

The Common Message

2018-19 First Interim



BASC
Business and Administration
Steering Committee

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Sources

Association of California School Administrators
Bob Blattner and Associates
Bob Canavan, Federal Management Strategies
California Association of School Business Officials
California Collaborative for Educational Excellence
California Department of Education
California Department of Finance
California State Board of Education
California School Boards Association
California School Information Services
Capitol Advisors
Fiscal Crisis and Management Assistance Team
Ball/Frost Group, LLC
K-12 High Speed Network
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National Forest Counties and Schools Coalition
School Services of California
Schools for Sound Finance (SF2)
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Background

Since May 2008, county office chief business officials have crafted common messages to give guidance to school districts on assumptions for budget and interim reports. The goal of the Business and Administration Steering Committee (BASC) is to provide county office chief business officials with a consistent message, based on assumptions used by the state Department of Finance (DOF), which can be used in providing guidance to school districts.

The BASC would like to thank the DOF, the State Board of Education, the California Department of Education (CDE) and the Fiscal Crisis and Management Assistance Team, as well as our colleagues in education listed in the sources section for providing BASC and our local educational agencies (LEAs) the most up-to-date information at the time of the Common Message writing.

Purpose: The BASC Common Message is intended as guidance and recommendations to county offices of education (COEs). Each COE will tailor the guidance to the unique circumstances of the LEAs located in their county. Even within a county, COE situational guidance may vary considerably based on the educational, fiscal and operational characteristics of a particular district. Districts and other entities seeking to understand the guidance applicable to a particular LEA should refer to the information released by the COE in the county where the LEA is located.

First Interim Budget Key Guidance

Since adoption of the 2018-19 budget this past June, actual General Fund revenue collections for the prior year (May-June) and current year (July-September) are above projections by \$1.541 billion and \$1.032 billion, respectively.

Despite these overall increases in General Fund revenue, LEAs should NOT assume Prop. 98 will experience an upward adjustment in the 2018-19 spending guarantee because no outstanding Prop. 98 maintenance factor exists in 2018-19, and Prop. 98 is funded at Test 2 in 2018-19.

A new Governor will take office in January 2019, and LEAs should remain cautious regarding priority commitments to LCFF and discretionary funding until the Governor reveals his priorities.

The projected COLA for 2019-20 (2.57%) will require approximately \$1.6 billion in new, ongoing and available Prop. 98 growth for K-12 education in the budget year. Given the unique risks to Prop. 98 growth in 2019-20, LEAs should take additional caution in making any out-year expenditure commitments until the new administration's budget projections and proposals are released in January.

Significant Changes Since Adopted Budget

The CDE has certified that overall 2017-18 ADA declined from 2016-17 and, as a consequence, the ADA hold harmless provision would no longer apply to the calculation of the 2018-19 guarantee. Districts should expect the administration to propose a reduction in the minimum guarantee in January related to the 2017-18 ADA decline.

The CDE projected \$1,976 per eligible student for the Low Performance Student Block Grant (LPSBG). The LPSBG requires no application but does require a plan to be developed.

The CDE now projects \$177 per FTE for the Classified Professional Block Grant.

Planning Factors for 2018-19 and MYPs

Key planning factors for LEAs to incorporate into their 2018-19 budgets and MYPs are listed below and are based on the latest information available.

Planning Factor	2018-19	2019-20	2020-21
Statutory COLA (DOF)	2.71%	2.57%	2.67%
LCFF COLA (school districts and charter schools)	3.70%		
LCFF Gap Funding Percentage (DOF)	100.00%		
LCFF Gap Funding (in millions)	\$3,556		
STRS Employer Statutory Rates (statute until 2020-21)	16.28%	18.13%	19.10%
PERS Employer Projected Rates (September 2018)	18.062%	20.7%	23.4%
Lottery – Unrestricted per ADA (did not change)	\$151.00	\$151.00	\$151.00
Lottery – Prop. 20 per ADA (did not change)	\$53.00	\$53.00	\$53.00
Mandated Cost per ADA for One-Time	\$184.00		

