

Santa Clara County  Office of Education

Mary Ann Dewan, Ph.D., County Superintendent of Schools

COUNTYWIDE CHIEF BUSINESS OFFICERS MEETING

MARCH 22, 2018

9:30 a.m. to 12:00 p.m.

MILPITAS ROOM

AGENDA

9:30 - 9:40 Welcome Megan K. Reilly, Santa Clara COE

9:40 - 9:50 District Business & Advisory Services Update Judy Kershaw, Santa Clara COE

9:50 - 10:00 LCAP Update Dr. Jeanette Rodriguez-Chien, Santa Clara COE

10:00 - 10:45 GASB Accounting Standards Matthew Goss, CalPERS

10:45 - 11:30 State, Economic and Legislative Update John Gray, School Services of CA
Leilani Aguinaldo, School Services of CA

11:30 - 11:50 Technology Services Update Cindy Patterson, Santa Clara COE

11:50 - 12:00 Closing Megan K. Reilly, Santa Clara COE

FUTURE MEETINGS

DATE	TIME	ROOM
May 17, 2018	9:30 a.m. - 12:00 p.m.	Oak Grove Room

March 2018

Latest information about the LCAP Template

There are several choices of LCAP Template for districts to use. Here is a list of the choices:

TEMPLATE TYPE	INFORMATION ABOUT THE TEMPLATE
CDE Word Template	<ul style="list-style-type: none">→ There is a new version of the Word template that must be used which meets the Section 508 ADA requirements.→ The content of the template has not changed, but now meets the ADA guidelines→ It can be found on our website at: https://www.sccoe.org/depts/esb/Pages/LCAP.aspx→ It can also be found at the CDE LCAP webpage at: https://www.cde.ca.gov/re/lc/→ The file name is "Approved LCAP Template 2018"
CDE eTemplate	<ul style="list-style-type: none">→ There is an electronic version available for free use→ https://lcaptemplate.org/login→ Districts must choose a coordinator and email that person's information to Dawn River at dawn_river@sccoe.org to gain access to the site. That coordinator will then be able to give the rest of their district LCAP team access.
Other Template Choices	<ul style="list-style-type: none">→ LACOE LCAP Etemplate can be used for free and is found at: https://www.lacoe.edu/SchoolImprovement/LCAP.aspx→ Document Tracking Services (DTS) can be used for a fee.

Santa Clara County Office of Education

Countywide Chief Business Officers Meeting
March 22, 2018

Discussion overview

- Financial reporting
- Impact of prefunding
- Investment management
- Simple, focused administration
- Managing unfunded liabilities
- Questions and contact information

Financial reporting

Timeline of significant GASB Statements

GASB 43/45

Provided financial reporting guidelines regarding costs and financial obligations for OPEB

2004

2009

GASB 67/68

Improved accounting and financial reporting by state and local governments for pension

2012

GASB 74/75

Improved accounting and financial reporting by state and local governments for OPEB

2015

Financial reporting

- Effective dates for implementation of GASB 75

Employer Fiscal Year End	Effective Dates
December	12/31/2018
March	03/31/2019
June	06/30/2018
September	09/30/2018

OPEB terminology changes

GASB 45	GASB 75
Actuarial Accrued Liability (AAL)	Total OPEB Liability (TOL)
Actuarial Value or Market Value of Assets	Plan Fiduciary Net Position
Unfunded Actuarial Accrued Liability (UAAL)	Net OPEB Liability (NOL)
Annual OPEB Cost	OPEB Expense
Annual Required Contribution (ARC)	Actuarially Determined Contribution (ADC)
Normal Cost	Service Cost

Actuarial Accounting Comparison (\$ in 000's)*

GASB 45		GASB 75	
	6/30/2017		6/30/2017
Actuarial Accrued Liability	\$86,679,015	Total OPEB Liability	\$91,507,618
Actuarial Value of Assets	\$500,035	Net Fiduciary Position	\$500,035
Unfunded Actuarial Liability	\$86,178,980	Net OPEB Liability	\$91,007,583
Balance Sheet Liability (Net OPEB Obligation)	\$29,495,455	Balance Sheet Liability (Net OPEB Liability)	\$91,007,583

*Data from the State of CA valuation as of 6/30/2017

Financial reporting

GASB 75 overview:

- Employers will report the Net OPEB Liability on their financial statements
- Significant increase in Note Disclosures and Required Supplementary Information
- OPEB cost reports valid within 30 months + day of reporting date
- Asset and liability measurement date must be within one year of reporting date

Financial reporting

- CERBT is the Plan
 - Provides audited and compliant GASB 74 report
 - Schedule of Changes in Fiduciary Net Position (FNP)

FNP Fiscal Year	Expected Availability
2015-16	Available Now
2016-17	Available Now
2017-18	December 2018

