



**Los Angeles County  
Office of Education**

**INFORMATIONAL  
BULLETIN # 5326**

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Debra Duardo, M.S.W., Ed.D., *Superintendent*

February 16, 2021

TO: Business Administrators  
Los Angeles County School Districts,  
Regional Occupational Centers/Programs (ROC/Ps), and  
Joint Powers Authorities (JPAs)

FROM: Patricia A. Smith, Chief Financial Officer  
Business Services

Octavio Castelo, Director  
Business Advisory Services

SUBJECT: 2020-21 Second Interim Financial Reporting

Education Code (EC) Sections 35035(g), 42130 and 42131 require the Governing Board of each school district to certify at least twice a year to the district's ability to meet its financial obligations for the remainder of that fiscal year (FY) and for the subsequent two FYs. This is the Interim Report Process.

**2020-21 SECOND INTERIM REPORT DEADLINE**

The Second Interim Report for FY 2020-21 must be approved by the Governing Board and submitted on or before **March 17, 2021**. This report should be sent via JET mail to:

Los Angeles County Office of Education Business Advisory Services Attention: Ms. Victoria Bernstein
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**SECOND INTERIM REPORT ASSUMPTIONS**

Attached are several documents containing key information and assumptions for preparing Second Interim Reports. These assumptions, instructions and guidelines are recommended for use by districts in developing their 2020-21 Second Interim and multiyear projections.

- County Office 2020-21 Second Interim Assumptions and Recommendations (Attachment No. 1)
- Second Interim Assumption Guidelines (Attachment No. 2)
- Recommended List of Topics that should be Covered by a Written Narrative (Attachment No. 3)
- Documents Required to be Filed with the County Office (Attachment No. 4)
- Responsibilities of Authorizing Agencies for their Charter Schools (Attachment No. 5)
- Accessing Data in PeopleSoft and BEST Financial Systems for First Interim Reports (Attachment No. 6)
- Fiscal Monitoring District Assignments for FY 2020-21 Second Interim (Attachment No. 7)

Please refer to Attachment No. 1 County Office 2020-21 Second Interim Assumptions and Recommendations for more detailed information regarding the Local Control Funding Formula (LCFF) and other important considerations for preparing Second Interim Reports.

## COUNTY OFFICE SOLVENCY EVALUATION

Districts are reminded that the County Office will evaluate their solvency against the State Criteria and Standards, and emphasis will be placed on the ability of districts to demonstrate they can meet their cash commitments over the current and two subsequent fiscal years.

One of the resources available to districts for assessing risk factors is the Fiscal Crisis and Management Assistance Team (FCMAT) Fiscal Health Risk Analysis for K-12 Districts tool under the fiscal tools tab at:

[www.fcmat.org](http://www.fcmat.org)

Districts must continue to exercise “best fiscal practices” in addressing potential budget challenges. ***Because there is still high uncertainty in State revenues and cash deferrals, we request districts develop multiple best case (3.84% COLA) and worst case scenarios, i.e. using the lower COLA rates provided in the School Services of California (SSC) Dartboard, and be prudent in their planning for the current and two subsequent fiscal years.***

District budgets may have changed since, some significantly, the adoption of the FY 2020-21 Budget Act and the trailer legislation. District budgets must be updated to account for these changes and included in their current and multiyear financial projections.

If your district was requested by the County Office to submit a Board-approved fiscal stabilization plan (FSP) or Board Resolution with the Second Interim Report, each should be detailed to include options that are reasonable and implementable by which the district will meet its reserve levels and financial obligations. Our review will focus on each district's ability to meet its cash and other financial commitments over the current and two subsequent fiscal years.

