

SCOE BIZ

Business Services Bulletin No. 24-22



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June 20, 2024

To: District and Charter Business Services
From: Sarah Lampenfeld, Director, External Fiscal Services
Subject: June 2024 Edition

Budget Adoption and 45-Day Budget Revision

The Assembly and Senate approved the 2024-25 State Budget on June 13th and now the budget waits for the Governor's signature. Once more details are known a separate SCOE Biz Bulletin and the BASC Common Message: 45-Day Revision will be released.

2023-24 P-2 Apportionment

The 2023-24 Second Principal (P-2) Apportionment has been certified, which includes updated calculations for the 2022-23 First Annual Recertification (Annual R1) and 2021-22 Third Annual Recertification (Annual R3).

Notable New Programs in 2023-24

- ✚ **Proposition 28: Arts and Music in Schools** - The Arts and Music in Schools (AMS) funding program was established by Proposition 28 (2022). Funding is apportioned to school districts, County Offices of Education (COEs), and charter schools. The purpose of AMS funding is to supplement arts education programs. AMS has specific conditions of apportionment that must be met by local educational agencies (LEAs). Please see the [Proposition 28: Arts and Music in Schools Frequently Asked Questions](#) for additional information regarding the calculation of apportionments and program requirements.
- ✚ **LCFF Equity Multiplier** - The Local Control Formula Funding (LCFF) Equity Multiplier provides additional funding to LEAs for allocation to eligible school sites with prior year nonstability rates greater than 25 percent and prior year socioeconomically disadvantaged pupil rates greater than 70 percent. LEAs with school sites receiving LCFF Equity Multiplier funding are subject to program requirements. Please see the [LCFF Equity Multiplier](#) web page for frequently asked questions and additional information.
- ✚ **Student Support and Enrichment Block Grant** - Commencing with fiscal year 2023-24, the Student Support and Enrichment Block Grant provides additional funding to COEs with Alternative Education Grant average daily attendance (ADA) to use for student support and enrichment opportunities. Please see the [Student Support and Enrichment Block Grant](#) web page for frequently asked questions and additional information.

The following information is available on the California Department of Education's (CDE) website at <https://www.cde.ca.gov/fg/aa/pa/pa2324.asp> to assist local educational agencies (LEAs) in understanding the components of the 2023-24 P-2 Apportionment:

- [Apportionment letter](#) and accompanying [attachment](#) that describe the funding calculations and available resources.
- LEA Funding Detail:
 - [Funding Exhibits](#): Detailed entitlement calculations by LEA for each Principal Apportionment program.
 - [Excel files](#):
 - Principal Apportionment Summary, Adjustments and Prior Year Re-computations, Payment Schedules, etc.
 - Excel files to accompany two new funding exhibits: (1) Proposition 28: Arts and Music in Schools–School Site Calculation and (2) LCFF Equity Multiplier–School Site Calculation
 - The [LCFF Fingertip Facts](#) has been updated with 2023-24 P-2 data.
 - [Statewide LCFF Summary Data](#): Statewide summary data of the main components of the Local Control Funding Formula (LCFF), including base, supplemental, and concentration grants.
- Special Education funding details, including the Special Education Local Plan Area (SELPA) Assembly Bill 602 Average Daily Attendance are available on the Special Education web page at <http://www.cde.ca.gov/fg/aa/se/index.asp>.

2023-24 EPA Fourth Quarter Apportionment

The CDE has also certified the 2023–24 Fourth Quarter Apportionment for the Education Protection Account (EPA). The EPA apportionment letter and payment schedule are available on the CDE website at <https://www.cde.ca.gov/fg/aa/pa/epa.asp>.

