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*Note: #N/A indicates data not available.*
Use of this affidavit is authorized by California Education Code (EC) Section 46392(b)(3)—Emergency Average Daily Attendance (ADA):

Notwithstanding any other law, the Superintendent of Public Instruction shall extend through the 2018–19 fiscal year the period during which it is essential to alleviate continued reductions in average daily attendance attributable to a state of emergency declared by the Governor in October 2017, for a school district where no less than 5 percent of the residences within the school district or school district facilities were destroyed by the qualifying emergency.

_____________________________ School District in Sonoma County has evaluated and determined that a reduction in ADA in FY 2018-19 is attributed to the October 2017 wildfires and as a result is requesting to use its 2017-18 reported ADA, adjusted by any approved J-13A request, to help alleviate the loss in ADA in FY 2018-19. Included with this request is supporting documentation to substantiate the 5 percent loss in residences within the school district or school district facilities destroyed by the October 2017 wildfires.

SCHOOL DISTRICT SUPERINTENDENT

By signing this affidavit, I__________________________ attest that the foregoing information and statements are true and correct to the best of my knowledge and belief.

School District Superintendent Signature (or designee)______________ Date______________

SCHOOL DISTRICT CONTACT PERSON

Name__________________________ Title__________________________

Phone Number__________________________ Email__________________________

COUNTY SUPERINTENDENT OF SCHOOLS

By signing this affidavit, I__________________________ attest that the foregoing information and statements are true and correct to the best of my knowledge and belief.

County Superintendent of Schools Signature (or designee)______________ Date______________
Hi Shelley,

Thank you for your patience. This email outlines pertinent information regarding Assembly Bill 1840, Chapter 426, Statutes of 2018 for school districts in Sonoma County that were impacted by the October 2017 wildfire emergencies. The California Department of Education requests that Sonoma COE forward this email to any school districts within the county that may be eligible for a material decrease extension.

Overview
Assembly Bill 1840 amended California Education Code (EC) Section 46392(b)(3), giving the Superintendent of Public Instruction authority to extend the material decrease provisions to the 2018–19 fiscal year (FY). This extension is essential to alleviate continued reductions in average daily attendance (ADA) attributable to a state of emergency declared by the Governor in October 2017 for a school district where no less than 5 percent of the residences within the school district or school district facilities were destroyed by the qualifying emergency.

How to Apply
The California Department of Education has developed the attached affidavit for eligible school districts to use to make a request under this provision of the EC.

A separate material decrease Request for Allowance of Attendance Due to Emergency Conditions, Form J-13A for FY 2018-19 for the October 2017 wildfires is not needed. Eligible school districts will need to complete the attached October 2017 Wildfire Emergencies Form J-13A Affidavit as follows:

- A school district with a J-13A approval for FY 2017-18 will only need to submit the attached affidavit and supporting documents.

- A school district without a J-13A approval for FY 2017-18 should submit the attached affidavit with the 2017-18 J-13A request and supporting documents.

The completed affidavit should be signed by both the district superintendent and the county superintendent of schools. The school district and county office of education should retain a copy of the signed affidavit and mail the original signed request to:

School Fiscal Services Division  
California Department of Education  
1430 N Street, Suite 3800  
Sacramento, CA 95814  
Attention: Principal Apportionment Section

Once the California Department of Education has reviewed the Form J-13A and/or the affidavit, the school district and COE will receive correspondence regarding approval status along with ADA reporting instructions.

Impact to Funding
- All school districts are protected by EC Section 42238.05 which requires that Local Control Funding Formula (LCFF) entitlement calculations for school districts be based on the greater of current year ADA or prior year ADA. For the 2018-19, the school district’s LCFF entitlement calculation will be based on the greater of current year (2018-19 ADA adjusted by affidavit approval) or prior year (2017-18 ADA adjusted to include the approved J-13A net increase of apportionment days/hours) ADA.

- For FY 2019-20, the school district’s LCFF entitlement calculation will be based on the greater of current year (FY 2019-20 ADA) or prior year (FY 2018-19 ADA adjusted by affidavit approval) ADA.

For any additional questions, please email attendanceaccounting@coe.ca.gov.

