

California Department of Education / County Office of Education
External Services Subcommittee (ESSCO)
(formerly SFSS: School Financial Services Subcommittee)
AGENDA

1430 N Street, Room 1801
Sacramento, CA

September 10, 2012
10:00 a.m.

Co-Chair: Darren Dang, Region IX – Orange COE

Co-Chairs: Peggy O’Guin / Peter Foggato, California Department of Education

Vice Chair: Tommy Welch, Region IV – Solano COE

Issues to be Supported by CDE Staff

Requested By/ CDE Support

1. CDE Report	Peggy O’Guin / Peter Foggato
2. Special Ed MOE Due Date: Follow-up to discussions begun at May meeting <ul style="list-style-type: none"> a) In response to a compliance finding from the OIG (Office of the Inspector General), the Special Education MOE Workgroup recommended synchronizing the due dates of the two MOE reports (Budget to Actual and Actual to Actual, which are contained in the SACS software to take advantage of SACS) and the new “Table 8” (a separate report that contains additional Special Education information relating to MOE). Formerly, these reports were due to the Special Education Division at different times, giving rise to discrepancies among them. b) It is now agreed that the two MOE reports and Table 8 will be due from SELPA Administrative Units (AUs) to the Special Education Division on November 15. Feedback from interested parties indicated that this date allows sufficient time for SELPA AUs to compile member LEAs' SACS MOE reports, while minimizing delays in CDE's ability to pay out IDEA grant awards as early as possible. c) The SELPA MOE report due dates are normally communicated via the SACS user guide, but since the SACS user guide has already been published (with mention that the due date might change), the Special Education Division will communicate the new due date. d) CDE notes that since member LEAs' MOE reports are based on each LEA's underlying SACS data, which remains due to CDE from COEs by October 15, the AU's compilation of member LEA reports SELPA-wide should involve no changes to any individual LEA's SACS data. 	Peggy O’Guin
3. Principal Apportionment Software Updates <ul style="list-style-type: none"> a) New fields for Redevelopment b) Information only field for Transitional Kindergarten c) New Data collection for Basic Aid Open Enrollment Funding d) Disabled Revenue Estimate functionality 	Peter Foggato
4. Transitional Kindergarten <ul style="list-style-type: none"> a) Reminder that Kindergarten class size penalties do apply 	Peter Foggato

b) Are TK students included with Kindergarten for when calculating class size penalties?	
5. Mandated block grant (MBG) a) Per the CDE, the State Controller's Office has confirmed that it will accept reimbursement claims for active 2012–13 mandated programs that are not included in GC Section 17581.6(d); however, a sufficient appropriation would be required before payments can be made. As a reminder, legislative session is still in process and the list of mandate programs outside the block grant has not been finalized. b) http://www.cde.ca.gov/fg/fo/r14/mandatebg12rfa.asp . Mandated programs covered by the MBG are subject to review in the overall annual compliance audit per California Education Code Section 41020. The Governor's Administration has indicated that it does not intend to submit any proposals in the annual K–12 audit guide related to the MBG. Compliance with mandate requirements would be enforced through corrective action; school district would not forfeit funds as a result of audit findings.	
6. BASC Meeting	
7. AB 2197 – sample questions from Government Financial Strategies	Tommy Welch
8. FCMAT County Office Procedures Manual	Lynette Kerr

9. Roundtable Discussions

a) Fall Conference: AM: Technical, PM: Art meets Science.

- **Oct 15 (Monday): San Bernardino County Office of Education**
- **Oct 19 (Friday): Yolo County Office of Education**
- **SFSS/ESSCO AM session 1: Cash Flow – nuts & bolts, what to look for (~ 75 minutes)**
- **SFSS/ESSCO AM session 2: quartile analysis, profiles, one-note system (~ 75 minutes)**

b) Budget Reviews: conditional approvals & non-approvals

Next Meeting October 1, 2012

SFSS materials: <http://www.ocde.us/business/pages/sfss.aspx>



CALIFORNIA
DEPARTMENT OF
EDUCATION

TOM TORLAKSON

STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

August 27, 2012

Dear County and District Superintendents and Charter School Administrators:

2012-13 MANDATE BLOCK GRANT LETTER OF INTENT

Commencing with the 2012-13 fiscal year, funds are available through a newly established Mandate Block Grant (MBG) for local educational agencies (LEAs) to support state mandated activities. Pursuant to the implementing legislation, Senate Bill (SB) 1016, Section 71, (Chapter 38, Statutes of 2012), LEAs make an annual choice to receive funds for mandated activities, as specified, either through the MBG or through the claim reimbursement process pursuant to *Government Code (GC)* Section 17560. Because the claims process does not include charter schools, the MBG is the only vehicle for charter schools to receive such funding.

