



**BUSINESS and ADMINISTRATION STEERING COMMITTEE  
MEETING**

Friday, April 6, 2007  
8:45 a.m. – 2:00 p.m.

Embassy Suites Hotel  
Sacramento, California

**MINUTES**

*Pre-Meeting  
8:45 a.m.*

**COFS**

**Tom Etchart**

- MAA Update  
There will be a MAA Coordinator training in June. Code 16 (completing only the time study). Tighter regulation will be coming out to help define/regulate. Part of the problem may be that certain vendors can be over zealous which may lead to state review and state audit. Another part of the problem may be ambiguity in guidance from DHS. Once California took the program on, the federal costs increased significantly which may be part of the extra focus. A feasibility study is being done on automating the invoicing process.
- Medical LEA  
DHS was overpaying earlier this year but is now underpaying. Underpayments will be corrected next fiscal year.
- New Indirect Cost Rates  
The rates are out and most have increased by 1-2 %.
- Court/Community School Deficits  
Some COE's are discussing charging back excess costs to school districts and some COE's are already charging back.
- Proportion of Excess Costs due to Special Education of Incarcerated Youth  
During the BASC meeting a straw poll of the COE's at the table showed many of them pay these costs off the top before allocating revenue. Other COE's shared other options. LACOE's rate is almost 50% Special Education of the student population. BASC requested COFS to discuss the issue of special education in the incarcerated youth program in the future. Orange COE shared that they have asked CDE to implement legislation so that the state will cover these

costs. There was further discussion about whether this issue may/should be approached by CCSESA. A related issue is that COE's are viewed as "parents" of emancipated minors (vs. minors that still live with parents).

- COFS Conference  
See agenda item number 9.
- Letter from the State Controller  
Regarding the recent letter from State Controller Chang, a straw pole of people at the table showed that most have advised districts to be cautious about the type of expenditures but have agreed that funds may be spent prior to audit.
- MOU template from CDE with County Mental Health  
The MOU appears to be the same one Orange COE developed and is due May 1.
- Gifts of Public Funds  
A guide on gifts of public funds, developed by Tulare COE, was distributed at the COFS meeting.

## **SFSS**

**Tommy Welch**

- CSIS CBEDS Information  
Because COE's have a need to see detailed, district CBEDS information and CDE is no longer collecting that data. As a result oversight in the following areas will be more difficult: calculation/audit of districts' supplemental hourly program revenues (part of revenue limit), trend analysis for reasonableness of enrollment/ADA assumptions, charter schools funding.

The question was raised whether this is information FCMAT could provide and if not then where/how could we get it?

- Form O Changes  
The 2004-05 and 2005-06 Form O revenue was funded based on the higher of P-2 or Annual, from 2006-07, funding will revert to Annual.
- Criteria and Standards Survey  
Data (similar to the last survey) will be gathered to see which items may be failing on a consistent basis. Select the top 5 that failed in the last survey and clarify why, as well as how the Criteria or Standard could be improved. Surveys will go out after 2<sup>nd</sup> Interims have been reviewed. BASC asked that SFSS not limit their survey/analysis to the top 5 since this may be our last opportunity for modification.

## **FSCO**

**Ken Shelton**

- Facility Transfers  
Relative to the issue of a facility transfer between COE's who built the facility with hardship funding and districts who may not qualify for hardship and thus repay the required match, there is a new bill to exempt transactions after 10 years.
- Williams Evaluation Instrument  
The Final Williams Lawsuit related Evaluation Instrument has been completed. Contact Venceena Kelly with any questions.

***Regular Meeting  
9:00 am***

I. Regular meeting was called to order.

The Chair called the meeting at 9:00 a.m. and welcomed everyone. The following members were present:

Lettie Allen – Solano  
Wendy Benkert – Orange County  
Bud Burrow – Kern  
Denise Calvert – Sonoma  
John Caudle – Tulare  
Tom Etchart – COFS Chair, Ventura  
Barney Finlay – Santa Cruz County  
Don Gatti – Stanislaus  
Susan Grinsell – 2008 BASC Chair Elect, Humboldt  
Scott Hanan - CDE  
Mary Jarvis – San Luis Obispo  
Joan Kingery – Placer County  
Linda Legnitto – Yolo  
Joel Montero - FCMAT  
Carlene Naylor – Alameda  
JR Perkiss – Napa  
Linda Protine – Sutter  
Mike Ricketts – CCSESA  
Ken Shelton – Los Angeles  
Simons, Debbie – Los Angeles  
Damon Smith – Imperial  
Gary Thomas – BASC Chair, San Bernardino  
Jim Thomas – San Joaquin  
Tim Uptegrove – Glenn  
Tommy Welch, SFSS Chair, Solano

General announcements

- Congratulations to Tim Uptegrove who is retiring.
- Damon's featured as the "In Focus" personality in CASBO magazine.