Sincerely,
Hoa Tran, Consultant  
School Fiscal Services Division  
California Department of Education

https://mail.google.com/mail/u/0?tab=cm#inbox/OGcJHsTgsnBwzfWNQRKbRHqTmKDHNsbgQ
September 23, 2015

Dear County Superintendents and County Chief Business Officials:

AVERAGE DAILY ATTENDANCE DURING PERIODS OF EMERGENCY OR EXTRAORDINARY CONDITIONS

Due to the recent fires throughout California, local educational agencies (LEA) affected by the fires may be forced to close schools as a result of hazardous conditions, and they may incur a reduction in average daily attendance (ADA). The purpose of this letter is to provide guidance and information to LEAs on the process for addressing school closures and the loss of instructional time and attendance during an emergency or in extraordinary conditions.

The California Department of Education (CDE) is sympathetic to the many challenges LEAs face in the midst of natural disasters. In the interest of maintaining continuity in meeting the educational needs of California’s students, and minimizing the loss of instructional time for students whose access to school is affected by emergencies, where possible:

- Local educational agencies are encouraged to add days and/or minutes of instruction to the school calendar when instructional days and minutes are lost.

- To the extent existing school facilities are not suitable for instruction for an extended period of time due to natural disasters or unforeseen extraordinary conditions, LEAs are also encouraged to use alternate facilities for instruction.

Should the efforts to modify the school calendar or relocate classes not mitigate the loss of attendance or instructional time, the California Education Code (EC) permits the State Superintendent of Public Instruction to grant normal apportionment to LEAs in emergencies. In the interest of holding LEAs harmless from revenue loss that might result from a reduction in ADA or instructional time, LEAs that experience a loss of ADA or are forced to close school due to an emergency may submit a Request for Allowance of Attendance Because of Emergency Conditions, Form J-13A (J-13A).

Often, in the case of natural disasters such as fires and earthquakes, LEAs may experience both a loss of attendance due to school closure and a decrease in attendance when schools reopen. In these instances, when schools reopen, an LEA
may submit a J-13A request for loss of attendance due to both the school closure and
the decrease in ADA experienced upon reopening the school.

School district and charter school J-13A requests must be approved by their respective
county office of education (COE). Once the COE has verified the supporting information
and approved those requests, J-13As should be forwarded to the CDE for review and
approval. COEs should file their own J-13As directly with the CDE.

Additional information regarding the process for requesting credit for lost ADA and
instructional time during an emergency or unforeseen circumstance is available as
follows:

- The CDE Management Advisory 90-01, available on the CDE Web page at
- Form J-13A (includes forms and instructions for filing a Request for Allowance of
  Attendance Because of Emergency Conditions) located on the CDE Web page at
- California EC Section 41422 available on the California Legislative Information
  Code Section Web page at
  http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=4
  1422.&lawCode=EDC.
- California EC Section 46392 available on the California Legislative Information
  Code Section Web page at
  http://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=4
  6392.&lawCode=EDC.
- California Code of Regulations, Title 5, Section 428 available on the West Law
  Web page at
  https://govt.westlaw.com/calregs/Document/IAB75DE91D47E11DEBC02831C6D
  6C108E.

Should your LEA have a need for alternative facilities during an emergency or
unforeseen circumstance, please contact Michael O'Neill, Field Representative, School
Facilities and Transportation Services Division, by phone at 916-322-1463 or e-mail at
moneill@cde.ca.gov or Fred Yeager, Interim Division Director, School Facilities and
Transportation Services Division, by phone at 916-327-7148 or by e-mail at
fyeager@cde.ca.gov.

If your LEA, or other California State Preschool Program (CSPP) providers in your area,
have experienced a loss of CSPP students due to an emergency or unforeseen
circumstance, please refer to CDE Management Bulletin 10-09 located on the CDE
Web page at http://www.cde.ca.gov/sp/cd/ci/mb1009.asp or you may contact the Early
Education and Support Division by phone at 916-322-6233.
If your LEA experienced a loss in After School program attendance due to an emergency or extraordinary conditions, please contact the After School Division by phone at 916-319-0210 for information regarding the After School Division's California After School Program Attendance Relief procedures.

For additional information related to the claiming of attendance during an emergency or unforeseen circumstance, and for assistance in completing the Form J-13A, please contact the Principal Apportionment Support Unit by phone at 916-324-4541 or e-mail at PASE@cde.ca.gov.

