

SCOE BIZ

Business Services Bulletin No. 23-18



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April 27, 2023

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

State of the State

For the first nine months of the 2022-23 fiscal year, the General Fund agency cash receipts were \$4.684 billion below the 2023-24 Governor's Budget forecast of \$126.675 billion. The year-to-date shortfalls were largely due to lower personal income tax and corporate tax receipts; however, the shortfalls were offset by the strength in sales tax. The Governor's Budget monthly cashflow reflects the expected impact of delayed payment and filing deadlines to May 15th for most Californians. However, these deadlines were further delayed to October 16th, which is adding significant uncertainty to the interpretation of cash results. Adjustments were made in January and March for taxpayers delaying their payments.

- ✚ Personal income tax cash receipts for the first nine months of the fiscal year were \$4.449 billion below forecast of \$76.222 billion and were \$828 million below forecast in March.
- ✚ Corporation tax cash receipts for the first nine months of the fiscal year were \$877 million below the forecast of \$19.944 billion and were \$95 million below forecast in March.
- ✚ Sales and use tax cash receipts for the first nine months of the fiscal year were \$215 million above the forecast of \$25.325 billion. Cash receipts for March were \$696 million above the month's forecast, fully offsetting shortfalls from prior months that were due to delays in recording of payments.

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.**

Local Control and Accountability Plan (LCAP)

Need help?

SCOE's Fiscal and ESS team will be hosting another LCAP development drop-in working session in May. The drop-in working sessions will be an opportunity for LEAs to ask questions and receive support from both the CI Directors and Fiscal Advisors. The added drop-in session is May 2nd from 9:30 to 11:30. [Register here](#)

SCLS Annual Notice to Parents

School and College Legal Services has issued Legal Update Memo No. 05-2023 regarding the 2023-24 Annual Notice to Parents. You can find and print the memo from their [web page](#).

Indirect Cost Rates

The 2023-24 approved indirect cost rates for districts and charters are posted on the CDE Indirect Cost Rate (ICR) web page at <http://www.cde.ca.gov/fg/ac/ic/index.asp>. EC Section 38101(c) limits food service program indirect costs to amounts derived using the *lesser of* a district's approved indirect cost rate or the statewide average indirect cost rate. Each district should compare to determine the lowest rate for use with this program. The 2023-24 statewide average indirect cost rate is 5.06%.

Sports Equity

Education Code section 221.9 requires each public elementary and secondary school, including each charter school, that offers competitive athletics to publish on its website separately *for each individual school*:

1. Total school enrollment, classified by gender.
2. Total number of students who participate in athletics, classified by gender.
3. Total number of school athletic teams, classified by gender, sport, and competition level.

The law first became effective for the 2015-16 school year. Annual postings are required by June 30th. The numbers reported should reflect the total number of players on a team roster "on the official first day of competition".

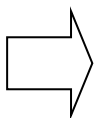
Reserve TRANSPARENCY disclosure at the Public Hearing (all Districts and general fund charters)
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EC 42127 (a)(2)(B) requires a district's public hearing for the Adopted Budget must provide all the following for public review and discussion:

- 1) The minimum recommended reserve for economic uncertainties (REU) for each fiscal year identified in the budget.
- 2) The combined assigned and unassigned ending fund balances that are in excess of minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget. The fund balances include the General Fund and Fund 17, Special Reserve Fund for Other than Capital Outlay.
- 3) A statement of reasons that substantiate the need for assigned and unassigned fund balance in excess of the minimum recommended reserve for economic uncertainties for each fiscal year identified in the budget.

EC 42127 (d) states the County cannot approve a District's budget unless the reserve transparency disclosures have been made.

To ensure each district has performed the Reserve Transparency disclosure at the *Public Hearing*, please:



- **Note the *Reserve Transparency disclosure* as a *line item* on the Agenda of the *Public Hearing*.**
- **In the minutes of the meeting, report that reserves were reviewed and discussed in accordance with EC Section 42127 (a)(2)(B).**

What should be done between NOW and your PUBLIC HEARING....

