Budget Development Workshop
Internal Business Services

February 8 – 10, 2021
2021-22 SCCOE BUDGET
Local Control Funding Formula

There are two LCFF funding calculations certified by the California Department of Education (CDE):

➢ County LCFF Target Entitlement, includes cost-of-living adjustment (COLA) estimated at 3.84% for fiscal year 2021-22
➢ County LCFF Transition Calculation does not include a COLA
➢ SCCOE is funded on the higher amount of the two funding calculations – the County LCFF Transition Calculation, which does not receive a COLA

SCCOE: Equity | Diversity | Inclusion | Partnership
Local Control Funding Formula

➢ SCCOE is considered flat funded as our entitlement revenue is only adjusted by minimal Average Daily Attendance (ADA) changes for our Alternative Education Program (AED)

➢ SCCOE is a basic aid county office that is required to return local property taxes in excess of the funding received under the Local Control Funding Formula to the State (Education Code section 2575 (e) and 2578
2020-21 Estimated Return of Local Property Taxes

• Estimated Return of local property taxes to be returned to the state for 2020-21 is $35.78 M. (The estimated amount to return in 2021-22 and 2022-23 is $34.56 M each year). This amount is required pursuant to Education Code section 2575(e) and 2578. The following chart shows the local property taxes the SCCOE was required to return in prior years.

• Total Return of Local Property Taxes remitted to the State Controller to date $147,976,068 for fiscal years 2013-2014 through 2019-2020.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Return of Local Property Taxes*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>$12,295,907</td>
</tr>
<tr>
<td>2014-15</td>
<td>$12,873,350</td>
</tr>
<tr>
<td>2015-16</td>
<td>$17,459,375</td>
</tr>
<tr>
<td>2016-17</td>
<td>$22,140,554</td>
</tr>
<tr>
<td>2017-18</td>
<td>$25,225,094</td>
</tr>
<tr>
<td>2018-19</td>
<td>$27,258,140</td>
</tr>
<tr>
<td>2019-20</td>
<td>$30,723,648</td>
</tr>
<tr>
<td>2020-21</td>
<td>$35,780,766</td>
</tr>
<tr>
<td>2021-22</td>
<td>$34,554,590</td>
</tr>
</tbody>
</table>

*In compliance with CDE guidelines, the amounts represent the accrued amount from the prior fiscal year that will be remitted to the State Controller in the following fiscal year.
SCCOE REVENUE FUNDING SOURCES

43% FUNDED BY FEES PAID BY DISTRICTS

Special Education
Technology (External)
Walden West
Teacher Credentialing

28% STATE/FEDERAL/GRANT FUNDED
Head Start, Early Start, Safe & Drug Free Schools, Migrant Ed, ESSA/Title I

4% ADA FUNDED
OYA Charter, Alt Ed

25% COUNTY OPERATIONS FOR MANDATED SERVICES
FLAT FUNDED
District Business Advisory Services (DBAS),
Internal Business Services (IBS), Maintenance & Operations, Technology (Internal), Human Resources, Charter School Department
Budget Proposal Highlights

➢ Special Education – New special education funding rate to $634.38 (from $625) per ADA and $300 million in ongoing funds to Special Education Early Intervention Grant.

➢ General Child Care and State Preschool – apply 1.5% COLA to general childcare and state preschool rates.

➢ Community Schools - $264.90 million funding to expand and establish Community Schools grants.
Budget Proposal Highlights

➢ Mental Health Programs - $450 million funding to invest in the mental health needs of students and families that have been exacerbated by the COVID-19 pandemic

➢ New COVID-19 Federal Stimulus Package
  ➢ $54.3 billion in ESSER Funding – California’s Estimated Share $6.8 billion
  ➢ $4.1 billion in GEER Funding – California’s Estimated Share $341.4 million

➢ Funding for Reopening Schools
  ➢ $2 billion in one-time Proposition 98 funds to aid in the safe reopening and operation of in-person instruction for K-12 students.
# 2021-22 Budget Assumptions