Please forward this information to your districts and charter schools affected by emergencies or unforeseen extraordinary conditions that affect school attendance.

Sincerely,

Nick Schweizer, Deputy Superintendent
Services for Administration, Finance, Technology, and Infrastructure Branch

WM:je
Several of our clients have reported employees reaching out to individual board members in an effort to influence collective bargaining negotiations. This Legal Update provides guidance for board members regarding their role in the collective bargaining process, and advises board members on best practices to follow when employees or union representatives petition them about issues related to negotiations.

Our primary recommendations for board members when they are approached by employees or union representatives about negotiations are as follows:

1. Avoid any individual conversations about issues in negotiations because these could be misrepresented, and could even rise to the level of violating the laws governing public school employer-employee relations;

2. Refer the individual to the board as a whole by encouraging them to make their comments at the public comment portion of an upcoming board meeting;

3. Remember that the board and its bargaining representatives are a team. The board and individual board members should not be mediating between employees and the district team.

Aside from best practices, board members should understand that a typical tactic by unions in negotiations is to attempt to divide the board from its team by these individualized conversations.
Board’s Role in Negotiations

The school board as a whole is the governing body of the district and the ultimate decision-maker for any actions taken by the district. The school board designates a team to represent the district’s interests during negotiations with the bargaining unit. Typically, this team consists of members of district management knowledgeable about finance, human resources and site organization, and might also include an attorney or non-attorney advocate for the school district.

To communicate its position regarding matters within the scope of representation and instruct their negotiations team accordingly, the school board is permitted by the Brown Act to meet with their negotiations representatives in closed session. (Gov. Code § 3549.1, subd. (d).) During these closed session meetings, the school board authorizes certain parameters for negotiations, including the amount of money available for negotiations, and instructs their negotiations team on the board’s goals. With the board’s authority and direction, the district’s negotiations team meets with the bargaining unit’s negotiations team and enters into tentative agreements about matters within the scope of negotiations. These tentative agreements do not become binding until they are ratified by both the school board and the bargaining unit.

Individually, no board member has any authority in negotiations. Rather, the board as a whole makes decisions, instructs the negotiations team, and ratifies any tentative agreements reached in negotiations.

Bypassing Negotiations Teams

The Educational Employment Relations Act (“EERA”) governs employer-employee relations within the public schools, and is enforced by the Public Employment Relations Board (“PERB”). Under the EERA, both the school district and the employee organization are obligated to deal with the other’s chosen representative to negotiate matters within the scope of representation. This means that, for matters subject to the negotiation duty, the bargaining unit is obligated to meet and bargain with the employer’s chosen representatives, and the employer is obligated to meet and bargain with the unit’s chosen representatives. Neither party may circumvent the negotiations process or the designated representatives.

If the school district wants to propose a change to a term or condition of employment, the district must propose the change to the team representing the unit for the employees affected, and may not directly deal with one or more affected employees. For example, if a unified district with an elementary, middle and high school wants to change the class size for middle school classrooms, it cannot approach the middle school teachers with a proposal and ask them for their support, input, or to sign a document indicating their agreement; the district must instead propose the change to the teacher’s bargaining team representatives. Approaching the middle school teachers individually without including the union could constitute impermissible bypassing of an exclusive representative or “direct dealing” in violation of the EERA.

Likewise, the employee’s exclusive representative (i.e., the union) is obligated to meet and negotiate with the employer’s chosen representative(s) on matters within the scope of

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1 Gov. Code §§ 3540-3549.3.
representation, and must avoid direct negotiations with the school board. However, employee organizations and public employees have the same statutory right to participate at public agency meetings as the general public, and have a right to represent themselves and their members at public meetings of the school board. Although bypassing an employer’s authorized negotiators by attempting to bargain directly with the public employer violates the duty to bargain, a union still has the right to advocate at a public meeting of the school board regarding working conditions, even if it relates to subjects under negotiations. In fact, even comments urging that the school board become more involved in the negotiations are permitted, as long as there is no evidence that the union is attempting to undermine the employer’s designated negotiator, and the union remains willing to negotiate with the representative.  

