

SCOE BIZ

Business Services

Bulletin No. 24-10

January 18, 2024

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

Governor's Proposed Budget

On January 10, 2024, the Governor released his proposed State Budget for the upcoming 2024-2025 fiscal year. The Governor's budget proposal reflects the economic challenges the state is facing as a result of a multibillion-dollar deficit. The budget proposal addresses ongoing deficit spending in Prop 98 by withdrawing \$5.7 billion from the PSSSA, of which \$5 billion will support the 2023-24 and 2024-25 LCFF. Again, the budget presents risk by using one-time revenues on ongoing obligations as we saw with the enacted budget.

The deep sigh heard across the state was from school leaders hearing the state proposal didn't include cuts or deferrals, but the groan you also heard was the realization that a lower COLA and declining enrollment means less dollars next fiscal year, and that feels like a cut. Some of the major components include:

- ✚ 0.76% statutory COLA, applied to the base grants and other education programs funded outside of the LCFF, such as Special Education, Child Nutrition, Mandated Block Grant, and the Equity Multiplier
 - Important to mention that two more data points, the 4th quarter data from 2023 and the 1st quarter of 2024, are needed for the final calculation of the 2024-25 COLA. With the final data points, experts expect the COLA to increase slightly; **however**, the question is, can the state fund a higher COLA?
- ✚ \$6 million one-time Prop 98 funding for Instructional Continuity
 - Funding will back research and develop models of hybrid learning to support attendance and the development of a more detailed absence data reporting process for the state
 - Several instructional measures are also included such as attendance recovery time, hybrid/remote instruction, and instructional for emergencies
- ✚ \$375 million for School Facilities
- ✚ \$500 million in Prop 98 for zero-emission school buses
- ✚ Career Education to support apprenticeship for art and music credentials
- ✚ Clarification that ERAF property tax funding for Excess ERAF Counties should be allocated to charter schools
 - Sonoma County is not an Excess ERAF County

The budget proposal may have sheltered K-14 from the deficit, cuts, and deferrals but at the end of it all the reduced COLA (3.94% [Enacted Budget] to 0.76%), declining enrollment, and the expiration of one-time funds feel like a cut to education; therefore, LEAs should be maintaining adequate reserves to avoid budget cuts and/or planning now for possible cuts soon. Lastly, the budget continues to project the **reserve cap on non-basic aid school districts with ADA greater than 2,500 will be in effect for 2024-25.**

2nd Interim Guidance & Common Message

A separate SCOE Biz containing 2nd Interim guidance and required submissions will be e-mailed out to all business contacts in early February, along with the Common Message for 2nd Interim, once available. Per Tuesday's ESSCO meeting, the Common Message is expected to be released in mid-February. SCOE will be analyzing the fiscal stability of each LEA using the updated assumptions included with the Governor's 2024-25 Proposed Budget.

The School Services of California Dartboard is attached for your reference.

Minimum Wage Increase

In California, the 2024 minimum wage rate of **\$16.00** an hour for businesses took effect on January 1st regardless of the size of the business.

Note that the Sonoma County Living Wage Ordinance is codified in the Sonoma Municipal Code. Per SCLS, it requires that all "covered employers" comply with the living wage standards. The Code specifically exempts from "covered employers" the following: "Government agencies, including, without limitation, cities, other counties, and state agencies." School districts are sovereign government entities separate from the County, and are therefore exempt from the ordinance.

IRS Standard Mileage Rate for 2024

Beginning January 1, 2024, the mileage reimbursement rate for business travel is 67 cents per mile (up from 65.5 cents in 2023).

Bid Limit Increased for 2024

Effective January 1, 2024, the bid threshold limit for non-construction, competitively bid contracts has increased to \$114,500. This higher bid limit only applies to 1) the purchase of equipment, materials, and supplies to be furnished, sold, or leased to the school district; 2) services, except construction services; and 3) repairs, including maintenance as defined in Public Contract Code section 20115. Note: The \$15,000 threshold for construction services/public works projects has not changed. CDE's notification letter can be found [here](#).

P-1 Principal Apportionment Data Collection







Thank you to everyone for your hard work on P-1. All Principal Apportionment Data Collection (PADC) records were submitted to CDE's January 16th deadline. We certified 318 records in Sonoma County.

