

**California Department of Education / County Office of Education
External Services Subcommittee (ESSCO)
March 2, 2015 FINAL Notes**

**California Department of Education
1430 N Street Room 1101**

**March 2, 2015
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	Ann Walsh	VII	Merced
Regina Storey	II	Butte	John Wilborn	VII	Tulare
Debbie Towne	II	Tehama	Melissa Abbey	VIII	San Luis Obispo
Laura Flores	III	Nevada	Priscilla Quinn	VIII	Kern
Kathy Garrison	III	Placer	Chris Lombardo	IX	Orange
Tricia Kowalski	III	El Dorado	Cynna Hinkle	X	San Bernardino
Deborah Messervey	III	Nevada	Nancy Sheets	X	Riverside
Teresa Stelzer	III	Placer	Charles Faulkner	XI	Los Angeles
Sherry Beatty	IV	Solano	Christine Davis		CDE
Sarah Blackstone	IV	Napa	Elizabeth Dearstynne		CDE
Kolvira Chheng	V	Santa Clara	Peter Foggiato		CDE
Karen Deller Hennessy	V	Monterey	Michelle Magyar		CDE
Jeri Blote	VI	San Joaquin	Caryn Moore		CDE
Cecilia Belmontes	VII	Madera	Peggy O’Guin		CDE
Jamie Dial	VII	Kings	Michelle Plumbtree		FCMAT
Jamie Perry	VII	Fresno			

1. Announcements:

• **BASC Update**

- CALPADS: Joel Montero addressed user concerns with the slow CALPADS overnight process and assured that FCMAT is working on a solution.
- Independent Study Ratios by Grade Span: SB 858 (June 2014) requires Independent Study ratios to be calculated by grade span instead of LEA wide, but due to timing of the legislation and the instructions, CDE is allowing LEAs to calculate it by grade span or LEA-wide for 2014-15. There is clean-up language in a trailer bill. Instructions for 2014-15 can be found here: <http://www.cde.ca.gov/sp/eo/is/calculations.asp>.
- Immunizations: Per state law, when a case of measles occurs at a school, students who have not been properly immunized must stay home from school. This will affect ADA, but a J-13A “Request for Allowance of Attendance Because of Emergency Conditions” (J-13A Waiver) cannot be filed unless ADA decrease is 10% or more.
- Local Control and Accountability Plan (LCAP) Manual (2015-16 Edition): An instruction/training video is being created to help COEs with reviewing the 2015-16 LCAPs. A BASC representative could be invited to ESSCO to discuss further if needed.

• **CCSESA Conference**: Kudos to Ventura COE for the great job in organizing this event!

• **LCFF Calculator**: Version 16.1 was posted today. FCMAT representatives (Andrea Alvarado or Marisa

Ploog) will attend the April ESSCO meeting to review the new sections and other changes in this version.

- **Standardized Account Code Structure (SACS) Workshops:** Space is still available. Information and registration can be found at: www.casbo.org.
 - Palm Springs: SACS Basic Concepts, March 10, 2015; SACS Advanced Concepts, March 11, 2015.
 - Sacramento: SACS Basic Concepts, April 27, 2015; SACS Advanced Concepts, April 28, 2015.
- **SBE LCFF Project Manager:** Michelle Magyar has replaced Elisa Wynne as the LCFF Project Manager.
- **Apportionment Data Excel Files:** CDE will make Excel files of apportionment data available to COEs within 1 to 1.5 weeks after certification. There will be a password-protected login process and all COEs will be able to access the information for all LEAs; simply download the files you want. The information will be segregated by period. The 2014-15 P-1 files are available; CDE will send the instructions out.

2. With the estimate of 16% growth in property taxes in 2015-16 mainly due to the end of the triple flip, how will this be factored into the Advance Apportionment calculation for next year?

- COEs are beginning to work with LEAs on sizing Tax and Revenue Anticipation Notes for 2015-16 and need to estimate the Advance Apportionment state aid. The elimination of the “triple flip” could affect this. A question was also raised regarding whether the one-time RDA funds would also be excluded from the “Advance.” CDE has not worked on this yet, but will also need to consider the Proposition 30 implications and the intent to avoid over-payments. They will review and report back.

3. Supplemental and Concentration Funds

- **Is there guidance on accounting for unspent Supplemental and Concentration (S/C) funds?**
 - When an LEA’s LCAP reflects the plan for spending S/C dollars, but the LEA is unable to do so during the plan year, it should be disclosed in the LCAP Annual Update (estimated actuals), discussed with stakeholders, and included in the new LCAP if appropriate. The funding is not restricted, so there is no “carryover” or requirement to spend it. This will be a common, normal part of the process.
 - When LEAs want to track the S/C expenditures, consider using “goal” code or something else instead of a locally defined unrestricted “resource” code, because unspent balances in resources will roll-up in the General Ledger and may appear to be subject to carryover, which may not be the intent since the dollars are unrestricted.
 - Knowing the amount of S/C expenditures and communicating that to stakeholders can be useful in negotiations. If expenditures are lower than expected in one year, it can affect the minimum proportionality percentage (MPP) in the subsequent years. Running scenarios for LEAs can be helpful for planning purposes.
- **Under LCFF, can districts use funds to pay for across-the-board salary increases for staff? What are COE’s advising districts?**
 - Districts will be challenged to ensure funds have been principally directed toward improving and increasing services. The COEs present indicated that if an LEA gives an across-the-board salary schedule increase, it must be tied to providing increased or improved services for students in need (unduplicated pupils) and there are scenarios in which this case could be made.

4. Are there any COE’s that are allowing districts to submit their own CalPERS files? Ramifications if reports are late or data is incorrect.