Planning Factor	2018-19	2019-20	2020-21
Mandated Block Grant for Districts – K-8 per ADA (increase by COLA 2.71%, etc.)	\$31.16	\$31.96	\$32.81
Mandated Block Grant for Districts – 9-12 per ADA (increase by COLA 2.71%, etc.)	\$59.83	\$61.37	\$63.01
Mandated Block Grant for Charters – K-8 per ADA (increase by COLA 2.71%, etc.)	\$16.33	\$16.75	\$17.20
Mandated Block Grant for Charters – 9-12 per ADA (increase by COLA 2.71%, etc.)	\$45.23	\$46.39	\$47.63
State Preschool (CSPP) Part-Day Daily Reimbursement Rate	\$29.90	\$29.90	\$29.90
State Preschool (CSPP) Full-Day Daily Reimbursement Rate	\$48.28	\$48.28	\$48.28
General Child Care (CCTR) Daily Reimbursement Rate	\$47.98	\$47.98	\$47.98
Routine Restricted Maintenance Account All LEAs that received ANY School Facility Program funding are required to deposit 3% into their Routine Restricted Maintenance Account in the year in which the LCFF is fully implemented, which is 2019-20. If district received Prop. 51 funds in 2017-18 or 2018-19, the minimum 3% RRMA contribution is required in 2018-19.	Greater of: Lesser of 3% or 2014-15 amount or 2%	Equal or greater than 3% of total GF expenditures	Equal or greater than 3% of total GF expenditures

Reserves/Reserve Cap

County offices continue to reinforce the need for reserves in excess of the minimum reserve for economic uncertainty. The required reserve for economic uncertainty represents only a few weeks of payroll for most districts. The Government Finance Officers Association recommends reserves, at minimum, equal to two months of average general fund operating expenditures, or about 17%. In determining an appropriate level of reserves, districts should consider multiple external and local factors including but not limited to:

- State and federal economic forecasts and volatility.
- Unknown impacts of federal tax reform on state revenue.
- Forecasted revenue changes versus projected expenditure increases in budget and multiyear projection years.
- Ending balance impact of various district enrollment scenarios.
- Cash flow requirements and the relationship between budgeted reserves and actual cash on hand.
- Savings for future one-time planned expenditures.
- Protection against unanticipated/unbudgeted expenditures.
- Credit ratings and long-term borrowing costs.

Prudent reserves afford districts and their governing boards time to thoughtfully identify and implement budget adjustments over time. Inadequate reserves force districts to react quickly, often causing significant disruption to student programs and employees.

The district reserve cap is not activated in 2018-19 and is not expected to be activated in 2019-20. SB 751 modified Education Code 42127.01 (the district reserve cap), and these changes became effective January 1, 2018. The Public School System Stabilization Account (PSSSA) must now contain a balance of 3% or greater of the Prop. 98 amount in that year to trigger the reserve cap in the following year. Reserves would be capped at 10% (including designated and undesignated reserves Fund 01 and Fund 17) as long as the amount in the PSSSA remained at 3% or greater of the Prop. 98 amount in each preceding year. Basic aid and small school districts (those with fewer than 2,501 ADA) are exempted from the reserve cap. The four conditions that must be met to enable a transfer to the PSSSA are:

1. Prop. 98 is funded based on Test 1.
2. Prop. 98 maintenance factor is fully repaid.
3. Prop. 98 is sufficient for enrollment growth and statutory COLA.
4. At least 8% of state general fund revenues come from capital gains.

The likelihood of the reserve cap being activated in future years remains low but if this does come to pass, districts have the option to request a waiver from the county superintendent of schools for up to two consecutive years in a three-year period. Districts are advised to manage and maintain prudent reserves without consideration of the reserve cap language included in Education Code 42127.01.

