



**BUSINESS and ADMINISTRATION STEERING COMMITTEE
MEETING**

Friday, October 12, 2007
8:30 a.m. – 2:00 p.m.

Embassy Suites Hotel
Sacramento, California

MINUTES

***Pre-Meeting
8:30 a.m.***

Pre Meeting 8:30 am

COFS

Tom Etchart

- A draft of the CSAM definition for Object 8011 was distributed. One change will be made to change the reference from the county board of education to the county superintendent.
- Criteria and Standards for COEs were reviewed. The group agreed to keep the salary and benefit comparison Criteria and Standards “as is”
- Lori Isom will be the 2008 COFS chair

SFSS

Tommy Welch

- J-29 filing date. There was general consensus from the county auditors that they would prefer to push the deadline back to May 1 in order to ease their workload.
- Criteria and Standards Committee Update. The planned meeting schedule has concluded. CDE will prepare a mockup for review where decisions have been made. All changes will be incorporated by CDE and distributed to SFSS for review. Any changes will be incorporated in the 2008-09 software.
- 2007-08 Indirect Cost Rate. CDE has had no further discussions with DOE regarding the carry-forward calculation for 2007-08. While DOE recognizes the problem, they do not yet have a solution, but are reluctant to allow the state to grant blanket waivers from the requirement. Humboldt COE reported that their indirect cost rate would drop from 8% to 4% the year the carry-forward hits. A few districts in Humboldt will also be significantly affected.
- STRS Data. STRS has been changing district and county submitted data without their approval. The changes have resulted in incorrect retirement results in more than one case. Some COEs have been hit with large invoices from STRS for prior year corrections. However, STRS has been unable to identify specifically what the corrections were or for whom. These invoices seem to be generated from passing the data through a new algorithm and the reconciliation of these differences to the data is extremely

difficult, if not impossible. STRS has cited Ed Code that allows them to change data, but after review of that Ed Code by SFSS, SFSS believes their interpretation is incorrect.

- **SFSS recommends the issue be brought to BASC for review and possible follow through.**
- Title 1 Comparability Report. A letter with schedules for this report was sent out on August 15 to the instructional staff of school districts. Most business departments were unaware of the changes in the report requirements. The report is due October 24. If the report isn't filed, the district is at risk of losing their federal funding. Tommy sent letters and schedules to all SFSS contacts and to the COFS chair. Counties should forward this information to their district's business contacts so they would follow up to be sure the report was accurate and completed on time.

FSCO

Stan Mantooth

- The October 14 meeting minutes were distributed and summarized. FSCO members have completed the summary review of the SFP regulations. A list of key legislative issues of concern was created in January 2007. The list was used during the subsequent review of the regulations. Issues included:
 - The Financial Hardship renewal process.
 - Grant adequacy including the index used to adjust grants.
 - Use of COP's for administrative space
 - Special Education grant increases
 - Loading standards for alternative education projects
 - The audit of projects
- A meeting with Bruce Hancock and Luisa Parks will be scheduled to discuss the original intent of some of the SFP regulations thus providing background for the group.
- SAB Update from September. The Macias Group financial hardship program was presented. The group looked at 15 hardship applications. It was unknown whether any applications were from COE's. The report identifies several issues and offers recommendations toward their resolution. The report recommended linking "fiscal health", which is generally seen as a moving target, with Financial Hardship. Stan asked that BASC draft two letters from CCSESA; one asking that COE input be part of the process and another letter with recommendations or a white paper that could be part of the public record. The letter/white paper will address the aspects of grant adequacy and financial hardship. Stan will draft the letters and have it vetted at FSCO before coming to BASC. CTA could have an interest in OPSC determination of what excess funds are available for facilities.
- Implementation Committee meeting – October 5, 2007. There was a meeting facilitated by OPSC to discuss the Macias Group grant adequacy report. It was clear that COE's were not included in the study leaving the concern that COE funding from Special Education might not be included in any potential grant increase. Data being used to determine if and how much grant funding should be is based on project bid information and not complete project costs. Projects being reviewed include those from 1997, prior to the current SFP program.
 - The only agenda item for the Implementation Committee is the joint use project.
- A Little Hoover study wanted to change the structure of the SAB and the chain of command.
- Vinceena Kelly and Mamie Starr will be the 2008 chair and vice chair, respectively.