- Several COEs allow districts to submit their own CalPERS files, with the understanding that if any fees or penalties are charged to the COE, the COE will subsequently bill the district(s). Some COEs have MOUs with districts to reflect this process.

5. Are there any good educational resources on the new Uniform Guidelines for Federal Funding?

- No one was aware of any current trainings being offered. Peggy O'Guin recapped for ESSCO the key points from the portion of her presentation last year at the May 2014 California Society of CPAs School District Conference relating to implications of the new guidance for LEAs. Her excerpted slides from that presentation are attached.

6. FCMAT COE Fiscal Procedural Manual Updates

- We are updating several sections this year, due to LCFF changes. Lynette Kerr has been responsible for this for several years. Diane Lacombe will take the lead in August 2015.
- Section Assignments:
 - Apportionment Posting: Deborah Messervey, Nevada COE
 - Cash Flow Procedures: Diane Lacombe, El Dorado COE and Chris Lombardo, Orange County DOE
 - Services to Districts: Jeri Blote, San Joaquin COE
 - Attendance Accounting: Kathy Garrison, Placer COE
 - Working with the County: We need multiple COEs to participate in this one, since each COE does things a bit differently. Sherry Beatty, Solano COE has volunteered to be one of them.
 - Unaudited Actuals: Karen Deller, Monterey COE
 - Charter Schools: May be led by San Diego COE
 - AB 1200 Reimbursements: This may no longer be applicable.
 - Special Education: *Need a volunteer.*
- In order to avoid a bottleneck in August and September, an attempt will be made to try to stagger sending the procedures to the ESSCO group for review.

7. PE education lawsuits – What are COEs experiencing or hearing about lawsuits for not enough PE minutes? Lodi Unified had a settlement and it sounds like lawsuit efforts are expanding. http://www.lodinews.com/news/article_897df7da-b8d7-11e4-93f5-b76e1a314610.html

- Some COEs have districts that are among those named in the suit and are paying the legal fees.
- According to CDE, a proposal has been submitted to have auditors test the minutes (200 minutes every 10 days for grades 1 through 6).

8. Would we consider using the option to commit ending balances for unfunded retiree liabilities and/or deferred maintenance projects as a way to further identify ending balances not subject to being reported as part the 2015-16 budget adoption requirements to report on unrestricted ending fund balances that are unassigned or assigned and over the state minimum reserve level?

- Statute is silent about which funds are included in the calculation of excess reserves. One interpretation of statute is that since Funds 01 and 17 are included in the Criteria and Standards minimum recommended reserve calculation, these are the funds that should be included in the excess reserves calculation. Another interpretation of statute is that all funds containing any assigned balances should be included. Members mentioned some recent discussion about whether or not Fund 14 may also be included at some point.
- Some districts want to set-aside amounts within Fund 1 to help cover costs for retiree unfunded liabilities. Committing those amounts would allow them to be excluded from the reserve calculation.
- Budget adoption cannot be used to commit funds, per GAAP, because budgets expire at the end of the fiscal period and commitments do not expire. Once a Board commits funds, those funds stay committed until spent or until the Board takes an action to uncommit them.

- A request was made for sample resolutions for committing funds. It was noted, however, that a resolution is fine, but not required. Depending on the LEA's accounting policy as to what action gives rise to a commitment, a Board action other than a resolution might be sufficient.
- The possibility of including a form in the SACS budget software to help standardize district disclosure of excess reserves per SB 858 was discussed.

9. If districts don't account for everything they are doing as a prior year expenditure, the MPP will remain artificially low and it will be difficult to achieve target amounts.

- Most LEAs and COEs began calculating the MPP using the 2012-13 EIA amount as a minimum starting point; some LEAs have been hesitant to increase that amount in accordance with the gap funding percentages. For example, if a district were to recognize more prior year expenditures in Line 2 of the LCAP MPP tab of the LCFF Calculator, the MPP may increase substantially and cause concern for districts when planning multiyear budgets. However, if the Governor fully funds the LCFF within this term of office, districts that underestimated their MPP will struggle to meet the required amount (or demonstrated effort) at target.
- COEs should continue to encourage districts to quantify what they are doing for the students in need, beyond what they have done specifically with the EIA dollar amount. FCMAT has been asked to add to the LCFF Calculator a calculation showing the percentage that a district will be required to meet when the target has been fully funded. This might help districts pace themselves as they work to provide increased and improved services to students in need.
- COEs cannot calculate the MPP for LEAs, because the LEA itself needs to identify the actions and services provided to students in need; COEs can check for reasonableness. Some COEs have found it effective to conduct LCAP trainings and meetings with their LEAs, wherein LEAs can bring their own LCAPs and work on them with COE support.

ROUND TABLE DISCUSSIONS:

- **Keeping CDE's COE Superintendent and CBO list current.**

ESSCO can help CDE keep the information updated.

- **How do we feel about the \$350 charge from PERS for GASB 68 information?**

While there does seem to be some inequity with tiny LEAs and large LEAs paying the same amounts, few complaints have been heard. The amount will be billed to the COE and then the COE will collect it from the LEAs.

- **Discussion on how COE's calculate the Supplemental and Concentration portion of the current year funding for districts.**

The FCMAT calculator will do this.

- **Sharing Free and Reduced Price Meal (FRPM) Data.**

FAQs are available discussing that the Education Code was amended to clarify that LEAs can share FRPM data for National School Lunch Program meal certification and LCFF purposes. See attached for copy of the FAQs.

Our Next Meeting is April 6, 2015

2015 ESSCO agendas, handouts and meeting notes are at: <http://kern.org/finance/essco/>