

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

NOTES

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

**December 4, 2017
10:00 a.m.**

**Co-Chair: Christine Davis, California Department of Education
Vice-Chair: Kate Lane, Region IV – Marin COE**

Judy Thompson	I	Sonoma	Gabriel Halls	VII	Fresno
Jessica Tegerstrand	II	Shasta	Sarah Smigiera	VII	Kings
Debbie Towne	II	Tehama	Sonia Ramos	VII	Madera
Roslynne Manansala-Smith	III	El Dorado	Norma Dwyer	VII	Mariposa
Joy Massey	III	Nevada	Cecilia Belmontes	VII	Merced
Sherry Tygart	III	Nevada	John Wilborn	VII	Tulare
Kathy Garrison	III	Placer	Priscilla Quinn	VIII	Kern
Carrie Stouder	III	Placer	Melissa Abbey	VIII	San Luis Obispo
Debbie Wilkins	III	Sacramento	Paula Driscoll	VIII	Ventura
Von Canale	III	Sacramento	Norma Fajardo	IX	Imperial
Rhonda Marquette	III	Yuba	Brent Watson	IX	San Diego
Veronica Merenda	III	Yuba	James Whittington	X	Riverside
Kate Lane	IV	Marin	Thomas Cassida	X	San Bernardino
Sarah Blackstonw	IV	Napa	Keith Crafton	XI	Los Angeles
Priscilla Aquino-Dichoso	IV	San Mateo	Tracy Minor	XI	Los Angeles
Diana Lopez	IV	Solano	Caryn Moore		CDE
Karen Deller	V	Monterey	Christine Davis		CDE
Judy Kershaw	V	Santa Clara	Elizabeth Dearstyne		CDE
Kathryn Rusk	VI	San Joaquin	Christina Kersey		CDE
Peter Foggiato	VI	San Joaquin	Lindsay Keyes		CDE
Julie Betschart	VI	Stanislaus	Shawna Shepley		CDE
Darlene Hodge	VI	Tuolumne	Sasha Heacheff		CDE
			Michelle Giacomini		FCMAT

1. Announcements

- i. Introductions
- ii. Announcements
 - a. 2018 CCSESA Chief Business Officials Conference, February 14-16, 2018, conference registration: <http://www.cvent.com/d/btqqpg>
 - b. Minutes from SACS forum have been posted

2. ESSA per-pupil expenditure reporting – planning for implementation

Discussed at SACS Forum. Initial regulatory guidance was rescinded by the new administration. The Department of Education (ED) should be issuing non-regulatory guidance relative to per-pupil expenditure reporting by the end of December. CDE will be convening a working group to start planning as the requirements go into effect for 2018-19. The working group should be representative of large, medium and small districts, as well as representing each region. The group will include both COE and district volunteers. The work will include an examination of existing methodologies for school level expenditure tracking. CDE will finalize the working group by the end of December.

There are some existing models for per-pupil reporting, i.e. for the School Accountability Report Card (SARC), that could be used as a model for the ESSA reporting requirement. CDE is not looking to implement this new requirement in SACS, i.e., collect school-level SACS data, at this time. At most, the SACS software could be used as the mechanism to report the required data elements.

A handout from the Building State Capacity and Productivity Center “Four approaches to assigning costs to central level vs. school levels when calculating per pupil expenditures” was provided. These approaches will also be explored by the working group.

A question was raised as to whether CDE will be auditing the data? At this time it is undetermined what, if any, review will be applied.

3. Release of 2017-18 Principal Apportionment Data Collection Software

Software will be released this week with resources to advise what is new in the software, the known issues, the Data Reporting Instructional Manual and contact staff at CDE. Biggest changes are related to Necessary Small School reporting. The changes are consistent with the discussions held at ESSCO a few months ago. Please review the manual section for NSS and review the NSS screen if you have these in your county. If you have new NSS please contact PASE as soon as possible.

4. Review of Modified Principal Apportionment Funding Exhibits

- a. **NEW Education Protection Account Calculation Exhibit to be Implemented as of 2016-17 Annual**
Given the extension of Education Protection Account (EPA) funding for K-12, the School Fiscal Services Division has created an exhibit for the EPA entitlement calculation and payment schedule, effective 2016-17 Annual.

EPA does not change after Annual. The new EPA exhibits will be published along with the 2017-18 P-1 certification beginning with 2016-17 Annual. 1st and 2nd advance payments are based on prior year and will still be communicated with spreadsheets. P-1 and P-2 certification (and associated exhibits) will encompass the 3rd and 4th payments. SFSD is also hoping to move the EPA certification up to February to coincide with P-1 certification but the 3rd quarter payment will remain in March.

- b. **Charter School LCFF Transition Calculation Exhibit Changes to be Implemented as of 2016-17 Annual**
The School Fiscal Services Division has modified the Charter School LCFF Transition Calculation (Charter Transition) exhibit by adding fields to account for instructional and time penalties and to renumber the lines to bring the form into close alignment with the School District LCFF Transition Calculation exhibit. These changes will be effective as of 2016-17 Annual.

