

SCOE BIZ

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

State of the State

For the first eight months of the 2023-24 fiscal year revenues were \$5.6 billion below the 2024-25 Governor's Budget forecast of \$131,136 billion, however, cash receipts were \$288 million, or 3%, above the forecast for February. "The Governor's Budget forecast was completed toward the end of November; therefore, the fiscal year-to-date variances in this report reflect variances since November. The primary driver of the cumulative shortfall was personal income tax estimated payments, which were \$4.7 billion below forecast fiscal year-to-date through February, indicating weakness in receipts relating to the tax year 2023."

- ✚ **Personal income tax (PIT) receipts**, for the first eight months, were \$4.1 billion, or 5.1%, below the forecast of \$80.8 billion and were \$579 million above forecast in February. "While withholding reflects more of a real-time indicator of economic activity than estimated payments, single-month readings can be misleading: calendar changes can affect when payments are recorded, and the timing of stock-based compensation can also affect payments, therefore, withholding should be evaluated over multiple months for longer-term trends." Of Note, November through February personal income tax withholding receipts were 2% above forecast.
- ✚ **Corporation tax receipts**, for the first eight months, were \$1.1 billion, or 5.3%, below the forecast of \$21,775 billion and were \$165 million below forecast in February. Per DOF, February's shortfall is due to refunds exceeding the forecast by \$418 million. This amount was partially offset by higher corporation tax payments of \$253 million.
- ✚ **Retail sales and use tax receipts**, for the first eight months, were \$347 million, or 1.5%, below the forecast of \$23.2 billion and were \$148 million below forecast in February. Per DOF, February sales and use tax receipts reflect part of the final payment for fourth quarter taxable sales for the calendar year, which was due on January 31.

Other Updates: **FYI only**

- ✚ CDE is waiting on next fiscal year's appropriation for Federal ESSA programs (Title I - V) and monitoring state revenues.
- ✚ If revenues continue to decline LEAs could see a large difference in EPA payments with quarter 4...similar to last year. Stay tuned.

Calculating the COLA Update

As we know the 2023-24 Enacted Budget projected the 2024-25 COLA at 3.94% and with the Governor's January Proposal the projected COLA declined to 0.76%. Remember, the COLA is calculated on eight data points on state and local government consumption. At this point, seven of the eight data points are known (see below). Per SSC, "If the final quarter holds steady, the statutory COLA will be 0.82%. A 1% increase in the final quarter would result in a statutory COLA of 1.08%." All eyes remain on April tax reporting and whether the state can/will fund the COLA.

From School Services of California, Inc.:

2022 Q2	2022 Q3	2022 Q4	2023 Q1	Average
125.482	126.005	126.858	126.855	126.300
2023 Q2	2023 Q3	2023 Q4	2024 Q1	Average
125.936	127.707	127.979	TBD	TBD

Proclamation for February Storms

On Friday, March 22, 2024, Governor Newsom expanded the state of emergency declared last month for storms to include Sonoma County. Therefore, if you were an LEA impacted by the early February 2024 storms and had a closure that requires the submission of a J-13A waiver. Please remember to note the proclamation on the waiver and we will include a copy of the proclamation with the J-13A waiver submission. The proclamation can be found [here](#).

ESSER and GEER Annual Reporting (Reminder)

Every local education agency (LEA) who received the following funding sources ESSER I (Resource Code 3210), ESSER I State Reserve funds available through the California Community Schools Partnership Program (Resource Code 3211), ESSER II (Resource Code 3212), ESSER II State Reserve funds available through the Expanded Learning Opportunities Grant (ELO-G) (Resource Code 3216), ESSER III (Resource Codes 3213 and 3214), ESSER III State Reserve – Emergency Needs funds available through the ELO-G (Resource Code 3218), ESSER III State Reserve – Learning Loss funds available through the ELO-G (Resource Code 3219), ESSER III State Reserve funds available as rate increases for the After School Education and Safety (ASES) Program and the 21st Century Community Learning Centers (CCLC) Program (Resource Codes 3226 and 3227), ESSER III State Reserve funds available through the ESSER III Summer Grant Program (Resource Codes 3225 and 3228), GEER I funds available through the Learning Loss Mitigation Fund (LLMF) (Resource Code 3215), and GEER II funds available through the ELO-G (Resource Code 3217) are **required** to report to the CDE for the Annual Report. **The reporting period covers July 1, 2022, through June 30, 2023, and is open now and will close on April 5, 2024.**