- 1) Add the Reserve Transparency disclosure to the Agenda of the public hearing.
- 2) Determine the applicable District ADA.
- 3) Calculate minimum REU as determined by the State board.
- 4) Commit reserves as you deem applicable, discuss with auditors if you have concerns.
- 5) Identify the assigned and unassigned (includes REU) fund balance amounts.
- 6) Determine/create a statement of reason for the amount of assigned and unassigned fund balances in excess of State minimum REU, which is supported by your governing board.
- 7) An Excel spreadsheet titled Statement of Reason for Excess Reserves is posted on the SCOE website under financial forms <http://www.scoe.org/pub/htdocs/fiscal-forms.html>
- 8) Be able to articulate why the reasons are relevant and necessary.
- 9) Be ready to present at your public hearing date, which is earlier than your budget adoption date.
- 10) Make sure the minutes of the public hearing note that reserves were reviewed and discussed in accordance with EC42127 (a)(2)(B).

Notice of Public Hearing for 2023-24 Budget ~ Please fill out the publication notification ([SCOE Biz Bulletin No. 23-15 dated March 23, 2023](#)) 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 your auditors.

Local Indicators Report Reminder!

Please remember LEAs must present their DTS template or self-reflection tools word document (AKA) Local Indicators Report to the local governing board as an informational item at the same meeting the budget and 2023-24 LCAP are adopted by the local governing board.

Federal Cash Management Data Collection (CMDC)

The data collection window for the Federal Cash Management Data Collection (CMDC) System opened on April 10th and will close April 30th. You may report your data at any time during this period. **LEAs must submit cash balance data by April 30th**, 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

The CDE requests LEAs submit documentation regarding the calculations and the interest rate used. Documentation (once available) for the **current quarter's rate of 1.861%** 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.**

Fiscal Report by School Service of California

School Services provides excellent explanations to current topics. If you are a member of School Services of California you can also see their reports by logging in to view on their web page or subscribe to their email service. Attached for your convenience are the following fiscal reports:

-  By The Way...CalPERS Set to 2023-24 Employer Contribution Rate
-  Ass SSC...What Are LEAs Required to Post on Their Website?
-  Lower Tax Receipts Will Impact May Revision

Dates to Remember:

- 05/01/2023 Escape Webinar - Year End Purchasing [register with Escape](#)
- 05/02/2023 LCAP Working Session (hybrid: Gravenstein room and zoom) #2 [register](#)
- 05/14/2023 Scheduled Escape Maintenance 8:00 am to 12:00 pm
- 05/18/2023 Next Fiscal Year Workshop (hybrid: in-person – TLC 3 & 4 and online-[zoom link](#))
- 05/19/2023 School Services of California May Revise webinar (must register with SSC)
- 05/25/2023 May DBUG (hybrid: in-person - Redwood C and online - [zoom link](#))
- 05/29/2023 SCOE Closed for Memorial Day
- 05/30/2023 Capitol Advisors May Revise webinar 2:00 pm -4:00 pm (must [register](#) w/Capitol Advisors)
- 06/01/2023 Year-End Close Workshop
(hybrid: in-person – TLC room 3 & 4 and online – [zoom link](#))

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.

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

By The Way... CalPERS Sets 2023-24 Employer Contribution Rates

 [BY MICHELLE MCKAY UNDERWOOD](#)

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posted April 21, 2023

As expected, this week, the California Public Employees' Retirement System (CalPERS) Board adopted the 2023-24 schools employer contribution rates at 26.68% and projects outyear rates as follows:

Fiscal Year	2024-25	2025-26	2026-27	2027-28	2028-29
Projected Rates	27.70%	28.30%	28.70%	30.00%	29.80%

The outyear projections will fluctuate based on future investment returns and other demographic changes. The 2023-24 rate will not change from here, and the next anticipated update to outyear estimates is expected fall 2023, after the release of the 2022-23 valuation this summer. As such, school employers (including community colleges) should utilize these rates as they update their multiyear projections.

For additional information, see "[CalPERS Set to Adopt 2023-24 Employer Contribution Rate](#)" in the April 2023 Fiscal Report.

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Ask SSC . . . What Are LEAs Required to Post on Their Website?



BY SUZANNE SPECK

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posted April 14, 2023

Q: We are compiling a list of items/links required on a school/district website to support our local educational agency (LEA). After much searching, we are unable to locate anything. Any chance School Services of California Inc. (SSC) has advice? Thanks!

A: After much research, we have compiled the following list of LEA website posting and availability requirements. We are not suggesting that this list includes everything required by state or federal law to be posted by LEAs to their websites, but we are confident that all of the items below are required. To ensure full compliance, we strongly recommend that you check with your legal counsel.