However, there are narrow circumstances in which the employee organization may violate the EERA by failing to deal directly with the employer’s chosen representative, which include:

- making a proposal or counterproposal to the board instead of transmitting it to the negotiations team,
- purposefully undermining the district’s negotiating team to the board,
- refusing to meet with the negotiations team and demanding to negotiate with the board instead, or
- demanding that a board member attend negotiations.

However, because of the employee’s right to participate in public agency meetings, it is very rare that PERB will find an employee or employee representative in violation of this rule when addressing the board as a whole.

First Amendment Right to Petition Board Members

Members of the public, including school district employees, have a First Amendment right to “petition” elected officials, including board members. Accordingly, an employee or a member of the community has a right to speak at a public board meeting or to privately petition an individual board member through personal conversation, emails, or telephone calls. As such, a school district cannot prevent a district employee from reaching out to an individual school board member in private, even if the employee is discussing a subject within the scope of negotiations, such as wages, class size, or health benefits. This circumstance, however, poses a serious risk for the Board member, as discussed below.

Board Member Best Practices When Approached About Negotiations

When a board member is approached by an employee or a member of the public about topics currently being negotiated by the district, it is best practice for the board member to not engage with the employee. The board member should immediately refer the person to the negotiating

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4 Undermining includes disparaging members of the negotiations team: purposefully saying things to the board in an effort to corrode the board’s confidence in the negotiations team. Westminster School District (1982) PERB Dec. No. 277 at 11. To rise to the level of undermining, the statements must demonstrate an intent to obstruct the negotiation process.
5 U.S. Const., 1st Amend. [prohibiting any law “abridging...the right of the people...to petition the Government for a redress of grievances”].
teams. The board member should also indicate to the individual their right to speak to the board as a whole at a board meeting. Individual interactions could easily be characterized as bargaining with unit members, “bypassing representatives,” or undermining the union (or the district’s negotiating team) in violation of the EERA. As such, we recommend that board members not engage with the individual, and instead refer them to the appropriate bargaining team or encourage them to attend a meeting of the Board so that all members can hear their comments.

If the individual appears to be undermining the negotiations process by either making a proposal or counterproposal to the board member instead of transmitting it to the negotiations team, or purposefully undermining the district’s negotiating team to the board member (for example by accusing the district’s team of lying), we recommend you contact legal counsel to discuss the possibility of filing an unfair labor practice charge with PERB.

Serial Meeting Concern

If several board members are approached by the same employee or member of the public, the board member should take precautions to prevent a serial meeting, in violation of the Brown Act, from occurring.

A majority of a school board is prohibited from using “a series of communications of any kind, directly or through intermediaries, to discuss, deliberate, or take action” on business within its subject matter jurisdiction outside of a meeting. A series of private meetings (known as serial meetings) by which a majority of the members of a legislative body commit to a decision or engage in collective deliberation concerning public business violates the Brown Act’s open meeting requirement.

Individual contacts or conversations between a board member and an individual does not violate the serial meeting law unless the individual communicates to a majority of board members the comments or position of any other member or members of the body.

However, keep in mind that communications of this nature are still extremely problematic. The casual or informal expressions of an opinion by a board member can easily be misunderstood and misapplied by the receiving individual which can lead to damage in negotiations. Many times individuals do not understand that the opinion of one board member does not represent the board as a whole.

Please contact our office with questions regarding this Legal Update or any other legal matter.

The information in this Legal Update is provided as a summary of law and is not intended as legal advice. Application of the law may vary depending on the particular facts and circumstances at issue. We, therefore, recommend that you consult legal counsel to advise you on how the law applies to your specific situation.

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7 Gov. Code § 54952.2, subd. (b)(2).
Financial
Circular Letter

February 28, 2019
Distribution: X, XII, XVI

To: State Colleges and Universities, County Superintendent of Schools, and Individual School Districts

Subject: Governmental Accounting Standards Board (GASB) Statement 68 Cost-Sharing Reports for Measurement Date June 30, 2018

Purpose
The purpose of this Circular Letter is to inform school employers that they may now access the Governmental Accounting Standards Board (GASB) 68 Schools Accounting Valuation Report and Schedules of Employer Allocations and Collective Pension Amounts for the 2018 measurement date.

Access Your Reports
School employers may access these reports on the CalPERS website at: www.calpers.ca.gov.