On March 7th, CDE hosted a webinar on the current reporting. [Here](#) is the PowerPoint from the webinar.

Stimulus Funding Reporting

The current reporting cycle for Stimulus Funding opened on March 18th and **will close on April 12th**. This reporting cycle reflects expenditures incurred from January 1, 2024 to March 31, 2024 on the following funds:

- ✚ ESSER II, Resource 3212 (Corrections up to 9/30/2023)
- ✚ ESSER III, Resources 3213 and 3214
- ✚ Homeless Children and Youth (HCY) Funds, Resource 5634
- ✚ Expanded Learning Opportunities Grants (ELO-G), Resources 3216 – 3217 (corrections up to 9/30/2024) and 3218 – 3219

The Federal Stimulus Quarterly Reporting Help Page, located at: <https://www.cde.ca.gov/fg/cr/reportinghelp.asp>, is an excellent resource to support you through reporting for your LEA.

Administrator-to-Teacher Ratio

The district's ratio of administrative employees to teachers as governed by *Education Code* Section 41402 will be reviewed as part of the district's annual audit required by *Education Code* Section 41020. To prepare for the annual audit, school districts must compile the information identified on the worksheet as of a date selected by the school district. It is not mandatory that the worksheet be utilized as long as the district is capable of providing the auditor with the data required by *Education Code* sections 41403 and 41404 (i.e. the data requested on the worksheet) and *Education Code* 41402 gives the maximum ratios and the exemption for minimums. The data or completed worksheet should be maintained in district files. The worksheet need not be submitted to the California Department of Education. More information and the optional worksheet can be found at <https://www.cde.ca.gov/aa/ca/atr.asp> and [Ed Code 41402](#).

Reserve Cap Trigger for Fiscal Year 2024-25

On March 7, 2024, CDE announced the Reserve Cap will remain in place for 2024-25, resulting in a cap of 10% on local reserves (combined assigned and unassigned General Fund balances [**includes** the Reserve for Economic Certainty]) for districts who are not Basic Aid and districts with greater than 2,501 average daily attendance (ADA). **This means districts affected by the reserve cap should be planning now.** The official notification can be found [here](#).

2024-25 Unemployment Insurance Rate

Employment Development Department (EDD) announced this month that the School Employees Fund (SEF) Unemployment Insurance rate for the fiscal year 2024-25 will be 0.05% (same as the current year) The rate of 0.05% is locked in for one year. EDD's announcement can be found [here](#).

Senate Bill (SB) 291 Recess Bill

On October 13, 2023, Senate Bill 291 passed enacting [Education Code Section 49056](#). Commencing with the 2024-25 school year, LEAs that offer recess must provide recess of at least 30 minutes on regular instructional days and at least 15 minutes on early release days. This bill is not a recess mandate; it applies only to those LEAs that include recess in their instructional time schedules.

Expanded Learning Opportunities Program (ELOP) Closure Resolution

AB 141, passed in the fall, added language to address emergency closure situations for the Expanded Learning Opportunities Program since this is the first year LEAs will be audited for compliance with the hour and day requirement. LEAs with a qualifying emergency, tying back

to closure reasons in the J-13A statute, **will need to adopt a board resolution stating the facts substantiating the need for the emergency closure and provide supporting documentation for audit.** There will not be a CDE approval process or similar J-13A requirement for ELOP emergency closures. The board resolution is needed for any closures on schooldays that are part of the instructional time calendar intended to meet the annual day requirements, which includes 180 days for districts and 175 for charter schools (*EC* Section 46120(b)(1)(A)); and for closures that occur during the 30 nonschool day offering (*EC* Section 46120(b)(1)(B)). [Here](#) is a sample resolution.

