

COUNTYWIDE CHIEF BUSINESS OFFICERS MEETING
OCTOBER 18, 2018
9:30 a.m. to 12:00 p.m.
MILPITAS ROOM

AGENDA

- | | | |
|---------------|---|---|
| 9:30 - 9:45 | Welcome | Megan K. Reilly, Santa Clara COE |
| 9:45 - 10:18 | District Business & Advisory Services Update | Judy Kershaw, Santa Clara COE |
| 10:18 - 10:35 | Great Shakeout Earthquake Drill
- Drop, Cover, and Hold On | |
| 10:35 - 10:50 | Technology & Data Services Division Update | Cindy Patterson, Santa Clara COE |
| 10:50- 11:20 | Strengths Based Institute | Julie Sesser, Santa Clara COE |
| 11:20 - 11:55 | State, Economic and Legislative Update | Robert Miyashiro/Leilani Aguinaldo, School Services |
| 11:55 - 12:00 | Closing | Megan K. Reilly, Santa Clara COE |

FY 2018-2019 MEETINGS

DATE	TIME	ROOM
August 30, 2018	9:30 a.m. - 12:00 p.m.	Milpitas Room
September 27, 2018	9:30 a.m. - 12:00 p.m.	Oak Grove Room
October 18, 2018	9:30 a.m. - 12:00 p.m.	Milpitas Room
November 15, 2018*	9:30 a.m. - 12:00 p.m.	Oak Grove Room
January 24, 2019	9:30 a.m. - 12:00 p.m.	Milpitas Room
February 28, 2019	9:30 a.m. - 12:00 p.m.	Milpitas Room
March 28, 2019	9:30 a.m. - 12:00 p.m.	Milpitas Room
April 25, 2019	9:30 a.m. - 12:00 p.m.	Milpitas Room
May 23, 2019	9:30 a.m. - 12:00 p.m.	Milpitas Room

*Meeting cancelled due to CASBO CBO Symposium

DBAS Update

- Collective Bargaining
- AP process improvements
- SACS Forum
- CalPERS Retired Annuitant



Collective Bargaining

- Of the 31 districts, 17 of the district's Teacher/Educator Unions have settled for the current year, ranging from 2% to 5% (one of these districts settled at 4% with an off-schedule at 2%)
- Of the 31 districts, 12 of the district's Classified Unions have also settled for the current year, ranging from 2% to 4% (one of these districts settled at 4% with an off-schedule settlement of 4%)
- Among these districts, a few are now settled for the prior year just ended or is in a multi-year agreement with on schedule and off schedule terms.



AP process Update

County Office requirements for Ed Code 42636

- Legally authorized expenses (appropriate expense and and terms of payment)
- Charged against the proper funds
- Sufficient funds to make payment

With recent staff turnover, new AP processes and techniques, expect draft procedures for comment sometime next month.



SACS Forum: items to note/provide input

Introduced new goals, objects and resource, with the CSAM Update expected by the beginning of 2019 and SACS replacement web based

- Reminders/reporting changes:
 - Object 8681 Developer fees - use Resource 9010 other restricted local
 - Agency funds are renamed Custodial funds and per GASB 84 (effective FY 19-20 will be in the SACS2019) expanded reporting beyond just assets and liabilities, will include deferred outflows, deferred inflows and net position
 - Fund 76 – Warrant Pass-Thru
 - Fund 95 – Student Body
- Evaluating use/requesting input:
 - Special Ed: Goals 5750/5770 – Severe/nonsevere



AB 1309 – Government Code 21220

Employment after Retirement

Background

Pension reform has prompted CalPERS to enforce certain requirements of the original PERS Law:

- Restrictions on returning to work before 180 days.
- Maximum 960 hours per fiscal year.
- Restrictions on types of positions



CalPERS Retired Annuitant

Definition: a retired person working for a CalPERS employer without reinstatement from retirement.

- Cannot serve before 180 days lapses prior to returning to work
- Subject to bona fide separation** if retired before the normal retirement age
- To prevent “double-dipping”, a retiree can only work in limited term “retired annuitant” positions

** federal law pertains to (CalPERS) member who has **not** reached normal retirement age must have a 60 calendar-day separation in service prior to returning to employment as a retired annuitant



Examples of Limited Duration Work

- work to eliminate a backlog,
- work on a special project,
- work that is in excess of what regular staff can do.
- Retired Annuitants cannot be employed in any regular staff position such as “seasonal,” “permanent intermittent,” “exempt from civil service,” “exempt from membership,” “TAU,” or any other “temporary” position other than a retired annuitant position



Actions needed/Penalties Assessed

- Upon hire, enroll the Retired Annuitant in MyCalPERS, and be sure that there is only one “appointment” in MyCalPERS. For each month, failure to enroll retiree will result in \$200 penalty
- After enrollment, each month a retiree does not have a payroll, report that there is no payroll, failure to do so will result in \$200 penalty for each “missing payroll”.



