CASBO Southern Section Spring Workshop Event - March 16, 2018
Los Angeles County Office of Education (LACOE)
12830 Columbia Way, Downey, CA 90242
(562) 922-6111

Agenda:
8:30 - 9:00  Registration and Continental Breakfast
            Room ECW 606 - Conference Center

9:00 - 9:30  **Keynote Speaker Mike Fine from FCMAT - Update on Current Issues Affecting School Districts**
            Room ECW 606 - Conference Center B

9:30 - 9:45  Break/Transition to Break Out Sessions

9:45 - 10:30 Break-Out Session #1:

  Eric Hall, Eric Hall & Associates

- **ECW 602 -** Microsoft Office 365 - OneNote Training (All)
  Karla Torres & Jennifer Murillo, Microsoft

- **ECW 606 A -** LCFF Hot Topics - What’s Next? (Accounting)
  Susana Lopez, Asst. Superintendent Business Services
  Alvord Unified School District
  Joan Velasco, Asst. Superintendent Business Services
  Fullerton Joint Union High School District

- **ECW 606 B -** Nuances of Negotiations (Human Resources, CBO)
  John M. Rajcic, Partner
  Atkinson, Andelson, Loya, Ruud & Romo (AALRR)

- **ECW 610 -** Charter Schools Oversight Part I (CBO, Finance, Accounting)
  Sue Ann Salmon Evans, Managing Shareholder
  Dannis Woliver Kelley (DWK)

10:30 - 10:45 Break/Transition to Break Out Sessions
10:45 - 11:30 Break Out Session #2:

- ECW 601 - Hold onto Your Assets (Purchasing)
  Mary Crandall Plasencia, Director Finance
  Oxnard Elementary School District;
  Genevieve Gilmore, Int. Director Purchasing, Ventura USD

- ECW 602 - Microsoft Office 365 - OneNote Training (All)
  Karla Torres & Jennifer Murillo, Microsoft

- ECW 606 A - How to Advocate (Leadership)
  Sara Bachez - Assistant Executive Director, Governmental Relations, CASBO

- ECW 606 B - CBO Roundtable
  LaTanya D. Kirk Carter, Chief Administrative Officer,
  Beverly Hills Unified School District;
  Dr. Gary Matsumoto, CBO and 2013/14 CASBO President;
  Dawnalyn Murakawa Leapord, Deputy Superintendent,
  Manhattan Beach;
  Lydia Cano, Deputy Superintendent Business and Operations, Baldwin Park Unified School District

- ECW 610 - Charter Schools Oversight Part II (CBO, Finance, Accounting)
  Sue Ann Salmon Evans, Managing Shareholder
  Dannis Woliver Kelley (DWK)

11:30 - 1:00 Lunch - CASBO Keynote Speakers:
Sara Bachez - Assistant Executive Director, Governmental Relations, CASBO
ECW 606 Conference Center B

Four (4) Continuing Education Units (CEU’s) Available

Please stop by to see all of our vendors who support CASBO events.

A special thank you to Cintas for sponsoring breakfast and Helios for sponsoring lunch!
Random Thoughts
CASBO
Southern Section
Spring Conference

MICHAEL FINE, CEO
FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM
MARCH 16, 2018
Full Implementation of LCFF Triggers

• TK-3 grade span adjustment rules of 24:1 (or alternative language) and associated penalties

• Minimum Proportionality Percentage calculation methodology

• Routine Restricted Maintenance Account flexibility
January Budget One-time Funds

• $1.8B (est. $295/PY ADA)

• Amount is a plug between Pg8 revenue and LCFF and other initiatives

• Amount will change between January and final budgets; work on establishing spending priorities but don’t budget
  • $1B of the $1.8B would be eliminated under the Senate Democrats’ budget proposal to score as recurring and add to LCFF
  • Consider how it helps mitigate CalSTRS and CalPERS employer contribution rate changes
Special Education

- January Budget does not follow through on ideas from a year ago.
  - No reform, no equalization proposed
  - Does $100M in grants address the “problem“?
- Fifty percent of districts are declining; revenue is dropping
- Special education enrollment remaining stable or increasing
- Compensation has been negotiated based on LCFF gap + COLA; AB602 only receives COLA
CalSTRS / CalPERS

- We know the rates, use them.
- Don’t role up object codes 3100 and 3200 on your MYP; show the impact as part of your story.
- Consider the cost impact when deciding on which priorities get funded with one-time funds.
State Revenues Between Now and May

• March DOF Bulletin
  • February down $297M (-5.7%) from January forecast
  • YTD up $2.581B (3.3%) from January forecast
  • Unemployment: Calif – 4.4% (1976), US – 4.1%
  • Risks: federal tax and trade policy impacts on California
• 2018-19 P98 revenue forecast is unlikely to change much.
  • P98 transition from Test 2 to Test 3 lessens the sensitivity of P98 to state revenue growth, resulting in $200-$300M in potential increase over January for the next $6B+ in state revenue growth
The Future of LCFF

- All indicators is that the LCFF has a solid future as the methodology for distributing the majority of Proposition 98 funds
- Which proposal maintains but strengthens LCFF best, and thus reinforces fiscal stability best?
  - Governor’s January Budget – full implementation in 2018-19
  - Assembly Member Mauratsuchi – aspirational targets
  - Senate Democrats – reallocates $1B to LCFF for 2018-19
The “John Gray” Chart – End of Happy Times
LCAPS Bring Focus

• All of the pieces of the new system are in place.
  • The upcoming LCAP will be the first LCAP developed as originally envisioned – influenced by the California Dashboard.

• LCAPs are about focus.
  • Use LCAP to determine educational investments.
  • Important in an era of declining year-over-year revenue growth rate.
  • Narrow the focus – select 2-3 actions that move the needle for kids and do them well.
THANK YOU!

FCMAT
FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

CSIS California School Information Services
What’s New in Facility Master Planning?

March 16, 2018
CASBO Southern Section

Eric Hall, EH&A President
Agenda for Today

- Introduction
- Why a Master Plan?
- Master Plan Elements
- Demographics
- Classroom Inventory
- Condition Assessment
- Needs Analysis
- Cost Estimates
- Educational Specifications
- Funding Update
- Prioritization Process
- Summary
Introduction
One of two most important program areas for the business office in a district

Facilities require a broad expertise in multiple disciplines and leadership

Boards, superintendents and CBO’s understand that facilities can be key to success and survival!
School Facilities Master Planning
A New Era of Construction

- The teaching and learning environment is a major area of focus for instruction – the LCAP

- School facilities improvements can be the realization of a community’s dreams and hopes for future generations of students
Limited funding and high costs results in a district’s need to:

- Prioritize needs
- Develop criteria
- Be on the offense: aggressively pursue funding
- Be on the defense: efficiently manage costs
- Provide oversight
- Plan for the best, but have contingencies
- Staff up in the Facilities program
Why a Master Plan?
What is a Long Range School Facilities Master Plan?

- Road map to good planning
- Long-term blueprint
- Focus on changing Facilities needs
- Developed with school community input
- Projects and priorities for consideration
- Limited Funding – All Sources Explored
Master Plan Elements
Master Plan Elements

- Enrollment projections
- District demographics information
- Classroom capacity analysis
- Educational specifications
- Facilities condition assessments
- Update cost estimates
- Summary of capital Facilities funds
- Prioritizing projects
- Funding and timing
Demographics
District Demographics Information

- Population analysis
- Age distribution
- Economic forecast
- Enrollment projections
  - Current enrollment analysis
  - Grade level advance
  - Building permits
  - Birth rates
- Charter enrollment
- 10-year enrollment History
Updated Enrollment Projections

- Enrollment Projections
  - 1 to 7 years - build out assumptions
  - Student generation rates

- Projection Methods
  - 3, 5, 7 and/or 10 year
  - Average: all years equal weight
  - Cohort: weighted average, recent year greater weight, previous years less weight
District Age Distribution Example

National School District Age Distribution
2000 vs. 2010

AGE GROUPS
0 to 5  5 to 9  10 to 14  15 to 19  20 to 24  25 to 34  35 to 44  45 to 54  55 to 64  65 to 74  75 Plus

2010 CENSUS  2000 CENSUS

- 2010 Census Data
- 2000 Census Data
Enrollment History Example

Escondido Union School District
Enrollment History
2004-05 through 2013-14 (excl. Charters)

- 9.6% Decline

Grades K-8 Enrollment

- 19,328
- 18,747
- 18,674
- 18,377
- 18,050
- 18,028
- 17,736
- 17,419
- 17,508
- 17,464

EH&A
HELPING SCHOOL DISTRICTS MEASURE UP
Enrollment Projection Example

National School District Enrollment Projections
2013-14 through 2022-23

- 3-Year Simple
  - 2013-14: 5,705
  - 2014-15: 5,621
  - 2015-16: 5,605
  - 2016-17: 5,453
  - 2017-18: 5,375
  - 2018-19: 5,303
  - 2019-20: 5,273
  - 2020-21: 5,207
  - 2021-22: 5,168
  - 2022-23: 5,148

- 3-Year Weighted
  - 2013-14: 5,719
  - 2014-15: 5,643
  - 2015-16: 5,632
  - 2016-17: 5,483
  - 2017-18: 5,409
  - 2018-19: 5,341
  - 2019-20: 5,311
  - 2020-21: 5,245
  - 2021-22: 5,206
  - 2022-23: 5,182

- 5-Year Weighted
  - 2013-14: 5,728
  - 2014-15: 5,670
  - 2015-16: 5,677
  - 2016-17: 5,548
  - 2017-18: 5,489
  - 2018-19: 5,428
  - 2019-20: 5,398
  - 2020-21: 5,331
  - 2021-22: 5,293
  - 2022-23: 5,269

- 5-Year Simple
  - 2013-14: 5,738
  - 2014-15: 5,695
  - 2015-16: 5,717
  - 2016-17: 5,605
  - 2017-18: 5,557
  - 2018-19: 5,506
  - 2019-20: 5,476
  - 2020-21: 5,409
  - 2021-22: 5,371
  - 2022-23: 5,347
Classroom Inventory
Classroom Capacity Analysis

☐ A Guiding Tool for:

- Baseline for State Funding
- Developer Fee Justification & Negotiations
- Student transfer policies
- Class size adjustments to goals
- Adequate school size determination
- Attendance area decisions
- Development of board policies and regulations
Updated Inventory of All Instructional Spaces

- Rooms
- Grade levels
- Programs
- Adequacy
- Special spaces
- Class size reduction goals
- District standards
- State standards
# Classroom Inventory Example

<table>
<thead>
<tr>
<th>Room No.</th>
<th>Room Type</th>
<th>District Capacity</th>
<th>State Capacity</th>
<th>Teacher and Grade</th>
<th>Total Sq. Ft.</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Pre-K, K-3</td>
<td>Grades 4-5</td>
<td>Special Ed</td>
<td>Severe</td>
<td>Non-Severe</td>
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Total: 15 E 0 2 1 33 33 0
**Classroom Capacity Example**

<table>
<thead>
<tr>
<th>Edison Language Academy</th>
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<tbody>
<tr>
<td><strong>District Program Capacity Calculations</strong></td>
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<tr>
<td>CR, K-3, w/out special ed</td>
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<tr>
<td>Students / Rm.</td>
</tr>
<tr>
<td>Subtotal</td>
</tr>
<tr>
<td>CR, 4-6, w/out special ed</td>
</tr>
<tr>
<td>Students / Rm.</td>
</tr>
<tr>
<td>Subtotal</td>
</tr>
<tr>
<td>Special Ed - Severe</td>
</tr>
<tr>
<td>Students / Rm.</td>
</tr>
<tr>
<td>Subtotal</td>
</tr>
<tr>
<td>Special Ed - Non-Severe</td>
</tr>
<tr>
<td>Students / Rm.</td>
</tr>
<tr>
<td>Subtotal</td>
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<td><strong>District Capacity 2013-2014</strong></td>
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<table>
<thead>
<tr>
<th>State Capacity Calculations</th>
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<td>Gross CR, K-6, w/out special ed</td>
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<tr>
<td>Students / Rm.</td>
</tr>
<tr>
<td>Subtotal</td>
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<tr>
<td>Gross CR, Special Ed - severe</td>
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<tr>
<td>Students / Rm.</td>
</tr>
<tr>
<td>Subtotal</td>
</tr>
<tr>
<td>Gross CR, Special Ed - non severe</td>
</tr>
<tr>
<td>Students / Rm.</td>
</tr>
<tr>
<td>Subtotal</td>
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<tr>
<td><strong>State Capacity 2013-2014</strong></td>
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</table>
Comparing Capacity to Projected Enrollment for Asset Management