Additional Agenda Items

- Number 13 – Oral Health Assessment
- Number 14 - Indirect Cost Rate

**State of the State**

**Mike Ricketts**

- Alternative Education—A recent report now termed the "Paul Warren Report" is gaining visibility. A CCSESA handout describing the programs was distributed. Mike shared that a summary of the history of these programs, which was prepared and used in a meeting with legislative staff members, will be available on the CCSESA website shortly. CCSESA met with some legislator's staffers in an effort to begin to share another perspective. The legislature is taking the report seriously and the topic is gaining visibility.

Orange COE discussed a recently published report which cited the success of Alternative Education programs relative to lowering dropout rates.

- SB 679—Carries the accountability and assessment provisions including independent study and testing.
  - There was acknowledgement that student transition between regular and alternative programs is difficult to manage and is an important part of the discussion. Student engagement (attendance) and readiness to learn are also important considerations.
  - ASAM 1 test doesn't seem to have a lot of credibility with the legislature since it isn't an APY score.
  - Both these issues are underlying the provisions of the bill.
- SB 802—Would implement the fiscal provisions (i.e. block grant)
  - Block grants wouldn't be tied to specific student needs and could weaken accountability because the funds could be used for something other than the target population. For this reason Mike is not in favor of a block grant mechanism.
- Paul Warren will present the report to a Senate subcommittee. The proceedings will include a panel (including CCSESA) in a more informal setting. Hopefully, a well rounded presentation will result in a better understanding of the programs.
- The report looks at Community Day Schools, Independent Study programs, County Community Schools and District Continuation Schools. Training for legislators is important because this unique frame of reference is missing for most people and results in a predisposition that the programs aren't serving these students well. It is quite possible this report will be considered seriously and so is worthy of focus and discussion. If the legislature picks only selective recommendations, it could result in difficulty.
- AB 131 (Supplemental Counseling bill. Handout Provided)—The bill will be heard on 4/18. Mike expects an uphill battle because although there is money left, the legislature is looking for a budget balancer.
- Mandated Cost letter from SCO—SSC recommends release of funds for expenditures and is consistent with other groups.

## **CDE Report**

**Scott Hannan**

- The department has been working to release funding for Arts, Music, PE Block Grant, AB 1200 and the Pupil Retention Block Grant.
- With respect to the requirement of a CEQA study as a condition of district reorganization, DOF will support the effort again, but success will likely be difficult due to concerns of the environmental lobbies.
- Responsible entity for audit findings/recommendations resolution of Charter Schools is the chartering LEA. There is state agency agreement that resolution should come out of the chartering authority and be part of the 1% oversight fee. A CDE Advisory will be forthcoming.
- CDE has proposed changes in language to include COE's in fiscal solvency grant funding and extend it to 2009-10. Each entity has a reserved amount and will be able to access the funds in the future (as if this is a 3 year appropriation). The next step is standard re-appropriation language legislation which will be part of the May Revise.

BASC members asked that COE's get 10% of expenses paid to districts in the county with a minimum of \$500 per report.

- School District Block Grant. The question was raised about whether school district (or COE)/site council can agree to carry money forward to a future year without a specific expenditure plan. Scott will research the issue and email the information to BASC members. Barney Finlay will email the Ed Code reference to BASC members.