CalPERS Circular Letters

- 200-002-14: Post Service Retirement Employment Requirements: Public Employees’ Pension Reform Act of 2013 (PEPRA, Assembly Bill 340), Senate Bill 1021 and Senate Bill 13, 01/14/2014
- 200-010-18: Enrolling and Reporting Retired Members, 03/30/2018
- 200-048-18: Enrolling and Reporting Retired Members, 08/02/2018f



DBAS Information Bulletins

- 18-004: “Reporting Retired Annuitants’ Post Retirement Employment to the California Public Employees’ Retirement System (CalPERS)” *with an attachment of step by step procedures and screenshots for reporting in myCalPERS and QSS, 7/7/17*
- 18-004B: “**Important Update:** Fiscal Year 2018-19 Reporting Retired Annuitant’s Post Retirement Employment to California Public Employees’ Retirement System (CalPERS)”, 6/15/18
- 19-007 “**Important Update:** Fiscal Year 2018-19 Reporting Retired Annuitant’s Post Retirement Employment to California Public Employees’ Retirement System (CalPERS)”, 8/3/18
- 19-009 “**Important Action Required:** Reporting Retired Annuitant’s Post Retirement Employment to California Public Employees’ Retirement System (CalPERS)”, 9/12/18



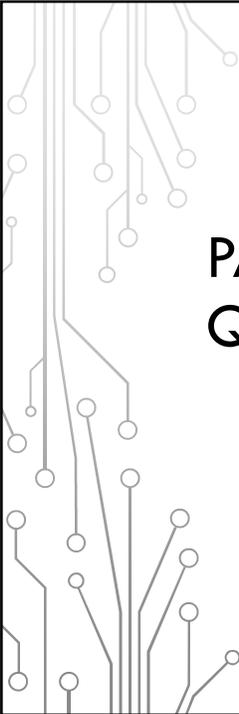
Connect with SCCOE

- Social Media



- [Ed Bulletin](#) (e-newsletter)
- www.sccoe.org



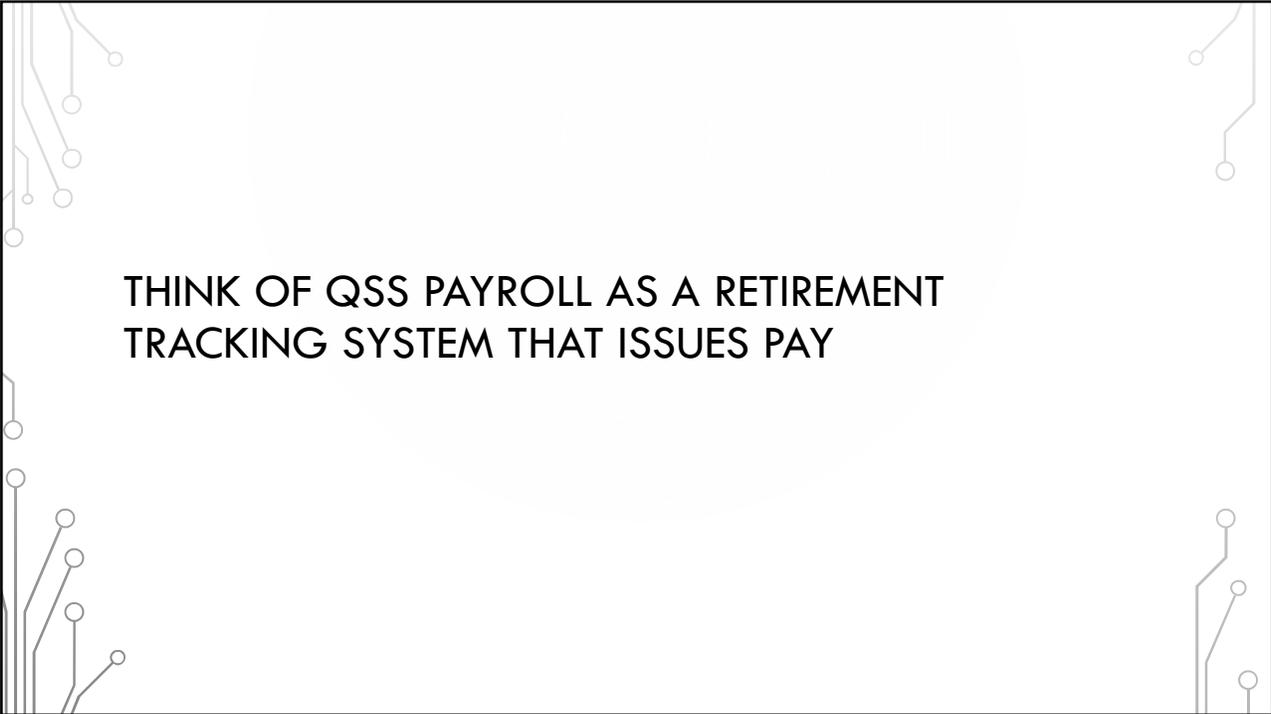


PAYROLL SYSTEM QUICK OVERVIEW



CINDY

- 1985 – 2018, almost all in internal IT support
 - Banking (credit card risk management)
 - Shipping (custom house brokerage)
 - Consultant
 - Pharmaceuticals
 - Taught at DeAnza
 - SF Airport (post 9-11)
 - 14 years at SCCOE
 - MS IS
 - Certified CTO
- 



THINK OF QSS PAYROLL AS A RETIREMENT TRACKING SYSTEM THAT ISSUES PAY



WHAT SEPARATES US FROM THE WORLD?