Negotiations

Although the adopted budget included one-time discretionary funds (\$184/student) and a 2018-19 LCFF augmentation of 0.99%, there is little expectation of any new dollars until the fiscal year 2019-20 state budget is adopted. In the meantime, these considerations are key:

- Full funding of the LCFF may provide a slight increase in funding in the budget year; however, estimates of future year increases are limited to COLA alone – or less than 3% per year.
- Full funding of the LCFF also requires districts to maintain a 24:1 class size ratio for kindergarten through grade 3 unless a collectively bargained alternative exists.
- Full funding of the LCFF also means that supplemental and concentration grants are fully funded, which may require an increase in expenditures for districts that were gradually increasing their grant amount by the annual gap factor.

Despite flattening revenues, escalating fixed expenditures are difficult to manage and, accordingly, may ultimately threaten fiscal solvency for many districts:

- It is unlikely that the annual COLA on the LCFF will be sufficient to fund the annual cost increases associated with step and column and the escalating employer retirement system costs at most districts. For these districts, any additional ongoing increases to the salary schedule are highly problematic in maintaining a balanced budget.
- Many districts adopted a practice of multiyear agreements during the implementation phase of the LCFF. However, continuing this practice now that revenue growth will slow, and could lead to a rapid deterioration of fiscal solvency, is strongly discouraged.

Many other risk factors on the horizon affect the negotiating environment and the affordability of collective bargaining agreements:

- The impact to health care costs resulting from the elimination of the individual mandate under the Affordable Care Act.
- Ongoing increases in the state minimum wage; start negotiations with your classified association regarding minimum wage increases if you have not already done so.
- The increasing risk of an economic downturn as the expansion cycle exceeds most previous cycles.

Regardless of the economic environment, districts always must be prepared to respond to employee requests for staff compensation and benefit increases. Nonetheless, fiscal solvency is paramount in negotiations and, if it is to be sustained, demands reasonable and accurate revenue and expenditure projections. Maintaining fiscal solvency while maximizing services to students with available financial resources will be a continuing challenge. It is inevitable that cost

reductions will be required for many districts in the budget year and/or the out years of the multiyear financial projection period.

Local Control and Accountability Plan (LCAP)

In developing and adopting their 2018-19 first interim reports, LEAs should: 1) review progress to date on implementation of planned actions and services in their adopted LCAPs, 2) begin gathering and reporting any preliminary data available for the next annual update, and 3) transparently assess any budgetary changes in the first interim report that might impact the LEA's ability to implement the LCAP going forward. In addition, LEAs should review local data and CALPADS submissions to anticipate possible areas of concern regarding budget priorities that may surface when the 2018 California School Dashboard is released in December 2018.

To prepare for the development of 2019-20 LCAPs, LEAs should review the current LCAP to see if amendments will need to be made to align with the federal addendum that will be required with next year's LCAP. The addendum requires the LEA to answer strategy and alignment questions for each of the federal programs they will be operating per the following instructions:

Strategy: Explain the LEA's strategy for using federal funds to supplement and enhance local priorities or initiatives funded with state funds, as reflected in the LEA's LCAP. This shall include describing the rationale/evidence for the selected use(s) of federal funds within the context of the LEA's broader strategy reflected in the LCAP.

Alignment: Describe the efforts that the LEA will take to align use of federal funds with activities funded by state and local funds and, as applicable, across different federal grant programs.

LEAs need to be aware that further changes to the LCAP template are coming. The 2018-19 Budget Act (AB 1808) added Education Code 52064.1, which calls for the creation of a "local control funding formula budget overview for parents" that will be "attached as a cover" to the front of adopted LCAPs for 2019-20. The template for this overview shall be developed by CDE by December 31, 2018 (subject to approval by the executive director of the State Board of Education). Some of the information called for in the budget overview duplicates budget information in the LCAP Plan Summary section. Consequently, CDE anticipates taking minor revisions to the LCAP Template to the SBE for approval in January to remove redundant information in the Plan Summary.

Budget cleanup bill AB 1840, signed by the Governor in September, calls for further significant changes to the LCAP, including new expenditure summary tables. However, the actual revisions to the template are to be adopted by the SBE by January 31, 2020 and are not expected to be effective until the 2020-21 – 2022-23 LCAP cycle commencing with the 2020-21 school year.