Elementary and Secondary School Emergency Relief III Fund Safe Return to In-Person Instruction and Continuity of Services Plan

According to the California Department of Education's (CDE) [website](#), until September 30, 2023, plans, and any revisions to the plan (in a format that suits the LEA's needs) must be publicly posted on the LEA's website.

Education Equity Program

California Education Code Sections (EC §) [220](#), [234.1\(a\)](#), and [260](#); [California Penal Code Section 422.55](#); California Code of Regulations, Title 5 (5 CCR) Section [4900](#), [4902](#), and [4960](#); and Code of Federal Regulations, Title 34 (34 CFR) Section [106.8\(a\)](#) require that LEAs adopt and post on their website a policy that prohibits discrimination, harassment, intimidation, and bullying based on a number of protected characteristics.

Gender Equity/Title IX

California [EC § 221.61](#) stipulates that LEAs receiving federal funds and that are subject to the requirements of Title IX must post on their website the rights of students and the public and the responsibilities of the LEA under Title IX; a description of how to file a complaint under Title IX; a link to the U.S. Department of Education Office of Civil Rights; and the name and contact information of the LEAs Title IX coordinator.

Instructional Materials Sufficiency, School Facility Conditions, and Teacher Vacancy or Misassignment

California [EC § 35186](#) requires that an LEA “shall use the uniform complaint process it has adopted as required by Chapter 5.1 (commencing with Section 4600) of Division 1 of Title 5 of the California Code of Regulations, with modifications, as necessary, to help identify and resolve any deficiencies related to instructional materials, emergency or urgent facilities conditions that pose a threat to the health and safety of pupils or staff, and teacher vacancy or misassignment.” A notice shall be posted in every classroom in each school in the district notifying parents, guardians, pupils, and teachers of the requirements of this section, including where to obtain a complaint form. Posting a notice downloadable from the LEA’s website regarding the department where the complaint form is available will satisfy this requirement.

LCAP

[EC § 52065](#) requires the superintendent of a school district or county office of education (COE) to “prominently post on the homepage of the Internet website of the LEA any Local Control and Accountability Plan approved by the governing board of the school district or county board of education, and any updates, revisions, or addenda, including those to comply with federal law, to a Local Control and Accountability Plan approved by the governing board of the school district.” Additionally, the LEA must post all Local Control and Accountability Plans (LCAPs) submitted by charter schools that were authorized by the school district, or links to those plans, and any updates, revisions, or addenda. In the case of the county superintendent of schools, they must also post all LCAPs submitted by school districts and charter schools, or links to those plans, on the Internet website of the COE.

Learning Continuity Plan

LEAs must prominently post the 2020–21 Learning Continuity Plan on the homepage of the LEA’s website, consistent with the LCAP posting requirements as specified in EC § [52065](#) and [4.7606.5](#). COEs must prominently post all Learning Continuity Plans submitted by school districts and charter schools, or links to those plans, on the COE’s website.

Preschool Health and Safety Requirements

[EC § 8212](#) requires that any LEA exempt from licensing pursuant to subdivision (o) of [Section 1596.792 of the Health and Safety Code](#) shall use the uniform complaint process it has adopted as required by Chapter 5.1 (commencing with Section 4600) of Division 1 of 5 CCR, with modifications, as necessary, to resolve any deficiencies related to preschool health and safety issues for a California State Preschool Program pursuant to Section 1596.7925 of the Health and Safety Code. Posting a notice downloadable from the LEA’s website shall satisfy this requirement.

SELPA Local Plans

According to the CDE website, a [Special Education Local Plan Area \(SELPA\)](#) must post on its website the

current adopted local plan, including any amendments to the governance and administration, annual budget plan, and annual service plan sections. LEAs must also post a copy of the local plan on their website. A county superintendent of schools must post the current approved SELPA local plans for all SELPAs operating within their county on the COE website.

SARC

[EC § 35256](#) requires each school district to make hard copies of its annually updated report card available, upon request, on or before February 1 of each year. In addition, [EC § 33126\(d\)](#) specifies legislative intent that schools make a concerted effort to notify parents of the purpose of the School Accountability Report Cards (SARCs) and ensure that they receive a copy. LEAs with access to the Internet must make copies available online. Additionally, any county board of education operating classes at juvenile hall is also required to prepare and post a SARC.

