California Department of Education / County Office of Education
External Services Subcommittee (ESSCO)
September 14, 2015 FINAL NOTES

California Department of Education   **September 14, 2015**
1430 N Street Room 1101   **10:00 a.m.**

Co-Chair: Priscilla Quinn, Region VIII – Kern COE

Co-Chair: Peggy O'Guin, California Department of Education

Vice Chair: Jamie Perry, Region VII – Fresno COE

Lynette Kerr	I	Humboldt		Sarah Smigiera	VII	Kings
Adrian Barron	II	Butte		Ann Walsh	VII	Merced
Roslynne Manansala-Smith	III	El Dorado		Priscilla Quinn	VIII	Kern
Laura Flores	III	Nevada		Paula Driscoll	VIII	Ventura
Kathy Garrison	III	Placer		Chris Lombardo	IX	Orange
Teresa Stelzer	III	Placer		Brent Watson	IX	San Diego
Jennifer Stahlheber	III	Sutter		Nancy Sheets	X	Riverside
Sandra Fowles	III	Yolo		Cynna Hinkle	X	San Bernardino
Lori Carroll	III	Yuba		Charles Faulkner	XI	Los Angeles
Rhonda Marquette	III	Yuba		Julie Brucklacher		CDE
Jeff Potter	IV	Alameda		Adina Caza		CDE
Kate Lane	IV	Marin		Elizabeth Dearstyne		CDE
Priscilla Aquino-Dichoso	IV	San Mateo		Peter Foggiato		CDE
Sherry Beatty	IV	Solano		Blanche Katayama		CDE
Kolvira Chheng	V	Santa Clara		Rebecca Lee		CDE
Jeri Blote	VI	San Joaquin		Veronica Monteverde		CDE
Shirley Buell	VI	Stanislaus		Caryn Moore		CDE
Diane Baumhover	VI	Tuolumne		Peggy O'Guin		CDE
Jamie Perry	VII	Fresno		Joel Ryan		CDE

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1. **Announcements:**

   - Fall Conference Presentation: "Art and Science of AB1200"

     o Topics will include: Average Daily Attendance, Trend Analysis, Criteria and Standards, Budget Assumptions, and Multi-year Projections

     o Presenters are: Paula Driscoll, Kate Lane, Chris Lombardo, Jamie Perry, Priscilla Quinn, and Jennifer Stahlheber

     o We may include include some pictures of COE buildings in a slide show. Please send a picture of yours to Priscilla if you want it included.

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2. **CSAM 2016 ESSCO feedback and input**: This update is now planned for the January 2016 SBE agenda. Major changes include updates for LCFF and Uniform Guidance. This process has led to a few questions:

   - Food Service: Under what circumstances would the combination of Fund 13, Cafeteria Fund, and Object 1XXX, Certificated Salaries, be appropriate?

     Answer from group: While certification is not required, the person holding a food services director position might be certificated. CDE noted that a certificated salary object code should be used only for positions that

require a credential, not when the person holding the position happens to possess a credential.

- <u>What transactions are now typical between ROC/P JPAs and their members?</u> Since there is no ROC/P funding stream any longer, what are the accounting options? Whose program is it?

  Answer from group: Some districts will contract for services; the district "owns" the program and it contracts with the JPA as a provider to deliver the services. In other cases, districts are members of the JPA and do interagency transfers. In this case, the JPA "owns" the program and is reporting program costs.

  There are other types of JPAs also, such as those that provide Business Services. In this case, the JPA is paid as a contracted service, but the JPA still has its own CDS code and reports its financials through SACS to CDE.

  It was noted that even if it is a JPA supported with interagency transfers, there is typically some sort of contract involved specifying the terms of the agreement.

3. **JPA reserves – how COEs apply Criterion 10 to JPAs (See hand-out)**

- JPA Reserves: What reserve levels do COEs require of JPAs? CDE had noted an occurrence in which a JPA apparently reported ADA greater than zero in order to manipulate its recommended reserve standard to be less than the default 5%. CDE wondered whether this practice was common. *Answer from group:* Those COEs present said that JPAs report "0" ADA and a 5% reserve standard.

4. **SACS Forum:** There will be a SACS Forum meeting **November 2, 2015 at 1:00 pm** (after ESSCO). This afternoon time slot is due to room availability and is not a permanent change.

5.   **Adult Education Block Grant Accounting**

- *Question from group:* Is it OK to direct LEAs that the new Adult Education funds must be accounted for in Fund 11. *Answer:* Yes. Resource 6391 has been assigned and is valid only in Fund 11.

- There are still some questions about the accounting in relation to the consortium. CDE hopes that the guidance in "Procedure 750 Pass-Through Grants and Cooperative Projects" will be sufficient, but is not prepared to give guidance yet until we see how different scenarios play out.

- CDE noted that additional clarification is needed regarding the indirect rate that can be used by the lead agency and by member LEAs. Education Code Section 89413(b) states:

  "A consortium may use no more than 5 percent of funds allocated in a given fiscal year for the sum of the following: (1) The costs of administration of these programs. (2) The costs of the consortium."

  This could mean that there is a 5% cap that includes indirect and program administration, which would be very limiting. CDE is researching further and may need to propose cleanup.

- Did Resource 6391 get added to validation tables? *Answer:* New validation tables should be available soon. Since the first apportionment has been distributed, LEAs can add the resource manually or use another temporary local code until Resource 6391 is available.

- Who gets the funds next year (Consortium or LEA)? This has not been determined yet.