- K12 Payroll

- Retirement

- SACS

- Deferred Pay

- Mainstream ERP

3 TYPES OF PAYROLL IN QSS OASIS

CHECK WRITER

- Quick & Easy
- No history
- Time consuming in the end

TABLE DRIVEN

- Time saved during update
- Better reporting
- Setup time
- Mature

POSITION CONTROL DRIVEN

- Continuity of data
- Time saved
- Collaboration
- Setup time

CHECK WRITER

Placement	FTE	M	Adj	Hr Rt	Base Pay	Base Ret	O	Mo/Yr	Da/Yr	Hr/Day	Work Cal	BU	Class	Link	
	1.0000		0.00	0.00	9.44	9.44		0.00	0.00	0.00					
Pos Code	Job Code		Work Loc												
Bonus 1	Bonus 2	Bonus 3	Bonus 4	Bonus 5	Bonus 6	Bonus 7	Bonus 8	Bonus 9	Bonus 10	Total	Pct				
										0	0.00				
Pav.											0.00	0.00			
D	Rate	Units	RT	S	Ex-Gross	Pay Type	St-Ded	SP	EP	Ret. Base	AC	P	C	WSC	PSCT
	9.44	0.00	H	U	0.00	HR	TFNN			9.44	0.00	0	0		
Adjustment >	0.00	0.00			0.00	HR				0.00	0.00	0	0		
Name	Pay Schd	HR/DAY	S	B	Start	End	User	Annual Contract	ACA Hours	Days Worked	FTD Paid				
	ECMSUP	0.00	1	H				0.00	0.00	0.00	0.00				
Add Delete Delete All Acct Copy Acct Copy+ Acct Copy All Acct Paste Acct Add From Copy															
Units	End Resc Y	Objt SO	Goal Func	CatCtr	Ste Mngr	SBT	Ex-Gross	FTD Paid							
0.00	L	120-6105-0-2920-00-0001-1000-000000-000-0000				...	0.00	0.00							
0.00	**Totals**														

WHERE DO I GET MY DATA

- Standard reports in QSS Oasis
- Personnel Downloader
- Report User Access for payroll production -PAYCCDD
- Vault.scooe.org
- ESS (Do you have a district ESS admin)
- HR Core Data

IMPROVING PRACTICE

- Create a plan to put data in the system, even if we migrate it is a good investment
- Use reports and automated processes – save time, improve accuracy
- TDSO Opportunities
 - Classroom training – preset (AccessPoint)
 - Custom meeting, 5 or more (SR)
 - Over the phone pre-arranged meeting of 30 minutes (enter SR to arrange)