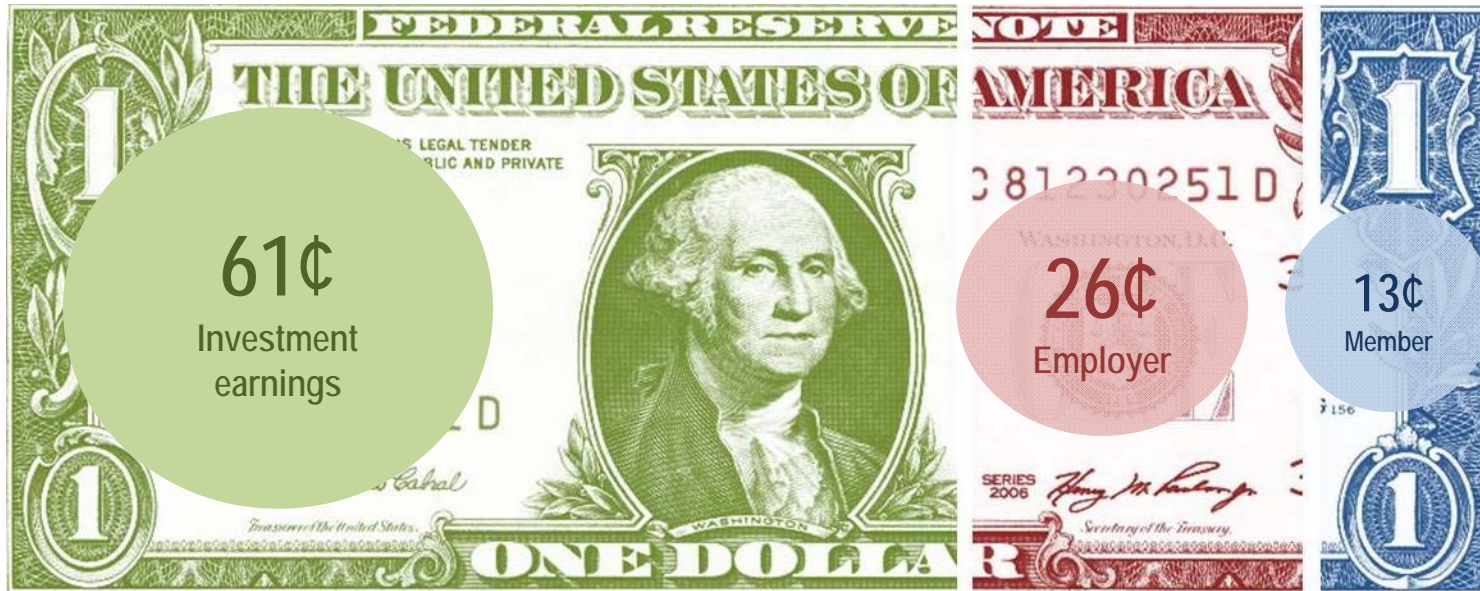
Impact of prefunding

Pay-as-you-go



- OPEB costs paid out of current year operating budget
- Current year operating budget usually invested in County Treasury, LAIF, or money market account
- Long-term annualized investment returns historically range from 3%-5%

The impact of prefunding



- The majority of CalPERS pension benefits are paid by investment earnings
- Prefunding provides employers with a greater likelihood of saving money over the long-term

As of June 30, 2017

The impact of prefunding

Demonstrates
prudent
financial
management

- Prefunding OPEB will likely generate more optimal financial reporting outcomes
- Irrevocable trust allows assets to offset liabilities
- May decrease impact of GASB 75
- May contribute to preserving a positive credit rating

The impact of prefunding

Higher
discount rates
reduce
liabilities

- Discount rates are used to calculate future benefit payments into today's dollars
- Higher discount rates reduce OPEB liabilities and principal investment contributions

OPEB Funding Policy Comparison

Actuarial Valuation as of 6/30/2016* (\$ in billions)	Policy A (Pay-Go)	Policy B (Full ARC)	Policy C (Partial ARC)
Discount Rate	4.25%	7.28%	5.765%
Actuarial Accrued Liability as of 6/30/2017	\$76.7	\$56.3	\$61.4
Annual Required Contribution	\$5.8	\$4.1	\$4.8
Retiree Premium Payments for 2016-17	\$2.1	\$2.1	\$2.1
Assumed OPEB Trust Fund Contributions for 2016-17	\$0	\$2.0	\$1.0

*Data from the State of CA valuation which assumed CERBT asset allocation strategy #1 participation

Employer controls the funding policy

- Decides if, when, and how much to contribute
 - Contributions are never required
 - Vary contributions based on budgetary conditions
- Decides if and when to seek reimbursement
 - Eligible to reimburse up to 100% of annual OPEB expenses
- Decides on asset allocation strategy
 - May choose one of three asset allocation strategies
- Determines independent consulting actuary
 - Maintains local control of actuarial assumptions

Investment management

Investment management

- CalPERS Board accepts investment fiduciary responsibility
 - GC 53620-53622
- CalPERS Board determines investment policy, asset classes and asset allocation strategies
- Strategies and investment transactions managed by the same skilled investment professionals that manage the Public Employees Retirement Fund (PERF)

CERBT asset allocation strategies

	Strategy 1	Strategy 2	Strategy 3
Expected Long Term Rate of Return <small>(General Inflation Rate Assumption of 2.75%)</small>	7.28%	6.73%	6.12%
Standard Deviation of Expected Returns	11.74%	9.32%	7.14%

- All CERBT asset allocation strategies share the same public market asset classes
 - Allocation strategies differ only to the extent to which they participate in each of the asset classes

CERBT asset class target allocations

Asset Classification	Investment Management	Strategy 1	Strategy 2	Strategy 3
Global Equity	Passive MSCI All Country World Index	57%	40%	24%
Fixed Income	Active Barclays Capital Long Liability Index	27%	39%	39%
Global Real Estate (REITs)	Passive FTSE EPRA/NAREIT Developed Liquid Index	8%	8%	8%
Treasury Inflation Protected Securities (TIPS)	Passive Barclays Capital Global Real: US TIPS Index	5%	10%	26%
Commodities	Active S&P GSCI Total Return Index	3%	3%	3%

CERBT investment returns – time weighted

Periods Ended January 31, 2018

<u>Fund</u>	<u>Assets</u>	<u>1 Month</u>	<u>3 Months</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>ITD</u>
CERBT Strategy 1 (Inception June 1, 2007)	\$6,745,350,619	2.72%	5.82%	11.26%	17.86%	7.91%	8.01%	5.29%
Benchmark		2.67%	5.70%	11.02%	17.30%	7.37%	7.54%	4.82%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,046,895,388	1.60%	4.23%	8.48%	13.81%	6.05%	6.38%	8.37%
Benchmark		1.52%	4.07%	8.21%	13.19%	5.53%	5.94%	8.04%
CERBT Strategy 3 (Inception January 1, 2012)	\$344,672,522	0.59%	2.78%	5.92%	9.65%	4.19%	4.87%	6.08%
Benchmark		0.52%	2.63%	5.67%	9.13%	3.71%	4.39%	5.70%

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's CERBT fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