## **FCMAT**

**Joel Montero**

- Joel reviewed his first year as CEO. The following are highlights:
  - Organizational staffing adjustments have been completed. Anthony Bridges and Michele Huntoon have been hired. Phil Scrofano's replacement and Michele McClovery's replacement will both be forthcoming.
  - Work continues to reduce the visibility of FCMAT and support work at the local level.
  - Professional Development/ Product Development have been extensive and include: Budget Explorer, Fiscal Insight Software, Facility software, various professional development workshops including those in concert with BASC PDC.
  - Relationships with CDE have improved in order to better support work in the field.
  - Website changes have been completed, making access to information and navigation within the website easier.
  - CSIS has been incorporated in the FCMAT corporate identity.
  - The board is supportive and engaged (BASC chair attends the board meetings).
- In answer to the question posed by COFS earlier in the day: CBEDS data is available through FCMAT but authority to release it to COE's or others would be necessary.
- FCMAT is developing a FCMAT alert on the accounting treatment for districts who are members of RDA's. The draft will be brought to BASC for review.

## **ROP**

**Barney Finlay**

LAUSD dropped below their ROP cap in 2005-06 which released the funds to other ROP programs. Because the funds are coming out late in the year and there is a 15% cap in the program, there is concern about whether the funds could be spent. Secondly, if the LAUSD programs grow this year or next year, could the funding to other ROP programs be negatively affected? The magnitude of this extra funding is quite substantial for many COE's.

Waiver process issues were discussed including whether a waiver is even available. The timing of the waiver is also important since waivers are requested and approved after the close of a fiscal year thus putting the LEA in a very risky position. CDE believes that SBE doesn't have authority to waive the carryover provision even though they might wish to consider it. Scott will research the issue and email the group. He will also confirm that if LA reclaims the growth, it will not affect other programs. Any unclaimed funding would go back to Prop 98 as revision funding in the future. A legislative fix may be necessary, which will not be easy due to LAUSD's interest in reforming the process.

## **Chair's Report**

**Gary Thomas**

The October BASC meeting conflicts with ASBO but the BASC meeting will remain as is.

A new CCSESA Administration Assistant position was discussed. The vision is that this position will support the work of the steering committees. The group was concerned that the new position wouldn't be efficient because it would be geographically separate from the committee chairs with the exception of updating the website and making copies. An alternative approach might be to identify the funding available and divide it up among the steering committee chairs to support a backfill for committee chairs' home administrative support.

The chair asked for feedback from BASC members on the changes in meeting and meeting material format. The responses were that overall, the use of website has been positive. It is more efficient to make copies for staff since it is on the website. The group also acknowledged that time management in the meeting is very challenging. The following recommendations were offered:

- Subcommittee and steering committee reports could be written instead of verbal.
- Recalibrate and reorder the agenda before and during the meeting.
- Clear communication about timing and scheduling of special guests is important.
- Set an expectation that the meetings will regularly adjourn promptly at 2:00pm and perhaps the meetings begin earlier than 8:45am.

## **Joint BASC/PASSCO Meeting**

**Stan Mantooth**

Stan reviewed the agenda and activities for the joint meeting. The deadline to register is April 27. Lunch will be included but cost of dinner is additional. Health Reform, OPEB and Collective Bargaining will be the topics of break-out sessions.

## **2008 CCSESA Conference**

**Tom Etchart**

SFSS representative requested feedback on what the upcoming CCSESA conference should include. The following summarizes the discussion and recommendations.

- A discussion of the identity and explanation of CCSESA, LAO perspective of the economy and state budget and perhaps a presentation from SSC is fine but county specific issues or sharing best practices are equally important (such as how to review a budget and bill back on special education).
- The conference shouldn't overshadow or duplicate the full day training on AB 1200 but emulating the structure of that training would be good.
- Panel discussions from representatives of small, medium and large COE's relative to best practices was stressed.
- Joel advised the committee to be very specific about the topic the speaker is to cover. Also, inquire of the target audience about the topics they wish to hear/learn about.
- Internal COE staff training about COE's statutory requirements, preparation of Form O etc. is important due to the substantial turnover of county office staff.
- Pre-conference can focus more on technical topics.
- CCSESA President's Address is important.
- Perhaps the conference is too long which is why it has begun to be repetitive.
- COFS chair should plan to attend some PDC committee meetings to insure collaboration and articulation with BASC.

- Reservation for a topic “Du Jour”.
- Perhaps Wednesday dinner could be eliminated as well as scaling back the food either quantity or quality.
- Develop the topics first and then identify the speakers rather than the other way around.