The stated intent of the LCAP template revisions called for in AB 1808 and AB 1840 is to make the information easier for constituents – especially parents – to understand, and to improve fiscal transparency. In addition, legislative language appears to highlight the desire to see LCAPs used

as a comprehensive planning tool, and not just as a plan for supplemental and concentration grant funds.

Necessary Small Schools

Senate Bill (SB) 1321 amended Education Codes 42282 and 42283 as follows: to “include in the definition of ‘necessary small school’ an elementary school with an average daily attendance of less than 97 pupils, excluding pupils attending the 7th and 8th grades of a junior high school, maintained by a school district with more than 2,500 and fewer than 5,001 units of second principal apportionment average daily attendance in which as many as 15 pupils residing in the school district and attending kindergarten and grades 1 to 8, inclusive, excluding pupils attending 7th and 8th grades of a junior high school, in the elementary school with an average daily attendance of less than 97 pupils would be required to travel more than 30 miles one way from a point on a well-traveled road nearest their home to the nearest other public elementary school.”

One-Time Discretionary Funding

The enacted 2018-19 budget provides \$1.1 billion (estimated \$184 per ADA) in one-time Prop. 98 discretionary funding for school districts, charter schools and COEs. These one-time discretionary dollars are less than the amount included in the May Revision due to the increased funding of other education priorities such as the LCFF and Career Technical Education.

- As in prior years, these funds will offset outstanding local mandate claims owed to LEAs.
- Funds may be used for any one-time purpose determined by the LEA’s governing board. The legislative intent was to prioritize the use of these funds for professional development, teacher induction, instructional materials, and technology infrastructure.
- Notification of allocation is anticipated by January 31, 2019.
- Funds will be allocated to LEAs based on 2017-18 P-2 ADA and will be released in January and June 2019.
- However, there is a provision to reduce a school district’s one-time funds to repay any disallowed claims under the School-Based Medi-Cal Administrative Activities program or under the Medi-Cal Billing Option program. School districts that owe for disallowed claims will see a reduction in both the January and June disbursement of one-time discretionary funds. School districts should contact their local educational consortium or local governmental agency if they are unsure of the amount they were overpaid.

Low-Performing Students Block Grant

The budget includes a one-time block grant to help address the achievement gap for all students. CDE currently estimates the funding at \$1,976 per eligible pupil. The funding will be distributed on a per-pupil basis to school districts, charter schools and COEs for pupils that are identified as low-performing on the latest available state English language arts or mathematics assessments (2016-17 data) and who are neither identified for special education services nor identified as low-income, English learner or foster youth. “Low-performing” is defined as not meeting academic achievement standards on the most recently available (2016-17) results of the CAASPP test in any of the following ways:

1. Does not meet achievement standard, “level 1,” in both English language arts and mathematics.
2. Does not meet achievement standard, “level 1,” in either English language arts or mathematics, and nearly meets the achievement standard, “level 2,” in the other subject.
3. Does not meet achievement standard, “level 1,” in either English language arts or mathematics, and does not have a valid score for the other subject.

All measures of a pupil’s eligibility – low-performing, eligible for special education services, and identification as low-income, English learner or foster youth – should be for the same fiscal year.

To determine eligibility, districts will, therefore, subtract low-income, EL, foster youth and special education students from their low-performing population, and the remainder is the count that is eligible for this block grant. CDE will determine the eligible pupil count and automatically apportion the block grant, currently estimated at \$1,976 per eligible pupil. However, there are conditions of receipt as noted below.

These block grant funds may be expended through 2020-21 and shall be used for evidence-based services that directly support pupil academic achievement, including, but not limited to, professional development activities for certificated staff, instructional materials, or additional supports for pupils.

As a condition for receiving grant funds, the LEA shall develop a plan describing how the funds will increase or improve evidence-based services for the identified pupils to accelerate increases in academic achievement, and how the effectiveness of the services will be measured. The plan shall include information regarding how the services align with and are described in the LEA’s LCAP. Finally, the plan shall be discussed and adopted at a regularly scheduled board meeting of the LEA’s governing body. The LEA must report to the Superintendent of Public Instruction regarding the adopted plan on or before March 1, 2019. The proposed code does not identify a specific plan template or application process. We anticipate these details will be forthcoming from CDE as the process to administer the block grant is developed.