Choosing an asset allocation strategy

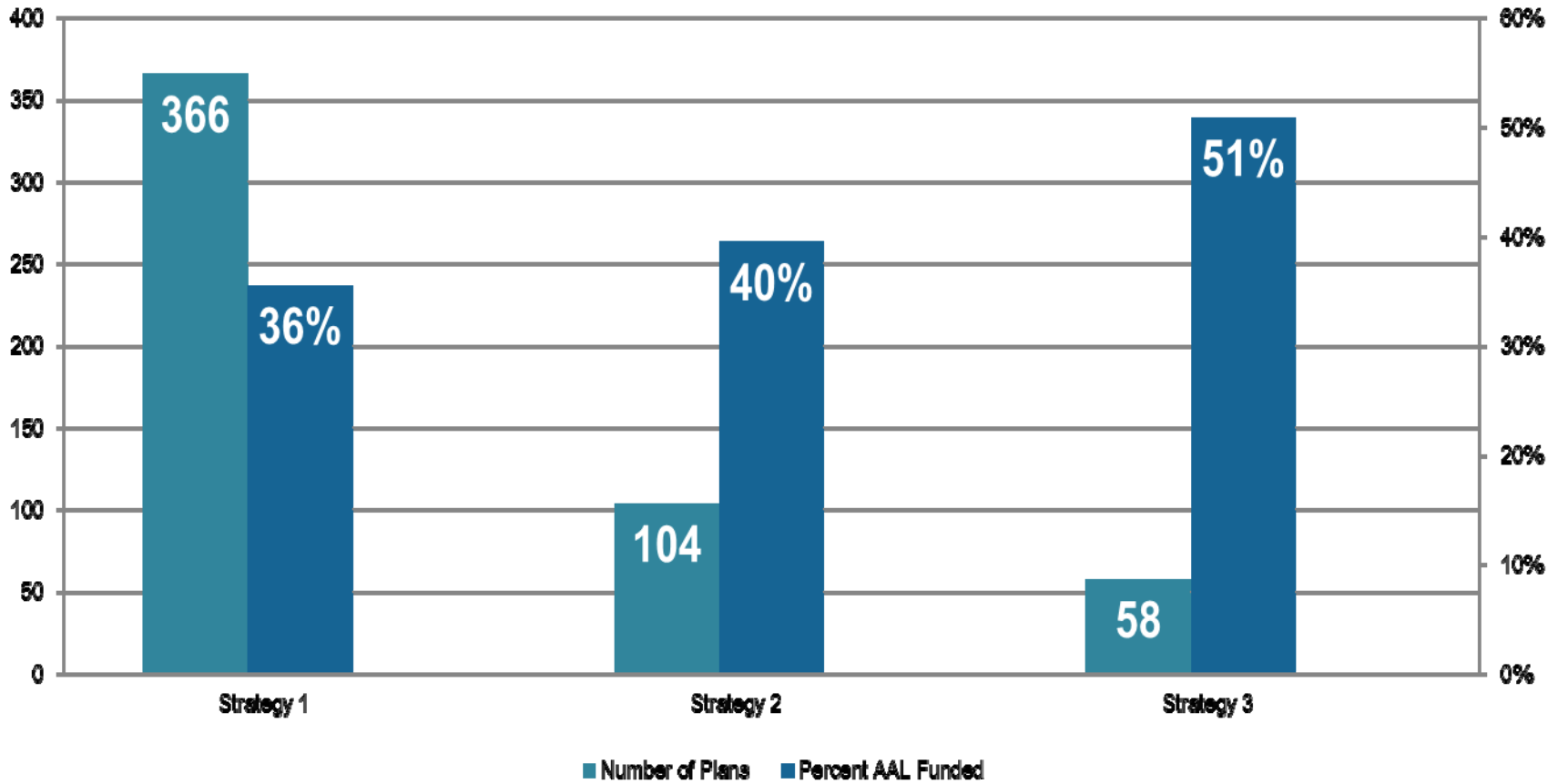
- Employers asset allocation strategy choice is a financial decision
- Plan conditions which might cause an employer to consider an asset allocation with lower expected return volatility
 - OPEB liabilities are capped and not expected to grow
 - Well-funded plan
 - Active employee age demographic
- Discuss with OPEB actuary

Asset allocation strategy considerations

Actuarial Valuation as of 6/30/2015	CERBT S1	CERBT S2	CERBT S3
Discount Rate	7.28%	6.73%	6.12%
Actuarial Accrued Liability as of 6/30/2015	\$12,907,082	\$13,871,497	\$15,080,188
Annual Required Contribution*	\$757,370	\$850,562	\$965,811
Retiree Premium Payments for 2015-16	\$430,417	\$430,417	\$430,417
Assumed OPEB Trust Fund Contributions for 2015-16	\$326,953	\$420,145	\$535,394

*ARC based on 30 year closed amortization

Participation by Asset Allocation Strategy



*Certain agencies excluded, as of January 31, 2018

CERBT employer funding levels

Funding level	Strategy 1	Strategy 2	Strategy 3
0% - 25%	94	30	19
26% - 50%	118	25	12
51% - 75%	70	11	12
76% - 100%	47	21	6
> 100%	36	15	8

* Funding level range based on assets compared to Actuarial Accrued Liabilities as of June 30, 2017

CERBT Accrued Liabilities and Market Value of Assets

Agency Type	AAL	MVA	Funded Level
Cities and Towns	\$5.9 Billion	\$1.4 Billion	24%
Counties	\$4.1 Billion	\$1.8 Billion	44%
Courts	\$393.2 Million	\$67.6 Million	17%
Fire	\$798.4 Million	\$179.0 Million	22%
Other Special Districts	\$1.6 Billion	\$996.7 Million	62%
Sanitation	\$480.8 Million	\$236.8 Million	49%
Schools	\$19.8 Billion	\$867.1 Million	4%
State of California	\$80.6 Billion	\$538.8 Million	1%
Water	\$1.7 Billion	\$711.2 Million	42%
All CERBT Agencies	\$115.4 Billion	\$6.8 Billion	6%

As of June 30, 2017

Simple, focused administration

Simple, focused administration - transactions Contributions

- OPEB contributions are NEVER required
- No minimum contribution
- Methods of making contributions include:
 - Check – Wire – Electronic Funds Transfer (EFT)