<table>
<thead>
<tr>
<th>School Name</th>
<th>Number of Classrooms</th>
<th>Classroom Capacity - DISTRICT GOAL</th>
<th>Classroom Capacity - CURRENT LOADING</th>
<th>2016-17 Enrollment (Unofficial)</th>
<th>% Utilization to Site's Goal Capacity vs. Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>VS. 2017-18 Enrollment Projection</td>
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<tr>
<td>Del Rio ES</td>
<td>19</td>
<td>475</td>
<td>517</td>
<td>415</td>
<td>82.7%</td>
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<tr>
<td>Fawncrest ES</td>
<td>28</td>
<td>686</td>
<td>742</td>
<td>684</td>
<td>96.1%</td>
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<tr>
<td>Garrison ES</td>
<td>33</td>
<td>500</td>
<td>537</td>
<td>390</td>
<td>77.2%</td>
</tr>
<tr>
<td>Ivy Ranch ES</td>
<td>33</td>
<td>821</td>
<td>809</td>
<td>758</td>
<td>92.1%</td>
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<tr>
<td>Laurel ES</td>
<td>24</td>
<td>524</td>
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<td>445</td>
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<tr>
<td>Liberty ES</td>
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<td>McAlhffe ES</td>
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<td>722</td>
<td>792</td>
<td>633</td>
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<tr>
<td>Mission ES</td>
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<td>689</td>
<td>731</td>
<td>553</td>
<td>79.5%</td>
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<tr>
<td>Nichols ES</td>
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<td>722</td>
<td>776</td>
<td>648</td>
<td>85.9%</td>
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<td>North Terrace ES</td>
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<td>829</td>
<td>930</td>
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<tr>
<td>Palomar ES</td>
<td>27</td>
<td>671</td>
<td>784</td>
<td>662</td>
<td>95.3%</td>
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<tr>
<td>Reynolds ES</td>
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<td>681</td>
<td>732</td>
<td>622</td>
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<td>San Luis Rey ES</td>
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<td>451</td>
<td>499</td>
<td>344</td>
<td>72.4%</td>
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<tr>
<td>Santa Margarita ES</td>
<td>31</td>
<td>744</td>
<td>821</td>
<td>678</td>
<td>86.6%</td>
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<tr>
<td>South Oceanside ES</td>
<td>33</td>
<td>744</td>
<td>821</td>
<td>728</td>
<td>86.0%</td>
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<tr>
<td>Sulli Vista ES</td>
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<td>709</td>
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<tr>
<td>Jefferson MS</td>
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<td>764</td>
<td>644</td>
<td>94.3%</td>
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<td>King MS</td>
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<td>1564</td>
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<td>1466</td>
<td>106.8%</td>
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<tr>
<td>Lincoln MS</td>
<td>33</td>
<td>900</td>
<td>910</td>
<td>836</td>
<td>91.4%</td>
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<tr>
<td>El Camino HS</td>
<td>90</td>
<td>2400</td>
<td>3023</td>
<td>2855</td>
<td>120.5%</td>
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<tr>
<td>Oceanide HS</td>
<td>59</td>
<td>2161</td>
<td>2673</td>
<td>2157</td>
<td>99.2%</td>
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<tr>
<td>Ocean Shore HS</td>
<td>5</td>
<td>129</td>
<td>161</td>
<td>119</td>
<td>85.6%</td>
</tr>
<tr>
<td>NPS</td>
<td>9</td>
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<td>15</td>
<td>44</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Red indicates where the current enrollment or the projection exceeds the stated “Classroom Capacity - Current Loading”
Dimar is used for the AAAC Center
Enrollment data does not include PreK SDC
Condition Assessment

SPECIFIC NEEDS:
- HVAC: 68%
- ROOFING: 67%
- BUILDING CAPACITY: 60%
- TECHNOLOGY UPGRADES: 58%
- EMERGENCY REPAIRS: 51%
Update Facilities Condition Assessment Updates

- Coordination with District Architect(s) and Engineer(s)
- Committee Process – Builds District Capacity
- Facilities Assessment Process
- Prioritize Facilities Improvement Projects
- Recommend and Rank Projects
Facilities Needs Assessments Committee Deliberations
## Spend Your Dot Exercise

<table>
<thead>
<tr>
<th>Campus</th>
<th>Total Projects</th>
<th>Total Dot Points</th>
<th>Number of Projects w/ Dots</th>
<th>Highest Number of Points to One Project</th>
<th>Project with Highest Number of Points</th>
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</thead>
<tbody>
<tr>
<td>Central</td>
<td>84</td>
<td>7</td>
<td>3</td>
<td>4</td>
<td>HVAC/electric upgrades</td>
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<tr>
<td>Child Nutrition Services</td>
<td>77</td>
<td>15</td>
<td>4</td>
<td>5</td>
<td>Kitchen upgrades at John Otis</td>
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<tr>
<td>District Office</td>
<td>29</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>Larger parking lot</td>
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<tr>
<td>El Toyon</td>
<td>63</td>
<td>15</td>
<td>3</td>
<td>7</td>
<td>AC in all classrooms</td>
</tr>
<tr>
<td>Ira Harbison</td>
<td>48</td>
<td>11</td>
<td>4</td>
<td>5</td>
<td>Permanent library</td>
</tr>
<tr>
<td>John Otis</td>
<td>67</td>
<td>23</td>
<td>5</td>
<td>11</td>
<td>New two story building</td>
</tr>
<tr>
<td>Kimball</td>
<td>65</td>
<td>11</td>
<td>4</td>
<td>5</td>
<td>Secure pathway from office to classrooms</td>
</tr>
<tr>
<td>Las Palmas</td>
<td>70</td>
<td>9</td>
<td>4</td>
<td>3</td>
<td>Security cameras/upgraded exterior lighting</td>
</tr>
<tr>
<td>Lincoln Acres</td>
<td>57</td>
<td>21</td>
<td>5</td>
<td>7</td>
<td>Additional staff and student restrooms</td>
</tr>
<tr>
<td>M&amp;O</td>
<td>18</td>
<td>9</td>
<td>4</td>
<td>5</td>
<td>Electrical Upgrades</td>
</tr>
<tr>
<td>Olivewood</td>
<td>45</td>
<td>6</td>
<td>4</td>
<td>2</td>
<td>Drop-off/safe and secure fencing</td>
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<tr>
<td>Palmer Way</td>
<td>93</td>
<td>9</td>
<td>4</td>
<td>5</td>
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<tr>
<td>Preschool</td>
<td>23</td>
<td>5</td>
<td>3</td>
<td>2</td>
<td>Sensory room/centralized preschool</td>
</tr>
<tr>
<td>Rancho de la Nacion</td>
<td>37</td>
<td>9</td>
<td>4</td>
<td>3</td>
<td>Upgrade parent drop-off/pick-up</td>
</tr>
<tr>
<td>Transportation</td>
<td>7</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
</tr>
<tr>
<td>Warehouse</td>
<td>27</td>
<td>9</td>
<td>4</td>
<td>5</td>
<td>Centralized Kitchen</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>810</strong></td>
<td><strong>163</strong></td>
<td><strong>58</strong></td>
<td><strong>71</strong></td>
<td></td>
</tr>
</tbody>
</table>
## Summary

### Facilities Assessment

<table>
<thead>
<tr>
<th>Campus</th>
<th>Total Projects</th>
<th>Total Dot Points</th>
<th>Nr of Projects with dots</th>
<th>Highest Nr of Points to One Project</th>
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<tbody>
<tr>
<td>District Office</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>IT—Districtwide</td>
<td>6</td>
<td>21</td>
<td>2</td>
<td>20</td>
<td>District wide mass notification system</td>
<td>n/a</td>
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<td>9</td>
<td>12</td>
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<td>1st</td>
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<tr>
<td>Grand Total</td>
<td>54</td>
<td>23</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Needs Analysis
Facilities Needs
Use a Variety of Inputs

- Engineering review
- Safety and security
- M&O input
- Facilities site assessments
- Work order history - tie in
- Visual inspections
- Site capacities
- Repair or replace?
Cost Estimates
Updated Cost Estimates

- Work with District Staff on scope and priorities
- District Architect(s) or estimating firm
- Develop hard and soft costs
- Refine with an inflation projection
- Include project contingencies (key!)
Educational Specifications
Educational Specifications

- The teaching and learning environment
- Standards for design
- Specifications and area of rooms by function
- Equity and standardization
- Requirements by grade level and program
- 21st Century learners
- Saving operational funds
- What works & what doesn’t
Educational Specifications

- Components:
  - Trends in tech
  - Language learning
  - Common Core Standards
  - Flexible spaces, furniture
  - Broad band access district wide
  - Science, Tech, Engineering, Math
## Example Educational Specification

### Grade Span or Specific Area: Primary Elementary Classroom

**Enrollment/Personnel:** Up to 32 students, 1 teacher

**Introduction:** The primary elementary classroom should be large enough for various learning activities such as circle time, small and large group instruction, and age-appropriate technology devices.

**Curriculum to be Taught:** Common Core State Standards aligned ELA and math, CA CCSS English Language Development Standards, Next Generation Science Standards based science, and social studies, as well as music, art, physical education. Technology and problem solving is taught throughout the subject areas.

**Educational Outcomes:** Mastery of all grade level standards preparing students for college and career readiness.

<table>
<thead>
<tr>
<th>Discernible Trends</th>
<th>Teaching, Learning, and Other Activities in Specific Areas</th>
<th>Facility Considerations</th>
<th>Special Requirements or Other</th>
</tr>
</thead>
</table>
| **Technology:**    | * Wireless technology, one-to-one devices suitable for young learners*
|                    | Language Learning: Language experiences, developmental grouping, language experiences, intentional academic vocabulary, Common Core State Standards, Problem solving, citing evidence, reasoning, depth of knowledge and rigor* |
| **STEAM:**         | Experimenting, integration of tech, math and engineering concepts in thematic units. |
|                    | English Language Arts |
|                    | * Shared reading*
|                    | * Guided Reading*
|                    | * Small motor skills*
|                    | * Writing process and workshop*
|                    | * Group/partner work*
|                    | * ELD-language experience, Realia, developmental grouping*
|                    | * Whole group and small group work with electronic devices* |
|                    | Durable rugs for sitting and student workspace with squares for student places |
|                    | Low tables for visuals |
|                    | Space for writing center, library reading, small groups |
|                    | Wall space to display work |
|                    | Ceiling-mounted LCD projector and wireless streaming (Airplay) device (e.g., Apple TV) |
|                    | Retractable screen |
|                    | Communications system |
|                    | Space for age appropriate computers on desk tops, as well as hand held devices |
|                    | Classroom walls should be able to open to provide ability to team teach, and combine students for grouping experiences |
|                    | Cabinets for student storage needs |
|                    | Storage room for volume of materials in primary classes |
|                    | Storage for student backpacks |
|                    | Sink with drinking fountain at appropriate height |
|                    | 4-2 student tables with chairs for centers, for bookshelves, tables |
|                    | Kidney tables for small groups with 6 chairs |
|                    | Although in class bathrooms are not necessary, consideration to proximity of bathroom should be taken into account. |
Funding Update
What does aggressive mean to you?

**Definition:** very involved in activity

**Synonyms:** aggressive, agile, alert, alive, animated, assiduous, bold, brisk, bustling, busy, chipper, daring, dashing, determined, dexterous, diligent, dynamic, eager, energetic, engaged, enlivened, enterprising, enthusiastic, eventful, fireball, forceful, forcible, fresh, frisky, hard-working, high-spirited, hyper, industrious, intense, inventive, jumping, keen, lively, nimble, on the move, perky, persevering, purposeful, pushing, quick, rapid, ready, resolute, sharp, sprightly, spry, whiz*, zealous

**Antonyms:** disinterested, idle, indifferent, lazy, quiescent, quiet
No one hands you any funds for facilities!

A Robust Facility Program requires Aggressive pursuit of funds.

Standing idly by and waiting for someone to provide your District with facility funding will result in an empty hand.
Capital Facilities Funds Update

- Local Bonds
- Developer Fees
- State Funding
  - Prop 51
  - Current Eligibility
  - Future Eligibility
  - New Construction
  - Modernization
  - Charter School
- Prop 39 Clean Energy Funds
- General Fund: Deferred Maintenance
## Sample Funding Options Matrix

### Potential State Modernization Funding at Eligible Sites

<table>
<thead>
<tr>
<th>Site</th>
<th>Number of Eligible Pupil Grants</th>
<th>Base Grants</th>
<th>SDC Severe</th>
<th>SDC Non-Severe</th>
<th>Automatic Fire Detection/Alarm System – SDC Severe</th>
<th>Automatic Fire Detection/Alarm System – SDC Non-Severe</th>
<th>Over 50 years</th>
<th>Over 50 years – SDC Severe</th>
<th>Over 50 years – SDC Non-Severe</th>
<th>Total Value of Eligible Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alila Elementary (3-5)</td>
<td>TBD</td>
<td>$3,928</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Earlimart Elementary (K-2)</td>
<td>TBD</td>
<td>$3,713</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Earlimart Middle (6-8)</td>
<td>TBD</td>
<td>$5,141</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Earlimart Community Day (4-8)</td>
<td>TBD</td>
<td>$3,713</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$-</strong></td>
</tr>
</tbody>
</table>

### Potential State New Construction Funding

<table>
<thead>
<tr>
<th>Site</th>
<th>Number of Eligible Pupil Grants</th>
<th>Base Grants</th>
<th>SDC Severe</th>
<th>SDC Non-Severe</th>
<th>Total Value of Eligible Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earlimart Districtwide</td>
<td>165 Elementary (165-265-265)</td>
<td>$9,751</td>
<td>N/A</td>
<td>N/A</td>
<td><strong>$1,608,915</strong></td>
</tr>
<tr>
<td>Earlimart Districtwide</td>
<td>26 Middle (26-26-26)</td>
<td>$10,312</td>
<td>N/A</td>
<td>N/A</td>
<td><strong>$268,112</strong></td>
</tr>
</tbody>
</table>

**Total Value of New Construction and Modernization Potential Funding**: **$1,877,027**

Source: Office of Public School Construction Remaining Eligibility, Modernization and New Construction December 24, 2013

Notes:

1. Values are based on current Grant Amounts Adjusted January 23, 2013 by the State Allocation Board
2. Calculations are preliminary for planning purposes only
3. EH&A will evaluate sites for potential additional eligibility and funding
# State School Facilities Program Funding Eligibility Matrix

<table>
<thead>
<tr>
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<td>23</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Prioritization Process
Inputs defining Your Districts Facilities Needs

1. Facility Advisory committee
2. Condition assessments
3. Instructional needs
4. District maintenance, tie in to work order history
5. Technology plan
6. Executive Team
7. Board priorities

Projects to be developed by site and program
Deciding on Priorities

- Priority Ranking
  - Age of buildings
  - Portable removal plan
  - Matching money
  - Instructional environment
  - Regional equity
  - Safety and security
  - Schools not recently improved
  - Enrollment
Update of Project Priorities

- Facilitate the decision making process
- Work with district architect(s) and consultants
- Develop facilities master plan list of project priorities and phasing plans
- Work closely with facilities and M&O staff
- Superintendents Cabinet Discussion
- Executive Team Recommendations
- Board consideration and approval
Deciding on Priorities

- Recommendations reviewed and discussed at executive cabinet level
- What are the Board’s priorities?
- Board review and approval
- Consider an outside facilitator
- Consider a master plan consultant

*The consultant guides and the district decides!!*
LRFMP Summary

- Master Planning – What it is?
- Master Plan Elements
- Demographics and Enrollment Projections
- Master Plan Parts and Pieces
- Analysis of Capacity
- Assessment of Facilities
- Specifications
- Funds
- Cost Estimates
- Prioritization of Projects
- Capital Facilities Funds – Maximize/Timing
Thank you for the opportunity to be of service to CASBO Southern Section and School Districts you serve.