## Salary Increases

<table>
<thead>
<tr>
<th>Increase in Salary</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACE/CTA</td>
<td>2%</td>
</tr>
<tr>
<td>PSYCHOLOGISTS</td>
<td>2%</td>
</tr>
<tr>
<td>SEIU</td>
<td>2%</td>
</tr>
<tr>
<td>LEADERSHIP</td>
<td>2%</td>
</tr>
</tbody>
</table>

- **Increase in Salary**: 2%
- **Effective Date**:
  - ACE/CTA: July 1, 2021
  - PSYCHOLOGISTS: July 1, 2021
  - SEIU: September 1, 2021
  - LEADERSHIP: September 1, 2021
## 2021-22 Budget Assumptions

### Benefit Rates

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Object Codes</th>
<th>Benefit Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Teachers’ Retirement System (STRS)</td>
<td>3101/02</td>
<td>15.92%</td>
</tr>
<tr>
<td>Public Employees’ Retirement System (PERS)</td>
<td>3201/02</td>
<td>23.00%</td>
</tr>
<tr>
<td>Old-Age, Survivors &amp; Disability Insurance-Social Security (OASDI)</td>
<td>3311/12</td>
<td>Maximum $142,800</td>
</tr>
<tr>
<td>Medicare</td>
<td>3321/22</td>
<td>1.45%</td>
</tr>
<tr>
<td>Health &amp; Welfare</td>
<td>3401/02</td>
<td>Per Open Position</td>
</tr>
<tr>
<td>Unemployment Insurance (U.I.)</td>
<td>3501/02</td>
<td>0.05%</td>
</tr>
<tr>
<td>Workers’ Compensation (W/C) - Lower Rate</td>
<td>3601/02</td>
<td>All SCCOE Programs Except Programs Subject to Higher Rate</td>
</tr>
<tr>
<td>Workers’ Compensation (W/C) - Higher Rate</td>
<td>3601/02</td>
<td>Head Start, Child Development &amp; Special Education</td>
</tr>
<tr>
<td>Other Post Employment Benefit (OPEB)</td>
<td>3701/02</td>
<td>Per Full Time Equivalent (FTE)</td>
</tr>
<tr>
<td></td>
<td>3751/52</td>
<td></td>
</tr>
</tbody>
</table>
## 2021-22 Budget Assumptions

### Workers’ Compensation Rates

<table>
<thead>
<tr>
<th>Program</th>
<th>2021-22 Workers’ Comp Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All SCCOE Programs except Programs listed below</td>
<td>1.03</td>
</tr>
<tr>
<td>Child Development (Fund 120)</td>
<td>4.28</td>
</tr>
<tr>
<td>Head Start (Fund 860)</td>
<td>4.28</td>
</tr>
<tr>
<td>Special Education (Funds 820 and 950)</td>
<td>4.28</td>
</tr>
</tbody>
</table>
# 2021-22 Budget Assumptions

## Indirect Rates

<table>
<thead>
<tr>
<th>Program</th>
<th>2021-22 Indirect Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Programs except programs listed below</td>
<td>9.67</td>
</tr>
<tr>
<td>Child Development (Fund 120)</td>
<td>7.50</td>
</tr>
<tr>
<td>Child Nutrition</td>
<td>5.00</td>
</tr>
<tr>
<td>Head Start</td>
<td>9.31</td>
</tr>
<tr>
<td>SELPA (Fund 810)</td>
<td>9.00</td>
</tr>
<tr>
<td>Special Education (Fund 820, 950)</td>
<td>9.00</td>
</tr>
</tbody>
</table>
Budget Development Schedule
Schedule for Smaller Programs
Funds: 800, 88x, 922, 93x

- **March 12, 2021:** Program Managers submit budgets to Accountant
- **March 22, 2021:** Budget Office returns budgets to Program Managers for final review
- **April 2 – 23, 2021:** Program Managers submit final budgets to Division Head for review
- **April 23, 2021:** Division Head submits final budgets to Budget Office
Schedule for Larger Programs

Funds: 100, 12x, 250, 67x, 801, 810, 820, 850, 860, 870, 890, 920, 921, 940, 950, 990

March 22, 2021: Program Managers submit budgets to Accountant

April 2, 2021: Budget Office returns budgets to Program Managers for final review