Simple, focused administration - transactions

Disbursements

- Approval process
 - Submit the Disbursement Request Form
 - Signed by proper positions which have been delegated authority
 - Assets on hand to provide requested amount
- Frequency
 - Disbursements are sent out monthly
- Late Disbursement accruals
 - Receive Disbursement Request Form by last business day in July
 - Disbursement check sent to employer in August

CERBT total participation cost

- Total cost of CERBT participation is 10 basis points of assets under management
 - CERBT is a self-funded trust
 - Employer account charged daily
 - CERBT does not profit
 - Rate can be changed without prior notice and may be higher or lower in the future

CERBT fee rate breakdown

Source of Fees	CERBT FY 2017-2018
External investment management fees	~2.00 basis points
External investment operating expenses to fund managers	~1.50 basis points
Internal investment fees	~0.65 basis points
Custodial services fees	~0.20 basis points
Online record keeping fees	~0.15 basis points
Program administration fees	~5.50 basis points
Total (all inclusive):	10.00 basis points

CERBT fee rate history

Fiscal Year	Total Participation Cost
2007-2008	2.00 basis points
2008-2009	6.00 basis points
2009-2010	9.00 basis points
2010-2011	12.00 basis points
2011-2012	12.00 basis points
2012-2013	15.00 basis points
2013-2014	14.00 basis points
2014-2015	10.00 basis points
2015-2016	10.00 basis points
2016-2017	10.00 basis points
2017-2018	10.00 basis points

CERBT employers under contract

533 Total

- State of California
- 140 Cities or Towns
- 14 Counties
- **62 Schools**
- 23 Courts
- 293 Special Districts and other Public Agencies
 - (90 Water, 33 Sanitation, 29 Fire, 22 Transportation)

Managing unfunded liabilities

Know your pension and OPEB actuaries

- They can help you stay informed
- They can guide you through your options
- They can provide scenario analysis
- They are a wealth of information

Pension asset replenishment options

- Lump sum additional discretionary payments
- Fresh Start (re-amortize UAL bases)
- Partial Fresh Start (re-amortize any two UAL bases)
- Prepay or not to prepay?

Questions and contact information

Questions? Where to get information?

Name	Title	E-mail	Desk	Mobile
Colleen Cain-Herrback	Program Manager	Colleen.Cain-Herrback@calpers.ca.gov	(916) 795-2474	(916) 505-2506
Matt Goss	Outreach & Support Manager	Matthew.Goss@calpers.ca.gov	(916) 795-9071	(916) 382-6487
Alisa Perry	Outreach & Support Analyst	Alisa.Perry@calpers.ca.gov	(916) 795-3360	(916) 705-9447
Karen Lookingbill	Outreach & Support Analyst	Karen.Lookingbill@calpers.ca.gov	(916) 795-1387	(916) 501-2219

Program e-mail addresses	CERBT Website
CERBT4U@calpers.ca.gov	www.calpers.ca.gov/cerbt
CERBTACCOUNT@calpers.ca.gov	

Santa Clara County Office of Education CBO Meeting

March 22, 2018

Presented by

John Gray
President

Leilani Aguinaldo
Director, Governmental Relations



Chief Business Official

1

- Leadership
- People
- Systems
- Resources

Collective Bargaining

	2013-14	2014-15	2015-16	2016-17
Mediation Requests	116	120	129	182

California School Dashboard – Annual Update

3

- Chronic Absenteeism Indicator
- College/Career Indicator
- Graduation Rate Indicator
- Safety Net Methodology (three-by-five) applied to student groups
- Student-level growth model
- English Learner Progress Indicator
- Reporting participation rate
- State-level Dashboard report

LCFF Proposals

- Governor
 - ❑ Fully fund the Local Control Funding Formula (LCFF) in 2018-19
 - ❑ \$2.9 billion ongoing
- Senate
 - ❑ Additional \$1.2 billion ongoing on top of Governor's proposal
 - ❑ Approximately \$1 billion to increase the base grant and \$200 million to increase supplemental and concentration grants
- Assembly Bill 2808 (D-Muratsuchi)
 - ❑ Increases base grant amounts
 - ❑ No timeline set, similar to current LCFF implementation

- Governor's proposal
 - Show how local educational agency (LEA) budget expenditures align with the strategies detailed in their Local Control and Accountability Plans (LCAPs) for serving students generating supplemental grants
 - Single website that will report total amount of supplemental and concentration grant funding provided to LEA
- Senate proposal
 - Require actual expenditure information, both budgeted and expended, supporting services for unduplicated pupils
 - Included in LCAP summary

Senate Transparency Proposal

INCREASED OR IMPROVED SERVICES

If not previously addressed, identify the two to three most significant ways that the LEA will increase or improve services for low-income students, English learners, and foster youth.

Additional information to be included:

UPDATE OF PRIOR YEAR INCREASED OR IMPROVED SERVICES

Identify the amounts in the boxes below.

Box 1

Prior Year Supplemental and Concentration Grant Funds:

\$

Box 2

Prior Year Percentage to Increase or Improve Services:

%

Box 3

Prior Year Amount Budgeted for Increased or Improved Services based on actions planned in LCAP:

\$

Box 4

Prior Year Estimated Actual Expenditures for Increased or Improved Services:

\$

If the prior year amount budgeted for increased or improved services (Box 3) exceeds the amount of prior year actual expenditures (Box 4), describe the impact on planned actions and how the percentage to increase or improve services (Box 2) was maintained, either qualitatively or quantitatively.



School
Services
of California
INC. TM
An Employee-Owned Company

Thank you!

