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March 23, 2023

To: District and Charter Business Services  
From: Sarah Lampenfeld, Director, External Fiscal Services  
Subject: March 2023 Edition

### **State of the State**

For the first eight months of the 2022-23 fiscal year revenues were \$4.698 billion below the 2023-24 Governor's Budget forecast of \$114.045 billion. "Fiscal year-to date shortfalls were due largely to lower personal income tax and corporate tax receipts that excluded Pass-Through Entity (PTE) Elective Tax payments."

- ✚ **Personal income tax (PIT) receipts**, for the first eight months, were \$3.637 billion below the forecast of \$69.389 billion and were \$204 million below forecast in February.
- ✚ **Corporation tax receipts**, for the first eight months, were \$784 million below the forecast of \$17.503 billion and were \$988 million below forecast in February. Per DOF, February refunds were higher than projected, due largely to the processing of a large refund related to tax year 2021.
- ✚ **Retail sales and use tax receipts**, for the first eight months, were \$481 million below the forecast of \$23.003 billion and were \$357 million below forecast in February. Per by DOF, this shortfall is likely due to timing of collections.

### **ESSER and GEER Annual Reporting (Reminder)**

Every local education agency (LEA) who received Elementary and Secondary School Emergency Relief (ESSER) I, ESSER II, ESSER III, and/or Governor's Emergency Education Relief (GEER) I and/or II funding is required to report to the CDE for the Annual Report. **The reporting time period covers July 1, 2021 through June 30, 2022, and is open now and due March 28, 2023.**

### **Stimulus Funding Reporting**

The current reporting cycle for Stimulus Funding opened March 20<sup>th</sup> and **will close April 14<sup>th</sup>**. This reporting cycle reflects expenditures incurred from January 1, 2023 to March 31, 2023 on the following funds:

- ✚ ESSER II, Resource 3212
- ✚ ESSER III, Resources 3213 and 3214
- ✚ Homeless Children and Youth (HCY) Funds, Resource 5634
- ✚ Expanded Learning Opportunities Grants (ELO-G), Resources 3216 – 3219 and 7425 – 7426

The Federal Stimulus Quarterly Reporting Help Page, located at: <https://www.cde.ca.gov/fg/cr/reportinghelp.asp>, is an excellent resource to support you through reporting for your LEA.

### **Valid Instructional Day**

During the week of March 13<sup>th</sup>, several LEAs experienced flooding or power outages, resulting in school closures. If your LEA closed, please review your LEA's instructional minutes and ensure requirements are still met or if an emergency day (if available) or waiver is needed.

Remember in order to qualify as valid instructional day, the following must be met for schools (does not apply to charter schools):

1. The absolute minimum daily minutes were offered (e.g., K-60 minutes, Gr 1-3 - 170 minutes, Gr 4-12 - 180 minutes), **AND**
2. When averaging any 10 consecutive school days for **elementary schools**, the requirements are met (e.g. K-180 min, Gr 1-3 -230 min, and Gr 4-8-240 min), **OR**
3. For **junior high and high schools**, they must meet the requirements when averaging any 2 consecutive days (240 min). For example, if yesterday was only 180 minutes in a junior high or high school, then Monday and Wednesday must be at least 300 minutes to comply with EC 46142 ( $180 + 300 / 2 = 240$  min).

Elementary schools must meet #1 AND #2 and junior high and high schools must meet #1 AND #3 to comply with the requirements. If there is any doubt, check with the CDE or your auditor before the school year ends so you can make-up the day(s), if needed. **Additionally, it's advised all affected districts recalculate their instructional minutes accordingly.**

### **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) and *Education Code* 41402 gives the maximum ratios and the exemption for minimums. 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> and [Ed Code 41402](#).

### **Reserve Cap Trigger for Fiscal Year 2023-24**

The Governor's January FY24 Budget proposal expects the Reserve Cap to remain in place for 2023-24, resulting in a cap of 10% on local reserves (combined assigned and unassigned General Fund balances [**includes** the Reserve for Economic Certainty]) for districts who are not Basic Aid and districts with greater than 2,501 average daily attendance (ADA). **This means districts affected by the reserve cap should be planning now.**

### **2023-24 Unemployment Insurance Rate**

Employment Development Department (EDD) announced this month that the School Employees Fund (SEF) Unemployment Insurance rate for fiscal year 2023-24 will be 0.05%. Good news, we are back to the pre-pandemic rate. The rate of 0.05% is locked in for one year. EDD's announcement can be found [here](#).

### **Proposition 28: Arts and Music**

Voters approved in November Prop 28: Arts and Music in Schools which will provide K-12 public schools (including charter schools) an annual allocation for arts and music programs outside of Prop 98 beginning with the 2023-24 fiscal year. The annual amount is equal to 1% of the prior-year Prop 98 minimum guarantee and will be distributed to LEAs via a 70/30 split; 70% based on share of statewide enrollment in preschool through grade 12 and 30% based on share of low-income students. Per SSC's November 2022 Fiscal Report, *Proposition 28 Estimates for LEAs*, each LEA will receive \$113.45 per student based on an enrollment metric and \$84.15 per student based on the low-income metric.