- The sub-committee's 2008 Goals and Objectives will be the topic of discussion at the upcoming meeting.
- Minutes from the 9/7/07 Implementation Committee meeting were distributed.

Regular Meeting
9:00 am

1. Regular meeting was called to order

- The Chair called the meeting at 9:15 a.m. and welcomed everyone. The following members were present:

Wendy Benkert – Orange County
Denise Calvert – Sonoma County
John Caudle – Tulare County
Tom Etchart – 2007 COFS Chair, Ventura County
Barney Finlay – Santa Cruz County
Kevin Gordon – SIA
Susan Grinsell – 2008 BASC Chair Elect, Humboldt
Scott Hannan - CDE
Francie Heim – El Dorado County
Mary Jarvis – San Luis Obispo
Paul Jessup – Riverside County
Randy Jones – Glenn County
Joan Kingery – Placer County
Linda Legnitto – Yolo County
Stan Mantooth – 2007 FSCO Chair, Ventura County
Terena Mendonca – Nevada County
Robert Miyashiro – School Services of California
Joel Montero – FCMAT
Carlene Naylor – Alameda
Georgene Neher – Tehama County
Linda Protine – Sutter County
Mike Ricketts – CCSESA
Tamara Sanchez – Sacramento County
Ken Shelton – Los Angeles
Debbie Simons – Los Angeles
Damon Smith – Imperial
Gary Thomas – BASC Chair, San Bernardino
Tommy Welch – 2007 SFSS Chair, Solano County

2. Additional Agenda Items

- 11. Letter from Envoy Re: 403(b)

3. State of the State

Mike Ricketts

i. Bill vetoes/signings

1. AB 438 – the bill sought to streamline and bring together the exit criteria of the various state accountability programs – **vetoed**
2. **AB 347 – Valenzuela Lawsuit.** The BASC ad hoc working group has met. A letter from plaintiff's attorneys was meant to clarify their expectations and

specifies their expectations from COE's including that COE's will verify if services are being provided even if districts didn't participate. Plaintiffs are looking to COE's for information/create records about what is happening to this population of students and the data may set a baseline for another round of negotiation. COE's would be responsible for looking at both the districts who are participating and the districts that aren't. BASC ad-hoc working group is working on the allocation of \$1.5 million to COE's. Some issues that are, as yet, unresolved include:

- a. Students served in adult education programs. There is an issue regarding the incompatible rules for funding related to the provisions to be continuously enrolled issue (is just for charters) or of a certain age. Wendy has asked for interpretation. County office alternative education services are of concern. Although CDE doesn't believe the legislation should change requirements for funding based on ADA. CDE point person for questions is Scott Hannan.
 - b. What does CDE mean by "qualify"
 - c. Can a district pull out of the grant?
 - d. To verify that the information has been posted, does that require site visits? Maybe for decile 1-3. Plaintiffs believe that EC 1240 requires periodic visits, so you should be doing the verification. But verification may not be practical if the visit is to attend an after school hours function, as an example. Consensus, including CDE staff, was that unless there some reason to assume the information they give you isn't accurate county superintendents should not need to investigate further.
 - e. Bill addresses not passing CAHEE although there are many students who haven't met the credit requirements. This bill doesn't address that population of students.
3. CCSESA Quarterly meeting will be held this weekend.
 4. CCSESA has been asked to participate in Ed Source's October 19th "Getting from Facts to Policy" Symposium. Mike and Sue will present a briefing paper which will be posted on the website for everyone's review and understanding.
 5. Little Hoover Commission hearings on Educational Governance and Accountability. At the request of the Commission, Sue and Mike have prepared written testimony which describes the work of county superintendents with districts in their own counties, features various regional efforts, and more fully describes assistance for schools and districts in need of improved student achievement. The testimony will be posted to the website after review by county superintendents.
 6. Governor's health care proposal. One of the proposal's features is to lease out the lottery (privatize) and then use the expected revenues to pay the state's share of health care. There is also a commitment to back fill Prop 98 from a base year, to hold the General Fund harmless. Whether the backfill would be unrestricted or restricted is yet unresolved. There is a concern that the spin will be that existing resources would be freed and called new money. Postponing the kindergarten age, privatizing lottery and redirecting general dollars merely shuffle the dollars around and may set up competition between education and health care. DOF wouldn't support the privatization

of lottery if they felt it wouldn't generate enough to pay the new bill from the general fund.