Eric J. Hall
President, Eric Hall & Associates
eric@ehanda.com
760.519.8531
LCFF Hot Topics, What’s Next? Round Table Discussion ACT32

The views and opinions expressed in this presentation are those of the authors and do not necessarily reflect those of CASBO.
Presenters

• Susana Lopez, Assistant Superintendent of Business Services
  • Alvord Unified School District
  • Enrollment 19,000
  • UPP= 81%

• Joan Velasco, Assistant Superintendent of Business Services
  • Fullerton Joint Union High School District
  • Enrollment 14,000
  • UPP = 51%
Topics of Discussion

- LCFF Full Funding
  - What’s the message to stakeholders?
  - More money? New Money? Money ahead of schedule?

- Supplemental & Concentration Funds
  - How do we track?
  - Who’s looking?

- Minimum Proportionality Percentage (MPP)
  - What changes at full implementation?
  - What happens if it’s not met?
LCFF Funding

- In the 2018-19 Governor’s January Budget Proposal $78.3 billion is allocated to fully fund the Local Control Funding Formula (LCFF) gap.

- Implementation is proposed to be reached 2 years ahead of schedule.
LCFF Funding

• What’s the message to stakeholders?

• More money? New Money? Money ahead of schedule?
Supplemental & Concentration Funds

• How do we track?

• Who’s looking?
Minimum Proportionality Percentage (MPP)

• During implementation you were required to increase services from previous year only, did not require you to spend 100% of supplemental/concentration funds received.

• At full implementation, Districts need to meet MPP.
Minimum Proportionality Percentage (MPP)
Define a Base/Core Program

LCAP Decision-Making Tree
Part 3 of 4

How do we identify the percentage by which actions/services are increased or improved for our UPs?

5. Identify S/C Expenditures
6. Define Your Core
7. Measure the Increased Service

The LEA locally defines its core program by asking and answering "What are we providing to all students not utilizing S/C grant dollars?"

- Board policies related to promotion and graduation
- Administrative ancillary services that support core program
- Education Code requirements applicable to all students

Measure the difference between your core and the increased/improved service. This demonstrates a proportionate increase or improvement in services (not an increase in dollars).

Will your decision build or erode trust?
Minimum Proportionality Percentage (MPP)

• What changes at full implementation?

• What happens if it’s not met?
Overview and Nuances of the Negotiation Process

CASBO Spring Workshop
March 16, 2018

Presented by:
John M. Rajcic, Partner
Overview

Topics:

- Brief History of Collective Bargaining in California Schools
- Definitions and Terms
- Legislation, Statutes, Decisions
- Legally Required Steps in the Process
- Impasse Procedures
- Union Tactics
- Open Forum
History of Collective Bargaining in Schools

• EERA – Educational Employment Relations Act 1975
  – Winton Act
  – State Employer – Employee Relations Act

• PERB – Public Employment Relations Board
  – Representation
  – Scope of Representation
  – Unfair Practices
  – Grievance Arbitration
  – Organizational Security
  – Dispute Settlements and Strikes
  – Public Notice
Information is included in Tab 1.

- This is a comprehensive list of definitions and terms to keep for future reference.
RELEVANT COLLECTIVE BARGAINING STATUTES

- 3543  Rights of Employees
- 3543.1 Rights of Employee Organizations
- 3543.2 Scope of Representation
- 3543.3 Duty of Employer to Negotiate
- 3544.9 Duty of Fair Representation
- 3547 Proposals Relating to Representation; Informing Public Adoption of Proposal; New Subjects; Regulations
Legally Required Steps in the Process

- Sunshine Process
- Negotiations Sessions
- Tentative Agreement or Impasse
- Mediation
- Fact Finding
- Good Faith consideration of the Fact Finding Report
- Board of Education Unilaterally Implements Last Best and Final Offer
- Union Strikes (worst case scenario?)
Legally Required Steps in the Process

**Sunshine Process**

- Government Code 3547
- Process:
  - Before meeting and negotiating
- One Board Meeting vs. Multiple Board Meetings
- Specificity
Legally Required Steps in the Process

Negotiation Process

- Traditional vs. Interest-Based Models
- Meeting and Negotiating
- Subjects of Bargaining
- Duty to Bargain in Good Faith
Traditional (Positional) Bargaining

- Prevail
- Withdraw
- Compromise
Interest-Based Bargaining

“The Story”
(Issues to be Addressed)

1. Identify stakeholders & interests
2. Develop options
3. Evaluate options against interests
4. Create a “straw design” by merging/refining best options
5. Agree using consensus
Meet and Negotiate

- Employers must meet and negotiate in good faith with the duly selected exclusive representative of its employees as to the subjects within the statutorily defined scope of representation.
Subjects of Negotiations

Scope of Representation

- The scope of representation shall be limited to “matters relating to wages, hours, and other terms and conditions of employment.”
  - See Gov. Code, § 3543.2(a)

- The employer and exclusive organization must meet about mandatory subjects of negotiation but cannot require negotiation of non-mandatory subjects to point of impasse.
Subjects of Negotiations

Mandatory Topics

- District and employee representative must meet and negotiate regarding mandatory subjects of bargaining
- If an agreement cannot be reached, either or both parties may go to impasse

Permissive and Non-Mandatory Topics

- If not a mandatory topic, then topic is reserved to the district and district may consult with the union
- Can’t require district or employee representative to meet and negotiate regarding permissive or non-mandatory subjects of bargaining
- If you do bargain such subjects and you don’t reach agreement, you can’t go to impasse on such items
- May still need to bargain “effects”
Whenever the district wants to make a change with respect to a mandatory subject of bargaining

Before making a firm decision, the district must:

- Give notice of its intended decision to the union
- Provide an opportunity for the exclusive rep to negotiate

Duty also arises under terms of CBA

If no request to negotiate by union, then they waive the right to negotiate concerning this decision
“Good faith” means come to the table with open and fair minds and with the purpose of reaching an agreement.

Doesn’t require yielding of positions which are fairly maintained; therefore, insistence on original position may be OK (hard bargaining).
How is the Duty to Bargain in Good Faith Violated?

- Unilateral change (no notice/opportunity to bargain) in term or condition of employment (CBA or past practice) that amounts to change in policy and has a generalized effect or continuing impact on terms and conditions of employment and concerns a mandatory subject of bargaining
- Outright refusal to negotiate a mandatory subject
- Insisting to impasse on a non-mandatory subject
- Failing to execute a written agreement that has been ratified
- Removal of bargaining unit work
- Bypassing the exclusive employee representative
- Refusal to provide info to union related to union’s duty to represent employees (unless burdensome)
- Conditioning bargaining proposal on waiver of statutory rights or dismissal of grievance or unfair practice charge
- Lack of prep for bargaining sessions; frequent turnover

Per Se Violations
### Other (Non-Per Se) Violations

<table>
<thead>
<tr>
<th>Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface bargaining</td>
</tr>
<tr>
<td>Rejecting proposals without a counter offer (no reasonable rationale for rejection)</td>
</tr>
<tr>
<td>Withdrawing proposals</td>
</tr>
<tr>
<td>Adopting “take it or leave it” attitude (but hard bargaining OK)</td>
</tr>
<tr>
<td>Dilatory tactics</td>
</tr>
<tr>
<td>Conditioning agreement on economic matters upon prior agreement on non-economic matters</td>
</tr>
<tr>
<td>Insistence on ground rules before negotiation on substantive issues</td>
</tr>
<tr>
<td>Other evidence of unlawful motivation</td>
</tr>
<tr>
<td>Having bargaining rep without sufficient authority</td>
</tr>
<tr>
<td>Injecting significant new proposals late in negotiations</td>
</tr>
<tr>
<td>Reneging on a tentative agreement</td>
</tr>
</tbody>
</table>
Good Faith Bargaining

Indicia of “Bad Faith”

• The “totality of circumstances” in light of the following factors:
  – Frequent turnover in negotiators;
  – Negotiator’s lack of authority;
  – Lack of preparation for bargaining sessions;
  – Missing, delaying, or canceling bargaining sessions;
  – Insistence on ground rules before negotiating substantive issues;
  – Taking an inflexible position.
Good Faith Bargaining

Indicia of “Bad Faith”

• The “totality of circumstances” in light of the following factors:
  – Regressive bargaining proposals;
  – Proposing predictably unacceptable counterproposals;
  – Repudiation of a tentative agreement; and
  – Conditioning agreement on acceptance of proposals to settle grievances, unfair practice charges, or agreement on non-mandatory subjects of bargaining.
What Does a Typical CBA Look Like?

Typical CBA Clauses

- Recognition
- Union Rights & Management Rights
- Zipper/Waiver
- Organizational Security/Agency Fee
- Health & Welfare Benefits
- Term & Reopeners

- Compensation
- Grievance Procedure
- Hours
- Leaves
- Evaluation
Legally Required Steps in the Process (if no agreement is reached)

- Impasse
- Mediation
- Fact Finding Panel
- Fact Finding Criteria
- Fact Finding Hearing
- Fact Finding Report

See Tab 2 for a Detailed Description of the Statutory Impasse Process
What is Impasse?

• Impasse is a point during negotiations at which the parties’ differences on pending issues are so substantial that future meetings would be futile.

• Once this occurs, either party may declare that an impasse exists and initiate the process for appointing a mediator. A request for a mediator may also be jointly filed.

• PERB has five days to act upon a request for the appointment of a mediator.
Mediation

- First step in the impasse procedure.
- The Public Employment Relations Board ("PERB") is the agency that appoints mediators.
- As a general rule, mediation dates are jointly scheduled.
- The Mediator meets jointly and/or separately with the parties to persuade them to resolve their differences and enter into a mutually-acceptable agreement.
- There is no charge to the District for the services of the Mediator.
- The Mediator determines how many times the parties meet.
- The Mediator’s recommendations are private and non-binding upon the parties.
- The Mediator has no authority to compel a settlement.
- Most impasses are resolved through the mediation process.
Fact-Finding

• If mediation is unsuccessful, then fact-finding is generally the next step in the impasse process.
  – The mediator will decide whether fact-finding is appropriate to the resolution of the impasse.

• Fact-finding panel
  – Makes an effort to analyze the parties’ positions and to make recommendations for resolution of the parties’ disputes.
  – Conducts hearings in which the parties are required to submit documentary and testimonial evidence in support of their negotiation positions.
  – Makes a non-binding recommendation to the parties detailing the panel’s suggested resolution of the impasse.
Fact-Finding Panel Selection

- Three-Member Panel
  - Each party selects a member to serve on the panel.
  - PERB is responsible for appointing a third member to serve as chairperson of the fact-finding panel.
  - In lieu of PERB appointing a chairperson, the Parties may mutually designate any person to serve as chairperson.

- Costs
  - If the parties use a chairperson selected by PERB, all costs are borne by PERB.
  - If a mutually selected chairperson is used, the parties split the costs of the chairperson.
Fact-Finding Hearing

• Hearing occurs within ten (10) days after the appointment of the panel, unless the parties agree to an extension of time.

• The panel meets with the parties jointly or separately, and may make inquiries and investigations, hold hearings, and take such other steps as it may deem appropriate.

• The panel has the power to issue subpoenas requiring the attendance and testimony of witnesses and the production of evidence.