### **COE Funding Model Update**

**Linda Protine**

The number of COE’s that responded to the Survey was reviewed. Linda requested that we contact COE’s in our region that haven’t yet responded. Currently 30% of the COE’s haven’t responded. BASC’s recommendation was that cabinet discussions should occur to develop answers and not just reflect the CBO’s opinion. As a reminder, the survey should be answered independent of current funding.

### **Health Care**

**Wendy Benkert**

A handout outlining the guiding principles of the School Employers Association of California SEAC – Health Care Guiding Principles, available on the website, was discussed. Additionally, a white paper on the California Education Coalition for health care reform was reviewed. Email any concerns to Wendy as soon as possible so she can represent the BASC group in discussions with the Coalition.

### **BASC Working Committee Reports**

#### *Business Partnership—Carlene Naylor*

Carlene asked for assistance in interviewing vendor partners. If you are interested, please contact her.

#### *Charter Schools—Gary Thomas*

Assemblyman Huff’s bill on the charter school revocation process states that if a COE reverses district revocation then the COE becomes the chartering agency. CCSESA is recommending an oppose position.

#### *GASB 45—Debbie Simons*

Fiscal Solvency Grant. San Diego has developed a template for plan review. BASC will ask that Sandra Peck review the checklist as part of her work as a consultant. LACOE’s advisory is available on their website, [www.lacoe.edu/bas](http://www.lacoe.edu/bas), under Informational Bulletin 331 Funding for Fiscal Solvency Plans.

#### *Legislative—Linda Protine*

- CTC summit has approximately 37 bills to watch.
- Federal Update—Elimination of MAA through legislative process has been proposed but there is opposition.
- Linda asked for feedback regarding effectiveness of working through the bills and the following was recommended.
  - Assign legislation on topics to different BASC members.
  - Informally survey subgroups to get quick feedback.
  - Rely on Mike Ricketts to identify what should be looked at and analyzed. Send the bill number to assigned member based on topic and get their feedback.
  - Linda will email bills to committee or working committee chairs.

- SB 901. Retiree compensation is subject to STRS for all normal and creditable service done by a retiree. It is reportable and subject to employer STRS if it is a STRS creditable position.

MAA—Don Gatti

No report

Professional Development—Francie Heim

No report

TTSC—Mary Jarvis

No report

### **Oral Health Assessment**

AB 1423 handout from Mike Ricketts was distributed. SJCOE has an online system for data and outlines the level of responsibility by a County Superintendent. The assessment is important since oral health is a significant indicator of a child's health. The bill sets aside \$4.4 M to school districts and COE's. The county's funding would come out of the \$4.4 M at roughly 8% of the funding. Allocation of funding will be forthcoming. Proof of dental evaluation from parents/guardians of kindergarten students are due 5/31/07. December 31 is the deadline for the data to be compiled and reported to CDE (through COE's). The software is free to COE's and \$.40 per district kindergarten/first grade ADA.

A representative and demo should be presented to COE personnel that will be implementing this such as Nurses or others be responsible for this information. BASC members will work with Scott Hannan (CDE).

Jim Thomas, Wendy, Scott and representatives from his staff will meet next week to work out the details relative to the flow of funding to SJCOE. BASC members agreed that a consistent state wide data gathering approach is important.

### **Indirect Cost Rate**

Now that many have worked through the new ICR there are some unanticipated consequences in that unrestricted revenues have been compromised. It is unclear if the IRC is being consistently applied statewide and if the ICR isn't as close a fit for COE's as it is for school districts. Discussion concentrated around the subcontractor changes. The new process shifts the IRC from restricted to unrestricted programs. Inconsistency between counties may exist which will be problematic at the state level. This new process causes the rates to increase (which may become a political issue) but since the rate isn't applied consistently over restricted programs, the total collected may not be the same as before.

BASC members asked COFS to work up examples of subcontractors and other areas of concern or inconsistencies between counties due to the new calculation as well as a matrix that can be used as training materials. Example and discussions of what we should think should be a direct charge would also be helpful. An example of this might be contracting educational pieces of a migrant program means you no longer can charge the full indirect to fund the business office support. Instead, you could require migrant program to hire an accountant to perform that service. Send samples to COFS and they will try to develop a "standard". COFS was asked to coordinate with SFSS.