Important Payment Information

The final EPA revenue for the 2023–24 fiscal year is significantly lower than the estimated revenue amount used to calculate First Quarter through Third Quarter EPA apportionments. As a result, many LEAs have been overpaid in EPA funds for 2023–24 and will see a significant reduction in the Fourth Quarter EPA entitlement. Overpaid EPA funds as of the Fourth Quarter Apportionment will be recovered from an offset of the 2023–24 Second Principal (P-2) Apportionment payment and by invoice if Principal Apportionment funds are insufficient. For additional details see the [EPA Fourth Quarter Apportionment letter](#).

The State Controller’s Office estimates that the P-2 payment (net of any overpayment from EPA) will be issued to county treasurers on June 27, 2024. **The Fourth Quarter EPA apportionment is expected to be issued no later than August 15, 2024, to LEAs that are still owed a Fourth quarter payment. However, this is contingent on forthcoming statute.**

Packet 3 will include the journal entries required for LEAs receiving dollars in August 2024.

2024-25 LCAP

The 2024-25 LCAP is due to SCOE within five days of board approval along with your budget. The LCAP is submitted to LCAP@scoe.org while the 2024-25 Budget is submitted to your fiscal advisor. See SCOE Biz 24-20 for submission requirements.

Please note the components of the LCAP for the 2024–2025 LCAP year must be posted and submitted to SCOE **as one document assembled in the following order:**




- LCFF Budget Overview for Parents
- 2023–24 LCAP Annual Update
- Plan Summary
- Engaging Educational Partners
- Goals and Actions
- Increased or Improved Services for Foster Youth, English Learners, and Low-income students
- Action Tables
- Instructions

Stimulus Reporting: 2024 Summer Quarterly

2024 Summer Quarterly reporting **opens on June 24th (expected) and closes on Friday, July 14th**. This reporting cycle reflects expenditures incurred from April 1 to June 30, 2024, in the following funds: ESSER II, Resource 3212 (Liquidation through 6/30/24), and ESSER III, Resources 3213 and 3214, ELO-G (federal resources only), Resources 3218 and 3219, and ARP-HCY, Resource 5634. LEAs can make corrections to previous cycles by making negative adjustments in their reporting.

Fiscal Report by School Service of California

School Services provides excellent explanations of current topics. If you are a member of School Services of California you can also see their reports by logging in to view their web page or subscribe to their email service. Attached for your convenience are the following fiscal reports:

-  Legislature Approves 2023-24 State Budget
-  UCLA Economist: Slow but Steady Economy
-  Governor Newsom Signs TK ELPAC Bill

REMINDERS:

Positive Cash in all Funds on June 30th!

Tomorrow is the final day to submit cash transfers. Please run a final check to ensure all funds will have positive funds on June 30th. A good Escape report for the final check is a Fiscal 01; filtered by “yes” for assets and liabilities and object 9110.

Consolidated Application and Reporting System (CARS)

The 2024-25 Consolidated Application and Reporting System (CARS) Spring Reporting opened May 1st. **The submission deadline is 11:59 pm on Sunday, June 30, 2024, and the forms will close at 11:59 pm on Thursday, August 15, 2024.** Forms will not be reopened after their close date.

Prop 28: Arts and Music in Schools Annual Report

The Prop 28: Arts and Music in School’s Annual Report is due July 31st to the CDE. This report must be board approved and posted on the LEA’s website.

ESSER II: Summer Program Funding Obligation

All Cohorts of ESSER III Summer funding (administered by the CDE Expanded Learning Division) will end on September 30, 2024. All funds must be obligated by September 30, 2024,

and must be liquidated by January 28, 2025. Please refer to this link to the Code of Federal Regulations defining obligations at [eCFR:: 34 CFR 76.707— When obligations are made.](#)

P-Annual Attendance and Prior Year Correction Due Dates

The PADC web-based system is now for P-Annual attendance reporting. P-Annual is **due to SCOE on June 24th**. Additionally, the P-Annual window is open for Audit Adjustments to CALPADS Data and prior period corrections, such as 2022-23 and 2023-24 P-2. We ask that 2023-24 P-2 corrections be reviewed by your auditor first to avoid multiple P-2 submissions. If you have any questions, please reach out to your Fiscal Advisor.