• The employer is required to furnish the panel with all records, papers, and information in its possession relating to any matter under investigation or at issue before the panel.
Fact-Finding Criteria

• The panel must consider in reaching its findings and conclusions:
  – State and federal laws that are applicable to the employer.
  – Stipulations of the parties.
  – The interests and welfare of the public and the financial ability of the public school employer.
  – Comparison of the wages, hours, and conditions of employment of the employees involved in the fact-finding proceeding with the wages, hours, and conditions of employment of other employees performing similar services and with other employees generally in public school employment in comparable communities.
  – The consumer price index for goods and services, commonly known as the cost of living index.
Fact-Finding Criteria

• The panel must consider in reaching its findings and conclusions:
  – The overall compensation presently received by the employees, including direct wage compensation, vacations, holidays, and other excused time, insurance and pensions, medical and hospitalization benefits; the continuity and stability of employment; and all other benefits received.
  – Any other facts… which are normally or traditionally taken into consideration in making findings and recommendations.

• The parties are required to submit either a joint or separate statement of the issues to be addressed by the fact-finding panel if PERB has selected the panel’s chairperson.
Fact-Finding Panel Decision

- The panel has only thirty (30) days within which to conduct hearings and investigations, make findings of fact, and issue advisory recommendations regarding the terms of a settlement, unless the parties agree to an extension of the thirty (30)-day period.
- The panel’s recommendations are privately submitted in writing to the parties, but must be made public by the employer within ten (10) days after receipt of the recommendations.
Completing Impasse Procedures and Ending Impasse

- Once the fact-finding report is issued, both parties are required to consider the report in good faith to determine if it provides a basis for settlement. Further, the parties must consider any new proposals made by the other party to determine if room for further movement via negotiations exists.

- The employer may unilaterally implement new terms and conditions of employment that are reasonably contemplated within its “last, best offer” after completion of the impasse procedures.
Legally Required Steps in the Process

**Post-Fact Finding Sessions**

- Impasse procedures are not considered complete until the parties have considered the Fact Finding Report in good faith and have attempted to use it as the basis for settlement
  - Must consider each others’ proposals
  - Employer must act in good faith to determine whether there is a sufficient change in circumstances to warrant further negotiations
Legally Required Steps in the Process

Unilateral Implementation of Last, Best and Final Offer

- After Impasse procedures are completed, employer may implement it’s last pre-impasse proposal.
Legally Required Steps in the Process

**Strike**

- Only upon completion of Impasse
  - Legal but not protected
- Work Stoppages prior to completion of Impasse may be considered an unfair labor practice
Union Tactics

- Issue Negotiation Updates that Misrepresent, Distort Facts
- Survey Members, Evaluate Administrators
- Votes of No Confidence
- Refuse Voluntary Duties (“Work to Rule”)
- Informational Picketing
- Filing Unfair Practice Charges and Grievances
- Working Without a Contract
- Demands for a “Fair” Contract
- All the Union wants is Respect
- Boycott Businesses of Governing Board Members
- Strike Vote
Disclaimer

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Thank You

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Charter School Oversight
Part I
CASBO - Southern Section Spring Event Workshop

March 16, 2018
Sue Ann Salmon Evans
What is Oversight

- Authorizer has responsibility for ongoing oversight
  - must ensure compliance with charter and governing laws
  - district may charge 1-3% of charter revenue for supervisory oversight
  - charter schools must respond to district’s reasonable requests for information

- Role of County Superintendent
  - Monitor operations of charter schools within county (Ed. Code 47604.4)
  - Review & audit expenditures/internal controls of charter schools within county (Ed. Code 1241.5)
  - Request Fiscal Crisis & Management Assistance Team (FCMAT) review fiscal and administrative condition of charter school (Ed. Code 42127.8)
What is Oversight

- Ed. Code § 47604(c) – ties District liability to performance of oversight duties
- Ed. Code § 47604.32 – defines duties of chartering authority:
  - identify contact person for charter school
  - visit charter school at least annually
  - ensure that charter school complies with all reporting requirements (including Ed. Code section 47605(m) regarding annual audit report)
  - monitor charter school’s fiscal condition
  - notify State Department of termination
- All other oversight duties required by law
What is Oversight?

- Oversight is…
  - Monitoring the charter school operations to evaluate compliance on an ongoing basis
  - Meeting the statutory obligations of oversight
  - Investigating complaints or potential violations by charter school
  - Taking action to seek compliance when authorizer knows or has reason to know of a potential grounds for revocation
  - Action to revoke as necessary

- What is not oversight?
  - Controlling or directing the operations of the charter school
What is Oversight?

- Laws governing charter schools include:
  - Charter Schools Act
    • (Ed. Code, § 47600, et seq.)
  - State Teachers Retirement
    • (Ed. Code, § 47611.)
  - Charter School Revolving Loan Fund
    • (Ed. Code, § 41365.)
  - Laws establishing minimum age for public school attendance
    • (Ed. Code, § 47610.)
  - California Building Standards Code
    • (Cal. Code of Reg., Title 24, Part 2, § 101 et seq.)
What is Oversight?

...and:

- Personnel-related requirements:
  - credentialing,
  - background checks,
  - TB testing,
  - retirement reporting.
- State pupil assessments.
  - E.g., ESL assessments.
- Student data reporting.
  - E.g., enrollment, CALPADS reporting.
- LCAP updates, annually.
What is Oversight?

- Oversight includes monitoring charter school:
  - Fiscal Status
  - Educational Program
  - Personnel/Labor Practices
  - Governance
Fiscal Status

- Fiscal issues can be identified in the charter petition review process:
  - are the enrollment and ADA projections supported?
  - does the budget support the promises of the charter petition?
  - does the budget reflect appropriate staffing and staffing costs?
  - is the budget based on correct LCCF calculations?
Fiscal Status

- does the budget include reserves?
- does the budget rely on donations and are they documented?
- does the budget include borrowed funds or reflect a plan to borrow or sell receivables?
- is the budget complete – does it account for all financial obligations?
Fiscal Status

- District oversight responsibilities:
  - Ensure that charter school complies with all reporting requirements
  - Education Code section 47605(m): Charter school must provide annual audit report to chartering entity, State Controller and County Superintendent
    - Monitor the charter’s fiscal condition
      - Ensure audit is timely received and reviewed for exceptions or fiscal issues
Fiscal Status

- Charter school statutory financial reporting requirements
  - Charter schools required to prepare and submit annually to the chartering authority the following reports:
    - Preliminary budget (by July 1)
    - Interim financial report (by 12/15 – for changes through 10/31)
    - Second interim financial report (by 3/15 – for changes through 1/31)
    - Final unaudited report (by September 15, for previous fiscal year)
Fiscal Status

- Charter can be revoked if charter school:
  - “Violated any provision of law.” (Ed. Code §47607(c)(1)(D))
  - “Failed to meet generally accepted accounting principles, or engaged in fiscal mismanagement.” (Ed. Code §47607(c)(1)(C))
Fiscal Status

- Monitoring fiscal condition:
  - Multiple Year Financial Plan
  - Short or long-term debt
  - Bank account balances/cash flow
  - Audit information
  - Reserves
  - Staffing and enrollment projections
  - Internal controls regarding disbursements, etc.
  - Student attendance reporting
  - Teacher credentials
Fiscal Status

- Other areas of oversight:
  - STRS/PERS/Benefits
  - Payroll/Wages
  - Funding determination for independent study charter
  - Insurance compliance
  - Potential liability claims
Effective Oversight

- **Organization:**
  - Require the charter school to provide information/documents demonstrating credentials, clearances, and safety plan before school begins.
  - Require charter to provide all necessary permits, insurance, etc. before school begins.
  - Set timelines for receiving documentation to permit enough time to evaluate (e.g., budgets, proof of insurance, etc.).

- **Communication:**
  - Visit more than once a year.
  - Require charter attendance and participation in any additional meetings (e.g., LCAP, facilities issues, instructional minutes, etc.).
  - Require the charter school provide all agendas and meeting minutes.
  - Require notification regarding debt.
  - Require a performance audit.

- **Cooperation:** the MOU.
Oversight: The MOU

- A Memorandum of Understanding (MOU) should be incorporated into the charter school’s operative charter petition.
- Establishes additional logistical/practical details.
- Addresses subjects not necessarily discussed in the charter petition.
Oversight: The MOU

- Key MOU terms:
  - Access to all information, including CMO documents (if applicable).
  - State funding under the new Local Control Funding Formula.
    - LCAP development, adoption, and annual updates.
    - LCFF compliance with funding expenditures
    - Compliance with revised/updated LCAP evaluation rubrics.
    - Compliance with additional/revised/updated SBE accountability requirements.
  - Fiscal issues: budgetary, cash flow, fiscal reserve, debt, financial audit requirement/limitations.
  - Oversight fees.
Oversight: The MOU

- More key MOU terms:
  - Legal relationship between charter school and authorizer.
  - Compliance with Common Core Standards.
  - Special Education – e.g., IDEA, enrollment, Section 504, relationship with LEA.
  - Special Education encroachment calculation.
  - Insurance and indemnity obligations.
  - Charter risk management policies.
Oversight: The MOU

- More key MOU terms:
  - Educational Program and programmatic/performance reviews.
  - Facilities issues.
  - Administrative services.
  - Closure obligations.
Charter School Oversight
Part II
CASBO - Southern Section Spring Event Workshop

March 16, 2018
Sue Ann Salmon Evans
Fiscal Accountability

Q: When is a charter out of compliance?
A: When the charter is “fiscally mismanaged.”

- Unreasonable budget (e.g., based on excessive ADA)
- Failure to meet statutory reporting requirements
- Failure to fund payroll/benefits/insurance
- Inadequate reserves/deficit spending
- Unapproved contracts or financial commitments
Fiscal Accountability

- Failure to pay vendors
- Violation of conflict of interest and/or misappropriation
- Excessive debt
- Audit reflects not operating in compliance with GAAP or other fiscal issues
Authorizer Response to Violations

Q: What is the proper oversight response?
A: Written request that charter school remedy.

- If the violation is one that the authorizer is unlikely to consider as grounds for revocation or “material” violation, authorizer may send letter documenting concern and requesting correction.
- If material violation, authorizer is expected to seek compliance pursuant to the revocation process.
Authorizer Response to Violations

- **Notice of Violation:**
  - At least 72 hours prior to any board meeting in which a chartering authority will consider issuing a Notice of Violation
  - Notice of Violation: chartering authority shall provide the charter school with notice and all relevant documents related to the proposed action
    - Identify all facts demonstrating fiscal mismanagement
    - Provide all documents supporting allegations
    - Provide deadline for “reasonable opportunity to remedy”
What if the Violation is Not Remedied?

Q: What if the problem is not fixed?
A: Move forward with revocation and/or seek corrective action plan

- If the chartering authority has substantial evidence that the charter school failed to refute or remedy a violation, authorizer issues Notice of Intent to Revoke to the charter school’s governing body.
Revocation Process

Q: What are the limitations on revocation?
A: If seeking revocation, public hearing must be held within 30 days; Final Decision must be made within 60 days; and, Final Decision must be supported by substantial evidence.

- If authorizer fails to act within timeline, revocation is terminated and Notice of Intent to Revoke is void.
- Final Decision must be provided to CDE and county board of education.
- Appeal rights to county board and State Board – if overturned, charter remains under the district’s authorization.
Alternatives to Revocation

Q: What are the alternatives to revocation?
A: None in statute but parties may agree to stay proceedings to allow for corrective action plan.

- Ensure agreement:
  - Stays the proceedings and waives or “tolls” statutory and regulatory timelines
  - Provides that failure to meet the requirements of the agreement will result in revocation without further proceedings and/or require surrender of the charter (e.g., parties agree that failure to meet the terms demonstrates substantial evidence of failure to timely remedy violations)
Alternatives to Revocation

Ensure agreement:

- Provides clear timelines for required actions
- Provides authorizer with discretion to determine whether charter has met the requirements
- Protects authorizer from claims related to charter actions
- **Does not make authorizer responsible for charter school operational decisions**
Charter School Closure

- Ed. Code, § 47607(i):
  - A charter school is required to close immediately upon revocation where the charter is revoked based on fiscal mismanagement or violation of law.
  - A charter school “shall continue to qualify as a charter school for all purposes” after revocation through the appeal process if revocation is based on violation of the charter and/or failure to meet pupil outcomes – entitled to full funding, “grants, resources, and facilities in order to ensure that the education of pupils enrolled in the school is not disrupted.”
Charter School Closure

- Closure procedures governed by 5 CCR, §§ 11962, 11962.1
- Unclear who is responsible for closure
  - Charter? Authorizer?
  - Regs refer to “Procedures” without imputing responsibility for compliance and “Duties of Chartering Authority”
- Authorizer as oversight agent is ultimately responsible for ensuring that proper action is taken to close school
Charter School Closure

- Procedures for Closure:
  - Designation of a “responsible entity” to conduct closure-related activities
    - Auditor?
    - Charter Director or Employee?
    - Authorizer Staff?
    - Charter Business Services Vendor?
Charter School Closure

- Procedures for Closure:
  - Completion of an independent final audit within six months after the closure of the school that may function as the annual audit, and that includes at least the following:
    - Accounting of all financial assets, including cash and accounts receivable and an inventory of property, equipment, and other items of material value
    - Accounting of the liabilities, including accounts payable and any reduction in apportionments as a result of audit findings or other investigations, loans, and unpaid staff compensation
    - Assessment of the disposition of any restricted funds received by or due to the charter school
Charter School Closure

- Procedures for Closure:
  - Disposal of any net assets remaining after all liabilities of the charter school have been paid or otherwise addressed, including:
    - Return of any grant funds and restricted categorical funds to their source in accordance with the terms of the grant or state and federal law (may include submission of final expenditure reports for entitlement grants and the filing of any required Final Expenditure Reports and Final Performance Reports)
    - Return of any donated materials and property in accordance with any conditions established when the donation of such materials or property was accepted
Facilities Under Prop 39

- School districts with charter schools operating in their boundaries may be obligated to provide facilities for charter school students under Proposition 39. (Ed. Code, § 47614.)