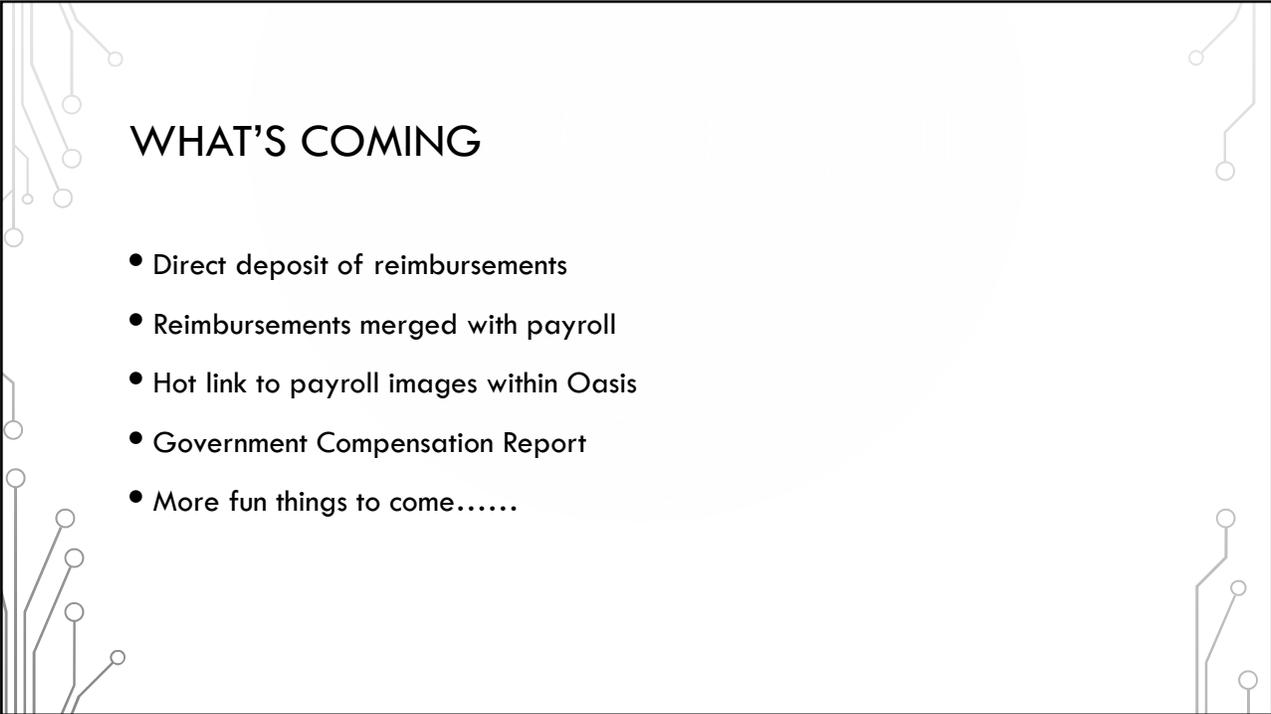
THINGS WE WISH DISTRICTS USED MORE

- Retro Process to analyze retro and create retro
 - Pay types and data in system
 - Bonus on separate payline
 - Deferred pay report
 - ESS and warrant messaging
 - Vol Ded Processing
 - Reports, Reports, Reports
 - Us
- 



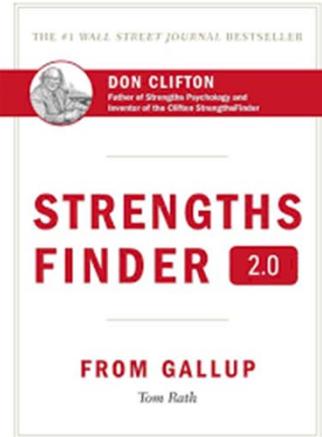
WHAT'S NEW

- ESS home district for substitutes
 - Unique URL for Each District
 - Copies of pay warrants in ESS
 - Retirement, retirement, retirement
- 

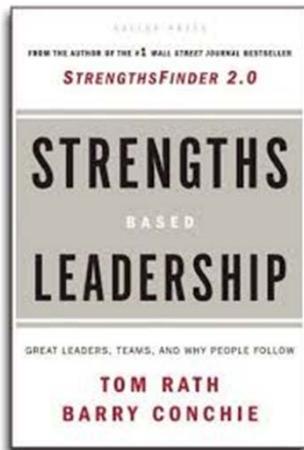


WHAT'S COMING

- Direct deposit of reimbursements
- Reimbursements merged with payroll
- Hot link to payroll images within Oasis
- Government Compensation Report
- More fun things to come.....



Strengths Based Leadership



OUR VALUES

Students First – Focus on Student Success

Collaboration – Leverage Collective Capacity

Innovation – Champion Creative Thinking

Service – Exceed Expectations

★ **Strengths Based** – Engage Strengths to Improve Results

What is a Strengths-Based Approach?

Background

- Gallup created a language based on 34 most common talents
- Assessment is called Clifton Strengths Finder 2.0
- Created by Donald O. Clifton, Ph.D.

What is a Strength?

Talent (Natural way of thinking, feeling, and behaving)

X

Investment (Time spent practicing, developing your skills and building your knowledge base)

= STRENGTH (Ability to consistently provide near-perfect performance in a specific activity)

Source: Gallup

What it is vs. What it isn't

An Assessment	A Test
A Tool for Dialogue	A Tool for Evaluation
Tool for Development	A Hiring Tool
Helps you understand the lens through which you see the world	Identify the “right” vs “wrong or “good” vs “bad” talents



According to Gallup, 1 in 33 million people will have the same Top 5 in the same order.