Grant recipients must also report to the SPI on or before November 1, 2021 regarding the implementation of the plan including strategies used and whether the plan increased the academic performance of the target pupils.

More information regarding the block grant may be found here:

<https://www.cde.ca.gov/fg/aa/ca/lpsbg.asp>

Early Childhood Education

Child Care and State Preschool

The enacted state budget includes:

- A 2.71% COLA for both Prop. 98 and non-Prop. 98 direct service programs.
- A further 2.795% Standard Reimbursement Rate increase.
- Permanent extension of the Regional Market Reimbursement Rate hold harmless.
- Full year implementation of 2017 Budget Act investments including the final round of the increased 2,959 full-day State Preschool slots, to begin April 1, 2019.
- Increases in CalWORKs Stage 2 and Stage 3 childcare funding to reflect increases in the number of CalWORKs child care cases and cost of care.
- Creation of the one-time \$167 million Inclusive Early Education Expansion Program.
- Funding for 2,100 ongoing additional Alternative Payment childcare slots (\$19 million non-Prop. 98), and 11,307 temporary additional AP slots through June 30, 2022 (\$409.2 million limited-term federal funds).
- Increases to the adjustment factors for infants and toddlers served in a child day care center or a family childcare home. Adjustment factors for children with special needs were also increased (\$40.2 million non-Prop. 98, increasing to \$80.3 million in future years).
- The creation of a new county office Inclusive Early Care Pilot Program (\$10 million one-time).
- \$5 million one-time for licensed child care teacher professional development.
- \$5 million one-time for the California Child Care Initiative Program.

- \$6 million for other one-time quality activities, with priority given to activities that support state compliance with federal consumer education requirements.

In addition, the budget trailer bill (AB 1808) reaffirms the proposal in the 2017-18 budget to allow licensing flexibility for State Preschool programs operated by an LEA. The bill requires the CDE to adopt regulations for California State Preschool programs under Title 5, on or before July 1, 2019, related to outdoor shade, drinking water, restrooms, supervision of children, and maintenance of indoor and outdoor space. In addition, the Uniform Complaint Procedures section of the bill adds related provisions establishing a process for complaints related to the preschool health and safety requirements.

Special Education

The enacted state budget provides a 2.71% COLA estimated at \$14.24 per ADA. This brings the AB 602 estimated statewide target rate to \$539.68 per ADA after removing the 2017-18 program specialist and regionalized services funding from the calculation.

Local Solutions Grant Program. The 2018-19 state budget includes funding to support the recruitment, preparation, and support of new special education teachers. A total of \$50 million is available for competitive grants to LEAs. Grants of up to \$20,000 per teacher participant that the identified solution proposes to support will be provided and these, along with required matching contributions, may be used for local efforts to recruit, develop, and retain special education teachers including but not limited to teacher service scholarships, student debt payment, living stipends for newly credentialed teachers who earned an education specialist credential, recruitment of former special education or other teachers who may be interested in working as special education teachers, signing bonuses for newly credentialed teachers who earn an education specialist credential, service awards, mentors for existing teachers, professional learning communities, teacher career pathways or other solutions that address a local need for special education teachers. Proposals must be received by the Commission by 5 p.m. PDT on October 30, 2018. See the Commission on Teacher Credentialing website (<https://www.ctc.ca.gov/educator-prep/grant-funded-programs>) for detailed program information.