Attached is the Letter of Intent, specific to your LEA, to opt into the 2012-13 MBG program. It must be submitted to CDE by October 1, 2012 to receive 2012-13 MBG funding.

For 2012-13, the MBG pays for 2012-13 costs associated with the mandate programs listed in GC Section 17581.6(d) (see attached). However, note the legislative session is still in process and based upon current proposals, it is likely the following programs may be added to the MBG:

- Academic Performance Index (01-TC-22; Chapter 3 of the Statutes of 1999, First Extraordinary Session; and Chapter 695 of the Statutes of 2000).
- Child Abuse and Neglect Reporting (01-TC-21: Chapters 640 and 1459 of the Statutes of 1987; Chapter 132 of the Statutes of 1991; Chapter 459 of the Statutes of 1992; Chapter 311 of the Statutes of 1998; Chapter 916 of the Statutes of 2000; and Chapters 133 and 754 of the Statutes of 2001).
- Expulsion of Pupil: Transcript Cost for Appeals (SMAS; Chapter 1253 of the Statutes of 1975).
- Inter-district Attendance Permits (CSM 4442; Chapters 172 and 742 of the Statutes of 1986; Chapter 853 of the Statutes of 1989; Chapter 10 of the Statutes of 1990; and Chapter 120 of the Statutes of 1992).
- Student Records (02-TC-34; Chapter 593 of the Statutes of 1989; Chapter 561 of the Statutes of 1993; Chapter 311 of the Statutes of 1998; and Chapter 67 of The Statutes of 2000).

Given the uncertainty of legislation that may impact the 2012-13 MBG program, an LEA may withdraw a previously submitted Letter of Intent as long as the request is prior to any allocation by CDE of MBG funds. Information on the MBG and legislative changes will be posted on the CDE Web page at <http://www.cde.ca.gov/fg/aa/ca/mandatebg.asp>.

The 2012 Budget Act appropriates \$166,609,000 for the MBG program for fiscal year 2012-13. The funds are unrestricted in use. Allocation of funds is based on the average daily attendance (ADA) as of the Second Principal Apportionment for the 2011-12 fiscal year. Specific ADA categories are attached to this e-mail and also posted on the CDE Web page. The 2012-13 funding rates set forth in Item 6110-296-0001 of the 2012 Budget Act are as follows:

LEA	Amount per Prior Year ADA
County Offices of Education (COE)	\$28 per prior year ADA plus an additional \$1 per ADA for all prior year revenue limit ADA generated by school districts and the COE within that county
School Districts	\$28 per prior year ADA

Charter Schools	\$14 per prior year ADA
-----------------	-------------------------

If necessary, funding will be proportionately reduced to stay within total available funding. We have been asked what the rate would be if there is 100 percent participation. CDE estimates the funding would be decreased to approximately \$27.92 for districts, \$13.96 for charter schools, and \$.99 for county office of education oversight.

Mandated programs covered by the MBG are subject to review in the overall annual compliance audit per California *Education Code* Section 41020. The Governor's Administration has indicated that it does not intend to submit any proposals in the annual K–12 audit guide related to the MBG. Compliance with mandate requirements would be enforced through corrective action; school district would not forfeit funds as a result of audit findings.

CDE will post a list of LEAs that have submitted a Letter of Intent to participate in the MBG. As a reminder, follow-up e-mails will be sent prior to the deadline to those LEAs that have not submitted a Letter of Intent. If your LEA does not elect to participate in the MBG, you may notify CDE of that decision by sending an e-mail to mandate@cde.ca.gov and your agency will be removed from the 2012–13 contact list. If you have any questions regarding this letter, please send an e-mail to mandate@cde.ca.gov or contact Marcie Gregory, Fiscal Consultant, Categorical Allocations and Management Assistance Office, by phone at 916-324-4537, or Tonya Holmes, Fiscal Analyst, Categorical Allocations and Management Assistance Office, by phone at 916-323-6028.