We had a few LEAs that were surprised by the reporting window, so I want to remind everyone early of P-2's reporting deadline. **P-2 data is due to SCOE on April 19th.** MARK YOUR CALENDARS NOW! Please remember we (the external fiscal team) need time to review the data

before we can certify the data and submit it to the CDE. Please DO NOT send the data the day of the state's deadline or the day before. If you need a little extra time past the 19th, please contact your advisor to discuss an extension.

Federal Cash Management Data Collection (CMDC)

The data collection window for the Federal Cash Management Data Collection (CMDC) System is open. You may report your data at any time during this period. **LEAs must submit cash balance data by January 31st** for the following programs in order to receive funds in the next apportionment for those programs (if you are a Title III Consortium LEA, your cash apportionments flow based on the total combined reporting for all Consortium LEAs):

-  Title I, Part A
-  Title I, Part D
-  Title II, Part A
-  Title III, Immigrant
-  Title III, LEP
-  Title IV

Note: The cash balance is to be reported regardless of the fiscal year from which the funds originated. CMDC information, including instructions, future reporting dates, FAQs, and Login can be found at the CDE Web site <http://www.cde.ca.gov/fg/aa/cm/>.

Federal Quarterly Interest Reporting (due January 31st)

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. Interest on federal cash balances should be sent to the CDE at the following address:

California Department of Education
P.O. Box 515006
Sacramento, CA 95851
Attention: Cashier's Office

If no \$ to Remit Email:
cashmanagement@cde.ca.gov

The CDE requests LEAs submit documentation regarding the calculations and the interest rate used. Documentation (once available) for the **current quarter's rate of 3.114%** can be found at <https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/auditor-controller-treasurer-tax-collector/divisions/treasury/publications/interest-apportionment>. A complete list of federally reimbursable programs that should be EXCLUDED from your interest calculations can be found at <https://www.cde.ca.gov/fg/ac/co/reimbursableprograms.asp>. A good report to use for documenting your calculations is the Fiscal24 Resource Cash daily balances. You will need to enter the reporting period (quarter dates), interest rate for the quarter, and specific federal resources you would like to include in the calculation. **Title I, II, III, IV, ELOG (resources 3218 and 3219 only), and ESSER III would need to be included, but you may have other non-reimbursable programs.**

CARS – Consolidated Application and Reporting System

The CARS Winter Release of data collections closed on January 15th; however, the window remains open through February 15th for corrections. If you have not completed the reporting, please do so now. The workshop scheduled for February 1st by the external fiscal team has been cancelled due to CARS opening and closing early. If you still need assistance, please reach out to your fiscal advisor.

New User HR/Payroll Essentials Training February 14th

SCOE IT will be hosting a *Frontline ERP (Formerly Escape) - New User HR/Payroll Essentials* on Wednesday, February 14, 2024, from 9:00 a.m.- 11:30 a.m. in person in the SCOE Madrone Computer Lab. The training will be hands-on and include discussion time.

This session is for new users in HR/Payroll activities who've been in the position for a year or less. Space is limited to 20 attendees. [Register HERE](#)

Topics Include:

- Employment Management Tabs
- Retirement Reporting Overview
- Employee Leaves, Transactions, Status
- Assignment Pay vs Adjust Payroll
- Searching - Create Search Favorites
- Data entry tips & tricks

Prop 28 - Arts and Music in Schools

Last month CDE updated the Prop 28 – Arts and Music in Schools [FAQs](#).

We continue to get questions on Prop 28 regarding supplement versus supplant, so please note the updated FAQs in December 2023 address a small portion of this question.

From the FAQs #19:

Do any "supplement not supplant" requirements apply to AMS? (Updated 12-18-2023)

Yes, California *Education Code (EC)* Chapter 5.1, Section 8820, subdivision (g), paragraph (2), states that as a condition of receipt of funds pursuant to this chapter, an LEA shall annually: "Certify that such funds received will be used to supplement funding for arts education programs and that funds received in the prior fiscal year were, in fact, used to supplement arts education programs." **For the purpose of this program, "supplement" means that the funds appropriated by this chapter shall be used by local educational agencies to increase funding of arts education programs and not to supplant existing funding for those programs (EC Section 8821[e]).** The CDE recommends that each LEA seek guidance from their legal counsel for guidance relative to their annual usage of AMS funds and whether they can make this certification each year. The CDE is not approving or denying individual LEA requests for allowable expenditures. All expenditures should be consistent with statute. Additional guidance for LEAs can substantiate compliance with this requirement via the annual audit (i.e., example worksheets, etc.) will be available on the [Proposition 28: Arts and Music in Schools](#) web page after the 2023–24 audit guide supplement is adopted by the Education Audit Appeals Panel in spring of 2024.