Santa Clara County  Office of Education

Technology Services Branch

Technology Resources Advisors (TRA)

Cindy Patterson

Manager Applications Support

Cindy_Patterson@sccoe.org

408-453-6726

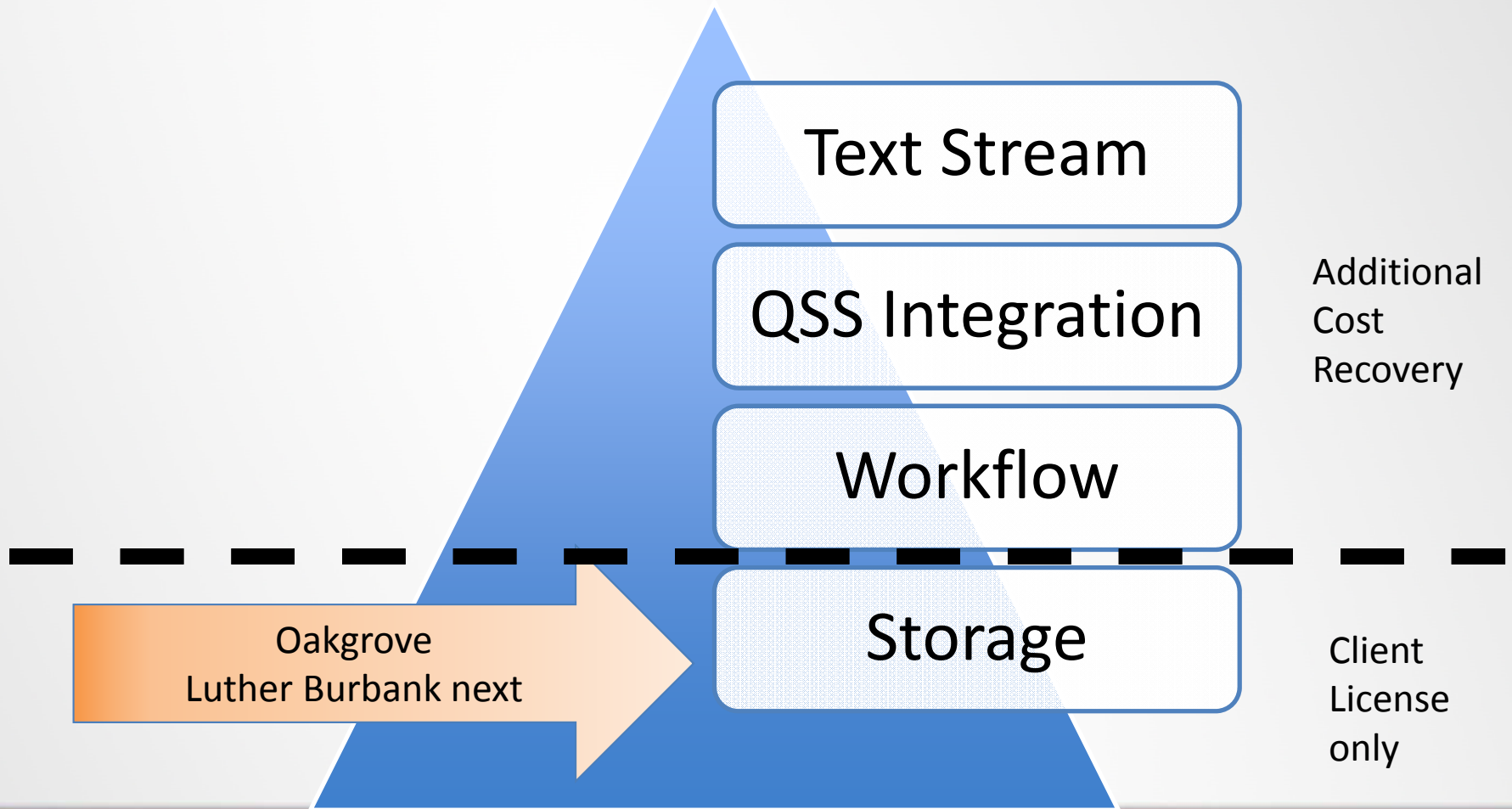
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Document Management – Laserfiche – Brief Overview

- Document Management Software
- Only content creators need a client license
- QSS Integration
- Work Flow

Building Blocks

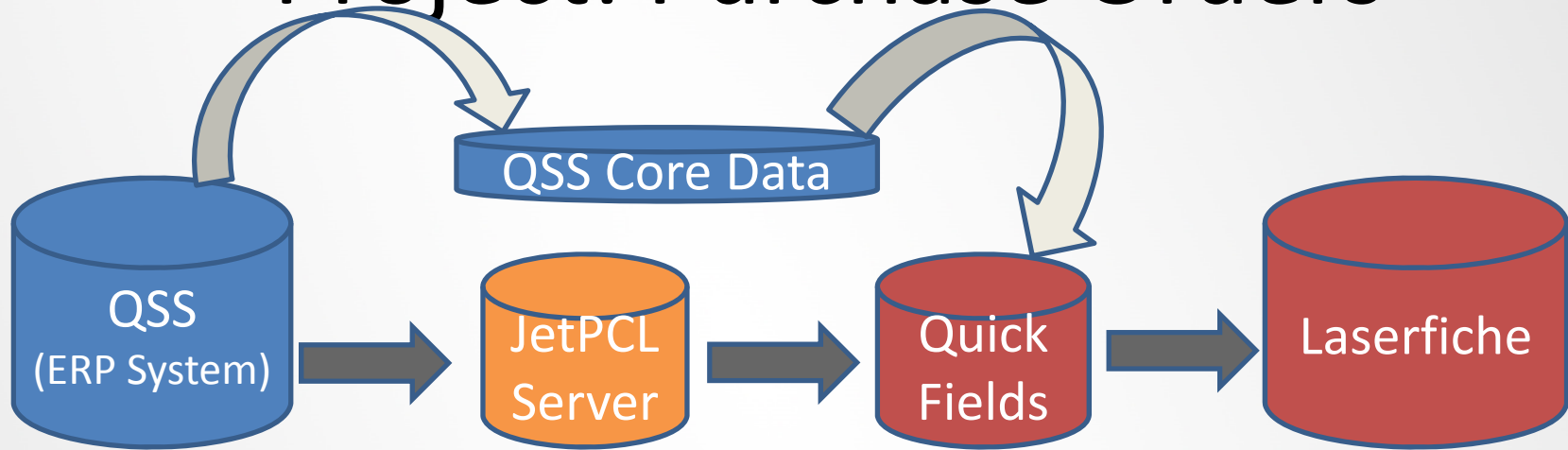


Joining the Club

- MOU
- Schedule Project
- List of intended users
- Work with internal IT to create connections
- Purchase Client Licenses through SCCOE – (<\$1K first year and then maintenance)