7. **SB 82** handout was distributed. 707(b) specifies a list of most serious offenses. Kids convicted under this list would stay in the state facilities. The bill specifies that non-797(b) would come back to the counties to be served. The handout estimates the number of non-707(b) students for each county.
8. AB 734. This would **reauthorize CTAP** which currently sunsets in January 2009. DOF and the Secretary of Education sent letters to the Governor recommending he veto the bill, because it contained language that would authorize more than the current bill. The bill isn't just a routine extension of the existing program; it caused suspicion that there would be a significant increase in cost. The bill is likely to be vetoed although the Governor, DOF and Secretary of Education are supportive of program. If vetoed, there is time to come back next year, but without reauthorization now, it means layoff notices in March 2008 will be unavoidable causing uncertainty and potential disruption in program operations. If the veto message would show commitment to continue the program, maintaining staff would be less risky. It is also possible that the money could get swept into the reform process next year.
9. AB 347 and SB 495 (outdoor science) were both signed,

4. SSC and Others

Robert Miyashiro/Kevin Gordon

- An October 12th Fiscal Report on the possible increase to the state revenue shortfall was distributed by SSC. The report addresses the content of a recent article published by the Sacramento Bee. SSC staff noted that the Bee article didn't have new information but had extrapolated the current revenue shortfall through the remainder of the fiscal year concluding that it would be much larger than others' projections. In a recent conversation with Brad Williams, he projects that the state's expenditures will be vulnerable, but the stock market is still running strong and it maybe generating revenue that isn't easy to forecast. That story won't be told until April. However, the revenue side of the Governor's January proposal is likely to be grim. The scenario sets the "Year of Education Reform" up for planning. The expected Test 1 year keeps getting pushed forward but planning for the largess in 2008 still makes sense.
- AB 1222 Mandate Reform was signed this week. The bill sets up an alternative process for claiming reimbursements, resting on reimbursement rate negotiations with DOF. There is no neutral third party but the bill doesn't preclude anything in the current process. Education community should try to coordinate which mandates to negotiate, due to the possible precedence setting nature of the process. Finally, the bill is silent on any audit process.

5. CDE

Scott Hannan

- CDE is aware of some errors in the allocation for Community Day School which will be corrected. Additionally the Special Education LCI mapping software had a problem and will also be fixed. Revised corrections will be out by P-1.
- Fiscal Services Division has been reorganized. The reorganization created a new section responsible for oversight of categorical programs. The new administrator is Peter Foggiato. Ellen Venturino is still responsible for fiscal elements of categorical programs including the data that drives the programs, but she will be focusing more on federal programs. CDE's Cash Flow Schedule for categorical programs will be forthcoming.

- UITS Unemployment subcommittee is requesting representation from BASC. The subcommittee makes recommendations regarding the unemployment insurance management system. BASC participant would be required to attend half of the six meetings per year for a minimum of two years as well as some conferences. **If you are interested contact Gary Thomas.**
- The SPI'S Closing Achievement Gap Summit will be held next month.
- Fiscal Solvency Grant meeting update. A meeting was held yesterday with BASC representatives to address CDE's concern about the format and content of plans that districts submitted and COE'S approved allowing districts to receive funding of \$15,000. General agreement between CDE and BASC members was reached and Scott will move forward. We will use the February conference for training about the new requirements and expectations which were developed to give CDE a greater level of comfort without significantly increasing the workload of COE's.
- ICR. Caryn Moore was present to answer related questions. CDE is willing to advocate for discussion with the federal government to mitigate the carry forward factor created in the year of transition to the new formula. Preliminary talks about a blanket waiver weren't positive but representatives from the federal government were receptive to consideration on a case by case basis. Another option was to use a flat rate based on the current rate but discounted by 5-10%.
 - First step – each COE should do their own calculation. Come back next time with a recommendation through COFS and SFSS. Relay the importance of the feedback so that BASC can make the recommendation for CDE. The 2007/08 data will be used to calculate rate in 2010/11.
 - Other issues included the approval to use the real rate COE's charged instead of the calculated rate and the ability to use the federal rate if it is higher than the state approved rate for specific grants.