ESSA PPE Reporting

CDE's web-based application for LEAs to submit Every Student Succeeds Act Per-Pupil Expenditures (ESSA PPE) is now available. Login information for the application was sent to each LEA Superintendent and Administrators of direct-funded charter schools listed in the California School Directory in mid-November. **LEAs are expected to submit data to the CDE no later than March 1, 2024.**

The ESSA PPE Webinar has been scheduled for January 23, 2024, at 10:00 AM. Please register at the following link to attend the webinar: [ESSA PPE Webinar Zoom Registration](#)

Transportation Service Plan Update by April 1st

Effective 2022-23, school districts receive reimbursement for 60% of their prior year transportation expenses. This funding requires school districts annually adopt a Transportation Service Plan. Last year, each school district receiving these funds adopted a Transportation Service Plan that covered 2022-23 and 2023-24. This year and each year after by April 1st the district must update their Transportation Service Plan.

Mid-Year Update to the 2023-24 LCAP

Effective 2023-24, LEAs must present an update on the implementation of the current-year LCAP to the governing board by **February 28th**. This is an informational only item, not an action item. The report must include: all available midyear outcome data related to metrics included in the current-year LCAP and all available midyear expenditure and implementation data on all actions.

Classified School Employee Summer Assistance Program (CSESAP)

The Classified School Employee Summer Assistance Program (CSESAP) provides up to a dollar-for-dollar match on amounts withheld from a participating local educational agency's (LEA's) classified school employees' monthly paychecks during the 2024-25 school year. The classified employees' pay withheld and the state match funds will be paid by LEAs to the LEA's eligible employees in the summer months following the 2024-25 school year.

School districts and county offices of education that elect to participate must notify their classified school employees by January 1, 2024, and **the California Department of Education (CDE) by April 1, 2024.** More information can be found on the CDE webpage at <https://www.cde.ca.gov/fg/aa/ca/csesap.asp>. A summary of key dates and requirements that LEAs need to be aware of in implementing the program if the LEA decides to participate in FY25 can be found [here](#).

REMINDERS:

Contact Information and Helpful Web links

- ✚ Stay informed by *joining* CDE's listservs:
 - PASE: join-pase-contacts@mlist.cde.ca.gov(send a blank email)
 - LCFF: join-LCFF-list@mlist.cde.ca.gov(send a blank email)
 - CALPADS: <http://www.cde.ca.gov/ds/sp/cl/listservs.asp>
 - Prop 28-Arts and Music in Schools join-prop28@mlist.cde.ca.gov (send a blank email)
- ✚ LCFF Information (Funding Overview, FAQs, etc.): <http://www.cde.ca.gov/fg/aa/lc/>
- ✚ LCFF Audit Finding Calculator and Derived Value of ADA: <http://www.cde.ca.gov/fg/au/ag/statecomp.asp>
- ✚ EPA FAQs <http://www.cde.ca.gov/fg/aa/pa/pafaq.asp>
- ✚ Funding Rates and Information ~ Principal Apportionment:
 - <https://www.cde.ca.gov/fg/aa/pa/ratesandinfo.asp>

Dates to Remember:

- 01/25/2024 The Basic and General Ledger (GL) Mid-Year Clean-Up RSVP with your fiscal advisor. Short presentation followed up open lab time for help with GL clean-up from 9:00 a.m. to 11:00 p.m.
- 01/28/2024 Scheduled System Downtime (Escape offline 7:00 a.m. -12:00 p.m.)
- 01/29/2024 Capitol Advisors: Budget Perspectives Workshop (Governor's Budget 2024)
[Register Here](#)
- 01/31/2024 LCAP Development Support Series New 2024-27! - Session 2 [Register HERE](#)
- 02/08/2024 HR/ Payroll User Group 9:00 a.m. – 11:00 a.m. [Click to RSVP](#)
- 02/12/2024 Lincoln's Birthday Day observed – SCOE Closed
- 02/14/2024 Frontline ERP New User HR/Payroll Essentials [Register HERE](#)
- 02/15/2023 DBUG

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 group <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.