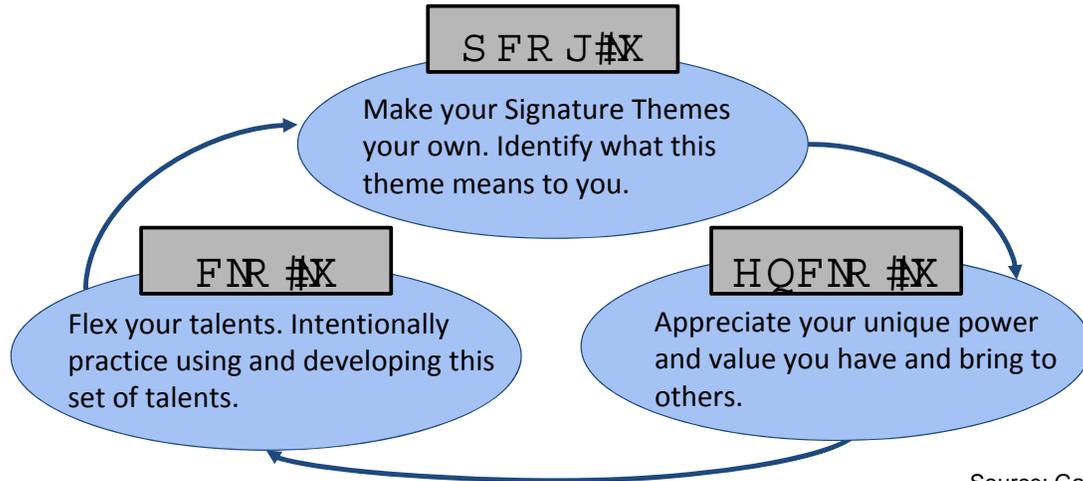
			
<p>ACTIVATOR®</p> <p>PEOPLE EXCEPTIONALLY TALENTED IN THE ACTIVATOR THEME CAN MAKE THINGS HAPPEN BY TURNING THOUGHTS INTO ACTION. THEY ARE OFTEN IMPATIENT.</p> <p>Discover Your Strengths at the Gallup Strengths Center GALLUP</p>	<p>DEVELOPER®</p> <p>PEOPLE EXCEPTIONALLY TALENTED IN THE DEVELOPER THEME RECOGNIZE AND CULTIVATE THE POTENTIAL IN OTHERS. THEY SPOT THE SIGNS OF EACH SMALL IMPROVEMENT AND DERIVE SATISFACTION FROM EVIDENCE OF PROGRESS.</p> <p>Discover Your Strengths at the Gallup Strengths Center GALLUP</p>	<p>CONTEXT®</p> <p>PEOPLE EXCEPTIONALLY TALENTED IN THE CONTEXT THEME ENJOY THINKING ABOUT THE PAST. THEY UNDERSTAND THE PRESENT BY RESEARCHING ITS HISTORY.</p> <p>Discover Your Strengths at the Gallup Strengths Center GALLUP</p>	<p>ACHIEVER®</p> <p>PEOPLE EXCEPTIONALLY TALENTED IN THE ACHIEVER THEME WORK HARD AND POSSESS A GREAT DEAL OF STAMINA. THEY TAKE IMMENSE SATISFACTION IN BEING BUSY AND PRODUCTIVE.</p> <p>Discover Your Strengths at the Gallup Strengths Center GALLUP</p>

A Few Talent Themes

More Talent Themes

		
<p>HARMONY®</p> <p>PEOPLE EXCEPTIONALLY TALENTED IN THE HARMONY THEME LOOK FOR CONSENSUS. THEY DON'T ENJOY CONFLICT; RATHER, THEY SEEK AREAS OF AGREEMENT.</p> <p>Discover Your Strengths at the Gallup Strengths Center GALLUP</p>	<p>INDIVIDUALIZATION®</p> <p>PEOPLE EXCEPTIONALLY TALENTED IN THE INDIVIDUALIZATION THEME ARE INTRIGUED WITH THE UNIQUE QUALITIES OF EACH PERSON. THEY HAVE A GIFT FOR FIGURING OUT HOW PEOPLE WHO ARE DIFFERENT CAN WORK TOGETHER PRODUCTIVELY.</p> <p>Discover Your Strengths at the Gallup Strengths Center GALLUP</p>	<p>IDEATION®</p> <p>PEOPLE EXCEPTIONALLY TALENTED IN THE IDEATION THEME ARE FASCINATED BY IDEAS. THEY ARE ABLE TO FIND CONNECTIONS BETWEEN SEEMINGLY DISPARATE PHENOMENA.</p> <p>Discover Your Strengths at the Gallup Strengths Center GALLUP</p>

Name It, Claim It, Aim It!



Source: Gallup

Strengths Domains

EXECUTING	INFLUENCING	RELATIONSHIP BUILDING	STRATEGIC THINKING
Achiever	Activator	Adaptability	Analytical
Arranger	Command	Connectedness	Context
Belief	Communication	Developer	Futuristic
Consistency	Competition	Empathy	Ideation
Deliberative	Maximizer	Harmony	Input
Discipline	Self-Assurance	Includer	Intellection
Focus	Significance	Individualization	Learner
Responsibility	Woo	Positivity	Strategic
Restorative		Relator	

Source: Gallup

Collective Strengths: Team Grid



	Executing										Influencing						Relationship Building						Strategic Thinking											
	Achiever	Arranger	Believer	Conscientious	Deliberative	Disciplined	Focus	Responsibility	Restorative	Activator	Command	Competitiveness	Competitor	Maximizer	Influencer	Significance	Relator	Adaptability	Developer	Connector	Empathy	Harmony	Includer	Individualization	Positivity	Reliator	Analytical	Control	Futurestic	Teamwork	Input	Intuition	Learner	Strategic
Jack						1		1					3																					
Ade										1					4			3									1						2	
Anna												4						2						3					5					1
Stanley										3																2								4
Scott											2	1								5									4				3	

Source: Gallup



**Santa Clara County Office of Education
Countywide CBO Meeting
October 18, 2018**

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Presented by

Robert Miyashiro
Vice President

Leilani Aguinaldo
Director, Governmental Relations

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UCLA Economic Outlook and State Revenues

UCLA September 2018 Forecast

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- ☀ Consistent with their prior forecast, UCLA economists continue to see a “3-2-1” economy
 - 3% Gross Domestic Product (GDP) growth in 2018
 - 2% GDP growth in 2019
 - 1% GDP growth in 2020
- ☀ However, as the economy slows, the chances of a recession increase
 - One-sixth chance of a recession in 2019
 - One-third chance of a recession in 2020