Inclusive Early Education Expansion Program. For the 2018-19 fiscal year, \$167,242,000 is appropriated for allocation to LEAs for the Inclusive Early Education Expansion Program. Grants shall be awarded on a competitive basis and may be used for one-time infrastructure costs only, including, but not limited to, adaptive and universal design facility renovations, adaptive equipment, and professional development. Funds shall not be used for ongoing expenditures and shall be available for encumbrance until June 30, 2023. Grant applications must include increasing access to subsidized inclusive early care and education programs for children up to five years of age, including those defined as “children with exceptional needs” pursuant to Section 8208, in low-income and high-need communities. Proposals shall quantify the number of additional subsidized children proposed to be served, including children with exceptional needs. A plan to fiscally sustain subsidized spaces or programs created by grant funds beyond the grant period is required. Subsidies may be funded with private, local, state, or federal funds and shall demonstrate a reasonable expectation of sustainability. The identification of local resources to

contribute 33% of the total award amount is required and local resources may include in-kind contributions. Proposals must include resources necessary to support lead agency professional development to allow staff to develop the knowledge and skills required to implement effective inclusive practices and fiscal sustainability and must also include a description of the special education expertise to be utilized to ensure the funds are used in a high-quality, inclusive manner.

Local Plan. Districts and county offices are now required to post on their websites any special education local plan, annual budget plan and annual services plan that was approved or updated (revised) by their governing board. County offices are also required to post district special education local plans or links to the district local plans on the COE website. A copy of the special education local plan, including policies and procedures and the annual budget and service plans, shall be on file at the SELPA office and at the office of each participating LEA and shall be accessible to any interested party.

On or before July 1, 2019, CDE will develop local plan templates that shall be used by SELPAs, districts, and county superintendents of schools. Commencing July 1, 2020, each local plan shall include an annual assurances support plan. The purpose of the annual assurances support plan is to demonstrate how the SELPA and its participating agencies are coordinating to ensure effective outcomes for pupils with disabilities. The department shall develop a template for the annual assurances support plan by March 31, 2019.

LCAP. School districts must consult with SELPA administrators to determine that specific actions for individuals with exceptional needs are included in the LCAP or annual update to the LCAP, and are consistent with strategies included in the annual assurances support plan (when available) for the education of individuals with exceptional needs.

Career Technical Education

The 2015 Budget Act established the Career Technical Education (CTE) Incentive Grant Program to incentivize LEAs to establish and maintain CTE programs during the phase in of the LCFF. The program provided \$400 million, \$300 million, and \$200 million Prop. 98 General Fund in 2015-16, 2016-17, and 2017-18, respectively. Funds provided through this initial three-year investment must be fully spent by June 30, 2019. The state will not allow carryover after this date.

The 2018 Budget Act reflects a compromise among several CTE proposals discussed in the Legislature during the budget process. The Budget Act contains \$164 million in ongoing funding (including \$14 million for technical assistance and administrative costs) for the K-12 Strong Workforce Program and \$150 million in ongoing funding for the CTE Incentive Grant, administered by the CDE.

The budget trailer bill (AB 1808) maintained the following adjustments and clarifications to the K-12 Strong Workforce Program Proposal made in May:

- Allocates funding through the Community Colleges Chancellor's Office to existing regional consortia based on these factors in each region: the unemployment rate (33%), the region's total average daily attendance for students in grades 7 to 12 (33%), and the proportion of projected job openings (34%).
- Specifies that grant decisions for the K-12 component are made exclusively by the K-12 Selection Committee specified in the trailer bill language.
- Expands and clarifies technical assistance roles within the program.
- Provides resources to consortia for administering the regional grant process, including resources to support the K-12 Selection Committee duties.

The proposed schedule for the K-12 Strong Workforce Program is as follows:

Application form for project submissions available to LEAs – January 7, 2019

- K-12 Selection Committees in place – **January 7, 2019.**
- Project submission deadlines – **March 15, 2019.**
- Training for K-12 Selection Committees on project submission rubric. **January 7-March 15.**
- Allocation Notification – **April 30, 2019.**
- NOVA training for LEAs receiving allocations – **April 30-June 15, 2019.**
- Allocations released to funded projects – **mid-June.**

The proposed schedule for the Career Technical Education Incentive Grant (CTEIG):

- November 2018: California Workforce Pathways Joint Advisory Committee to review and make recommendations regarding the metrics per E.C. 53071(c).
- December 2018: Mid-December – CTEIG application to be released to field.
- January 2019: January 25 – CTEIG application is due to CDE.
- March 2019: SBE Board Item – Will publicize a review of allocation formula, specific funding amounts, purposes for which grant funds may be used, allowable and non-allowable expenditures, and the number of grants to be awarded.
- 2019 May: LEAs to receive grant award notifications.