- The request cycle is annual and starts November 1 each year and culminates in May with the charter school’s acceptance or rejection of the district’s final offer.
Facilities Under Prop 39

- Proposition 39 obligates school districts to provide *reasonably equivalent* facilities to charter schools who project or enroll at least 80 ADA from that district.

- This obligation applies even if the charter was *granted by another agency* (such as a county board of education or the State Board of Education.)
Facilities Under Prop 39

- Facilities offered must be contiguous, furnished and equipped, and reasonably equivalent to district schools that the charter school students would have otherwise attended. The State Board of Education has implemented detailed regulations defining the key terms of Proposition 39. (5 CCR, §§ 11969.1 et seq.)
HOLD ON TO YOUR ASSETS!

Southern Section
Spring Workshop
March 16, 2018
The district is responsible for maintaining an accounting system for their assets. From acquisition to disposal, maintaining an effective management process is core to the success of this system.
WHAT IS AN ASSET?

• **Capitalized Fixed Asset**
  - Movable personal property, including such equipment as vehicles, machinery, computer systems, and playground equipment, that have both an estimated useful life over one year and an acquisition cost equal to or greater than the capitalization threshold established by the LEA ($5,000)
  - Land and Improvements, and Buildings and Improvements, that exceed the capitalization threshold
  - *also referred to as “Capital Asset”*

• **Non-Capitalized Asset**
  - Movable personal property of a relatively permanent nature that has an estimated useful life greater than one year and an acquisition cost less than the LEA’s capitalization threshold but greater than the LEA’s inventory threshold pursuant to *Education Code Section 35168* ($500)
  - *also referred to as “Fixed Asset” or “Inventory Asset” or “Inventory Item”*
The governing board of each school district, shall establish and maintain a historical inventory, or an audit trace inventory system, or any other inventory system authorized by the State Board of Education, which shall contain the description, name, identification numbers, and original cost of all items of equipment acquired by it whose current market value exceeds five hundred dollars ($500) per item, the date of acquisition, the location of use, and the time and mode of disposal. A reasonable estimate of the original cost may be used if the actual original cost is unknown.
LIFECYCLE OF AN ASSET

1. Acquisition
2. Receive / Record
3. Asset Inventory
   - Identified in Physical Inventory
   - NOT identified in Physical Inventory
4. Identify Means of Disposal
5. Board Approval
6. Disposal
7. Identified as needing to be disposed

Mark asset as disposed
Acquisition
• Identify the item clearly as an asset on the PO
  -Charge to the appropriate Object Code
  -Capture the costs accurately
  -Categorize in your inventory control system
• Don't forget about donations/gifts!

Receive / Record
• Assign an asset ID number
• Affix a property tag to the item
• Record specific identifying information
  (serial number, make and model)
• Record the new asset information in your inventory control system

CONGRATULATIONS! YOU'RE THE PROUD KEEPER OF A NEW ASSET!
Recoding New Asset Information — Minimum Requirements

- Description (include model # & other specific information)
- Identification Number (i.e. serial number)
- Cost
- Date of acquisition
- Location of use
- Assigned Tag #
WHAT, WHEN, AND WHERE TO TAG?

• Items that are required to be tagged
  - Fixed assets, as identified earlier, whose current market value exceeds $500 (including Capital assets when possible)

• Items to consider tagging
  - Refer to your district’s inventory process to determine if there is a list of items to be inventoried for internal control purposes, regardless of initial cost or value.
  - Any items that do not meet the dollar threshold, but have an intrinsic value and have been determined to be great enough to follow the asset inventory process

• Tag items at time of receiving the asset
  - At warehouse or central receiving upon initial receipt of item
  - If item is received at another site, send property tag and instructions, or send staff to tag item and record item information such as serial number
TAGGING OPTIONS

• Adhesive labels with numbers
• Bar code on labels
• Engraving
• Radio Frequency ID (RFID) – new technology!
The Code of Federal Regulations §200.313 states that –
“A physical inventory of equipment must be taken and the results reconciled with the property records at least once every two years” to verify the existence, current utilization, and continued need for the equipment.”

Any differences between quantities determined by the physical inspection and those shown in the accounting records should be investigated to determine the causes of the differences.

The results of the physical inventory can be used as a basis for writing off items that have been lost, stolen, or discarded and also for ADDING unrecorded items.
DISCREPANCIAS

What to do if the results of your inventory reflect discrepancies?

• Write off items that have been lost/discarded

• Add unrecorded items
DISPOSAL

PROPERTY THAT HAS REACHED THE END OF ITS USEFULNESS MUST BE ACCOUNTED FOR ANDRecordED

• The procedure may be initiated through various means…
  - Item is lost or stolen
  - Item is no longer needed or wanted at a particular site

• Approval by the governing board to remove the item from accountability

• Disposal – Various Options

• The procedure for disposal of the asset must be included in the inventory records. This includes time and mode of disposal.
DISPOSAL OPTIONS

• E-Waste
• Auction
• Recycle
• Donate
CAPITAL ASSETS AND DEPRECIATION

• The Governmental Accounting Standards Board (GASB) is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments.

• GASB Statement 34 includes specific reporting requirements for capitalized fixed assets.

• The value of all capital assets, as well as accumulated depreciation, must be included in the district’s annual Financial Statements and Audit Report.

• This is an important aspect of the district’s financial standing, which can affect a district’s bond and credit rating.

*Handouts*
Guide for Capitalization & Depreciation of Capital Assets
Reconciling Capital Assets at Year End
GASB 34 states that capital assets should be reported at historical cost. The cost of a capital asset should include any charges necessary to put the asset into place. Donated capital assets should be reported at their estimated fair value at the date of donation. Capital assets include moveable property (furniture & fixtures, machinery & equipment, automobiles, etc.), land, land improvements, buildings, building improvements, leasehold improvements, infrastructure, historical treasures & works of art, and all other tangible or intangible assets that are used in operations that have initial useful lives beyond a single reporting period. Capital assets that are not being depreciated should be disclosed separately from those that are being depreciated.

Depreciation of capital assets is calculated based on the initial cost to put the asset in place, the category of the asset, and the expected useful life in years. The most common calculation used by school district is the straight-line method of depreciation.
OPTIONS FOR INVENTORY MANAGEMENT

• Valuation of assets

• Method of Physical Inventory
  - Internal Review or Hire a Company

• Inventory System Consideration
Review current policies & procedures at your district

• Are you following rules & guidelines as defined by governing authorities?

• Are you identifying assets and recording them properly?

• Are you conducting routine physical inventory counts of your assets?

• Can you update the workflow to streamline the process?
RESOURCES

California School Accounting Manual, 2016, CA Department of Education

California Code of Regulations https://govt.westlaw.com/calregs/Search/Index

All other California Bills and Laws (Ed Code, Civil Code, etc.)
http://leginfo.legislature.ca.gov/

CSBA: http://www.csba.org

California Association of School Business Officials: http://www.casbo.org

California Department of Education, School Finance: http://www.cde.ca.gov/fg

California State Controller's Office: http://www.sco.ca.gov

Fiscal Crisis & Management Assistance Team: http://www.fcmat.org

Governmental Accounting Standards Board: http://www.gasb.org

School Services of California: http://www.sscal.com
Q & A

THANK YOU!

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Guide for Capitalization and Depreciation of Capital Assets
Prepared by the Office of Statewide Reporting and Accounting Policy

The following information is provided as guidance for the capitalization and depreciation of capital assets to comply with the requirements of GASB Statement 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments. This new statement requires reporting of capital assets and depreciation in the government-wide financial statements. This guide includes capital assets categories and descriptions, definitions, capitalization threshold levels, useful lives, and the chosen method of depreciation and is only intended to provide some high level guidance and awareness of the decisions that have been made on these topics. More details on specific procedures and instructions will be provided to the appropriate entities at a later date.

Background

GASB 34 states that capital assets should be reported at historical cost. The cost of a capital asset should include any charges necessary to put the asset into place. Donated capital assets should be reported at their estimated fair value at the date of donation. Capital assets include moveable property (furniture & fixtures, machinery & equipment, automobiles, etc.), land, land improvements, buildings, building improvements, leasehold improvements, infrastructure, historical treasures & works of art, and all other tangible or intangible assets that are used in operations that have initial useful lives beyond a single reporting period. Capital assets that are not being depreciated should be disclosed separately from those that are being depreciated.

I. Quick Facts:

1. Capitalization threshold levels and useful lives for capital assets are as follows:

<table>
<thead>
<tr>
<th>Capital Asset</th>
<th>Threshold</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Movable Property (not including computer software)</td>
<td>$5,000</td>
<td>Varies – see table</td>
</tr>
<tr>
<td>Computer Software Purchased or Developed for Internal Use</td>
<td>$1,000,000</td>
<td>3 years</td>
</tr>
<tr>
<td>Buildings &amp; Improvements</td>
<td>$100,000</td>
<td>40 Years</td>
</tr>
<tr>
<td>Leasehold Improvements</td>
<td>$100,000</td>
<td>&lt; of 20 or 40 years or lease term</td>
</tr>
<tr>
<td>Land and Nondepreciable Land Improvements</td>
<td>N/A - capitalize all</td>
<td>No useful life assigned for inexhaustible assets</td>
</tr>
<tr>
<td>Depreciable Land Improvements</td>
<td>$100,000</td>
<td>20 Years</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$3,000,000</td>
<td>40 Years (preliminary)</td>
</tr>
<tr>
<td>Historical Treasures &amp; Works of Art</td>
<td>N/A</td>
<td>No useful life – inexhaustible</td>
</tr>
</tbody>
</table>

2. The straight-line depreciation method will be used for depreciation of all depreciable capital assets.

3. A full year of depreciation will be taken for the year assets are placed in service or disposed of.

4. No salvage value will be included in the depreciation calculation.

II. Identifying the different categories and classes of capital assets:
1. Movable Property

Movable property consists of those capital assets that are not fixed or stationary in nature. They are those assets that are not land, land improvements, buildings, building improvements, or infrastructure. In general, movable property includes furniture & fixtures, machinery and equipment, and automobiles. For more detailed examples of movable property, see the table of capital assets and useful lives in Section 3 below.

2. Computer Software Developed or Purchased for Internal Use

Computer software developed or purchased for internal use is movable property that requires special consideration due to its nature and difficulty in accounting for the costs associated with it. Computer software used by an entity may be developed in-house or purchased from outside parties. Whether computer software is purchased from outside parties or developed internally, certain costs incurred would be capitalized. Costs that may be capitalized associated with developed software include those incurred during what is called the “application development stage”. Activities that occur during this stage include configuration, interfacing, coding, installation, conversion of old data, and testing such as parallel processing. The capitalizable costs incurred during this stage include the purchase price of the software or the materials needed to internally develop the software, and cost of services needed after purchase of the software or during internal development. Any payroll costs for employees who are directly associated with and who devote time directly to the software development stage are also costs that would be capitalized. Conversely, any general and administrative costs and overhead costs associated with the software development stage are not costs that are capitalized.

3. Buildings and Building Improvements

Buildings are permanent structures erected above ground, together with fixtures attached to and forming a permanent part of the building, for the purpose of sheltering persons or personal property. The cost of buildings include all labor, materials, and professional services required to construct the building, and any other costs to put the building into its intended use. Building improvements are major repairs, renovations, or additions to a building that increase the future service potential of the building and benefit future periods. The buildings and the improvements become one and inseparable. Examples of building improvements include major repairs, renovations, or additions such as addition of a new wing or a new air conditioning system.

4. Leasehold Improvements

Leasehold Improvements are improvements made by the lessee to leased property such as land and buildings. The lessee has the right to use such facilities and improvements during the life of the lease, but the improvements made to the property would revert to the lessor at the expiration of the lease. For this reason, the useful life of the leasehold improvement cannot be longer than the remaining lease term. The useful life of the leasehold improvement would be the lesser of 20 years (if a depreciable land improvement), 40 years (if a building improvement), or the remaining lease term. These improvements to leased property are treated as separate capital assets and are capitalized and depreciated if they are above the threshold for capitalization for the particular type of leased capital asset. Some examples of leasehold improvements would be new buildings or structures built on leased land and attachments or improvements made to existing leased buildings or structures.

5. Land and Land Improvements

Land is an inexhaustible asset that has an unlimited life and therefore is not depreciated. Land improvements are those betterments, improvements, and site preparations that ready land for its intended use. Like the land itself, these improvements are inexhaustible and therefore not depreciated. Some examples of land improvements would be excavation, filling, grading, demolition of existing buildings, and removal or relocation of other property (telephone or power lines).
6. Depreciable Land Improvements

Depreciable land improvements are defined as improvements made to land that have determinable estimated useful lives and deteriorate with use or passage of time. These improvements are built or installed to enhance or facilitate the use of the land for a particular purpose. Depreciable land improvements may include walking paths and trails, fences and gates, landscaping, sprinkler systems, fountains, and beaches. These are unlike nondepreciable land improvements and land since the useful life of the improvement is determinable.