April 15 – 30, 2021: Program Managers submit final budgets to Division Head for review

April 30, 2021: Division Head submits final budgets to Budget Office
Warning
Due dates are closer than they appear
Reports Distributed

➢ **Comparative Budget Report**
  - Comparison of current year working budget and prior year actuals, working budget and adopted budget
  - Preliminary budget column for FY2021-22 is the current working budget as of January 29, 2021

➢ **Benefit Projection Report**
  - Benefit projection for FY2021-22, includes the salary increases and benefit rates for FY2021-22
  - All positions and account strings reflected in Benefit Projection Report are based on current (FY2020-21) employee records
Budget Development

As we develop the budget it is important to understand the source of the funding for the program/s

➢ The Resource Code in the account string helps determine the type of funding source

- Unrestricted Funding – Resource Code 0000 – 1999
- Restricted Funding – Resource Code 2000 - 9999
35 Digit Account String

<table>
<thead>
<tr>
<th>Fund</th>
<th>Resource</th>
<th>Project Year</th>
<th>Object</th>
<th>Sub-Object</th>
<th>Goal</th>
<th>Function</th>
<th>Cost Center</th>
<th>Site</th>
<th>Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>xxx</td>
<td>xxxxxx</td>
<td>x</td>
<td>xxxx</td>
<td>xx</td>
<td>xxxx</td>
<td>xxx</td>
<td>xxxxxxx</td>
<td>xxx</td>
<td>xxx</td>
</tr>
</tbody>
</table>
Unrestricted Revenue Sources

General
- Resource 0000
- Example: General Fund – Fund 800 Programs

Other
- Resource Range 0001 – 1999: Unrestricted but for a specific purpose
- Example: 0990 – Transportation
Restricted Revenue Sources

Federal
• Resource Range 3000 – 5999
• Example: Head Start Grant RE 5210

State
• Resource Range 6000 – 7999
• Example: Special Education RE 6500

Local
• Resource Range 8000 – 9999
• Example: Local Grants/ Contracts/ Workshops/Donations
Revenue/ Funding Sources

**Unrestricted: Fund 800 Programs – RE 0000**

- Funding sources not subject to external or legal constraints and may be used for any purpose not prohibited by law or board policy

**Restricted: All Other Programs**

- Funding sources subject to constraints imposed by external resource providers or by law through constitutional provisions or legislation
Development Process
Budget Development Process

Step 1: Budgeting Revenues

Step 2: Budgeting Personnel Expenditures

Step 3: Budgeting Non-Personnel Expenditures
Funding Source & Budget Development Process

**Fund 800 Programs – RE 0000**
- Complete Steps 2 - 3 of Budget Development Process on slide 25

**All Other Programs**
- Complete Steps 1 – 3 of Budget Development Process on slide 25
Step 1: Budgeting Revenues
Revenue Budget & Determination of Direct/Indirect Cost

- Review the preliminary Comparative Budget Report

- Determine the projected revenue amounts to be budgeted for FY2021 – 22

- For programs with fixed revenue, calculate Direct and Indirect Cost, follow steps on slide 31

- For programs without fixed revenue, calculate Indirect Cost, follow steps on slide 32
Budgeting Revenues for New Grants or Contracts

➢ Ensure you have received the Grant Award Notification from grantor prior to budgeting a new grant during budget development or a fully executed contract for a new contract

  o In case fully executed funding letters are not available during budget development, consult IBS Director for acceptable documentation as backup

➢ Budget grant award/ contract amount as revenue

➢ Prepare budget per budget submitted with grant application/ contract
Budgeting for Revenue Generating Activities

➢ Prepare a revenue estimate, using current year estimate as basis
  ➢ Examples include, but are not limited to workshops, curriculum development, etc.