Title I, Part A Parent and Family Engagement

Subject to the requirements of the [Every Student Succeeds Act \(ESSA\)](#) Section 1112[e][2][B], each LEA that receives Title I, Part A shall make widely available through public means (including by posting in a clear and easily accessible manner on the LEA's website and, where practicable, on the website of each school served by the LEA, for each grade served by the LEA, information on each assessment required by the state to comply with ESSA Section 1111, other assessments required by the state, and, where such information is available and feasible to report, assessments required districtwide by the LEA (according to ESSA Section 1112[e][2][C]).

As this list demonstrates, there are a number of LEA website posting requirements. As stated earlier, this may not be an exhaustive list and we recommend that you work with legal counsel in determining the extent to which your LEA is compliant with all website posting requirements.

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Lower Tax Receipts Will Impact May Revision



BY ANJANETTE PELLETIER

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posted April 24, 2023

The Department of Finance (DOF) highlighted weakening of annual real gross domestic product (GDP) growth for California in its April Finance Bulletin (Bulletin), with a dramatic decline from growth of 7.8% in 2021 to a mere 0.4% in 2022. GDP is the total value of goods produced and services provided in a year, and California is outpacing the U.S. with a deeper decline in prior-year growth. Data from the U.S. Bureau of Economic Analysis demonstrates the sharp deceleration of the California economy with a share of the U.S. real GDP dropping to 14.4% in 2022 compared to 14.7% in 2021, and only slightly higher than pre-pandemic rate of 14.3% in 2019. Similarly, the DOF notes that personal incomes of Californians grew only slightly (0.4%) in 2022, compared to the substantial increase of 7.7% in 2021. Unadjusted wages and salaries continue to drive income growth across the nation, with California total wages rising by 5.7% and the U.S., surpassing 1984's high watermark to 9.1% for total wage growth rate in 2022.



Source: DOF

Inflation indicators continued to slow across the economy, with a ninth consecutive monthly decline for U.S. headline inflation in year-over-year comparisons, largely driven by lower gasoline costs. Core inflation—excluding food and energy—rose slightly to 5.6%, while shelter inflation increased to 8.2% in March.

Permits for new housing continue to be down compared to last year, with more multi-family units permitted than single-family homes. The statewide median home sales price increased to \$791,490 in March 2023, and the overall number of sales was down 34.2% in year-over-year comparisons. Year-over-year average 30-year mortgage rate increases continue, up to 6.54% compared to 4.17% in March 2022.

In the ninth month of the fiscal year, the DOF notes that General Fund cash receipts were \$4.7 billion below the 2023-24 Governor's Budget forecast, with the "Big Three" revenue generators of personal income tax (PIT), corporation tax (CT), and sales and use tax (SUT) showing mixed results and ongoing uncertainty for forecasts. The pass-through entity (PTE) elective tax credits continue to play a role in sustained uncertainty of state revenues, as well as the expected impact of delayed PIT revenues due to the October 16 tax deadline extension. Year-to-date PIT receipts were \$4.5 billion below forecasted amounts and CT cash receipts were \$877 million below, while SUT receipts were the one highlight, with receipts at \$215 million above forecasts, fully offsetting the prior nine-month shortfall in SUT. The DOF indicates that, while PIT receipts are weak, the true impact of the shortfall is difficult to gauge given the unknown percentage of Californians who will submit their taxes under the delayed filing timeline.

California 2022-23 Big Three Taxes (Year-to-Date) In millions

	Forecast	Actual	Difference
Personal Income Tax	\$76,222	\$71,773	-\$4,449
Corporation Tax	\$19,944	\$19,067	-\$877
Sales and Use Tax	\$25,325	\$25,540	\$215
Total	\$121,491	\$116,380	-\$5,111

May is quickly approaching, and with only April cash receipts remaining before Governor Gavin Newsom must provide a budget proposal based on the updated fiscal and revenue projections, the May Revision is likely to be hampered by uncertain revenues and ongoing economic pressures, presenting challenges for the Governor and the Legislature to develop the State Budget. Join us for our upcoming [May Revision Workshop](#), which will provide a detailed look at Governor Newsom's proposals and their impacts on education funding and programs.