Project: Purchase Orders



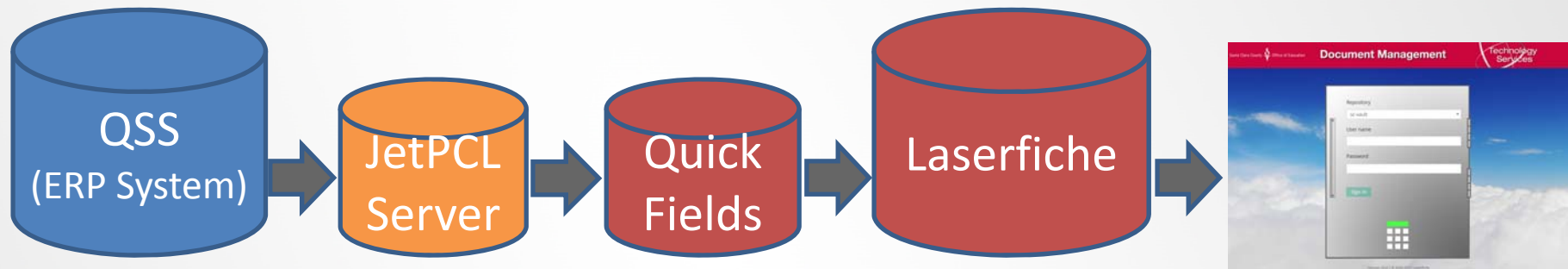
- Requisition Routing
- Print Manager

- PCL Printer Driver

- Zone OCR
- Real Time Lookup
- Pattern Matching

- Notes
- Annotations
- Email
- EFax

AP COPY Warrants - Production



- AP Production (included on run sheet)
- Print Manager

- PCL Printer Driver

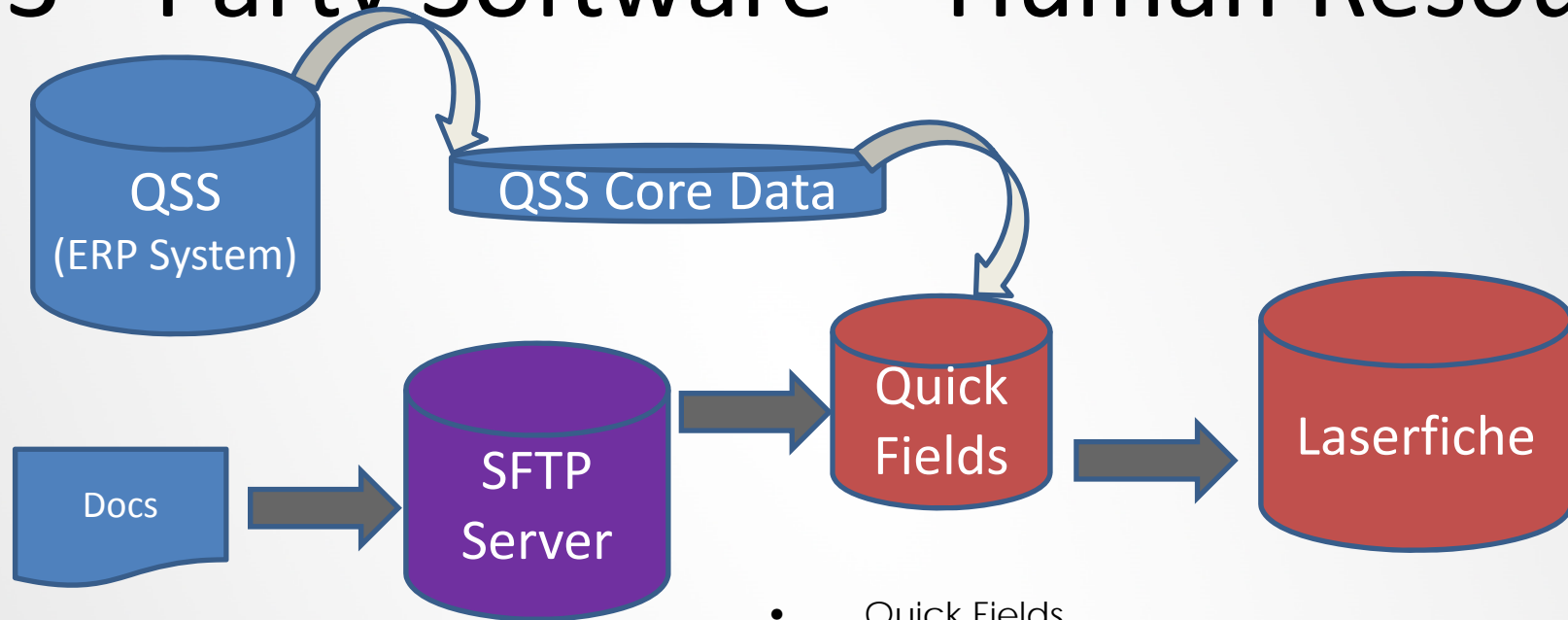
- Quick Fields Server
- Quick Fields Administration Console
- Quick Fields Agent

- Web Access
- Two Counties – Santa Clara COE and San Benito COE*

- Private Web Portal
- Accessed by Districts
- Districts can print (if needed)