- 2019 June: Mid-June will be 1st release of funds to the field.

Both grant programs are competitive and require a funding match. The K-12 component of the Strong Workforce Program requires either a one-to-one or a two-to-one match depending on the structure of each recipient's program. The CTEIG requires a two-to-one match.

The Community Colleges Chancellor's Office will host a series of regional consortium engagement meetings around the K-12 Strong Workforce Program from October 31, 2018-November 14, 2018. More information can be found on the California Community Colleges Doing What Matters website, under the Strong Workforce tab:
<http://doingwhatmatters.cccco.edu/StrongWorkforce.aspx>

Other Grants

LEAs have many new and targeted restricted funding opportunities as part of the 2018-19 state budget. LEAs should update the first interim report with the anticipated estimates of receiving any of these restricted funds. However, since several of these funding opportunities are not entitlements and are connected to a competitive grant process or have terms and conditions to which an LEA must adhere to receive the funding, it is important to determine if the district will be eligible for the funds before including the amounts in the budget.

Following is a brief list of the funding opportunities:

Special Education Local Plan Area (SELPA) – Assistance for LEAs on Special Education Outcomes

\$10 million in ongoing Prop. 98 funding to incorporate SELPAs into the state system of support through the establishment of special education resource leads (SELPA leads) who will work with COEs to improve pupil outcomes. There will be two types of leads: SELPA systems improvement leads and SELPA content leads. The competitive application process is under way for the SELPA systems improvement leads, with applications due October 26, 2018. A separate application for SELPA content leads will be available in mid-November 2018.

Classified School Employees Professional Development Block Grant Program

\$50 million in one-time Prop. 98 funding for the Classified School Employee Professional Development Block Grant Program. This program will provide \$45 million to LEAs with a one-time grant based on the number of full-time equivalent classified school employees employed by the LEA as reported in the California Basic Educational Data System in the immediately preceding fiscal year. First priority for the funds is for the implementation of school safety plans, and the funding may be expended for any purpose described in EC Section 45391. The CDE will be required to apportion these funds to school districts, county offices of education, and charter schools as block grant funds. CDE currently estimates \$177 per FTE. The remaining \$5 million is provided to the California Community Colleges Chancellor's Office.

Classified School Employees Summer Assistance Program

\$50 million in one-time Prop. 98 funding is provided for this program. Under the provisions of the program LEAs will have the ability to elect to participate. If LEAs decide to participate, the following requirements apply:

1. An LEA must notify classified employees by January 1, 2019, that it has elected to participate in the program for the 2019-20 school year.
2. Once an LEA provides notification to classified employees of its intent to participate, the LEA is prohibited from reversing its decision to participate in the program for the 2019-20 school year.
3. To be eligible to participate, a classified employee must be employed for less than 12 months per fiscal year and must have been employed for at least one year at the time the classified employee elects to participate.
4. Eligible classified employees that elect to participate in the program must notify their employer in writing on a CDE-developed form by March 1, 2019. Employees must specify the amount to be withheld from their monthly paycheck during the 2019-20 school year and whether they want to have the amounts withheld paid out during the summer recess period in one or two payments. Participating classified employees may elect to have up to 10% of their monthly pay withheld during the school year.
5. A classified employee whose regular annual pay is more than two times the full-time pay of a classified employee paid at the state minimum wage is NOT eligible to participate.
6. LEAs that elect to participate in the program must notify the CDE by April 1, 2019 and provide the number of classified employees that have elected to participate and the total estimated amount to be withheld from their paychecks for the 2019-20 school year.
7. The CDE must notify participating LEAs by May 1, 2019, of the estimated amount of state match funding that a participating classified employee can expect to receive as a result of participating in the program. If the funding provided is insufficient to provide \$1 for each \$1 that has been withheld from participating classified employee monthly paychecks, the CDE must notify LEAs of the expected prorated amount of state match funds that a participating classified employee can expect to receive.
8. LEAs must notify participating classified employees by June 1, 2019, of the amount of estimated state match funds that a participating classified employee can expect to receive. After receiving that notification, a classified employee may withdraw his or her election to participate in the program or reduce the amount to be withheld from his or her paycheck by notifying his or her employing LEA within 30 days after the start of the school year.