Pulling Demand Forward

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- ☀ The economy is expected to slow because at full employment further increases in growth cannot be sustained
 - Federal deficit spending is stimulating the economy today, pulling demand from 2020 into 2018
 - As the effects of the federal stimulus wane, the economy will slow
 - Job growth will slow from an average of 200,000 jobs per month to 50,000 jobs per month
- ☀ “In 2020 Wile E. Coyote is going to go off the cliff, and he’s going to look down, and that (stimulus) will be withdrawn at that point.” – Ben Bernanke, (former chairman of the Federal Reserve), Business Insider, June 8, 2018



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Risks on the Horizon

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- ☀ The *UCLA Forecast* indicates that federal fiscal policy will increase the deficit from \$400 billion in 2015 to \$1.4 trillion by 2022 and will continue “as far as the eye can see”
 - This is “completely unprecedented” in peacetime
 - The U.S. is already at a full employment economy and does not need stimulus to promote job growth
 - The Federal Reserve is expected to raise interest rates in December 2018 and four more times in 2019



Wild Cards: U.S. Trade Policy

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- ☀ The *UCLA Forecast* estimates that if tariffs are imposed on all Chinese imports – a total value of \$537 billion – the effect on the U.S. economy would be similar to an \$80 billion tax hike
- ☀ However, the tariffs will not have the intended effect of stemming the trade imbalance
 - Instead, while the trade deficit with China will fall, it will increase with other nations which produce similar export goods (i.e., Vietnam, Thailand, and South Korea)
 - The trade deficit is projected to rise from \$580 billion in 2014 to \$1.1 trillion by 2020
- ☀ Since the release of the *UCLA Forecast*, the U.S. has struck trade deals with Mexico and Canada, which has relieved some anxiety about a successor to the North American Free Trade Agreement



UCLA's California Forecast

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- ☀ California has enjoyed strong economic growth during the economic expansion
 - Among the major states, California ranked fifth in terms of state GDP growth from July 2017 to July 2018
 - ☀ 3.5% growth for California vs. 2.5% growth for the U.S.
 - The state added three million jobs (21%) since the bottom of the recession
- ☀ However, rising interest rates could threaten the expansion
- ☀ UCLA economists simulated the effects of a recession on state tax revenues
 - “Garden variety” recession: \$36 billion loss over two years
 - Mild recession: \$31 billion loss over two years
 - Rainy Day Fund: \$14 billion total



State Revenue Picture

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- ☀ Department of Finance (DOF) report – through the first three months of the new fiscal year, state revenues are up \$1.032 billion (about 3.8%) from the May Revision forecast
 - September collections beat the forecast by \$1.6 million or 1.4%
- ☀ California's job market also remains strong
 - The state added 46,700 jobs in July and 44,800 jobs in August, more than three times the level needed to absorb population-related increases
 - The California unemployment rate has remained at a record low of 4.2% for five months through August; the U.S. unemployment rate dropped to 3.7% in September, the lowest rate since 1969

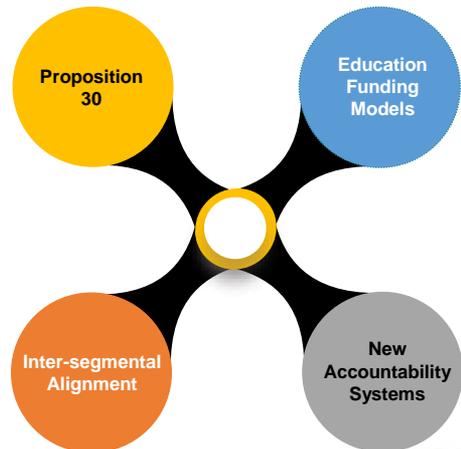


Current and Future Legislative Issues



Transitioning From the Brown Era

- During his eight-year tenure, Governor Jerry Brown instituted bold and historic reforms, particularly with respect to public education
 - Proposition 30, and subsequently Proposition 55, generate \$6-\$11 billion annually
 - Unprecedented regional collaboration to deliver key educational programs
 - Reformed the K-12 and community college funding formulas
 - Accountability systems using multiple measures of institutional effectiveness and student success



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Transitioning to a New Governor

California's next governor will want to distinguish himself, which can impact the future direction of education policy . . .