From the CalPERS website:
• Select the Employers tab.
• Select Actuarial Services from the area under the Employers tab.
• Select Governmental Accounting Standards Board (GASB) from the topic box in the left.
• Scroll down the page to the GASB 68 Report Information option and select the plus sign icon for further selection.
• Select the Schools tab. The reports will be listed under the heading GASB 68 Reports for Measurement Date June 30, 2018.
• Reports may also be searched and viewed in Forms and Publications on the website.
Additional Information

We encourage each employer to discuss with their auditors the audit and reporting requirements of GASB 68. Although CalPERS will provide you with the GASB 68 information needed regarding your CalPERS pension plan, we encourage you to work with your auditors to determine how to present this information in your financial statements.

Questions

If you have specific questions not addressed on the CalPERS website, email us at CalPERS_GASB_68@calpers.ca.gov or call our CalPERS Customer Contact Center at 888 CalPERS (or 888-225-7377).

Michael Cohen, Chief Financial Officer
Financial Office
Financial

Circular Letter

February 28, 2019
Circular Letter: 200-014-19
Distribution: VI, XII

To: Public Agencies and School Employers
Subject: Governmental Accounting Standards Board (GASB) Statement 75 Agent Report
Availability for Public Agencies and Schools

Purpose
The purpose of this Circular Letter is to provide public agency and school employers, contracted with the California Employers’ Retiree Benefit Trust (CERBT), information regarding the availability of the Governmental Accounting Standards Board (GASB) 75 Agent (OPEB Plan) report.

Access Your Report
The GASB 75 Schedule of Changes in Fiduciary Net Position by Employer, Independent Auditors’ Report and Notes to the Schedule as of June 30, 2018 report are now available.

To receive a copy of the signed audit confirmed schedule, please email CERBT4U@calpers.ca.gov.

Additional Information
We encourage each employer to discuss the audit and reporting requirements of GASB 75 with their auditors. Although CalPERS will provide you with the GASB 75 information needed regarding your CERBT plan, we encourage you to work with your auditors to determine how to present this information in your financial statements.
Questions

If you have specific questions related to the CERBT or reporting of Other Post-Employment Benefits, email CERBT4U@CalPERS.ca.gov or call the CERBT Program Manager, Colleen Cain-Herrback, at (916) 795-2474 or call our CalPERS Customer Contact Center at (888) CalPERS (or 888-225-7377).

Michael Cohen, Chief Financial Officer
Financial Office
CDE Revises SACS Software Codes

On March 8, 2019, the California Department of Education (CDE) revised the Standardized Account Code Structure (SACS) software with the latest allowable codes and the combinations of codes for state reporting purposes by local educational agencies (LEAs).

Effective for 2018-19, the CDE added the following resource codes for districts and counties:

- Resource Code 3182—Every Student Succeeds Act (ESSA) School Improvement Funding
- Resource Code 6128—Early Education Expansion Grant
- Resource Code 6388—K-12 Strong Workforce Program (may also be opened for Joint Powers Authority unless otherwise noted in SACS)

The resource codes listed above may be opened in the following funds:

- Fund 01—General Fund
- Fund 09—Charter Schools Special Revenue Fund (districts and counties only)
- Fund 12—Child Development Fund (for Resource Code 6388 only)
- Fund 62—Charter Schools Enterprise Fund (districts and counties only)

Other changes for 2018-19:

- The CDE added Resource Code 3183—ESSA School Improvement Funding for County Offices of Education and may be opened in Fund 01—General Fund
- The CDE is ending Resource Code 0000 with Object Code 868—Mitigation/Developer Fees, on June 30, 2019
- There are a number of new object codes opened in Resource Code 7710—State School Facilities Projects

Changes effective 2019-20:

- Adding Resource Code 7415 for LEAs to account for the Classified School Employee Summer Assistance Program
- Adding object codes in Resource Code 9010—Other Restricted Local
- Ending Resource Code 7400—Quality Education Investment Act, on June 30, 2020

The updated SACS software and text files for all active codes and combinations can be located at the CDE’s webpage by clicking here.

—Jamie Metcalf

posted 03/11/2019
UCLA Forecasters See Risks of Recession in Late 2020

Economists with the UCLA Anderson Forecast see a slowing U.S. economy and a rising risk of recession as the effects of the federal stimulus wane and the global economy sputters. In their quarterly report on the U.S. and California economies, released on March 12, 2019, the UCLA group held to their prior view that the national economy would follow a “3-2-1” path, meaning 3% growth in gross domestic product (GDP) in 2018, 2% growth in 2019, and 1% growth in 2020. As GDP growth slows, the risk of recession rises.

