

**California Department of Education / County Office of Education
External Services Subcommittee (ESSCO)**

NOTES

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

**June 5, 2017
10:00 a.m.**

Co-Chair: Chris Lombardo, Region IX – Orange CDE

Co-Chair: Christine Davis, California Department of Education

Vice-Chair: Kate Lane, Region IV – Marin COE

Judy Thomson	I	Sonoma	Judy Kershaw	V	Santa Clara
Adrian Barron	II	Butte	Jeri Blote	VI	San Joaquin
Travis Haskill	II	Butte	Darlene Hodge	VI	Tuolumne
Jessica Tegerstrand	II	Shasta	Gabriel Halls	VII	Fresno
Debbie Towne	II	Tehama	Jamie Perry	VII	Fresno
Roslynn Manansala-Smith	III	El Dorado	Cecilia Belmontes	VII	Merced
Sherry Tygart	III	Nevada	John Wilborn	VII	Tulare
Kathy Garrison	III	Placer	Denice Cora	VIII	Santa Barbara
Debbie Wilkins	III	Sacramento	Paula Driscoll	VIII	Ventura
Jennifer Stahlheber	III	Sutter	Norma Fajardo	IX	Imperial
Sandra Fowles	III	Yolo	Brent Watson	IX	San Diego
Lori Carroll	III	Yuba	James Whittington	X	Riverside
Rhonda Marquette	III	Yuba	Thomas Cassida	X	San Bernardino
Chris Raymundo	IV	Contra Costa	Keith Crafton	XI	Los Angeles
Kate Lane	IV	Marin	Peter Foggiato		CDE
Sarah Blackstone	IV	Napa	Christine Davis		CDE
Priscilla Aquino-Dichoso	IV	San Mateo	Elizabeth Dearstyne		CDE
Sherry Beatty	IV	Solano	Shawna Shepley		CDE

1. Announcements-----Christine Davis

i. Introductions

2. BASC Report-----Christine Davis/Peter Foggiato

Department of Finance (DOF) discussed the May Revision proposal for Proposition 98. \$1billion of one-time funding proposed but release of funds delayed till May 2019. Prop 98 is appropriated above the minimum and therefore proposing suspension of Test 3b (ensures education gets same proportionate share as rest of budget).

State Board of Education (SBE) update – COEs to start providing technical assistance based on CA School Dashboard. Guidance to come out this week.

FCMAT – Michael Fine selected as new CEO. New release to calculator.

CDE Indirect Cost Rate plan through 2020-21 approved as submitted to US Department of Education.

3. CalSTRS On-Behalf Calculation.....Christine Davis

After lengthy conversation it was determined the Accounting Subcommittee will prepare a 2017-18 rate calculation for distribution to ESSCO members. For 2016-17, local educational agencies (LEA) will use their locally established methodology to determine their share of the State’s on-behalf contribution to CalSTRS.

Discussion was also held relative to excluding the State CalSTRS on-behalf contribution from the RRMA calculation (% of expenditures). It was noted that increased expenditures increases the RRMA contribution as well as the reserve for economic uncertainties (REU), but that it does help minimum classroom compensation (Form CEA) compliance. Generally accepted accounting principles require consistency in applying costs. Furthermore, CDE does not have authority to allow for exclusion of certain types of expenditures from the RRMA or REU except as prescribed in law.

4. Reporting Pension Stabilization Trusts.....Christine Davis

Last June this item was on our agenda. A program was established by PARS to set money aside in a pension-related trust that can be used to pay future increases in CalSTRS and CalPERS employer contributions. Discussion ensued about how the trust should be accounted for. Although established as a trust, the balances and activities are treated as that of the employer, e.g., these are employer, not pension plan, assets and reported by the employer as restricted in the appropriate governmental fund. In most cases, the transaction will be a contribution of unrestricted cash in the county treasury (Object 9110) to cash with fiscal agent (Object 9135) in a locally-defined restricted resource code. There is no expenditure until the amounts are paid to CalSTRS or CalPERS. Also, amounts accumulated in this type of trust do not offset the employer’s net pension or other postemployment benefit liability.