Federal Cash Management Data Collection (CMDC) and Federal Quarterly Interest Reporting

The data collection window for the Federal Cash Management Data Collection (CMDC) System will open on July 10th and will close on July 31st. You may report your data at any time during this period.

CDE federal program grantees are required to report and remit interest to the CDE at least quarterly. Although grantees are allowed to keep interest amounts up to \$500 per year for administrative purposes, the \$500 is in total for all federal programs, not for each federal program. When reporting and remitting federal interest to the CDE, grantees should specify the time period of interest earning and the federal program resource codes. **See Step 16 of the 2023-24 Year-End Closing Manual for full instructions.**

Need help with closing? Please remember you can come work at SCOE in the lab or at an open desk....just contact me or your fiscal advisor so we know you are coming.

Dates to Remember:

06/20/2024	Final AP Run for 2023-24
06/21/2024	2023-24 Last Cash Transfers due by 4:30 pm
06/21/2024	2024-25 Fiscal Year Start-Up Form due to SCOE IT
07/01/2024	Preliminary Cash Roll to FY25
06/24/2024	P-Annual Attendance and Prior Year Corrections due to SCOE
07/04/2024	Independence Day observed – SCOE Closed
07/01/2024	2024-25 Screens open in ESCAPE
07/02/2024	2024-25 First AP batch due @ Noon
07/09/2024	New Fiscal Year Kick-off Celebration @ SCOE Business Services
07/09/2024	Special Education MOE Training Redwood A & B
07/10/2024	Escape New user HR/Payroll (9:00 -11:00 a.m.) Click here to register
07/10/2024	Escape New User AP/AR (1:30 – 3:00 p.m.) Click here to register
07/11/2024	Capitol Advisor’s Budget
07/26/2024	SCOE Year-End Closing Entry Packets emailed to LEAs
07/25/2024	Unaudited Actual Workshop hybrid: RESIG and Zoom
07/31/2024	Districts eFile Use Tax and mail payment deadline
08/09/2024	Year-End Close checklist due to SCOE Advisor
08/22/2024	August DBUG **NEW TIME** Start at 9:00 a.m. Hybrid: Redwood C and Zoom

NO JULY DBUG

Spending Deadlines Approaching!

<u>One-Time Funding*</u>	Resource Number	Spending deadline	Plan required
A-G Completion Improvement Grant Program	7412,7413	June 30, 2026	Plan required
American Rescue Plan - Homeless Children and Youth II (ARP-HCY II)	5634	September 30, 2024	No
Educator Effectiveness Block Grant	6766	June 30, 2026	Plan due by March 31, 2023
ESSER III	3213, 3214	September 30, 2024	Plans:
Expanded Learning Opportunities Grant	3218, 3219, 7425, 7426	September 30, 2024	Plan due by June 1, 2021
In-Person Instruction Grant	7422	September 30, 2024	No
Learning Recovery Block Grant	7435	June 30, 2028	No plan however, annual reporting is due
Literacy Coaches and Reading Specialists Grant Program	6211	2022-23's allocation June 30, 2027	Plan required
		2023-24's allocation June 30, 2028	
Art, Music, Instructional Material, Discretionary Block Grant	6762	June 30, 2026	Plan, deadline TBD
Expanded Learning Opportunities Program FY 2021-22	2600	June 30, 2024 (extended deadline approved with Budget Act 2024)	Plan required
Expanded Learning Opportunities Program FY 2022-23	2600	June 30, 2024	
Universal Prekindergarten Planning & Implementation Grant	6053	June 30, 2026	Plan required by 6/30/2022

*Not inclusive list

NOTE:

- Want to add something to a DBUG Agenda? Want a topic added to SCOE Biz? Contact DBUG Chair, Christina Menicucci
- Documents presented at DBUG found posted at <http://www.scoe.org/pub/htdocs/fiscal-dbug.html>
- Workshop manuals and Fiscal Services/IT forms may be found at <http://www.scoe.org/escape> under the heading of Resources on the left side of the page.