- Quick Fields Classify*

3rd Party Software – Human Resources



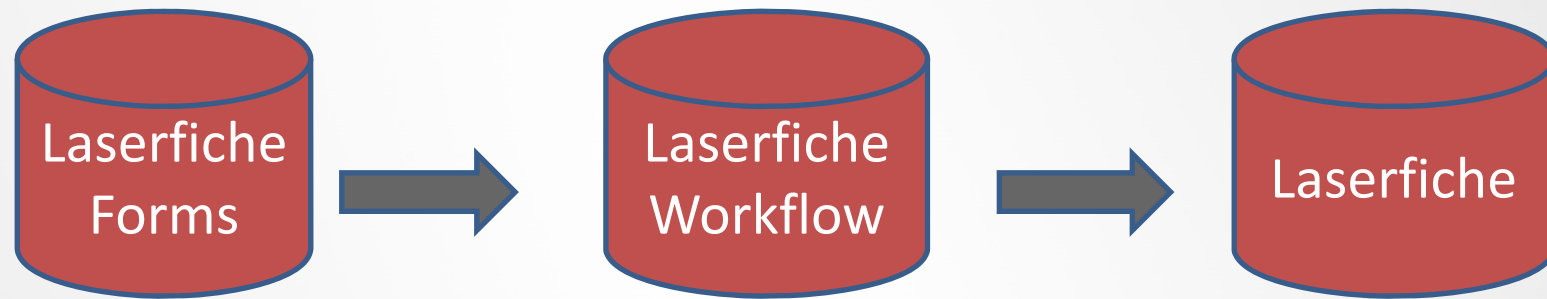
- 3rd Party Software personnel documents

- Filezilla

- Quick Fields Agent
- Quick Fields Pattern Matching
- Real-time Lookup

- Repository

Employee Online Pre Boarding - HR



- Public Web Portal
- HR will review

- Business Process

- Personnel Record Repository

New Employee Pre-Boarding



EMPLOYMENT FORM

Page 1 of 16

Last Name*

Last Name per SSN Card

First Name*

First Name per SSN Card

Middle

Preferred First Name

Birth Date*



Gender*

Female Male

Marital Status*

Married Single

Unlisted

Yes No

Present Mailing Address*

Street Address

Address Line 2

City

State / Province / Region

Postal / Zip Code

Country

Permanent Mailing Address

New Employee Pre-Boarding



Santa Clara County
Office of Education

AFFIRMATIVE ACTION EMPLOYEE IDENTIFICATION FORM

Page 2 of 16

To comply with federally – and state-mandated reporting requirements for Affirmative Action and disability regulations, this form is designed to examine and provide remediation of any discrepancies in employment and promotional practices as they relate to protected groups as defined in Title VII, CRA 1964 as amended by Equal Employment Opportunity Act 1972, and the Rehabilitation Act, 1973.

The identification of employees as members of a protected ethnic minority group shall be for the purpose of compiling workforce and statistical data to assist the Santa Clara County Office of Education in setting affirmative action goals in underrepresented job categories. Definitions are those used by federal compliance agencies on required surveys and compliance reports.

PLEASE COMPLETE THE INFORMATION BELOW: Your full name, your social security number and the ethnic code number that corresponds to your ethnic category. If you have a physical disability or condition, please fill out the applicable disability categories. Should you wish to speak to the Return to Work Coordinator regarding reasonable accommodations relating to your disability, check the “Yes” box. After you have check either the “Yes” or “No” box, please initial in the space provided. This information will be treated confidentially and will be utilized only for statistical reporting purposes.

Ethnic Code*

Check Applicable Categories if Physically Disabled

- Hearing (50% of more loss of hearing in both ears)
- Speech
- Sight (Use of eyeglasses does not apply)
- Impairment (Due to amputation, loss of function, loss of coordination)
- Other (Specify)



New Employee Pre-Boarding



IDENTIFICATION BADGE PROCEDURE

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In the interest of safety and security of all SCCOE facilities, all permanent, limited-term and provisional employees are expected to wear SCCOE official photo I.D. Badges.

Official badges must be worn whenever employees are at the main SCCOE building on Ridder Park Drive and at any SCCOE school or center. Employees who must work directly with the public outside of SCCOE facilities must wear the I.D. Badge during their regular workday. I.D. Badges must also be worn on evenings and weekends while on SCCOE property. At any SCCOE event or facility, posted security guards or law enforcement will expect employees to have official photo I.D. Badges to gain access to the property or event. This is especially true in an emergency or disaster.

Lost or stolen I.D. Badges must be reported to Human Resources immediately. Upon employment termination for any reason, employees must surrender the I.D. Badge to Human Resources prior to the last day of work.

*

I have read the procedure noted above and understand the expectation.

ACKNOWLEDGEMENT AND SIGNATURE

My signature below certifies that all entries and statements within the pre-boarding online form are true and that any misstatements may subject me to disqualification and/or release.

*

Please sign here.