## **CONTINGENT REVENUES AND EXPENDITURES REDUCTIONS**

Districts should not include revenue sources that are of a contingent or speculative nature in their Second Interim Report projection. Examples of speculative revenue would be the continuation of one-time funds in future years, pre-election bond or parcel tax proceeds and non-contractual donations/contributions from foundations or cities. ***Districts that include speculative non-Board Approved expenditure reductions pending the finalization of negotiation should include an alternative expenditure reduction plan.***

## **SUPPORTING NARRATIVES AND EXPLANATIONS**

In preparing Interim Reports, all districts must submit written narratives, quantitative information to support the financial planning, and program assumptions used in projecting the district's fiscal position for FYs 2020-21, 2021-22 and 2022-23. Submission of the financial and planning assumptions is critical to the County Office's review and its concurrence with the district's Interim Report certification. A recommended list of topics that should be covered by the written narrative is also attached to this bulletin for use by districts (Attachment No. 3).

## **STATE STANDARDIZED ACCOUNT CODE STRUCTURE (SACS) SOFTWARE**

The 2020 Standardized Account Code Structure (SACS) Financial Reporting Software (SACS2020ALL), contains the components to prepare the 2020-21 Second Interim Reports. For information about updates and other changes made to the SACS software, please refer to the CDE website at:

[www.cde.ca.gov/fg/sf/fr](http://www.cde.ca.gov/fg/sf/fr)

The user guide and calendars are built into the software to facilitate the search for information about the software or the reporting process. Installing the software with the default settings will automatically copy the SACS Software User Guide (User Guide) and the Financial Reporting Calendar. Specific information about changes and updates can be found in the "What's New" section of the User Guide.

## **APPROVAL AND SUBMISSION OF SECOND INTERIMS**

Districts must present Second Interim Report and certified documents in the SACS format prescribed by the State Superintendent of Public Instruction to their Governing Board for approval before being submitted to the County Office. This SACS reporting format requirement is discussed in the CDE's Advisory, dated March 5, 2001, titled "Observations on the Financial Accountability and Reporting Processes". Attachment No. 4 provides a list of documents required to be filed with the County Office and includes additional detailed information about those forms.

## **STATE CRITERIA AND STANDARDS CERTIFICATION**

EC Section 42130 requires each district superintendent to review and certify that their Interim Report was prepared in accordance with State-adopted Criteria and Standards. As provided in EC Section 33127, the Criteria and Standards must be used by districts in developing annual budgets, the management of subsequent expenditures from the budgets and for the monitoring of the district's fiscal stability. **Districts must ensure the Criteria and Standards Review form is filled out completely and accurately, including detailed explanations for all items that do not meet the required standards.**

Form CI has summarized data from the Criteria and Standards Review form to provide additional support to the district Governing Board's certification process. The certification will be classified as positive, qualified, or negative, defined as follows:

**Positive:** A school district that, based on current projection, **WILL MEET** its financial obligations for the **CURRENT FISCAL YEAR AND TWO SUBSEQUENT FISCAL YEARS.**

**Qualified:** A school district that, based on current projection, **MAY NOT MEET** its financial obligations for the **CURRENT FISCAL YEAR OR SUBSEQUENT TWO FISCAL YEARS.**

**Negative:** A school district that, based on current projection, **WILL BE UNABLE TO MEET** its financial obligations for the **CURRENT FISCAL YEAR OR SUBSEQUENT FISCAL YEARS.**

## **FINANCIAL DATA REQUIRED OF CHARTER SCHOOLS**

Attachment No. 5 provides information regarding the responsibility of authorizing districts for their charter schools.

## **ACCESSING DATA IN PEOPLESOFT AND IN BEST FOR FIRST INTERIM REPORTS**

Attachment No. 6 provides reporting information on the PeopleSoft and BEST closing and schedule of reports.

## **COUNTY OFFICE ASSISTANCE**

The staff member in Business Advisory Services assigned to your district (Attachment No. 7) is available to assist you in these areas:

- Revenue and Budget Projection including the impact of the K-3 Grade Span Adjustment (GSA) Augmentation Grant
- CARES Act / CRF / LLMF / ESSER / GEER or Other COVID Related Revenues/Expenses
- Cash Flow Projections / Cash Deferrals / Deferral Exemption Applications
- Supplemental and Concentration Augmentation Grants / Unduplicated Pupil Count
- State/Federal Apportionments
- State Aid
- Special Education, etc.