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Legislature Approves 2024-25 State Budget



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posted June 13, 2024

Today, Thursday, June 13, 2024, the Assembly and Senate approved the 2024-25 State Budget in the form of [Assembly Bill \(AB\) 107](#) (Gabriel, D-Encino).

The plan represents the Legislature's approach to the upcoming fiscal year (see "[Joint Legislative State Budget Proposal Announced](#)" in the May 2024 Fiscal Report) and fulfills the Legislature's constitutional obligation to approve a spending plan before June 15. While the Legislature met its legal obligation, as widely reported, the budget bill—AB 107—does not represent a deal with Governor Gavin Newsom.

In addition to AB 107, the Legislature also approved [Senate Bill \(SB\) 154](#) (Committee on Budget and Fiscal Review), which suspends the Proposition 98 minimum guarantee in the current fiscal year. SB 154 conceptually aligns with the deal struck between Governor Newsom and the California Teachers Association (see "[The Proposition 98 Deal—Local Impacts](#)" in the May 2024 Fiscal Report), but there are some discrepancies in how much money to suspend in 2023-24, and how much money to leave in the Proposition 98 rainy day fund. The Governor and legislative leadership will have to work out these final details in the coming days.

Today's vote was largely perfunctory since California voters passed Proposition 25 (2010), which prevents lawmakers from getting paid for any days that the State Budget is late. In recent years when time was running out, the Legislature approved a placeholder budget to meet its constitutional obligation, buying legislative leaders additional time to negotiate with the Governor. Additionally, lawmakers have interpreted the constitutional provisions requiring an on-time budget to apply only to the major budget bill and not to the accompanying trailer (or policy) bills, such as the K-12 and higher education omnibus bills, which contain important implementing language for many of the initiatives contained in the budget. We do not expect to see any of the trailer bills released until after a deal is announced by the Governor and legislative leadership.

Once Governor Newsom receives the budget bill (as of this writing, he has not received AB 107 or SB 154 for approval), he will have 12 days to sign or veto the measures. This 12-day deadline effectively acts as the timeline for the Governor and legislative leadership to come to a deal on the 2024-25 State Budget. Once the parties do come to an agreement, it will likely be reflected in a separate bill, known informally as "Budget Bill Jr.," which will make the necessary amendments to AB 107 to reflect the agreement between the legislative leaders and the Governor and allow the Governor to sign both budget bills.

We will continue to monitor and report on State Budget developments, including any new information on budget trailer bills. Stay tuned.

FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

UCLA Economists: Slow but Steady Economy

 [BY PATTI F. HERRERA, EDD](#)

 [BY WENDI MCCASKILL](#)

Copyright 2024 School Services of California, Inc.

posted June 7, 2024

In their 2024 second quarter report yesterday, June 6, 2024, UCLA Anderson Forecast (Forecast) economists continue to predict a slowing economy, with growth hitting a low point at the end of 2024. Slow growth is due to supply constraints as opposed to contracting demand. While slow growth is expected for both the U.S. and California economies, the California economy is atypically anticipated to grow more slowly than the U.S. economy in 2024. Once again, no recession is predicted. Expansionary fiscal policy, a new national industrial policy, and consumer spending are cited as contributing to fading recession concerns.

U.S. Growth

According to the Forecast, annualized Gross Domestic Product (GDP)—the measure of growth—will reach a low of 2.0% by the last quarter of 2024 before increasing to above-trend rates between 2.5% and 2.9% through the end of 2026. Projected lower growth in 2024 is attributed to higher interest rates, election uncertainty, and capacity constraints in manufacturing and labor markets. Productivity increases from innovative technologies are expected to begin contributing to growth late in 2026, driving higher wages and higher GDP. Due to the time it takes to adopt new technology, artificial intelligence (AI) and robotics are expected to impact growth after 2026. The Forecast notes that tight labor markets could accelerate the adoption of AI and robotics, resulting in an impact to the economy sooner than anticipated.