Sign

Previous

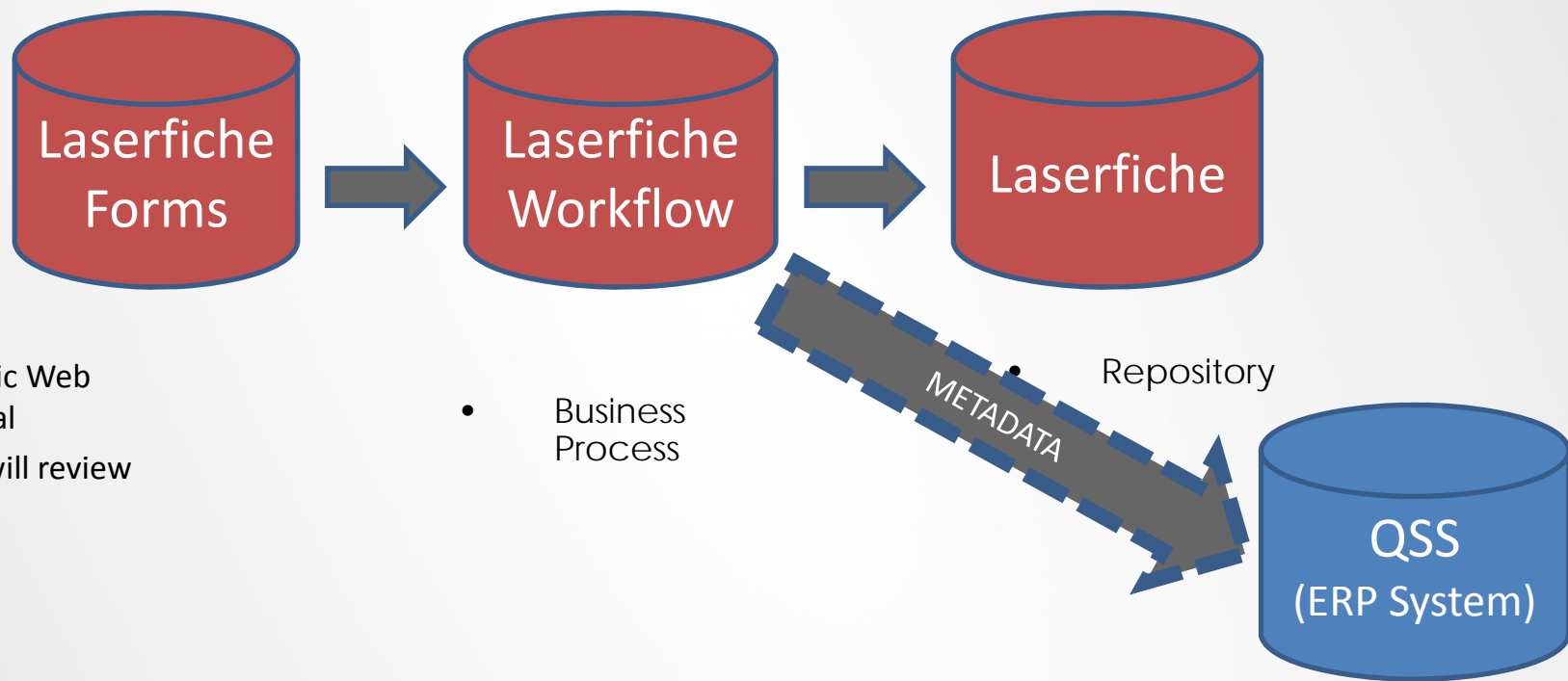
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Future Plans



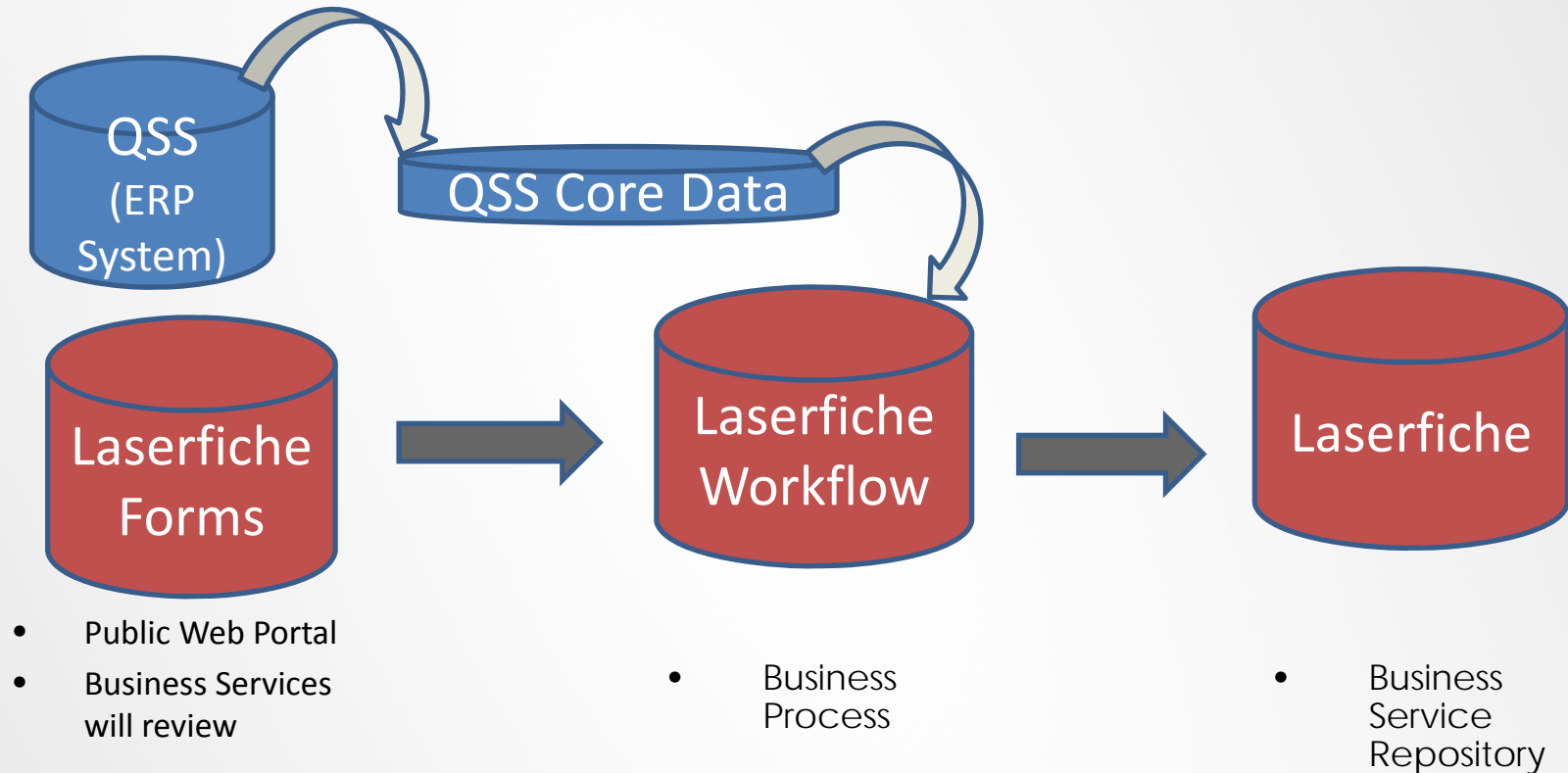
Employee Online Pre Boarding - HR



- Public Web Portal
- HR will review

- Business Process

Online Vendor Invoicing



Thank you!



Santa Clara County
Office of Education