  ◦ **Complete Revenue Estimate Form**, include approved form with budget packet to accountant

➢ Budget revenue estimate amount for revenue
Revenue Budget & Determination of Direct/Indirect Cost

(A) Direct/Indirect Cost Calculation with Fixed Revenues:

(i) Calculate Total Direct Cost:

Direct Cost = \frac{Total Revenue}{1 + \text{Applicable Indirect Rate}}

\text{e.g. } (1 + 9.67\%)

(ii) Calculate Indirect Cost:

Indirect Cost = Total Revenue - Direct Cost

Or utilize Indirect Cost Calculation Worksheet to compute the Indirect Cost
Revenue Budget & Determination of Direct/Indirect Cost

(B) Indirect Cost Calculation without Fixed Revenues:

Indirect Cost = Total Direct Cost x Applicable Indirect Rate

Note: Object 5100 (sub-agreements), 6000 – 6999 (capitalized expenditures) and 7000 – 7999 (transfers out) are not subject to indirect and must be excluded from the indirect calculation.
Step 2: Budgeting Personnel Expenditures
Review the Benefit Projection Report provided

Validate:

- your program’s Full Time Equivalents (FTEs)
- employee name, allocation and account string
- all open positions; determine if position needs to be budgeted or eliminated, make a notation on the report and include with budget packet to accountant
Change in Allocation of Staffing (FTE)

- will require completion of **Salary Account Change Form** (SACF)
- completed SACF must be included in the budget packet to accountant
Establishment of a New Position

- approved ‘Request for New or Increase of Position’ form must be attached to budget packet to accountant for new positions established during budget development

- 2021-22 Employee Fringe Benefit Cost Form should be used to compute benefits for new position; or consult your accountant
Elimination of an Existing Position

- approved ‘Request to Decrease or Eliminate Position’ form must be attached to budget packet to accountant to reduce budget for an existing position
Request for Additional Funding from the General Fund to Create New Positions

- complete a Program Addition Request Form
- attach approved Program Addition Request Form to budget packet to accountant
Step 3: Budgeting Non-Personnel Expenditures
Budgeting Non-Personnel Expenditures

➢ Review prior year actuals on the Comparative Budget Report to help project for upcoming year, especially for utilities, contracts, etc.

➢ Increase/ Decrease expenditure budget categories based on projects/plans for upcoming year

➢ Back out any one-time funds that had been budgeted during FY2020-21
Budgeting for Inter-Office Service Agreements (IOSAs)

- Departments providing non-global (or specialized) service to other department/s are required to have an IOSA for services exceeding $1,000.
- These inter-office services are coded using Direct Cost Transfer Object 5710 in combination with unique sub-object, for example, 5710-12, sub-object 12 for services provided by Office of the Superintendent.
Budgeting for Inter-Office Service Agreements (IOSA)

- Both parties to the agreement must budget the same amount for the IOSA on their respective budgets:
  - Provider will budget a negative amount in 5710-xx
  - Recipient will budget a positive amount in 5710-xx

- Include the fully executed IOSA with budget packet to accountant

- Please refer to IOSA procedure (included in the Budget Guide) for details
Budgeting Non-Personnel Expenditures

Phone/Internet & Utility Services

➢ Budget based on prior year’s actual expenditures in object code for respective service
  o Object 59xx for Phone/Internet & Object 55xx for Utilities

➢ Factor into your budget any addition or cancellation of phone line; opening or closing of a site location

➢ Contact Steven Mitome (extension 6897) in Technology and Data Service Division for the following:
  o addition or cancellation of phone line
Budgeting Non-Personnel Expenditures

- addition or closure of a site location
- review of your program’s phone bill for accuracy

Programs must ensure Purchase Orders (POs) for phone/internet and utilities are established in advance to prevent interruption in service.

As best practice, POs for phone/internet and utilities should be entered in May for the new fiscal year, as soon as the new fiscal year opens in QCC.
Budgeting Indirect Costs

➢ Compute indirect budget based on slide 32
  ○ Object codes 5100, 6xxx and 7xxx are not subject to indirect

➢ Fund 800 programs are not subject to indirect

➢ Reduced Indirect Rate Request
  ○ must be requested only if a grantor/contractor stipulates a lower rate than SCCOE’s indirect rate for FY21-22
  ○ approved ‘Reduced Indirect Cost Rate Request’ form must be attached to budget packet to accountant
Budgeting Non-Personnel Expenditures

Programs requesting additional funding from the General Fund for non-personnel expenditures

- must complete a Program Addition Request Form
- include the approved Program Addition Request Form with budget packet to accountant
Budgeting Non-Personnel Expenditures for Fund 800 Programs

➢ Expenditure budget amounts for Fund 800 programs for object codes 4000 to 6999 do not typically change, however, can be re-allocated within the range of 4000-6999 based on projection for upcoming year.