Refer to the Governmental Accounting Standards Board *Implementation Guide No. 2017-1, Implementation Guidance Update—2017* issued in April 2017:

http://www.gasb.org/jsp/GASB/Document_C/DocumentPage?cid=1176168990840&acceptedDisclaimer=true.

5. AB 1200 Fall Conference.....Kate Lane

- a. Conference dates: 10/20/17 @ Ventura COE and 10/23/17 @ Yolo COE
- b. Call for volunteers was made. Chris will coordinate conference call to follow up.
- c. Topics
 - i. Disapproving a Budget or Changing an Interim Report Certification
 - ii. Analyzing Collective Bargaining Agreements and Disclosures
 - iii. Local Control Accountability Plans (LCAP) Best Practices
 - iv. Risk Assessment for County Offices of Education - Internal Controls – likely a topic for future conference.

6. Education Protection Account (EPA) Resolution.....Priscilla Aquino-Dichoso

Has anyone updated their EPA Resolution to reflect the language from Proposition 55? Priscilla shared an updated version with the group. A resolution is not required, but if used it should be updated. Updated EPA FAQs are available on the CDE’s EPA Web page at <http://www.cde.ca.gov/fg/aa/pa/epa.asp> to reflect the passage of Proposition 55. CDE refers to Section 36 of Article XIII of the California Constitution, rather than the proposition, so references to the law do not have to be changed in the event another proposition passes.

7. FCMAT LCFF Calculator Updates Kate Lane

Major update associated with version 18.1b is that the MPP calculator has been changed so if no prior year expenditures entered it will prevent an amount being calculated for the supplemental and concentration grant amount or the MPP.

8. Strategies for Budget Adoption under LCFF/LCAP

Strategies for enforcing the public inspection requirements from EC 42103 and 52062. How do you monitor the requirements of EC 42127(a)(2)(B) related to reserves?

It was noted that members are doing additional work to remind districts of the reserve requirement. For the most part there is no review of the packet made available for public inspection which it was agreed applies to the budget only, i.e., no specific requirement for public inspection of the LCAP outside of the Brown Act.

Newspaper publication for public hearings – issues when not able to make the public hearing was discussed and noted if miss it altogether then the district would get an audit finding. General consensus that it is difficult to get boards to move to 2 board meetings.

<p>Standing Subcommittee Reports:Need Chairs for some groups. Want to recommend a monthly meeting of each subcommittee – need ways to integrate new ESSCO members – and could use subcommittee work as foundation for conference presentations or other prof development</p>	
<p>1. AB 1200</p>	<p>Sherry Beatty</p>
<p>2. Accounting & Apportionments (update to Title) Will be working on best practices for CEA to be included in the FCMAT COE Procedure update. Committee has been assigned the CAL-STRS On-Behalf rate calculation</p>	<p>Tom Cassida</p>
<p>3. Attendance/Enrollment/CALPADS Questions – did everyone have the mismatched data from CDE and COEs? The 1.19 reports are not always the same as CDE will have on the certification. Recommend use the certification. Submit audit adjustment files with auditor letter.</p>	
<p>4. Professional Development No discussion outside of Fall Conference</p>	<p>Chris Lombardo</p>
<p>5. Property Taxes Some things are just unique to San Mateo – Big deal is distribution of ROPS. County will be paying for a consultant to review the ROPS...in San Mateo districts flip from basic aid to state funded and lose ALL prop tax. Some other counties seeing settlement claims that are impacting RDA..and can cause HUGE swings. Have two in last 4 or 5 years in Ventura. For J-29B property tax projections only count RDA funds that have been received. State Controller audits the allocations made by auditors. Causing great difficulties in projections (and therefore negotiations) for some counties.</p>	
<p>6. ESSCO Organization</p>	<p>Chris Lombardo</p>
<p>7. FCMAT Procedure Manual</p>	<p>Kate Lane</p>

Teams are working on updates with two teams having completed work so far.	
8. LCAP Reviews Collaborative between BASC and CISC. Very instructional - two or 3 more meetings. Round table discussion about the executive summary and the section to discuss those expenditures not included.	
Roundtable Discussion: 1. Open Roundtable	

Our next meeting is August 7, 2017

2017 ESSCO agendas, handouts, and meeting notes will be posted at
<http://www.ocde.us/Business/Pages/ESSCO.aspx>.