#### **Key Areas:**

- ✚ Funding:
  - LEAs with enrollment over 500, at least 80% of the funds must be used to employ certificated or classified staff to provide arts education. The other 20% can be used for a variety of arts education support including arts education partnership programs.
    - Up to 1% of this 20% can be used for administrative expenses.
  - Funds allocated each year are available for use up to 3 years from allocation.
- ✚ Accountability:
  - Each school site principal or program director must develop an expenditure plan.
    - LEAs must submit an annual report to CDE and post it on their website.
  - LEAs with more than 500 pupils must certify annually that funds were used in accordance with the requirements.
- ✚ Staffing:
  - 80% of the funds shall be used to employ certificated and classified staff to provide arts education. The remaining can be used for training, supplies, and materials and for "arts educational partnership programs".
- ✚ Tip:
  - While waiting for guidance form CDE, LEAs can prepare by taking inventory of current baseline arts education staffing and programs costs and identifying opportunity for growth that fit the 80/20 requirements.

The Arts Education Alliance has shared additional documents that can be found [here](#).

### **P-2 Attendance Reporting**

2022-23 Principal Apportionment Data Collection (PADC) web application is now available for reporting 2022-23 Second Principal Apportionment (P-2) data. LEA's P-2 data **is due to SCOE April 21st**. P-2 instructions from SCOE will be available in early April.

The following 2022-23 P-2 data is due:

- ✚ Attendance
- ✚ Necessary Small School
- ✚ Class Size Penalties
- ✚ Adults in Correctional Facilities
- ✚ Special Education Local Plan Area Average Daily Attendance Allocation
- ✚ Special Education Tax Allocation
- ✚ Infant Funding
- ✚ Transfer of Funds Alternative Rate Option (submit new P-1 file only if revisions are needed)

**Federal Cash Management Data Collection (CMDC) (coming soon)**

The data collection window for the Federal Cash Management Data Collection (CMDC) System will open April 10<sup>th</sup> and be open until April 30<sup>th</sup>. You may report your data at any time during this period. **LEAs must submit cash balance data by April 30<sup>th</sup>**, 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 (coming soon)**

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)

The CDE requests LEAs submit documentation regarding the calculations and the interest rate used. Documentation (once available) for the **current quarter's rate can** be found at <https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/auditor-controller-treasurer-tax-collector/divisions/treasury/publications/interest-apportionment>. 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, ELOG (resources 3216, 3217, 3218 and 3219 only), GEER and ESSER I, II, and III would need to be included, but you may have other non-reimbursable programs.**

**Professional Development Opportunities Hosted by SCOE Business Services (flyer attached)**

Please register directly with CASBO

- ✚ Payroll Concepts, April 11<sup>th</sup> or 29<sup>th</sup>
- ✚ SACS Basic Concepts, April 26<sup>th</sup> or May 11<sup>th</sup>
- ✚ SACS Advanced Concepts, April 27<sup>th</sup> or May 12<sup>th</sup>
- ✚ Payroll Essentials, May 16<sup>th</sup> - 18<sup>th</sup> or June 13<sup>th</sup> - 15<sup>th</sup>

### **LCAP Development for FY 2023-24**

SCOE's Fiscal and ESS team will be hosting LCAP development drop-in working sessions in April and May. The virtual working sessions will be an opportunity for LEAs to ask questions and receive support from both the CI Directors and Fiscal Advisors. **Mark your calendars now! The drop-in sessions are April 4<sup>th</sup> 9:30 to 11:30 am and May 2nd 9:30 to 11:30 am via zoom.** Additionally, the fiscal team will be providing a **LCAP Action Table Workshop April 20<sup>th</sup> from 9:30 to 11:30 am.** We will take a deep dive into the action tables, the increased and improved services section and accounting for the expenditures in the 2023-24 LCAP.

### **Reminders:**

- ✚ Please submit SCOE Biz 23-13: Auditor Selection **by April 1<sup>st</sup>** to [slampenfeld@scoe.org](mailto:slampenfeld@scoe.org).
- ✚ Transportation Plans must be adopted on or before April 1, 2023.
- ✚ Classified School Employee Summer Assistance Program: School Districts and county offices of education that elected to participate by January 1, 2023 must notify the CDE by April 1, 2023.
- ✚ Please submit SCOE Biz 23-15: Public Hearing Notice as soon as possible (no later than 17 days prior to the public hearing).

### **Dates to Remember:**

|            |  |
|------------|--|
| 03/30/2023 | Escape Budget Development Workshop <a href="#">Click here to register</a>                                      |
| 04/01/2023 | 2022-23 Audit Contracts due to SCOE (email to <a href="mailto:slampenfeld@scoe.org">slampenfeld@scoe.org</a> ) |
| 04/02/2023 | Scheduled System Downtime 8:00 – 12:00 pm  |
| 04/04/2023 | LCAP Drop-In Session 9:30 – 11:30am <a href="#">Click here to register</a>                                     |
| 04/13/2023 | Escape HR/Payroll Annual Review Workshop <a href="#">Click here to register</a>                                |
| 04/19/2023 | Aeries/Calpads User Training 10:00 – 11:30am   |
| 04/19/2023 | SchoolWise/Calpads User Training 1:00 – 2:30 pm  |
| 04/21/2023 | P-2 Attendance due to SCOE   |
| 04/27/2023 | April DBUG <a href="#">zoom link</a>   |

### **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](#) can be 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.