6. **Criteria 1, 2 and 3: Follow-up on questions from August meeting**

- See handout entitled: "Follow-up on Questions from 8/3/15 ESSCO Meeting, Criteria and Standards Issues: Criteria 1, 2, and 3"

- Additional discussion and feedback from the group:

  o Even though District students in County-Operated Programs <u>are</u> District students, some COEs indicate that County-Operated Program ADA should not be in District's comparison for Criteria 1, 2, and 3, because it skews the District's ADA/Enrollment data.

  o COEs suggested that it would be good to see the ADA/enrollment both ways: broken-out and combined. That way, COEs would have a clear picture of the District's trends, while also having the data to determine

the impact on the LCFF calculations.

- o Summer program ADA also skews the calculations. Students may attend a County-Operated program in July and August, then go back to their districts in the fall.

- o The ADA/Enrollment information is useful for district reviews, but is not as helpful for COE's own financials. Programs such as Special Education and summer school negatively impact the value of the data.

- o Pre-populating County-Operated information into the District's Criteria and Standards overstates numbers and makes it easier for Districts to discount or ignore the information entirely. There is less ownership.

- CDE requested that COEs provide some bullet points of suggested ways to track and present this information more effectively in the Criteria and Standards.

- CDE also requested samples of internal information/tools that some COEs use to track trends for oversight purposes. The goal is to make sure that the Criteria and Standards are useful tools for all LEAs and Boards.

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7. Criterion 1, 2 and 3 ADA: Begin conversation about what ADA to include for future

- Criterion 1 pulls in ADA from all charter schools in the financials, regardless of fund (Fund 1, 9, or 62). The rationale is that if a charter is so much a part of our LEA that we report its financials on our books, then we have some responsibility for those financials, and its ADA could affect us. Some LEAs liked the strategy; more LEAs did not like it, feeling that it skewed the data.

   CDE provided a quick fix this year by allowing the cells to be overwritten. Consistency was lost, but the intention was to revisit the issue and decide on a solution applicable statewide, so that the cells no longer need to be over-writable. This is the beginning of the discussion.

- While there was general agreement that charter ADA should not be in the data, there are some situations where independent charters (their own Boards) are included in the authorizer's financials. This was an accepted practice when charters were first being authorized in California. Through the years, it has been determined that it is preferred for independent charters to report separately. However, due to unexpected concerns relating to charter school eligibility to remain in retirement programs if the charter school is not a part of the LEA, some of these older financial reporting arrangements may need to stay in place for now.

- It should be noted that COEs are not required to oversee charter school attendance. When it is combined with an Authorizer's attendance, we are put in a position to look at it.

- Most COEs encourage Authorizers to report dependent charter financials in Fund 9 or Fund 62. If a charter is reported in the Authorizer's Fund 1, it would have greater potential impact to the Authorizer's fiscal position and result in greater oversight concern for the COE.

- A small workgroup is being developed to work on this issue. If you want to be involved, email SACInfo. Initial participants include: Lynette Kerr, Nancy Sheets, Chris Lombardo, Cynna Hinkle.

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8. Transitional Kindergarten Admission Changes:

- o See hand-out.

- o Expanded TK students should be included in the active enrollment count for the K-3 GSA add-on and Class Size Penalty calcualtions.

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9. SB 725 – CAHSEE; Claiming ADA

- SB 725, which clarifies that passing the CAHSEE is not a condition of receiving a diploma, was chaptered on August 26, 2015. Class of 2015 graduates can now receive a diploma without passing the CAHSEE if they have met all other graduation requirements.

- CDE has received questions from districts asking whether they could claim ADA for the students that had enrolled this fall because they had not passed the CAHSEE and therefore did not have a diploma. Districts may claim attendance (provided students were enrolled for a minimum day) up until August 26, 2015.

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10. Educator Effectiveness Program Apportionment

- Funds will be allocated on a per "certificated staff" basis (not just teachers) using 2014-15 data. SB 103 clarifies language to specify that funds will be allocated on an FTE basis. CDE plans to put out entitlements once SB 103 has been signed; funding anticipated to follow in December 2015 and March 2016. See http://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160SB103.

- This has been assigned Resource 6264.

- A template for reporting expenditures has been developed and may be shared at the next ESSCO meeting; it is not expected to be too involved.

- This money can be used to support things like BTSA, not just COE teachers.

11. Change in E-rate accounting: (See also August 2015 ESSCO notes for more complete discussion.)

- CDE will include its revised guidance in the upcoming CSAM, which is expected to be approved at the January SBE meeting. The telecommunications service or asset acquired through the E-rate program will be reported at gross. Any E-rate discount will be reported as a grant or subsidy in "other local revenue" (not federal revenue) in an unrestricted resource.

- *Question from the group:* If we participated as a consortium, do we do the entry on each LEA's books? *Answer:* Email the question to CDE.

12. Adult Education and Fund 11 (See item #4, above.)

13. On-line Textbook Monitoring

- How are districts ensuring that students have access to the on-line text at home and at school? What if a student doesn't have the internet or computer? *Answers from group:*

  o Districts are pointing families to inexpensive/free internet for low-income areas.

  o COE noted that often the information resides on device and device goes home; accessing the text is not dependent on internet.

  o Some LEAs are getting grants to provide internet access to rural schools; this also may provide access to the community.

- b) Are Counties monitoring the on-line text book home access? No.

14. Update on COE Manual: It is progressing well. Thank you for the participation!

ROUND TABLE DISCUSSIONS:

Topics Fall Conference
Friday October 16 –North - Yolo
Monday October 19 – South - San Bernardino
Our Next Meeting is October 5, 2015
2015 ESSCO agendas, handouts and meeting notes are at: http://kern.org/finance/essco/