1. **State News**
   - State revenues were down from the forecast a bit in July ($178 million), but were way above the forecast in August ($1.14 billion). The State revenues are off to a strong start for the new fiscal year. Personal income tax, sales and use tax and corporation tax all beat estimates.
   - California’s unemployment rate remains low at 4.2%. The U.S. unemployment rate is 3.7%. The housing market appears to be slowing a bit, with the price for a single-family home down by 1.9% to $591,460.
   - In September, more than 100 educational researchers released “Getting Down to Facts II”, a combination of studies and briefs regarding the state’s K-12 system over the past 10 years.
     - The Special Education Section was written by Paul Warren and Laura Hill. They were the primary writers on the PPIC report two years ago which discussed Special Education and SELPAs.
       - Key points about Special Education
       - Key points of the study
     - The researchers found that California would have to fund an additional $22 billion, (32% above current spending), in order for all students to meet the state’s academic standards. This funding would probably need to come from a massive tax increase through a ballot initiative or legislative bill.

2. **Federal News**
   - President Trump signed a Continuing Resolution designed to keep the government open until December 7, 2018.
   - The President signed PL 115-245 on September 28th, the Appropriations Bill to fund Defense, Labor, Health and Human Services and Education. There might be a very small increase to Part B of about $86 million. California would get about $8.6 million – which would be just pennies in increased funding.

3. **Special Education Fiscal Reporting**
   - The following reports are due to CDE on or before November 15, 2018.
     *All reports should be submitted by the SELPA and can be submitted by hard copy (attention Chris Essman) or electronically to SPEDFISCALPROGRPTS@cde.ca.gov.*
   - Maintenance of Effort (MOE) – SEMA/SEMB
     - Be sure that all four tests have been completed (State/Local, Local Only, State/Local per capita, Local per capita). The LEA must pass one of the four tests on both SEMA and SEMB. If needed, be sure to list allowed exemptions on the exemption worksheet.
     - LEA charters must submit MOE information.
• Subsequent Year Tracking Sheet (SYT)
  
  This sheet is designed to prove that the LEA has passed at least one test in both SEMA and SEMB by comparing expenditures to prior years. Staff need to fill out all sections on the tab labeled SELPA Summary by Fiscal Year and relevant district information in order for figures to automatically populate the actual SYT sheet.

• Excess Cost Calculation Worksheet
  
  The Excess Cost Calculation Worksheet is a federal requirement aimed at documenting that the LEA has spent the average per pupil expenditure on all students, before using special education funds. This worksheet must be completed separately for both elementary and secondary.

  *Please be sure to use the latest version (Copy of excesscostcalc 2017-2018)*

  *The Excess Cost Calculation Worksheet does not include infant or preschool, but does include TK and Post-Secondary.*

• Table 8
  
  Table 8 spreadsheet and directions were sent out on 8/31/2017 from Specedinfoshare and from Mary on the listserve. It should be fairly simple (since there have been no federal increases), except for the districts using CEIS voluntarily or for districts who were identified as Significantly Disproportionate.

4. **Regionalized Services/Program Specialists Funds (RS/PS)**

   Just a reminder to be sure that your SELPA Allocation Plans has addressed the RS/PS funds that will be noted on our funding exhibits this year.

   These funds were once on a separate line item on the SELPA Funding Exhibits. The year that LCFF was implemented the RS/PS funds were rolled into AB 602. In 2018-2019 (this year) the RS/PS funds will again be separate line item on the Funding Exhibits. **These are not new funds.** These will just be pulled from the AB 602 base.

   The exact amount you will receive for the year will be noted on your Funding Exhibits reflecting P-1 (end of February) and P-2 (end of June).

5. **MOE Workgroup**

   • Grants

     − Federal Grants (Resource #3310 and #3315) are being calculated, but we probably won’t receive the Grant Award letters until at least February.

     − Many SELPAs are still awaiting reimbursements from last year. The State has implemented a new system that is able to transfer funds from the Feds to the State. It is called FISCAL. CDE is working out the “glitches” in the new system.

     − Federal Mental Health Grants (Resource #3327) – The Grant Award Letters were sent to SELPAs last week. Be sure you have the expenditure report documents for this grant. Funds will only be sent on a reimbursement basis after you submit required expenditures reports.
– State Mental Health Funds (Resource #6512) – SELPAs should have received 50% of these funds within the past month based upon 2018 P-2 ADA. SELPAs will receive another 25% in the spring based upon 2018 P-2 ADA. The last 25% is usually paid in July and will be a “settle-up” for the entire grant based upon 2019 P-2 ADA.

– Early Start – Part C – Grant Award letters arrived about a month ago, but did not have the application (Due by October 30th) or the expenditure forms. Those items were sent out via the SELPA listserv on October 9th by Heather DiFede.

– Private School Proportionate Share Worksheet (PSPS) – The worksheet was discussed. CDE discussed possibly going back to having the amount reported by SELPA instead of district by district. SELPAs would be responsible for overseeing that their districts followed the procedures and expenditure requirements.

– Annual Budget Plan – We received the draft again. Heather Carlson, Associate Director of Special Education at CDE indicated that she had not seen the draft previously. She liked it and made a couple of suggestions, which we will consider.

– Extraordinary Cost Pool – We asked when this year’s information would be distributed. It was disseminated via SPECEDINFOSHARE on October 10th.

– LCAP/Special Education Connection – There was a discussion on how expenditures from the LCAP are being coded when they are related to serving students with disabilities. Will these things increase MOE? We are doing more work and research on this issue and hoping it will lead to some guidance from CDE.

– Program Cost Report – (PCRA) – A discussion was held regarding PCRA and developing information that can be shared with the field to increase knowledge about this fiscal process.