7. Infrastructure

Infrastructure is defined as long-lived capital assets associated with governmental activities that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples include roads, bridges, tunnels, drainage systems, water and sewer systems, dams, and lighting systems. Although these assets are long-lived, useful lives are assigned to these assets and they are depreciated.

8. Historical Treasures & Works of Art

Historical treasures & works of art are items which are considered inexhaustible and held for public exhibition, educational purposes, or research in enhancement of public service instead of financial gain. Examples are paintings, sculptures, photography, maps, manuscripts, musical instruments, recordings, film, furnishings, artifacts, tools, weapons, and other memorabilia. Generally, collections of historical treasures & works of art will be considered inexhaustible, and would therefore not be depreciated. However, special rules apply for the capitalization of these assets. If a collection was capitalized as of June 30, 1999, the collection must continue to be capitalized, along with all additions to the collection. However, if the collection was not capitalized as of June 30, 1999, do not capitalize the collection.

III. Classes of capital assets and their useful lives are as follows:

<table>
<thead>
<tr>
<th>Description of Asset and Examples</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Movable Property</strong></td>
<td></td>
</tr>
<tr>
<td>Office furniture &amp; fixtures</td>
<td>10</td>
</tr>
<tr>
<td>Examples: desks, file cabinets, safes</td>
<td></td>
</tr>
<tr>
<td>Computers &amp; peripheral equipment</td>
<td>5</td>
</tr>
<tr>
<td>Examples: hard drives, printers, monitors, keyboards, disc drives, scanners</td>
<td></td>
</tr>
<tr>
<td>Computer software developed or purchased for internal use (costs that may be capitalized include the incurred during configuration, interfacing, coding, installation, conversion of old data, and testing such as parallel processing)</td>
<td>3</td>
</tr>
<tr>
<td>Office machinery &amp; equipment other than computers:</td>
<td>6</td>
</tr>
<tr>
<td>Examples: typewriters, calculators, adding machines, copiers and other duplicating equipment</td>
<td></td>
</tr>
<tr>
<td>Medical equipment</td>
<td>5</td>
</tr>
<tr>
<td>Automobiles</td>
<td>5</td>
</tr>
<tr>
<td>High mileage automobiles</td>
<td>3</td>
</tr>
<tr>
<td>---------------------------------------------------------</td>
<td>---</td>
</tr>
<tr>
<td>Examples: state police cars</td>
<td></td>
</tr>
<tr>
<td>Light general purpose trucks (&lt; 13,000 lbs.)</td>
<td>5</td>
</tr>
<tr>
<td>Heavy general purpose trucks (13,000 lbs. or more)</td>
<td>6</td>
</tr>
<tr>
<td>Trailers and trailer mounted containers</td>
<td>6</td>
</tr>
<tr>
<td>Buses</td>
<td>9</td>
</tr>
<tr>
<td>Over-the-road tractor units</td>
<td>4</td>
</tr>
<tr>
<td>Airplanes</td>
<td>6</td>
</tr>
<tr>
<td>Assets used in research and experimentation</td>
<td>12</td>
</tr>
<tr>
<td>Printing and publishing equipment</td>
<td>11</td>
</tr>
<tr>
<td>Agricultural assets</td>
<td>10</td>
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<tr>
<td>Examples: agricultural machinery &amp; equipment, grain bins, and fences used for agricultural production</td>
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</tr>
<tr>
<td>Dairy cattle, breeding</td>
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<tr>
<td>Horses, breeding or work</td>
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<tr>
<td>Horses, not breeding or work</td>
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<tr>
<td>Hogs, breeding</td>
<td>3</td>
</tr>
<tr>
<td>Sheep &amp; goats, breeding</td>
<td>5</td>
</tr>
<tr>
<td>Radio &amp; television broadcasting equipment (excluding towers, see infrastructure)</td>
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<tr>
<td>Construction equipment</td>
<td>6</td>
</tr>
<tr>
<td>Recreation assets used in the provision of entertainment services for a fee such as bowling alleys, billiards and pool halls, theaters, concert halls, and miniature golf courses.</td>
<td>10</td>
</tr>
<tr>
<td>Telephone central office equipment</td>
<td>18</td>
</tr>
<tr>
<td>Examples: central office switchboards and related equipment</td>
<td></td>
</tr>
<tr>
<td>Telephone station equipment</td>
<td>10</td>
</tr>
<tr>
<td>Examples: telephones, booths, teletypewriters, and private exchanges</td>
<td></td>
</tr>
<tr>
<td><strong>Buildings and Improvements</strong></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements other than those listed below</td>
<td>40</td>
</tr>
</tbody>
</table>
Farm buildings other than single purpose structures  
Examples: Houses, barns, garages, warehouses  

25

Single purpose agricultural or horticultural structures  
Examples: any building or enclosure used specifically for housing, raising, and feeding a particular type of livestock and it’s produce and necessary equipment; greenhouses  

15

Service station buildings and related land improvements  

20

Depreciable Land Improvements

Land improvements that are depreciable & other improvements other than buildings  
Examples: sidewalks, paths and trails, sprinkler systems, fences & gates, landscaping, fountains, and beaches that are not considered infrastructure (see infrastructure below)  

20

Infrastructure

Examples: highways, roads, bridges, tunnels, sidewalks, curbs, gutters, street signage, street lamps, traffic signals, drainage systems, water and sewer systems, lighting systems, railroad tracks, trestles, canals, waterways, spillways, locks, dams, levees, seawalls, lakes/reservoirs, waterbottoms, beaches, boat ramps, boat docks, piers, wharfs, boardwalks, radio or television towers, airport runway/taxiway  

40

*This table is only a list of some of the common and probable assets that are in your possession. If there are any assets not on this list that may be required to be capitalized and depreciated, refer to IRS Publication 946 - Appendix B “Table of Class Lives and Recovery Periods” for further listing of assets.

IV. Method of depreciation:

For simplicity and consistency, the straight-line depreciation method (cost divided by useful life) will be used for depreciation of all depreciable capital assets. In addition, it will be assumed that the capital assets will have no salvage value. A full year of depreciation will be taken in the year assets are placed in service or disposed of. Regardless of the actual date an asset is placed into service, the asset is treated as being placed into service at the beginning of the fiscal year, allowing a full year’s depreciation in the year of acquisition. Regardless of the actual date an asset is disposed of, the asset is treated as being disposed of at the end of the fiscal year, allowing a full year’s depreciation in the year of disposal.
Reconciling Capital Assets at Year End

At fiscal year-end, the CBO and/or Fiscal Director will need information on capital assets and depreciation, to include in the annual district Financial Statements and Audit Report (see sample included). This is an important piece of the financial standing of the district, and can affect a district’s bond and credit rating.

Before you can calculate and record depreciation on your capital assets, you must reconcile (balance) your capital expenditures with your capital assets received and posted to your inventory for the fiscal year period. This process can be started in May or June, but should be finalized in July (after all expenditures and receipts are posted on June 30th).

First, run a report of fiscal year expenditures in each capital asset Object code 6xxx. Then run an inventory report with valuation of all capital assets received in the fiscal year. The goal is to have the total expenditures match the total valuation. Go through both reports side-by-side, matching up expenditures with each capital asset recorded.

You will need to be mindful of the capital asset category, which will determine if an asset is depreciable or not (land, some land improvements, work-in-progress, and historical treasures and works of art are not depreciable). Your inventory management system should have a way to flag an asset as either “capital” or “inventory” as well as a way to flag if the asset is depreciable. The inventory management system should have a table of useful lives for each capital asset category, so that the system will know how many years to calculate the depreciation.

Some common discrepancies you may find during the reconciliation process:

- A capital asset was received and recorded in inventory, but was paid with an incorrect Object code (such as 4400, or 5xxx). If it is determined the asset should be designated a capital asset, request an expense transfer to the appropriate Object code (6xxx).

- An expenditure is listed in a 6xxx Object, but no corresponding asset is listed in inventory. The asset may need to be manually entered into the asset inventory system.

- A capital asset was purchased had a discount applied to the purchase; the asset is listed in inventory as the full value of the asset, but the expenditure is reduced. An example is the purchase of a new school bus, with a clean-fuel rebate from the Air Quality Control District. A judgment call should be made on whether to (1) increase the expense with a rebate to a revenue account; (2) manually adjust down the value of the asset; or (3) make a note in the financial statements and audit report of the difference and why. Whichever you choose, just be consistent in treating this type of situation.
### Asset Listing

**Received 07/01/16 through 06/30/17**

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<tr>
<th>Asset</th>
<th>Description</th>
<th>Tag</th>
<th>Dept</th>
<th>Loc</th>
<th>Room</th>
<th>Serial # (Model #)</th>
<th>Rcvd</th>
<th>Type</th>
<th>Cost</th>
<th>Yrs</th>
<th>Depr Value</th>
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</thead>
<tbody>
<tr>
<td>18628</td>
<td>CONVECTION OVEN, BLODGETT OVEN 5852</td>
<td>038</td>
<td>KITCHE</td>
<td>120415CC135T</td>
<td>08/25/16</td>
<td>D</td>
<td>17,078.86</td>
<td>15</td>
<td>15,513.30</td>
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Total for Org Oxnard School District: 1 Assets $17,078.86 $15,513.30

Type D = depreciable asset

yrs = from "useful life" table, used to calculate depreciation

* denotes an inactive Location

---

**Selection** Grouped by Sort/Group1, Sort/Group2, Sort/Group3, Asset Group/Category - Sorted by Asset Id, Filtered by (Org = 607, Type(s) IN ('D'), Status = A, Starting Received Date = 7/1/2016, Ending Received Date = 6/30/2017, Show Accounts? = Y, Page Break? = 1, Fund = 130)

607 - Oxnard School District

Generated for Mary Crandall Plasencia (607MCRANDALLPLASENCI), Mar 15 2018 3:01PM
## Account Transaction Detail by Object-Balance

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<th>Revised Budget</th>
<th>Encumbered</th>
<th>Expenditure</th>
<th>Account Balance</th>
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**Total for Object 6400:** .00  17,100.00  .00  17,078.86  21.14


Generated for Mary Crandall Plasencia

(607MCRANDALLPLASENCI), Mar 15 2018 3:05PM

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<th>Revised Budget</th>
<th>Encumbered</th>
<th>Expenditure</th>
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<td>4,452.90</td>
<td></td>
</tr>
<tr>
<td>P16-01151</td>
<td>Kamran And Co Inc</td>
<td>EN16-12659</td>
<td>equipment-051</td>
<td>12/03/15</td>
<td>4,452.90</td>
<td></td>
<td></td>
<td>4,452.90</td>
<td></td>
</tr>
<tr>
<td>P16-01151</td>
<td>Kamran And Co Inc</td>
<td>EX16-06385</td>
<td>equipment-051</td>
<td>12/03/15</td>
<td></td>
<td></td>
<td></td>
<td>4,452.90</td>
<td></td>
</tr>
<tr>
<td>P16-01151</td>
<td>Kamran And Co Inc</td>
<td>GJ16-00321</td>
<td>P16-01242 Correct Acct Codes Cnt</td>
<td>02/03/16</td>
<td></td>
<td></td>
<td></td>
<td>4,452.90</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P16-01107</td>
<td>Kamran And Co Inc</td>
<td>EN16-03465</td>
<td>equipment-054</td>
<td>08/26/15</td>
<td>3,145.38</td>
<td></td>
<td></td>
<td>3,145.38</td>
<td></td>
</tr>
<tr>
<td>P16-01107</td>
<td>Kamran And Co Inc</td>
<td>EN16-12658</td>
<td>equipment-054</td>
<td>12/03/15</td>
<td>3,145.38</td>
<td></td>
<td></td>
<td>3,145.38</td>
<td></td>
</tr>
<tr>
<td>P16-01107</td>
<td>Kamran And Co Inc</td>
<td>EX16-06384</td>
<td>equipment-054</td>
<td>12/03/15</td>
<td></td>
<td></td>
<td></td>
<td>3,145.38</td>
<td></td>
</tr>
<tr>
<td>P16-01107</td>
<td>Kamran And Co Inc</td>
<td>GJ16-00321</td>
<td>P16-01107 Correct Acct Codes Cnt</td>
<td>02/03/16</td>
<td></td>
<td></td>
<td></td>
<td>3,145.38</td>
<td></td>
</tr>
</tbody>
</table>

Account Total 06/30/16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00

Total for Object 6500 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00

Total for Org 607 and Fund CAFETERIA FUND | 0.00 | 17,100.00 | 0.00 | 17,078.86 | 21.14
OXNARD SCHOOL DISTRICT

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2017

SAMPLE

excerpts relating to

Capital Assets and Depreciation
FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS (continued)

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – decreased by $4.6 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased $9.7 million due to an increase in compensation to district personnel.
- Other costs – decreased approximately $781,000 to re-budget carryover funds and revise operational cost estimates.

While the District’s final budget for the General Fund anticipated that revenues would fall short of expenditures by about $11.7 million, the actual results for the year show that revenues exceeded expenditures by roughly $1.9 million. Actual revenues were $12.4 million more than anticipated, and expenditures were $1.2 million less than budgeted. That amount consists primarily of restricted categorical program dollars that were not spent as of June 30, 2017, that will be carried over into the 2017-18 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2016-17 the District had invested $21.5 million in new capital assets. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year exceeded $5.0 million.