In his presentation, Senior Economist David Shulman indicated that there is a high risk of recession in late 2020 due in large part to slowing global growth. Shulman noted that while the U.S. enjoyed GDP growth at just under 3% in 2018, Euro Zone countries grew at 1.8% in 2018 and the forecast is for growth to slow to 1.2% in 2019. Similarly, growth in Japan hovers around 1% for 2018 and 2019 and is expected to drop to 0.5% in 2020. China, while continuing to outpace all other countries, is also expected to slow from 6.6% growth in 2018 to 6.2% growth in both 2019 and 2020. (Shulman pointed out that studies suggest that China’s reported growth rates are probably overstated by 1.7 percentage points.)

The UCLA forecasters had previously predicted that the Federal Reserve (Fed) would raise interest rates three or four times in 2019; however, based on the global slowdown, they have revised their outlook and now expect only one Fed rate hike in 2019 and two or three rate reductions in 2020 to address a slowing U.S. economy.

Providing further evidence of the weakness in global economies, Shulman noted that interest rates on two-year bonds in Germany, Japan, and France are negative. The rate on two-year bonds in the U.S. is 2.5% as of February 22, 2019.

As a result of the federal tax cuts in December 2017, the federal deficit is expected to top $1 trillion this year. It had fallen to just under $600 billion in 2015, from over $1.2 trillion in 2011 at the depth of the Great Recession. Similarly, despite higher tariffs on imported goods, the trade deficit is expected to top $1 trillion in 2019 as well. Both the federal deficit and the trade deficit are expected to exceed $1 trillion “as far as the eye can see.”

Countering these negative developments, Shulman indicated that spending on intellectual property—software development, motion picture/TV production, and corporate research and development—will continue to contribute to GDP growth. Growth in this area was 7% in 2018, and while not likely to maintain this “torrid pace” in 2019, growth over the next several years is still expected to be well above the growth of the economy as a whole.

The outlook for California usually follows the path of the U.S. economy, and Jerry Nickelsburg, the Director of the Anderson Forecast, indicated that this relationship would hold through their three-year forecast horizon. Nickelsburg indicated that total employment growth in California would slow from 1.3% in 2019 to 0.6% in 2020 and 0.5% in 2021. Similarly, real personal income growth is also expected to slow: 3.2% in 2019, 1.8% in 2020, and 1.6% in 2021.

—Robert Miyashiro
Big Downside Risk for Capital Gains Revenue in Both 2018-19 and 2019-20

Taxes on capital gains account for about 16% of total General Fund revenue, and the movements in financial markets greatly influence capital gains in any given year. As a result, capital gains revenue is extremely volatile and difficult to forecast.

According to the Legislative Analyst’s Office (LAO), for the current year there is only a one in five chance that capital gains revenue will meet or exceed the level forecast presented in Governor Gavin Newsom’s January Budget. The probability that the capital gains revenue target is reached in 2019-20 is a little better—about two in five chance.

The LAO examined the trends in stock prices going all the way back to 1950. Based on the historical change in stock prices from one year to the next, the LAO found that of the 68 cases examined, only 12 would yield capital gains revenue sufficient to meet the 2018-19 forecast level, and only 29 cases would achieve the forecast level for 2019-20. The LAO also found that capital gains revenue falls short of the forecast level by more than $500 million in two-thirds of the scenarios for 2018-19 and half of the scenarios for 2019-20.

The LAO notes that the revenue forecasts underpinning the Governor’s State Budget were developed before the stock market sell off in December 2018. As a result, the Newsom Administration’s forecasts appear to be too optimistic with regard to this volatile revenue source.

Proposition 98 Implications

Recall that the Proposition 98 minimum guarantee will drop if General Fund revenues fall short of the forecast level. According to the LAO, in the current year a $500 million shortfall in General Fund revenues will reduce the Proposition 98 guarantee by about $275 million, or about $46 per average daily attendance (ADA), under the Test 3 scenario. In 2019-20, Proposition 98 will be reduced about $200 million, or about $33 per ADA, under the Test 1 scenario, if revenues are revised downward by $500 million.