Interest Rates and Inflation

The Federal Reserve (Fed) has consistently indicated that lower inflation figures are needed to reduce the federal funds rate. Per the Forecast, inflation is predicted to fall 2.2% to 2.7% per year with residential rent, health insurance premiums, and car repairs largely responsible for cost increases. In addition, the Forecast notes that the current inverted yield curve is predictive of future lower short-term interest rates. No additional federal funds rate increases are anticipated and a reduction to the federal funds rate beginning in the fourth quarter of 2024, followed by three more reductions in the first and second quarters of 2025 is expected. The federal funds rate is forecasted to stabilize at 4.4% from the second quarter of 2025 through the end of 2026. The end of the longest running inverted yield curve is anticipated at the beginning of the fourth quarter of 2024 with the yield curve turning right side up at that time. The reduction in the federal funds rate is attributed to falling inflation rates and an improving economy. Historically, an inverted yield curve has been one of the most reliable predictors of a recession. This time, during the longest running inversion, the economy was able to avoid such a downturn.

Labor Market

The forecasted U.S. unemployment rate is predicted to rise to 4.1% in 2025 and stay at that level through 2026—the end of the forecast period. Increases to the U.S. unemployment rate are not noted as a concern. It is noted that unemployment rates of 3.8% to 4.2% are considered to be full employment.

California

While the California economy is predicted to grow more slowly than the U.S. economy in 2024, over the remaining two years of the forecast period (2025 and 2026), the California economy is anticipated to recover and grow slightly faster than the U.S. After a slowdown in movement of goods through California seaports and airports, the logistics sector is projected to grow through the next three years. Home prices continue to climb while supply is low. Economist David Shulman reported that with approximately 60% of mortgages at interest rates of 4% or lower, many homeowners are reluctant to sell existing homes, impacting the supply of available homes and highlighting the need for new home construction. Due to inclement weather, building permits are down for 2024 but are projected to grow in 2025 and 2026.

California's 5.3% unemployment rate is currently the highest in the nation and is projected to average 5.1%, 4.5%, and 4.2% for 2024, 2025, and 2026, respectively. UCLA economist Jerry Nickelsburg presented the disparities between California's two measures of unemployment, along with a subsector analysis of unemployment demonstrating areas of weakness. Most labor sectors and subsectors are anticipated to turn around in 2025

and 2026. Nickelsburg noted education, Hollywood, and couriers as key sectors/subsectors where the need for personnel has declined and where at least some of those who are unemployed will need to move into other sectors for jobs.

Risks

Risks to the U.S. economy are noted as substantial and as having the potential to move the economy off its growth path. Listed risks include Middle East and the Russia/Ukraine conflicts as well as election worries and supply chain interruption. For California, the risks are similar to those indicated in last quarter's March forecast—housing availability and affordability, homelessness, public safety (particularly in urban centers), disruptive climate events, and a shutdown of trade with China (resulting either from a recession in China or trade policies).

We will be covering both U.S. and California economic indicators and projections, as well as their impact on education funding, in the upcoming School Finance Conference scheduled for July 18, 2024. To register, please click [here](#).



FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Governor Newsom Signs TK ELPAC Bill



[BY PATTI F. HERRERA, EDD](#)

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posted June 17, 2024

On Friday, June 14, 2024, Governor Gavin Newsom signed Assembly Bill 2268 (Muratsuchi, D-Torrance) into law, exempting transitional kindergarten (TK) students from taking the English Language Proficiency Assessments of California (ELPAC). The law went into effect immediately upon his signature, thereby exempting TK students from the ELPAC beginning in the 2024-25 school year.

As reported on June 13, 2024 (see *Fiscal Report* article, "[TK ELPAC Exemption Bill Heads to Governor](#)"), the State Board of Education will be exploring options for identifying and supporting emerging bilingual TK students in the coming months, beginning with its July 2024 meeting.