➢ Any additional funding that is required from the General Fund, a request through a Program Addition Request Form must be submitted.
A Balanced Budget
Carryovers

➢ Carryovers are unspent grant/contract funds that a funding agency allows to be carried over from one fiscal year to the next.

➢ Carryovers are not budgeted during budget development; they are budgeted after fiscal year-end close.
   - to urgently budget carryover for specific grants/contracts, inform accountant. Accountant will prioritize closing of the resource and releasing carryover.

➢ Carryover is only allowed to be budgeted during budget development when budgeting for position/s (FTEs).
   - An approved Carryover Request Form must be included with budget packet to accountant.
When in Doubt

Please consult your Accountant
COVID-19 Tips for FY21-22

➢ Continue to code COVID-19 Expenditures to COVID-19 object codes
  o List of COVID-19 object codes is provided on slide 51
  o COVID-19 Resources are also available under IBS webpage

➢ Continue to submit your COVID-19 logs to your accountant on a monthly basis
## COVID-19 Expenditure Object Codes

<table>
<thead>
<tr>
<th>COVID 19 Related Object Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses</strong></td>
</tr>
<tr>
<td>4388-00 Materials and Supplies; Equipment Costing Under $500</td>
</tr>
<tr>
<td>4488-00 Non-Capitalized Equipment (over $500 and under $5,000)</td>
</tr>
<tr>
<td>5288-00 Travel-Covid 19</td>
</tr>
<tr>
<td>5688-00 Rental, Leases, and Repairs</td>
</tr>
<tr>
<td>5788-00 Direct Cost/interprogram/Interfund transfer of services</td>
</tr>
<tr>
<td>5888-00 Prof/Consulting Operating Expense</td>
</tr>
<tr>
<td>5999-00 Communication/Internet/Hotspot</td>
</tr>
<tr>
<td>6488-00 Capitalized Equipment over $5,000</td>
</tr>
<tr>
<td>6588-00 Capitalization of computer software &gt; $5,000</td>
</tr>
<tr>
<td><strong>Legal Cost Center --(710000)</strong></td>
</tr>
<tr>
<td>5888-01 Legal Service for FCMAT Audit</td>
</tr>
<tr>
<td>5888-02 Special Ed Legal Settlement</td>
</tr>
<tr>
<td>5888-03 Legal Settlement Reimbursement</td>
</tr>
<tr>
<td>5888-10 Legal-Office of Superintendent</td>
</tr>
<tr>
<td>5888-11 Legal-Board</td>
</tr>
<tr>
<td>5888-18 Legal District Reimbursement</td>
</tr>
<tr>
<td>5888-20 Legal Business Services</td>
</tr>
<tr>
<td>5888-30 Legal PLSID</td>
</tr>
<tr>
<td>5888-40 Legal Human Resources</td>
</tr>
<tr>
<td>5888-50 Legal Student Services</td>
</tr>
<tr>
<td>5888-60 Legal Technology</td>
</tr>
<tr>
<td>5888-70 Legal EEPD</td>
</tr>
</tbody>
</table>
Budget Development Resources

Budget Office

The Budget Office's primary services include oversight and guidance for budget development, interim reports and student attendance accounting for all programs operated by the Santa Clara County Office of Education (SCCOE). The Budget Office's responsibilities include coordinating with Accounting Services in the development of SCCOE's annual budget, two interim reports, and budget updates. Other services provided by the Budget Office include the review and approval of all budget transfers/revisions, SCCOE site and charter student attendance reviews, state attendance reporting, Local Control Funding Formula (LCFF) revenue entitlement calculations and assistance with closing the books at fiscal year-end.

Budget Workshop Resources

- Accountant Assignments by Managers
- 2021-22 Budget Development Workshop Presentation
- 2021-22 Budget Guide
- Budget Development Forms

Reference materials are available on SCCOE website
Thank you

FOR ATTENDING!