The LAO’s analysis suggests that the May Revision could propose a downward revision to both the General Fund revenue forecast and the Proposition 98 guarantee unless there is a significant turnaround in the financial markets.

Click here to access the LAO’s analysis of the capital gains revenue estimates.

—Robert Miyashiro

posted 03/08/2019
By the Way . . . CDE Announces Webinars on Local Indicator for Priority 3 and CSI Prompts in the LCAP

Continuing with its “Tuesdays @ 2 Webinar Series,” the California Department of Education (CDE) announced that it will host a pair of webinars on Tuesday, March 26 and Tuesday, April 2, 2019.

The March webinar will discuss revisions to the California School Dashboard Local Indicator for Priority 3: Parent and Family Engagement, while the April webinar will focus on responding to the Comprehensive Support and Improvement (CSI) Prompts in the Local Control and Accountability Plan (LCAP).

March 26, 2019, Webinar

- Topic: The Revised Local Indicator for Priority 3 (Parent and Family Engagement)
- Time: 2:00 p.m. to 3:30 p.m.
- Event number: 662 890 435
- Event password: 163867
- Event registration/address for attendees, click here

April 2, 2019, Webinar

- Topic: Responding to the CSI Prompts in the LCAP
- Time: 2:00 p.m. to 3:30 p.m.
- Event number: 669 670 485
- Event password: 163995
- Event registration/address for attendees, click here

posted 03/19/2019
Ask SSC ... Which CPI Should We Use?

Q. I understand that one of the criterion mediators and/or factfinders examine when trying to resolve the impasse is how a district’s compensation has increased over time compared to the Consumer Price Index (CPI). Which CPI in California should we use for comparison purposes?

A. You have it right. One of the seven criteria that factfinders must consider before making their findings and recommendations is “the consumer price index of goods and services, commonly known as the cost of living” (Government Code Section s3548.2[b][5]).

The state of California Division of Labor Statistics and Research lists five CPIs in the state. They are:

- Los Angeles-Long Beach-Anaheim
- Riverside-San Bernardino-Ontario
- San Francisco-Oakland-Hayward
- San Diego-Carlsbad
- California (weighted average of the consumer price indexes for Los Angeles-Long Beach-Anaheim, San Francisco-Oakland-Hayward, San Diego-Carlsbad and Riverside-San Bernardino-Ontario)

In all of the factfinding we have been involved with over time, we have consistently used the California CPI. We agree with some thoughts offered by the U.S. Bureau of Labor Statistics (BLS). It cautions that local area indexes—such as the Los Angeles area, Bay area, San Diego, and Inland Empire indexes—are much smaller in sample size than the national, regional, and California indexes and are, therefore, subject to substantially more sampling and other measurement error. As a result, local area indexes are more volatile than the national, state, or regional indexes, and BLS strongly urges users to consider utilizing the national or regional CPIs for use in escalator clauses.

In order to address the issue of volatility, we recommend that you consider using the California CPI when evaluating how your compensation increases over time. However, remember that the cost-of-living adjustments (COLAs) that school districts receive for the Local Control Funding Formula (LCFF) are not based on the California CPI, but rather on the Implicit Price Deflator for State and Local Government Purchases of Goods and Services. This is a federal index that is not uniquely designed to measure price changes for California. As a result, your district’s ability to keep its compensation levels generally in line with changes in the California CPI will depend upon the relative performance of these two indices.

Another complication is that the period of the price change for the LCFF COLA and the California CPI is not the same. In general, the CPI measures more recent price changes, while the statutory COLA reflects changes from two years prior. Thus, the statutory COLA may provide either more or less funds than what the state CPI would suggest be needed to maintain wages and salaries. Knowledge of both of these indices is important.

In summary, the CPI is generally the best measure for adjusting payments to consumers when the intent is to allow consumers to purchase, at today’s prices, a market basket of goods and services equivalent to one that they could purchase in an earlier period. That is why it is one of the seven mandatory criteria for consideration during factfinding cited in the California Government Code.

The Government Code is, however, silent on which CPI to use, so you should proceed in your negotiations armed with an understanding of both the CPI and the Implicit Price Deflator, no matter which CPI you use for comparison purposes.

—John Gray, Robert Miyashiro, and Danyel Conolley