Table A-4: Capital Assets at Year End, net of Depreciation

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>2017</th>
<th>2016</th>
<th>Variance Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$27,138,791</td>
<td>$27,138,791</td>
<td>$ -</td>
</tr>
<tr>
<td>Improvement of sites</td>
<td>12,617,160</td>
<td>13,503,720</td>
<td>(886,560)</td>
</tr>
<tr>
<td>Buildings</td>
<td>190,671,869</td>
<td>189,983,136</td>
<td>688,733</td>
</tr>
<tr>
<td>Equipment</td>
<td>4,491,875</td>
<td>4,256,374</td>
<td>235,501</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>48,755,920</td>
<td>32,430,756</td>
<td>16,325,164</td>
</tr>
<tr>
<td>Total</td>
<td>$283,675,615</td>
<td>$267,312,777</td>
<td>$16,362,838</td>
</tr>
</tbody>
</table>
## Oxnard School District
### Statement of Net Position
#### June 30, 2017

<table>
<thead>
<tr>
<th><strong>Assets</strong></th>
<th><strong>Total Governmental Activities</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$181,946,374</td>
</tr>
<tr>
<td>Investments</td>
<td>7,614,125</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>9,208,916</td>
</tr>
<tr>
<td>Stores inventories</td>
<td>149,216</td>
</tr>
<tr>
<td>Prepaid expenditures</td>
<td>66,155</td>
</tr>
<tr>
<td>Capital assets:</td>
<td></td>
</tr>
<tr>
<td>Non-depreciable assets</td>
<td>75,894,711</td>
</tr>
<tr>
<td>Depreciable assets</td>
<td>264,909,253</td>
</tr>
<tr>
<td>Less accumulated depreciation</td>
<td>(57,128,349)</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>482,660,401</td>
</tr>
</tbody>
</table>

### Deferred Outflows of Resources

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred amounts on refunding</td>
<td>2,173,449</td>
</tr>
<tr>
<td>Deferred outflows related to pensions</td>
<td>61,732,118</td>
</tr>
<tr>
<td><strong>Total deferred outflows of resources</strong></td>
<td>63,905,567</td>
</tr>
</tbody>
</table>

### Liabilities

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>21,187,311</td>
</tr>
<tr>
<td>Unearned revenues</td>
<td>433,501</td>
</tr>
<tr>
<td>Long-term liabilities:</td>
<td></td>
</tr>
<tr>
<td>Due within one year</td>
<td>6,802,758</td>
</tr>
<tr>
<td>Due after one year</td>
<td>368,336,199</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>175,352,957</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>572,112,726</td>
</tr>
</tbody>
</table>

### Deferred Inflows of Resources

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred inflows related to pensions</td>
<td>9,496,466</td>
</tr>
</tbody>
</table>

### Net Position

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>99,423,224</td>
</tr>
<tr>
<td>Restricted for:</td>
<td></td>
</tr>
<tr>
<td>Capital projects</td>
<td>15,686,085</td>
</tr>
<tr>
<td>Debt service</td>
<td>19,577,762</td>
</tr>
<tr>
<td>Categorical programs</td>
<td>5,971,164</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(175,701,459)</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$(35,043,224)</td>
</tr>
</tbody>
</table>

*The notes to financial statements are an integral part of this statement.*
## NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2017, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance, July 1, 2016</th>
<th>Additions</th>
<th>Retirements</th>
<th>Balance, June 30, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital assets not being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$ 27,138,791</td>
<td>-</td>
<td>$ -</td>
<td>$ 27,138,791</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>32,430,756</td>
<td>20,865,606</td>
<td>4,540,442</td>
<td>46,755,920</td>
</tr>
<tr>
<td>Total capital assets not being depreciated</td>
<td>59,569,547</td>
<td>20,865,606</td>
<td>4,540,442</td>
<td>75,894,711</td>
</tr>
<tr>
<td><strong>Capital assets being depreciated:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement of sites</td>
<td>23,818,382</td>
<td>-</td>
<td>-</td>
<td>23,818,382</td>
</tr>
<tr>
<td>Buildings</td>
<td>226,780,151</td>
<td>4,537,062</td>
<td>-</td>
<td>231,317,213</td>
</tr>
<tr>
<td>Equipment</td>
<td>9,255,311</td>
<td>598,966</td>
<td>80,619</td>
<td>9,773,668</td>
</tr>
<tr>
<td>Total capital assets being depreciated</td>
<td>259,853,844</td>
<td>5,136,028</td>
<td>80,619</td>
<td>264,909,253</td>
</tr>
<tr>
<td><strong>Accumulated depreciation for:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improvement of sites</td>
<td>(10,314,662)</td>
<td>(886,560)</td>
<td>-</td>
<td>(11,201,222)</td>
</tr>
<tr>
<td>Buildings</td>
<td>(36,797,015)</td>
<td>(3,848,329)</td>
<td>-</td>
<td>(40,645,344)</td>
</tr>
<tr>
<td>Equipment</td>
<td>(4,998,937)</td>
<td>(343,895)</td>
<td>(61,049)</td>
<td>(5,281,838)</td>
</tr>
<tr>
<td>Total accumulated depreciation</td>
<td>(52,110,614)</td>
<td>(5,078,784)</td>
<td>(61,049)</td>
<td>(57,128,349)</td>
</tr>
<tr>
<td><strong>Total capital assets being depreciated, net</strong></td>
<td>207,743,230</td>
<td>57,244</td>
<td>19,570</td>
<td>207,780,904</td>
</tr>
<tr>
<td><strong>Governmental activity capital assets, net</strong></td>
<td>$ 267,312,777</td>
<td>$ 20,922,850</td>
<td>$ 4,560,012</td>
<td>$ 283,675,615</td>
</tr>
</tbody>
</table>

Depreciation expense is allocated to the following functions in the statement of activities:

- **Instruction**: $2,792,771
- Instructional Supervision and Administration: $102,024
- Instructional Library, Media and Technology: $50,451
- School Site Administration: $254,499
- Home-to-School Transportation: $50,451
- Food Services: $202,928
- All other Pupil Services: $102,024
- Community Services: $50,451
- All Other General Administration: $152,476
- Centralized Data Processing: $50,451
- Plant Services: $1,270,258

**Total**: $5,078,784
Legislative Training 101
How to Successfully Lobby for Public Education
Today’s Agenda

Navigating the Legislature
Planning your Advocacy Day
Meeting with your Elected Officials
CASBO Advocacy
How to Craft Legislation
Making Sense of the System
Navigating the Legislature
California’s Legislature 101

• **40 Senators (39 currently serving)**
  • 26 Democrats
  • 13 Republicans
  • Seeks election every 4 years
  • Represents ~970,000 constituents

• **80 Assembly members (77 currently serving)**
  • 52 Democrats
  • 25 Republicans
  • Seeks election every 2 years
  • Represents ~485,000 constituents

• **Term limit:** 12 years
Key Committees for Education Issues

**Assembly**
- Assembly Appropriations Committee
- Assembly Budget Committee
- Assembly Education Committee
- Assembly Higher Education Committee

**Senate**
- Senate Appropriations Committee
- Senate Budget Committee
- Senate Education Committee
Speaking the Language

- A bill is a proposal to change, repeal, or add to existing state law.

- An **Assembly Bill** (AB) is a bill introduced in the Assembly.

- A **Senate Bill** (SB), is a bill introduced in the Senate.

- **Gut and Amend** is when amendments to a bill remove the current contents in their entirety and replace them with different provisions.
# The Legislative Process

<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>Legislature convened.</td>
</tr>
<tr>
<td>February</td>
<td>Bills are introduced by Legislators.</td>
</tr>
<tr>
<td>February 16</td>
<td>Last day for bills to be introduced.</td>
</tr>
<tr>
<td>March-April</td>
<td>Bills are heard in policy committees.</td>
</tr>
<tr>
<td>April 27</td>
<td>Last day for policy committee to take action on bills with fiscal cost.</td>
</tr>
<tr>
<td>May 25</td>
<td>Last day for fiscal committees to meet on house of origin bills.</td>
</tr>
<tr>
<td>May</td>
<td>If a bill has a fiscal cost, it will be referred to the Appropriations Committee.</td>
</tr>
</tbody>
</table>
The Legislative Process

**June 1**
Last day for bills to pass out of house of origin.

**July**
If bill passes house of origin, it is sent to the 2nd house.

July 6: Summer Recess commences if State Budget is adopted.

**August**
Bills are heard in policy and fiscal committees.

**September**
Bills have until August 31 to pass the Legislature.

September 30: Governor to take action to bills that make it to his desk.
Questions?
The State Budget Process

• A new budget is adopted for the state every year.

• The fiscal years run from July 1 to June 30.

• The state budget reflects the values and priorities of the Governor and the Legislature.

• The state budget articulates through resources the expected activities for the coming year.
Navigating the State Budget Process

- **January 10**: Governor releases Proposed Budget.
- **February-May**: Assembly and Senate Budget Committees and Subcommittees hold hearings.
- **May 14**: Governor releases May Revision.
- **June 15**: Each house of the Legislature finalizes its version of the budget. Conference Committee may meet to resolve differences.
- **July 1**: New fiscal year begins.
Critical Times to Advocate

Policy Process

March – June: Policy and Fiscal Committees
• Submit a letter with your position.
• Contact the bill author, staff, and/or sponsor.
• Contact the Policy and Fiscal Committee chair, members, and staff.
• Testify at a public hearing.

July – August: End of Session
• Participate in CASBO’s Call to Action.
• Same as above.

October – December: Legislative Interim
• Sponsor a bill idea.

Budget Process

February – June: Budget Committees
•Submit a letter with your position.
• Testify at a public hearing.
• Contact the Budget Committees, Department of Finance, and Governor’s Office.
• Meet with your local elected official at the district office or in Sacramento.
The Advocacy Process

Planning a Legislative Advocacy Day
Check List for Lobbying

✓ The issue at hand is controversial.

✓ There are others with opposing views to yours or CASBO.

✓ The opposition is engaging in lobbying efforts of its own.

✓ The decision is highly important for your LEA.

✓ The decision makers do not understand and have not made up their minds.

✓ You know specific facts about the issue, unknown to the decision makers.
Setting up a Meet & Greet

1. Request a meeting by writing a letter or sending an email.
2. Request to schedule a face-to-face meeting in the district office or in the State Capitol office.
3. Know your message and tell your story!
4. Avoid mentioning your personal political beliefs; stick to policy considerations.
Preparing Your Personal Story

• Think about how the proposed policy change helps or hurts your profession, LEA, or public education.

• Back up your story with facts and real-life examples.

• Give the “human perspective” to the issue at hand.
Materials for Participants

• You will want to create folders for each participant that include:
  • CASBO’s Legislative Platform
  • CASBO’s Budget Letter
  • Background on the legislation
  • Key message on issue/legislation
  • Biography of the elected official
Materials for Elected Official

• Create a folder to give to the elected official when you visit.
  • One-page factsheet with your ask clearly visible.
  • Background information on the legislative bill/issue.
  • Information regarding your group or CASBO organization.
  • Contact information for your group.
Plan Your Meeting

• Create a plan for who will talk about what and when so that you are prepared to present your issue in the most effective way.

• The elected official or staffer will have questions, so be prepared. If you do not know the answer, DO NOT guess or give incorrect ones.

• If the elected official is supportive of your issue, make sure to thank them for their continued advocacy on behalf of public education and our students.

• Give the materials/folder you prepared to the elected official and staff.
Bill Proposal

How to Craft Legislation
Sources for Bill Ideas

• Directly from the author

• Author’s staff

• Organization or lobbying firm

• Constituent
Composing a Bill Proposal

- Describe the issue/concern to the addressed through legislation.
- Describe the proposed solution.
- Explain the potential consequences to your LEA if this issue is not resolved.
- Provide data, facts, and background information that supports proposal.
- Explain who would potential support or oppose this solution.
- Estimate the cost or savings related to implementing this proposal.
How to Submit Your Idea

• Use CASBO’s Legislative Proposal Form

• Submit to CASBO’s Legislative Committee

• Contact your Legislator

• Work with your LEA’s governmental relations team or lobbying firm
Getting Involved

CASBO Advocacy
Ever wonder...

- How many legislative bills impact education?
- What’s CASBO’s position on bills and the state budget?
- How can I contact my elected official?
- How can I get involved?
Ways to Get Involved

- Contact your legislator
- Meet your legislator
- Host “The Future of Education” discussion
- Become a CASBO Legislative Committee Member
- Join the CASBO Advocacy Network
But where to start?
Introducing Our Advocacy Webpage!

1. Legislative Priorities
2. Bills to Watch
3. Policy Action Center
4. State & Federal Action Center
5. State Budget & Fiscal Center
6. Ignite Campaign
7. Find your elected officials
8. Join the CASBO Network
9. Follow us on Twitter @CASBOGR
What is the CASBO Advocacy Network?

- Allows CASBO Governmental Relations team to identify members interested in testifying and networking in Sacramento and in their region.

- Promotes membership engagement on key policy decisions to ensure your voice is heard.

- Empowers members to become Education Champions!
Ready to Get Involved!
Thank You!

Sara C. Bachez
Assistant Executive Director of Governmental Relations
sbachez@casbo.org
Capitol Update

Critical Legislative Issues Facing Education Leaders
TODAY’S AGENDA

Navigating the Legislative Process

The State Budget

What to Expect in 2018

Become an Advocate
NAVIGATING THE LEGISLATIVE PROCESS
CALIFORNIA’S LEGISLATURE 101

- **40 Senators (39 currently serving)**
  - 26 Democrats
  - 13 Republicans
  - Seeks election every 4 years
  - Represents ~970,000 constituents

- **80 Assembly members (77 currently serving)**
  - 52 Democrats
  - 25 Republicans
  - Seeks election every 2 years
  - Represents ~485,000 constituents

- Term limit: 12 year
THE LEGISLATIVE PROCESS

January 3
Legislature convened.