Sincerely,

Scott Hannan, Director
School Fiscal Services Division

Last Reviewed: Wednesday, August 29, 2012

SCHOOL DISTRICT
SECTION Q – AB 2197 DISCLOSURES
NON-VOTER-APPROVED DEBT REVIEW
FOR THE YEAR ENDING JUNE 30, _____

Work Program Step

Initials

WP Ref

OBJECTIVES

EC § 17150.1 No later than 30 days before the approval by the governing board of the school district to proceed with the issuance of certificates of participation and other debt instruments that are secured by real property and do not require approval of the voters of the school district, the school district shall notify the county superintendent of schools and the county auditor. The superintendent of the school district shall provide information necessary to assess the anticipated effect of the debt issuance including the repayment schedules for that debt obligation, evidence of the ability of the school district to repay that obligation, and the issuance costs, to the county superintendent, the governing board, the county auditor, and the public. Within 15 days of the receipt of the information, the county superintendent of schools and the county auditor may comment publicly to the governing board of the school district regarding the capability of the school district to repay that debt obligation.

- A. Determine that the district has provided evidence sufficient to assess the anticipated effect of the issuance. (Completeness, Disclosure)
- B. Determine the type of, and reason for issuance. (Classification, Rights & Obligations)
- C. Determine that schedules provided are complete and accurate. (Completeness, Accuracy)
- D. Determine whether issuance and annual costs are reasonable. (Disclosure, Valuation)
- E. Determine the likely capability of the District to repay the debt. (Disclosure, Valuation)

PROCEDURES

Initials

W/P Ref.

Q.1 Complete the checklist for Non-Voter-Approved Debt issuance documentation.

Q.2 Examine documentation for the reason for issuance. Is the reason for issuance appropriate, allowable and reasonable?

Q.3 Review the work performed on the District's most recent reporting period (Interim, Budget, Unaudited Actual.) Note any issues that would have a bearing on the ability of the district to issue new debt, or to refinance existing debt.

Q.4 Provide information to the County Auditor/Controller - Treasurer/Tax Collector's office if they have not received documentation.

SCHOOL DISTRICT
SECTION Q – AB 2197 DISCLOSURES
NON-VOTER-APPROVED DEBT REVIEW
FOR THE YEAR ENDING JUNE 30, _____

<u>Work Program Step</u>	<u>Initials</u>	<u>WP Ref</u>
Q.5 Compare Financial projections (MYP) provided with the debt submission to those of the latest reporting period. Determine whether there are significant differences between the two sets; determine if debt service relating to the disclosure has been included.	_____	_____
Q.6 Review proposed debt service schedules. Do payments vary from year-to-year? Consider the impact of this proposed schedule in conjunction with existing debt. Will debt service remain fairly static? Prepare a schedule of debt if appropriate.	_____	_____
Q.7 Consider the proposed sources of repayment. Are the assumptions provided regarding sources and expected growth/decline reasonable? Compare to historic trends where appropriate.	_____	_____
Q.8 Examine cash flow projections relating to the disclosure information. Determine whether the projected debt schedule will substantively adversely impact the district's cash position in the months requiring payments.	_____	_____
Q.9 Review costs associated with the prospective issuance. Are expenses relating to issuance comparable to other issuances seen recently? Do amounts seem reasonable? Inquire of experts when appropriate and compare to like issuances from various regions around the state. http://www.emma.msrb.org/	_____	_____
Q.10 Determine whether costs are being paid for out of the issuance or if additional cash outlay is required of the district at the time of sale or closure.	_____	_____
Q.11 Inquire of the district before the end of the comment period whether any additional information is available which should be disclosed. Determine whether the information substantially modifies or impacts the proposed debt.	_____	_____
Q.12 Obtain supporting documentation for historical reserves, cash balances, enrollment, and any other information to be included in the District's comment letter.	_____	_____

SCHOOL DISTRICT
SECTION Q – AB 2197 DISCLOSURES
NON-VOTER-APPROVED DEBT REVIEW
FOR THE YEAR ENDING JUNE 30, _____

<u>Work Program Step</u>	<u>Initials</u>	<u>WP Ref</u>
Q.13 Inquire of the County Auditor/Controller-Treasurer/Tax Collector's office whether they have items to add to the District's Comment letter.	_____	_____

CONCLUSION

Q.14 Summarize findings and prepare conclusion.	_____	_____
---	-------	-------

_____ Prepared by	_____ Date
----------------------	---------------

_____ Reviewed by	_____ Date
----------------------	---------------