P-2 Attendance Reporting

2023-34 Principal Apportionment Data Collection (PADC) web application is now available for reporting 2023-24 Second Principal Apportionment (P-2) data. LEA's P-2 data **is due to SCOE on or before April 19th**. P-2 instructions from SCOE will be available in early April.

The following 2023-24 P-2 data is due:

- ✚ Attendance
- ✚ Necessary Small School
- ✚ Class Size Penalties
- ✚ Adults in Correctional Facilities
- ✚ Special Education Local Plan Area Average Daily Attendance Allocation
- ✚ Special Education Tax Allocation
- ✚ Infant Funding
- ✚ Transfer of Funds Alternative Rate Option (submit new P-2 file only if revisions are needed)
- ✚ Proposition 28 Arts and Music in Schools Certification (if not completed at P-1)

LCAP Development for FY 2024-25

SCOE's Fiscal and Equitable Education Services (EES) team has been hosting an LCAP series for the 2024-25 LCAP development. The following sessions are coming in April:

- ✚ Session 3 (Fiscal): Presenting March 21st and April 4th (same content - just different date options due to spring break conflicts)
 - Focus: Fiscal components (Action tables and Budget Overview for Parents)
- ✚ Session 4 (EES): Presenting April 24th
 - Focus: Writing increased or improved narratives and goal analysis narratives

Registration information can be found [here](#).

Grant Availability: Commercial Dishwasher Grant

Earlier this month, CDE announced the grant application for the Commercial Dishwasher Grant is available and open through April 3, 2024, at 5:00 p.m. The Grant application package and instructions can be found [here](#).

CSBA Budget Template

To assist in explaining the budget challenges ahead California School Boards Association (CSBA) has created a customizable budget presentation for its members. If you are interested in the budget presentation, it can be found [here](#).

School Level Finance Survey (SLFS)

November's SCOE Biz announced a new reporting, School Level Finance Survey (SLFS), coming in the fiscal year 2024-25. The Education Department (ED) approved a phase-in implementation timeline for California's LEAs to meet the new requirements. The phase-in plan is: 1) Use 2022-23 information provided in the ESSA PPE Reporting, 2) 2023-24 – modified and new elements to the ESSA PPE Reporting, 3) and 2024-25 and beyond - added elements that will be reported through The National Center for Education Statistics (NCES) within the US Department of Education (ED). On March 15, 2024, CDE released an official letter regarding the new Federal School Level Finance Survey Reporting Requirement, which can be found [here](#). Also, the SLFS web on CDE includes additional information such as FAQs and an instruction video.

Reminders:

- ✚ Please submit SCOE Biz 24-11: Auditor Selection **by April 1st** to slampenfeld@scoe.org.
- ✚ Transportation Plans must be adopted on or before April 1, 2024. Per updated [FAQs](#), plans can cover multiple years.
- ✚ Classified School Employee Summer Assistance Program: School Districts and county offices of education that elected to participate by January 1, 2024, must notify the CDE by April 2, 2024.
- ✚ Please submit SCOE Biz 24-15: Public Hearing Notice as soon as possible (no later than 17 days prior to the public hearing).

Dates to Remember:

04/01/2024	2023-24 Audit Contracts due to SCOE (email to slampenfeld@scoe.org)
04/04/2024	LCAP Training Session 3 (offering #2) Click here to register
04/12/2024	Escape HR/Payroll Annual Review Workshop 9:00 – 12:00 Click here to register
04/17/2024	CALPADS Connect Open Lab 10:00 a.m. - 12:00 p.m.
04/18/2024	April DBUG
04/19/2024	P-2 Attendance due to SCOE

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](#) can be 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.