Commitment to the Local Control Funding Formula (LCFF) and local decision making



Position on categorical programs



Position on charter schools – governance and authorization



Strength of leadership & relationship with key education leaders



Transitioning to a New Governor – State Budget

- ☀ The next Governor will take office on January 7, 2019 – three days shy of the constitutional deadline to introduce a state spending plan
- ☀ As we speak, Governor Brown's DOF is beginning the framework of that spending plan
 - Plugging in revenue estimates
 - Estimating workload and statutorily required spending
- ☀ After Election Day, the current Administration and the next Administration will work together on the details of the 2019-20 Governor's State Budget so it will be ready on January 10



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The Next Governor – On Education

- ☀ **The next Governor will preside over a “fully funded” LCFF and likely an economic downturn**
- ☀ **In the event of economic downturn, how he prioritizes education will be critical for the success of our schools**
 - **Will Proposition 98 suspension be on the table or out of the question?**
 - **If K-12 education cuts are needed, how will they be implemented?**
- ☀ **While all polls indicate that Lieutenant Governor Gavin Newsom has a comfortable lead over businessman John Cox, we explore both candidates’ education platforms**



Newsom K-12 Platform

- ☀ **Support Students in Full-Service Community Schools**
 - **Wellness centers**
 - **Arts education, technology classes, and computer science for every child**
 - **After school and summer learning programs**
- ☀ **Equip Every Student with Access to Science, Technology, Engineering, and Mathematics (STEM)**
 - **Make sure every student in every school has equal access to computer science**



Newsom K-12 Platform

⚙️ Attract and Retain Quality Teachers

- Develop and encourage state and local incentives to attract highly qualified candidates into the profession
- Improve educational outcomes and teacher retention by investing in teachers

⚙️ Unleash Educational Data

- Connect early childhood, K-12, and higher education data systems



Cox, in His Own Words

“We all agree that public education must be a priority, but funding for all of our priorities is at risk because of the costs of servicing unfunded pension liabilities.”

- “We cannot abandon our children anymore than we can abandon those who have worked their whole careers depending upon a promised pension.”
- “Prioritize growing the economy so that the pie gets bigger and resources more plentiful.”

“Charter schools are certainly part of the solution and I support them.”

“I am a big believer in local control and that school districts need to be able to provide the right choices for their parents and children.”

“Schools fail primarily not for a lack of resources, but because we cram too much need into too few schools.”

- “Our schools are increasingly becoming re-segregated, not only by race but by income.”



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California's Evolving Legislature

- ☀ **Democrats maintain power in both the Senate and the Assembly and it appears they will into the foreseeable future, but there's a vanishing class of them who voted for the LCFF**
 - **Assembly: Less than half (48%) of the Assembly Democrats voted on the LCFF**
 - **Senate: 57% of the Senate Democrats voted on the LCFF**
- ☀ **This diminishing class of lawmakers who voted for the LCFF creates the potential that parochial interests could prevail as legislators earn the loyalty of their local constituents**
 - **Categorical programs could re-emerge**
 - **Scrutiny of funds that are intended to serve under-represented students could intensify**



LCFF – Future Funding

- ☀ **The fate of the LCFF will depend on Proposition 98 resources available and the political interest to continue to invest in the LCFF versus other K-12 programs**
- ☀ **The Legislature and Governor could:**
 - **Fund the LCFF at a bare minimum to keep up with growth and cost-of-living adjustment (COLA) and dedicate additional Proposition 98 resources elsewhere**
 - **Invest additional resources in the LCFF, as resources allow, but without creating long-term funding goals (2018-19 Enacted Budget)**
 - **Define aspirational LCFF targets to work toward, as resources allow (Assembly Bill [AB] 2808)**



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LCFF – Future Considerations

- Expect continued calls for school site level reporting of expenditures and disaggregation of LCFF base funds from LCFF supplemental and concentration (S/C) funds
- Legislators have been looking to tighten up the uses of S/C grant funding
- Legislators and stakeholders will want to see improvements where dollars are targeted, particularly progress towards closing the achievement gap
- Many districts continue to struggle with articulating their investments to increase and improve services for high-needs students proportionate to their amount of S/C funds



School Site Expenditure Reporting

- Beginning with the 2018-19 School Accountability Report Cards, local educational agencies (LEAs) must report per-pupil expenditures by school site
 - Expenditures must be disaggregated by federal, state, and local funds and include personnel and nonpersonnel “day to day” and centrally-charged costs
 - There are certain costs that are to be excluded, such as capital outlay, debt service or Adult Education Program expenditures
 - California Department of Education’s (CDE) guidance on School Site Per Pupil Expenditure Reporting can be found at <https://www.cde.ca.gov/fg/ac/co/essappeltr.asp>



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School Site Expenditure Reporting

- ☀ **The implications of this required reporting is far-reaching: LEAs must be prepared to explain why high-achieving schools are “spending” more state and local dollars than under-achieving schools**
 - **Needed to satiate the advocacy groups who have been laser-focused on supplemental and concentration grant funds**
 - **Also, to meet the new supplement, not supplant requirement in the Every Student Succeeds Act, LEAs must demonstrate the “methodology to allocate State and local funds to each school receiving assistance to ensure that such schools receive all the State and local funds they would otherwise receive in the absence of federal funds.”**



Special Education

- ☀ **AB 3136 (O’Donnell) was held in Senate Appropriations in 2018**
 - **Equalize AB 602 rates**
 - **Increase funding for preschoolers with disabilities**
 - **Increase funds for students with the most severe disabilities**
- ☀ **Several recent studies have acknowledged that additional investment is needed**
 - **Growth in state Special Education funding has not kept pace with district costs**
 - **AB 602 rates vary widely among LEAs**
 - **Current formula does not adequately fund preschool programs for infants and toddlers with disabilities**