Please note the form has been significantly renumbered. The form didn't previously allow for instructional time or other penalties

Charter school in-lieu tax is being held constant as of annual R-3.

5. New Title IV, Part A, ESSA, Student Support and Academic Enrichment Funding

The State hasn't received any funds in some years but currently has \$44 million in local assistance funds which will be allocated consistent with Title I, with minimum \$10,000 funding per district. The funding will require an application through the CARS system that goes up in January.

6. Bond premium

When general obligation bonds are sold at a premium, what happens to the premium? Procedure 705 in the California School Accounting Manual says that premium is to be recognized in object 8979, All Other Financing Uses in the Bond Interest and Redemption Fund.

A copy of a California Attorney General letter from 2011 was included for this agenda item.

An issue related to general obligation bonds sold at premium was discussed. In the example, Bond counsel opined that costs of issuance could be charged against the premium, booking the net premium to the Bond Interest and Redemption Fund (BIRF), however, Government Code section 29303 and Education Code section 15146 both indicate the premium should be booked intact to the BIRF. An opinion has been requested of the Attorney General's office and has been assigned as Pending Opinion 14-202 with the matter currently on hold due to pending litigation.

7. Charter School ADA and the ERAF Calculation

Should charter school ADA be included in the ERAF capacity calculation? How are other COEs handling this?

After discussion it was determined the issue is only of importance to excess ERAF counties of which there are currently only three in the State. Charter school ADA can be excluded in those counties allocating ERAF by inverse proportion.

8. Reporting expenditures associated with the October 2017 wildfires

The State of California is making a request to Congress to provide funding relief related to the costs associated with the October 2017 wildfire response and recovery efforts. In order to determine the amount of the request, state agencies are being asked to estimate expenditures related to the incident. The California Department of Education is reaching out to local educational agencies to determine costs incurred at the local level. Staff from the CDE would appreciate the input of this committee related to the draft expenditures reporting template and outreach strategies.

Briana Mullen (from the State Superintendent of Public Instruction's office) asked for feedback on costs related to wildfires. There were question about what to include – some districts paid staff their normal salaries while school was out of session – should this be included? If J-13 waiver is approved will get apportionment and won't need to claim but if J-13 not approved will be an additional cost. Should the data be aligned with FEMA data collection? Can counselors be included? The group recommended the data collection request provide examples of what can be included in total cost estimates. A deadline of January 10th was suggested but given the winter recess, the group recommended pushing out to January 31st to get the maximum participation and accuracy.

9. Bond Funds and preparation of the J-226 (Analysis of Bonded Indebtedness)

Does the J-226 need to report each issuance separately regardless of how bond funds are maintained – either as a single consolidated fund for all issuances with program accounting or as separate funds?

How many COEs prepare the J-226? Very few counties reported preparing the J-226

How many counties use a single consolidated BIRF? Most counties reported separate funds – either by issuance or by series.

10. Charter Renewals

Charter renewals or reauthorizations may be in play due to the Shasta decision. CDE is treating any charter that is impacted by the decision as new charters which has funding implications as well as cash flow implications. Charters cannot open after September 1st. CDE is working on correspondence to the field

Note mid-year expiration dates do not work – all schools need to stay open as there is a funding penalty if you close mid-year.

Noted that education code indicates that if an independent study charter school is unable to locate within district boundaries it may locate elsewhere but must first notify the district of location.

<u>Standing Subcommittee Reports:</u>	
1. AB 1200 No report this month	Sherry Beatty
2. Accounting The subcommittee will participate in the per-pupil expenditure reporting working group.	Tom Cassida
3. Property Taxes Apportionments (separate from accounting) Attendance/Enrollment/CALPADS The group decided to pull apportionments from the accounting subcommittee and add to property taxes subcommittee. It was further decided that the Attendance/Enrollment/CALPADS subcommittee could be collapsed into this committee. The Attendance subcommittee did not have a chair, the property tax subcommittee was chaired by Peter Foggiano who agreed to chair the newly expanded committee. The group expressed a desire for the committee to look into differences between CALPADs data and CDE exhibits. After Fall 1, CDE releases the private preview data which is what is used for certifications. CALPADS releases a file after Fall 1 which will show transfers. All districts should be able to match their CALPADs data to the certification. If any county sees differences please provide to School Fiscal Services Division, Principal Apportionment Section (pase@cde.ca.gov) to troubleshoot issues.	Peter Foggiano
4. Professional Development Reminder for conference in Sacramento February 14 th through 16 th . Kate Lane will take over chairing this subcommittee in January as ESSCO co-chair.	Chris Lombardo (ESSCO co-chair)
5. ESSCO Organization Focused on review of subcommittees resulting in reformation and providing all subcommittees with a chair. Tom Cassida will take over chairing this subcommittee in January as ESSCO vice-chair	Kate Lane (ESSCO vice-chair)
6. FCMAT Procedure Manual Manual will be released at the February conference.	Kate Lane
7. LCAP Reviews Priscilla Quinn agreed to chair the LCAP reviews committee	Priscilla Quinn

Our next meeting is January 8, 2018

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