6. FCMAT

Joel Montero

- Audit for California Charter Academy is on the FCMAT website. GC 1090 Conflict of Interest related issue is still not resolved.
- In light of CCA, the group discussed whether it might be time to sponsor legislation. Audits show roughly \$75 – 150 million in state revenues have been lost from charters statewide. The group acknowledged that there is a different playing field for districts and charters in terms of state loan process/pay backs etc. CCA issue has caused the county's DA to be involved which is a unique characteristic so far. One solution is for two codes to become applicable to charters; CG 1090 and the related party transactions which would help close operational loopholes that allow revenues to be profit. Specific language could be developed after a review of the findings and recommendations in existing reports. It would be important to build a coalition to sponsor legislation so broad that the support of this specific reform could gain momentum given the heretofore culture of blanket support for minimum regulation of charter activities.
- Regional Team update. There are four teams statewide that have been in operation for the last 2 ½ years. The three primary areas of work that the teams are engaged in include 1) In lieu work 2) technical assistance and 3) management assistance. The teams continue to meet with FCMAT a few times each year and report on their activities regularly. Concern was voiced that there haven't been more teams funded and the option that the existing teams be dismantled and funding be reallocated to other regions. CDE may have flexibility on how to move funding around, but offered to initiate funding request for 2008/09 in conjunction with FCMAT and/or others i.e. CCSESA

- Management assistance work continues to focus on fiscal health analysis and cost containment in Special Education and Transportation programs. As AB 602 agreement terms begin to sunset, requests for FCMAT to come and review the agreements are becoming more frequent.
 - There have been some controversial EAAP decisions on Vallejo and a charter where EAAP didn't accept the ALJ decision which will lead to some type of mitigated approach. Work will continue to progress on operational issues by the panel.
 - A map showing statewide declining enrollment characteristics was distributed. FCMAT staff research was initially requested by legislature. FCMAT estimate of declining enrollment has increased to .56%
 - COE version of Budget Explorer is still being worked on. About 600 LEA's are using the earlier version developed for districts. FCMAT is in negotiations for the development of software that would provide for the fiscal tracking of facility projects. The software would produce the OPSC reports.
 - CSIS fall submission opened last Monday. Three or four districts are already to certify. Software is working better due to a lot of work over the past year. SSID data appears to be better. Graduation and drop-outs rates as well as enrollment will be coming from this data. A letter of intent is with IBM in partnership with Microsoft relative to the development of the CALPADs project. The project will move forward after a 30 day waiting period.
7. COE Funding Model. A memo to the CCSESA General Membership describing a new funding model for COE's was distributed for discussion. The model uses three factors; a base amount, a factor related to county wide ADA and another related to the number of districts in the county.
- i. **The group was asked to review the numbers for your county offices on page 7 and 8, compare with the services listing on page 3 to see if you could provide those services identified above the dotted line with the funding provided. Answer the theoretic question of whether you would provide all the services identified if you received the new funding level, given that the level of "service" would be determined by each COE.**
 - ii. Some attributes of the model are as follows:
 1. Funding is tied to statewide average of elementary districts. Any time funding is increased to elementary districts, and then COE's would be included.
 2. Formula generates one half of a classroom of funding.
 3. Base amount for each COE \$1M or about the same as a NSS – high school with 10 teachers.
 4. Direct service would be included in the new funding. Direct service funding doesn't come in and out based on changing size of the small districts.
 5. Hold harmless is a key concept
 - iii. CCSESA will see this information for the first time on Tuesday. If possible try to coordinate your views with your county superintendent.
8. Chair's Report Gary Thomas
- CCSESA website will be going to Sacramento COE for maintenance. Each steering committee will have access and ability to post their own areas. Training will be offered by SCOE.
 - Embassy Suite room rates for 2008 will be \$149 night