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Pension Systems

Pension costs are an increasing expense for all governmental agencies, including schools

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
CalPERS	11.442%	11.771%	11.847%	13.888%	15.531%	18.062%	20.80%*	23.50%*	24.60%*	25.30%*	25.80%*	26.00%*
CalSTRS	8.25%	8.88%	10.73%	12.58%	14.43%	16.28%	18.13%	19.10%	18.60%*	18.10%*	18.10%*	18.10%*

*Current estimates provided by CalPERS or CalSTRS



Pension Systems

Ideas have been contemplated to address the increasing CalSTRS rates, but each proposal comes with counterpoints

- **Aim for 80% funding level instead of 100%**
 - Any short-term savings will be eliminated beyond 2046 when the funding plan expires
 - Unfunded liability will just increase as revenues will be insufficient to pay for promised benefits
- **Allow the state contribution rate to increase more quickly**
 - While beneficial to the state's liability, does not help employers
- **Reduce benefits to current members**
 - Until changed, California courts have ruled this illegal

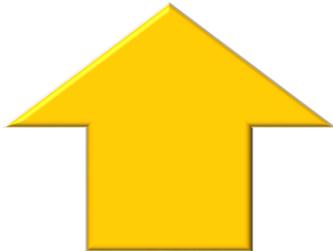


Career Technical Education

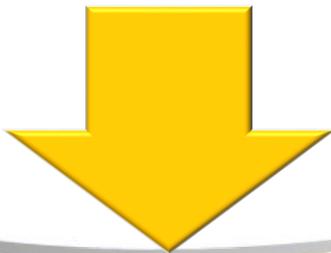
- The 2018-19 State Budget includes \$300 million in ongoing funding for K-12 Career Technical Education (CTE) in two components:
 - \$150 million ongoing funding allocated through the existing Career Technical Education Incentive Grant (CTEIG) program administered by the CDE
 - \$150 million ongoing funding to establish a new K-12 component in the Strong Workforce Program (SWP), administered by the Community College Chancellor's Office, to expand availability of "high quality, industry-valued CTE"
 - Concerns have been raised about implementation, how funding will be distributed around the state, and the timeline for fund disbursement



Use of One-time Funds



Since the enactment of the LCFF, the Governor's top priority has been to "fully fund" the LCFF, with lesser amounts provided to give LEAs one-time discretionary grants and several one-time categorical programs



One-time discretionary grants:

- January Proposal: \$1.8 billion
- May Revision: \$2.02 billion
- Enacted Budget: \$1.1 billion



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One-time Funds

Examples of one time categorical programs in the 2018-19 Enacted Budget:

Low-Performing Students Block Grant
\$300 million

Classified School Employee Professional Development
\$50 million

Classified School Employee Summer Assistance Program
\$50 million

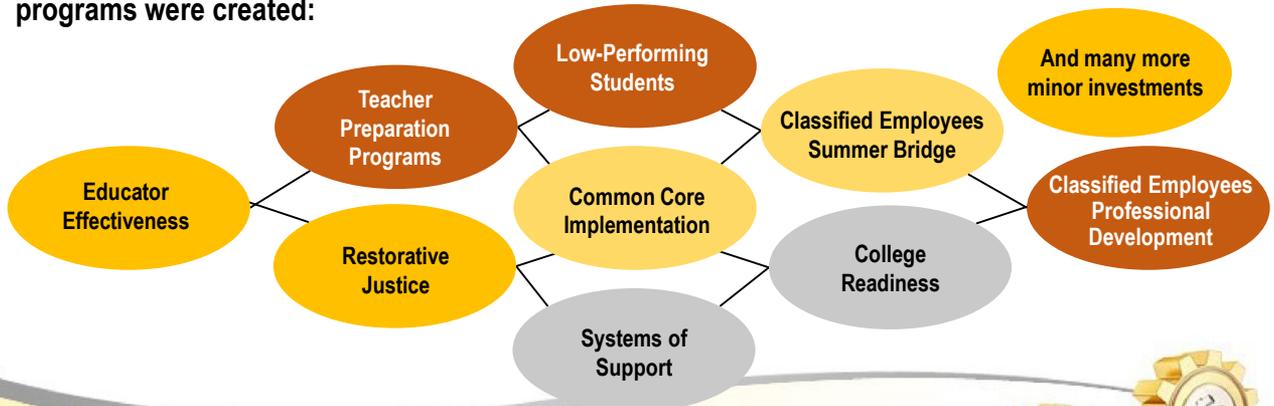
After School Kids Code Grant Pilot Program
\$15 million

Teacher shortage programs
\$125 million



Recent One-Time Funding Streams

Governor Brown's signature education accomplishment of reforming California's school finance model eliminated more than 40 categorical programs. But since the LCFF, several one-time programs were created:



As legislators make their mark, these policies are likely to return or continue



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Thank You!



robertm@sscal.com
leilania@sscal.com

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Notes