9. The LEA must deposit the amounts withheld from participating classified employees' monthly paychecks in a separate account.
10. A classified employee that separates from employment with an LEA during the 2019-20 school year may request from the LEA any pay withheld from his or her paycheck. However, the classified employee will not be entitled to receive any state match funds provided pursuant to this section.
11. Participating LEAs must request payment from the CDE on or before July 31, 2020, and the CDE must apportion funds within 30 days of receiving a request for payment by the participating LEA.
12. The CDE shall apportion funds to participating LEAs to provide a participating classified employee up to \$1 for each \$1 that he or she has elected to have withheld from monthly paychecks. During the summer recess period, the LEA would be required to pay the participating classified employee from the program fund the amounts withheld in accordance with the classified employee's choices, plus the amount apportioned by the CDE that is attributable to the amount withheld from that classified employee's paychecks during the school year.
13. The state match funding shall not be considered compensation for the purposes of determining retirement benefits for PERS or STRS.

Teacher Residency Grants

The 2018-19 state budget includes funding to support the development and implementation of teacher residency programs. A total of \$75 million is provided for competitive grants for LEAs, with \$50 million allocated for the preparation of special education residents and \$25 million allocated for the preparation of STEM and/or bilingual residents. The grants can be up to \$20,000 per teacher and require a matching local contribution, which can include an in-kind match of mentor teacher personnel costs or other personnel costs related to the Teacher Residency Grant Program, provided by the grant recipient.

A teacher residency program is a partnership between an LEA and an institution of higher education with a commission-approved preliminary teacher preparation program in which a prospective teacher teaches at least one-half time alongside a teacher of record, who is designated as the experienced mentor teacher, for at least one full school year while engaging in initial preparation coursework. Eligible applicants for funding opportunities through the grant program are school districts, COEs, charter schools, regional occupational centers or programs operated by a joint powers authority, and nonpublic, nonsectarian schools as defined in Section 56034 of the Education Code.

The Commission on Teacher Credentialing (CTC) will release three separate Requests for Proposals (RFPs) for Teacher Residency grants in 2018-19. In the event of insufficient demand for the funds available, there may be additional opportunities to apply for residency funds in subsequent years. The RFP due date for round one has passed and grant recipients have been announced. See the CTC website (<https://www.ctc.ca.gov/educator-prep/grant-funded-programs>)

for round one grant recipient information and important dates and details regarding round 2 and 3 grant opportunities.

Other Teacher Residency Programs

\$25 million is provided to the CTC for the 2018-19 fiscal year to establish the Teacher Residency Grant Program to provide one-time competitive grants to develop new or expand existing teacher residency programs that recruit and support the preparation of bilingual education, science, technology, engineering, or mathematics teachers. There are similar program requirements as above, with a focus on bilingual education, science, technology, engineering, or mathematics teachers, as applicable.

ASES: Kids Code Grant Program

\$15 million for CDE to provide one-time grant funds to eligible after school education and safety programs that focus on computer coding as part of their curriculum. The funding will be available for the 2018-19, 2019-20 and 2020-21 fiscal years.

Fire-Related Property Tax Backfill

\$12.3 million is provided to backfill special education programs and basic aid districts for fire-related property tax revenue reductions to LEAs in areas impacted by the wildfires that began in northern California in October 2017 and in southern California in December 2017.

Summary

The Common Message is devised to assist LEAs in developing budgets and interim reports. How this information affects each LEA is unique. With this in mind, LEAs should evaluate their individual educational and financial risks.