February
Bills are introduced by Legislators.
February 16: last day for bills to be introduced.

March-April
Bills are heard in policy committees.
April 27: last day for policy committee to take action on bills with fiscal cost.

May
If a bill has a fiscal cost, it will be referred to the Appropriations Committee.
May 25: last day for fiscal committees to meet on house of origin bills.
THE LEGISLATIVE PROCESS

June

June 1
Last day for bills to pass out of house of origin.

July

If bill passes house of origin, it is sent to the 2nd house.

July 6: Summer Recess

August

Bills are heard in policy and fiscal committees.

Testimony by bill author, sponsor, supporters and opponents.

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Bills have until August 31 to pass the Legislature.

September 30: Governor to take action to bills that make it to his desk.
Governor releases Proposed Budget

Assembly and Senate Budget Committees and Subcommittees hold hearings.

Governor releases May Revision

Each house of the Legislature finalizes its version of the budget.

Conference Committee may meet to resolve differences.

New fiscal year begins

July 1

Governor releases Proposed Budget

Assembly and Senate Budget Committees and Subcommittees hold hearings.

Governor releases May Revision

Each house of the Legislature finalizes its version of the budget.

Conference Committee may meet to resolve differences.

New fiscal year begins

July 1
THE STATE BUDGET PROCESS
ECONOMIC OUTLOOK

State Outlook

- 8th year of economic recovery
- Moderate economic growth
- 4.7% State unemployment rate
- Somewhat higher inflation and interest rates
- Minimal growth in stock market

Impacts of Federal Policies

- North Korea
- Health Care
- Tax Reform
- Immigration
- Trade
- Education
GENERAL FUND REVENUES & TRANSFERS
(DOLLARS IN MILLIONS)

- Personal Income Tax: $93,593, 70%
- Sales & Use Tax: $26,151, 19%
- Corporation Tax: $11,224, 8%
- Other: $1,366, 1%
- Insurance Tax: $2,508, 2%
<table>
<thead>
<tr>
<th>Category Name</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>[CELLRANGE E]</td>
<td></td>
</tr>
<tr>
<td>[CATEGORY NAME]</td>
<td>[VALUE]</td>
</tr>
<tr>
<td>[CATEGORY NAME]</td>
<td>[VALUE]</td>
</tr>
<tr>
<td>[CATEGORY NAME]</td>
<td>[VALUE]</td>
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<td>[VALUE]</td>
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<tr>
<td>[CATEGORY NAME]</td>
<td>[VALUE]</td>
</tr>
<tr>
<td>[CATEGORY NAME]</td>
<td>[VALUE]</td>
</tr>
</tbody>
</table>
PROPOSITION 98 FUNDING
(DOLLARS IN BILLIONS)

<table>
<thead>
<tr>
<th>Year</th>
<th>Funding (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008-09</td>
<td>$[VALUE]</td>
</tr>
<tr>
<td>2009-10</td>
<td>$[VALUE]</td>
</tr>
<tr>
<td>2010-11</td>
<td>$49.7</td>
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<td>2012-13</td>
<td>$58</td>
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<td>2013-14</td>
<td>$58.9</td>
</tr>
<tr>
<td>2014-15</td>
<td>$67.1</td>
</tr>
<tr>
<td>2015-16</td>
<td>$69.1</td>
</tr>
<tr>
<td>2016-17</td>
<td>$[VALUE]</td>
</tr>
<tr>
<td>2017-18</td>
<td>$75.2</td>
</tr>
<tr>
<td>2018-19</td>
<td>$[VALUE]</td>
</tr>
</tbody>
</table>
$2.9 billion
Fully fund LCFF

$212 million
New CTE program through Strong Workforce Program

$55.2 million
COEs to facilitate improvement of schools

$28.3 million
Increase the Charter School Facilities program to align with participation

$11.3 million
CA Collaborative for Educational Excellence to work with COEs to provide assistance to LEAs

$10 million
SELPAs to work with COEs to provide technical assistance to improve student outcomes

$4 million
Identify 8 lead COEs to provide training and support to other COEs
MAJOR EDUCATION PROPOSALS
ONE-TIME FUNDING

- One-time discretionary funds, $295 per ADA: $1.8 Billion
- 2.51% Cost of living adjustment for programs outside LCFF: $133.5 million
- Teacher workforce and residency grants: $100 million
- 2.51% cost of living adjustment and ADA changes for COEs: $6.2 million
Full implementation of LCFF requires school districts are compliant with the K-3 Grade Span Adjustment funding requirements to be at 1:24 students at a single school site, or risk losing all of the K-3 GSA funding districtwide unless collectively bargained.

<table>
<thead>
<tr>
<th>Grade Span</th>
<th>2018-19 Base Grant per ADA</th>
<th>Grade Span Adjustments</th>
<th>2018-19 Adjusted Base Grant</th>
<th>20% Supplemental Grant</th>
<th>50% Concentration Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-3</td>
<td>$7,374</td>
<td>$767</td>
<td>$8,141</td>
<td>$1,628</td>
<td>$4,071</td>
</tr>
<tr>
<td>4-6</td>
<td>$7,484</td>
<td></td>
<td>$7,484</td>
<td>$1,497</td>
<td>$3,742</td>
</tr>
<tr>
<td>7-8</td>
<td>$7,707</td>
<td></td>
<td>$7,707</td>
<td>$1,541</td>
<td>$3,854</td>
</tr>
<tr>
<td>9-12</td>
<td>$8,931</td>
<td>$232</td>
<td>$9,163</td>
<td>$1,833</td>
<td>$4,582</td>
</tr>
</tbody>
</table>
- Requires Special Education Local Plan Areas (SELPAs) to complete a SELPA local plan template that aligns the services and resource noted in their local plans with the goals identified in their member district’s LCAPs.

- Requires SELPAs to summarize how a SELPA’s planned expenditures and services align with the improved student outcome strategies noted in their SELPA plan.

- Provides $10 million ongoing funds for SELPAs to work with COEs to provide technical assistance to school districts.
**TEACHER WORKFORCE**

- **Teacher Residency Grant Program** – $50 million one-time funds to support locally sponsored, one-year intensive, mentored, clinical teacher preparation programs aimed at preparing and retaining special education teachers.

- **Local Solutions Grant Program** – $50 million one-time funds to provide competitive grants to school districts to develop and implement new, or expand existing, locally identified solutions to address the need for special education teachers.

**Amounts:***
- $490 million: Educator Effectiveness Block Grant
- $45 million: Classified School Employee Credentialing Grant Program
- $10 million: Integrated Teacher Preparation Program
- $5 million: CA Center on Teaching Careers
- $5 million: Bilingual Educator Professional Development Grant Program
**Online Community College** – Provides $120 million to create a fully online California community college to provide working students with a flexible opportunity to acquire and build skills that align with the workforce needs. Of the funds, $20 million will be ongoing funding to support this program.

**California College Promise** – Provides $46 million to support the implementation of this program that allows colleges to use this funding to waive some or all of the $46 per unit fee for all first-time resident students enrolled in 12 units or more per semester during their first year.

**Strong Workforce Program** – Creates a K-12 career technical program under the Strong Workforce Program that align with the industry demands and provides $12 million to local industry experts for technical assistance.

**Innovation Awards** – Provides $20 million in one-time funds to provide grants to support innovation in higher education, focused on enhancing equity.
BUDGET CHALLENGES

- California’s Volatile Tax Structure
- Increased Operating Costs
  - CalSTRS/PERS rate increases
  - Special Education
  - Health & Welfare benefits
  - Utilities costs
  - Step & Column
  - Enrollment Uncertainties
- Continuation of Improved/Increased Services
- California remains in the bottom 10% in per-pupil spending
- Federal Government
- Other/Unknown
STRS/PERS COSTS THROUGH 2023-24

2013-14 Districts’ Cost
$2.3 billion
$1.3 billion

2017-18 Districts’ Cost
$4.9 billion
$2 billion

2020-21 Districts’ Cost
$7.4 billion
$3.2 billion

CalSTRS
CalPERS

2012-13
2013-14
2014-15
2015-16
2016-17
2017-18
2018-19
2019-20
2020-21
2021-22
2022-23
2023-24

8.25%
8.25%
8.88%
10.73%
11.20%
11.44%
11.77%
11.87%
12.73%
13.89%
14.38%
15.80%
16.28%
17.70%
18.13%
20.00%
19.10%
19.10%
19.10%
19.10%
19.10%
22.70%
23.70%
24.30%
24.80%
Want more info on the state budget?

Visit:

www.casbo.org > Advocacy > Budget Center
2018 LEGISLATION
For the 2018 legislative session, 2,300 proposals were introduced by the legislatures bill introduction deadline.

Out of those bills, almost 400 impact education.

Key themes:
- The future of LCFF
- Budget/Finance
- School Safety
- Career Technical Education
FUTURE OF LCFF

As we enter a new chapter in education finance, CASBO will urge that the Legislature and Administration aspire towards a future that commits to putting students’ academic success first.

The Assembly and Senate have introduced the following proposals that would increase the base grant:

AB 2808 (Muratsuchi): The Local Control Funding Formula. This bill would increase the base rate for all grades and districts until the full implementation cost of LCFF increases about $35 billion, approximately 60 percent of their current levels. For 2018-19 fiscal year, AB 2808 would increase the base rates as follows:

- Grades K-3 from $8,141 to $11,799
- Grades 4-6 from $7,484 to $11,975
- Grades 7-8 from $7,707 to $12,332
- Grades 9-12 from $9,163 to $14,289

CASBO Position: Support
FUTURE OF LCFF

- Just last week, the Senate Budget Sub-Committee Chair, Anthony Portantino (D-La Cañada Flintridge) along with Senators Ben Allen (D-Santa Monica), Jerry Hill (D-San Mateo), and Steve Glazer (D-Orinda), introduced their own Local Control Funding Formula proposal to redirect $1 billion from the discretionary funds allocated in Governor Brown’s January Budget Proposal to increase the LCFF by $1.2 billion in the 2018-19 budget year.

- Under their plan, the LCFF base rate would increase by $1 billion and $200 million would be allocated to the supplemental and concentration grants.

- The Senate Proposal would also require school districts to disclose actual expenditure information, both budgeted and expended, as part of the Local Control and Accountability Plan (LCAP) summary.
AB 2228 (Wood): **Education finance: school apportionments: wildfire mitigation.** This bill would establish an ADA hold harmless for those LEA’s who were affected by the wildfires for the 2017-18, 2018-19, or 2019-2020 fiscal years.

**CASBO Position: Support**

AB 2635 (Weber): **Education finance: LCFF supplemental grants: lowest performing pupil subgroups.** This bill would, commencing with the 2018-19 fiscal year, adjust the definition of “unduplicated pupils” to include pupils who are included in the lowest performing subgroup or subgroups based on the most recently available mathematics or language arts results on the California Assessment of Student Performance and Progress.

This bill would require the Superintendent of Public Instruction to annually identify the lowest performing pupil subgroup or subgroups.

**CASBO Position: Watch**
AB 1743 (O’Donnell): Career Technical Education Incentive Grant Program. This bill, upon appropriation, would extend the CTEIG Program by providing $500 million each year, over the next 3 years. The bill would also revise reporting requirements for program participants and require the Superintendent of Public Instruction to evaluate and deem successful a grant recipient’s program as a condition of receiving a renewal grant.

CASBO Position: Support
AB 1747 (Rodriguez): School safety plans. This bill would require the schoolsite council to consult with other first responder entities in the writing and development of the comprehensive school safety plan and share any updates made to the plan with the law enforcement agency and the other first responder entities. The bill would also require tactical responses to criminal incidents to include procedures related to individuals with guns on school campuses and at school-related functions.

CASBO Position: Watch

AB 2067 (Gallagher): School safety: armed security guards. This bill would require a school district to hire or contract with at least one armed security guard, authorized to carry a loaded firearm, at each school of the school district.

CASBO Position: Oppose
WHAT'S NEXT?
CRITICAL LEGISLATIVE ISSUES

Accountability
Communicating and accessing the CA School Dashboard

Early Education
How do we fund it? How do we expand services?

Labor Relations
Janus vs. AFSCME

Addressing Cost Pressures
Special Education, Home to School Transportation, Adult Education

Career Technical Education
Establishing ongoing support
EVER WONDER...

- How many legislative bills impact education?
- What’s CASBO’s position on bills and the state budget?
- How can I contact my elected official?
- How can I get involved?
INTRODUCING OUR ADVOCACY WEBPAGE!

1. Legislative Priorities
2. Bills to Watch
3. Policy Action Center
4. State & Federal Action Center
5. State Budget & Fiscal Center
6. Ignite Campaign
7. Find your elected officials
8. Join the CASBO Network
9. Follow us on Twitter @CASBOGR
WHAT IS THE CASBO ADVOCACY NETWORK?

- Allows CASBO Governmental Relations team to identify members interested in testifying and networking in Sacramento and in their region.

- Promotes membership engagement on key policy decisions to ensure your voice is heard.

- Empowers members to become Education Champions!
THANK YOU!

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