnel expenditures. This calculation must be completed for the LEA and each school site. The law creates more questions than answers as the law is void of any practical application or suggestive guidance.

The recently released guidance is a follow-up to guidance released in January 2017, and provides additional frequently asked questions (FAQ), as well as illustrative examples. Some key takeaways from the guidance include:

- FAQ H-4: The ED reinforces that state educational agencies (SEAs) and LEAs have flexibility in determining what goes into the numerator of the calculation. The ED suggests including current expenditures which includes instruction, instructional support services, student support services, general administration, plant maintenance, transportation, and other support services.
- FAQ H-8: The ED provides flexibility in how the expenditures are disaggregated. Specifically, an LEA and its schools may report federal expenditures on one line, and combine state and local expenditures on a secondary line. This alleviates concerns about how LCFF funds would be split between state and local expenditures.
- FAQ H-12: The ED clarifies that small and rural LEAs must comply with this reporting requirement. There is no provision exempting small and rural LEAs.
- FAQ H-14: The ED reinforces that a one year delay is available for SEAs. This provided flexibility during the 2017-18 fiscal year. However, the ED is explicit that this information must be reported using 2018-19 actual expenditures.

Appendix B and C of the proposed guidance provide illustrative examples from the perspective of the ED. There is a significant amount of detail and the ED points out that only the numbers in the far right column highlighted in grey are required to be reported based on ESSA section 1111(h)(1)(C)(x). The additional detail included is the ED’s attempt to illustrate how the information might be presented in a consumable format for stakeholders.

The key takeaway is that a significant amount of flexibility is available to SEAs and LEAs, but the availability of flexibility should not deter the desire for a common reporting structure across LEAs. The public comment period is open for 30 days and will wrap up at the end of April. Public comment can be sent to oese.feedback@ed.gov, and a full copy of the proposed guidance can be accessed by clicking here.

—Matt Phillips, CPA
## SONOMA COUNTY OFFICE OF EDUCATION

### DISTRICT COSTS FOR STUDENTS SERVED IN COUNTY OFFICE PROGRAMS
(Cost rounded to nearest dollar)

#### 2018-19 Flat Fee Allocation - 50% of Estimated Cost
Based on 2018-19 P-1 for Community Students and NPS/LCI

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<th>Account Code</th>
<th>District (Debit)</th>
<th>Rate</th>
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<th>Total District Cost</th>
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2018-19 50% Transfer - 18-19 P-1 (1) 18-19 Est 50% Payment Alloc