- The fiscal procedures manual will be reviewed and commented on from a policy perspective by BASC subcommittee at the CBO Symposium. Gary Thomas will coordinate the meeting
- Assign the COE funding model group as the standing committee to review and comment on the upcoming finance effects of new reform legislation

9. 2008 BASC Goals and meeting details

Susan Grinsell

- The Mission, Goals and Structure of BASC as reported on the CCSESA website needs updating. Susan will provide a draft of revisions for the consideration by the group at the December meeting. In anticipation of the discussion, please send comments to Susan at your earliest convenience.
- 2008 meeting locations and fees. In an earlier informal survey, it appears that the group would like to continue to meet at the Embassy Suites. Room rates for those staying overnight will be \$149 per night and should be made through Bobbie Townsend; btownsend@essacramento.com. Lunch rates will increase a \$1 per meal to \$26. Therefore, members should be prepared for a slight increase in fees over the current year.

10. Shift of Incarcerated Youth

Ken Shelton

- Special guests were introduced from LACOE and SSC.
- The issue is that some students currently being served by DOJ (non 707b) may soon be served by COE's. Funding at \$8,000 is not adequate. The number of students in this population needing Special Education services is about double as compared to the populations districts serve.
- The state level of funding is about \$53 million for about 1,400 students. However chasing down the \$53 million won't be easy from the state level. It maybe that the allocation shift might have a fiscal effect on the Prop 98.
- SSC conducted a study in Santa Clara a few years ago under the direction of a local judge who convened a commission. The study proved that funding was not adequate. COE didn't advocate for more money at the time because preservation of funding was the object.
- Sacramento COE reported that county hall and camps are being rebuilt in a structure that can't accommodate program rotation and flexibility. Also, the county/probation now holds students out of class for things like court, medical appointments so attendance in the education program suffers. Delivery of Special Education services is also compromised due to reduced movement of students.
- The result is that DOJ is controlling the attendance of the kids in class.
- Topic will be brought to CCSESA quarterly meeting. LACOE is looking for a legislative solution and from multiple fronts.
- Maybe part of the larger discussion about how to fund schools and changes that may impact other alternative educational programs that COE's use.
- **BASC group assigned to be ready to respond in an integrated way**

11. BASC Working Committee Reports

11.1 Audits

Jim Thomas

- No report

11.2 Business Partnerships

Carlene Naylor

- Business Partnership Standing Committee Concept Paper, listing of partnerships and meeting minutes from the June 24th and October 8th minutes were distributed. Vendors are not sponsored by CCSESA but are affiliated with CCSESA. If vendors do not generate enough revenue then they become inactive. County Superintendents wish to partner with all partners to insure access. Steering committees are asked to make room and time for vendor access for presentation and facilitate their access to districts, if applicable.

11.3 Charter Schools

Gary Thomas

- Gary presented an Alert from CSBA which called for input on proposed changes to Prop 39 regulations relative to charter school facilities. Please provide input to Gary as soon as possible.

11.4 GASB 45

Ken Shelton

- No report

11.5 Legislature

Linda Protine

- Please provide any feedback on possible legislative priorities to Linda in response to an upcoming email to you.

11.6 PASSCO

Stan Mantooth

- No report

11.7 Professional Development

Francie Heim

- FCMAT sponsored CBO Mentor Program is open now. Applications were passed around and can be on FCMAT website
- FCMAT sponsored County Office Fiscal Oversight Workshop is scheduled for October 23rd.

11.8 TTSC

Mary Jarvis

- No report

11.9 MAA

Don Gatti

- No report

12. Envoy letter

Wendy Benkert

- Wendy shared that a recent letter stated that Orange County Department of Education provided facilitation for the vendor that wasn't really accurate. Other members shared that the letter was an accurate reflection of the related activities in their counties.

Meeting was adjourned at 2:00
Next meeting will be Friday December 7, 2007