SSC School District and Charter School Financial Projection Dartboard 2024-25 Governor's Budget

This version of the School Services of California Inc. (SSC) Financial Projection Dartboard is based on the 2024-25 Governor's Budget proposal. SSC has updated the cost-of-living adjustment (COLA), Consumer Price Index (CPI), and ten-year T-bill planning factors per the latest economic forecasts. SSC has also updated the Local Control Funding Formula (LCFF) factors. SSC relies on various state agencies and outside sources in developing these factors, but we assume responsibility for them with the understanding that they are general guidelines.

LCFF PLANNING FACTORS					
Factor	2023-24 ¹	2024-25	2025-26	2026-27	2027-28
Department of Finance Statutory COLA	8.22%	0.76%	2.73%	3.11%	3.17%

LCFF GRADE SPAN FACTORS FOR 2024-25				
Entitlement Factors per ADA*	TK-3	4-6	7-8	9-12
2023-24 Base Grants	\$9,919	\$10,069	\$10,367	\$12,015
Statutory COLA of 0.76%	\$75	\$77	\$79	\$91
2024-25 Base Grants	\$9,994	\$10,146	\$10,446	\$12,106
Grade Span Adjustment Factors	10.4%	–	–	2.6%
Grade Span Adjustment Amounts	\$1,039	–	–	\$315
2024-25 Adjusted Base Grants ²	\$11,033	\$10,146	\$10,446	\$12,421
Transitional Kindergarten (TK) Add-On ³	\$3,067	–	–	–

*Average daily attendance (ADA)

OTHER PLANNING FACTORS						
Factors		2023-24	2024-25	2025-26	2026-27	2027-28
California CPI		3.36%	2.83%	2.70%	2.72%	2.72%
California Lottery	Unrestricted per ADA	\$177	\$177	\$177	\$177	\$177
	Restricted per ADA	\$72	\$72	\$72	\$72	\$72
Mandate Block Grant (District) ⁴	Grades K-8 per ADA	\$37.81	\$38.10	\$39.14	\$40.36	\$41.64
	Grades 9-12 per ADA	\$72.84	\$73.39	\$75.39	\$77.73	\$80.19
Mandate Block Grant (Charter) ⁴	Grades K-8 per ADA	\$19.85	\$20.00	\$20.55	\$21.19	\$21.86
	Grades 9-12 per ADA	\$55.17	\$55.59	\$57.11	\$58.89	\$60.76
Interest Rate for Ten-Year Treasuries		4.16%	3.68%	3.50%	3.60%	3.60%
CalSTRS Employer Rate ⁵		19.10%	19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rate ⁵		26.68%	27.80%	28.50%	28.90%	30.30%
Unemployment Insurance Rate ⁶		0.05%	0.05%	0.05%	0.05%	0.05%
Minimum Wage ⁷		\$16.00	\$16.50	\$16.90	\$17.30	\$17.70

STATE MINIMUM RESERVE REQUIREMENTS	
Reserve Requirement	District ADA Range
The greater of 5% or \$80,000	0 to 300
The greater of 4% or \$80,000	301 to 1,000
3%	1,001 to 30,000
2%	30,001 to 400,000
1%	400,001 and higher

¹Also applies to Equity Multiplier, Special Education, Child Nutrition, Youth in Foster Care, Mandate Block Grant, Adults in Correctional Facilities Program, Charter School Facility Grant Program, American Indian Education Centers and the American Indian Early Childhood Education Program.

²Additional funding is provided for students who are designated as eligible for free or reduced-price meals, foster youth, and English language learners. A 20% augmentation is provided for each eligible student with an additional 65% for each eligible student beyond the 55% identification rate threshold.

³Funding is based on TK ADA only and is in addition to the adjusted base grant amount. Further, the funding is adjusted by statutory COLA each year.

⁴The 2025-26 rate does not factor in the impact of \$25 million for the proposed training to support literacy screenings.

⁵California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) rates are subject to change based on determination by the respective governing boards.

⁶Unemployment rate in 2023-24 is final, and the subsequent years' rates are subject to actual experience of the pool and will be calculated in accordance with California Unemployment Insurance Code Section 823(b)(2).

⁷Minimum wage rates are effective January 1 of the respective year.