Updated LCFF revenue runs reflecting your district's revenues in 2020-21, 2021-22 and 2022-23 are available for download from our Web-based system. Please contact Ms. Diya Miao at (562) 922-6790 or at [Miao\\_Diya@lacoedu.edu](mailto:Miao_Diya@lacoedu.edu) if you need additional assistance.

Charter schools should contact their authorizing agency, not the County Office, with questions regarding apportionments, timelines, forms, Second Interim assumptions, or any other issues.

This bulletin and its attachments are posted on the County Office website at:

<https://www.lacoedu.edu/Bulletins.aspx>

Use the "Search" function to locate a specific bulletin by number or keyword.

If you have questions regarding this bulletin or the Interim Report process, please contact Jeff Young (562) 922-6419, Jennifer Kirk (562) 922-6508, or your Business Services Consultant.

PS/OC/JY:vb  
Attachments

**LOS ANGELES COUNTY OFFICE OF EDUCATION**  
**Business Advisory Services**  
**2020-21 Second Interim Assumptions and Recommendations**

**Local Control Funding Formula (LCFF)**

The LCFF establishes a base with supplemental and concentration add-ons for English Learners (EL), free and reduced-price meal eligible students and foster youth students, and provides additional funding for kindergarten through grade three (K-3) Class Size Reduction (CSR), Grades 9-12, Home-to-School Transportation and the Targeted Instructional Improvement Grant (TIIG).

The Base Grant rates per ADA for 2021-22, 2022-23 and 2023-24 based on the Proposed Budget are:

<b>Grade Level</b>	<b>2020-21 Base Grant/ ADA</b>	<b>2021-22 COLA 3.84%</b>	<b>2021-22 Base Grant/ ADA</b>	<b>2022-23 COLA 2.98%</b>	<b>2022-23 Base Grant/ ADA</b>	<b>2023-24 COLA 3.05%</b>	<b>2023-24 Base Grant/ ADA</b>
K-3	\$7,702	\$296	\$7,998	\$238	\$8,236	\$251	\$8,487
4-6	\$7,818	\$300	\$8,118	\$242	\$8,360	\$255	\$8,615
7-8	\$8,050	\$309	\$8,359	\$249	\$8,608	\$263	\$8,871
9-12	\$9,329	\$358	\$9,687	\$289	\$9,976	\$304	\$10,280

**Statutory COLAs**

The Base Grant rates are increased annually by the statutory COLA. The statutory COLA for 2020-21 is 2.31 percent. The estimated statutory COLA for 2021-22 is 1.5 percent, 2.98 percent for 2022-23 and 3.05 percent for 2023-24. Reminder – Statutory COLA does not always equate to funded COLA.

**Augmentation Grant**

The Augmentation Grant provides additional funding for grades K-3 Class Size Reduction (CSR) and Grades 9-12 Career Technical Education (CTE). The CSR augmentation is 10.4 percent of the K-3 Base Grant, estimated at \$801 per Average Daily Attendance (ADA) for 2020-21 and \$832 per ADA for 2021-22. Now that the LCFF implementation target is fully funded, and as a condition of receipt, districts will maintain average class sizes of 24:1, unless a locally alternative ratio is bargained, a practice the County Office strongly encourages. The class size requirement is not subject to waiver by the State Board of Education (SBE). The CTE augmentation is 2.6 percent of the 9-12 Base Grant, estimated at \$243 per ADA for 2020-21 and \$252 per ADA for 2021-22. While commonly referred to as CTE, no specific requirement is made to allocate these funds for CTE. Notwithstanding, the District Plan must include a CTE component.

**K-3 Grade Span Adjustment (GSA)**

The former K-3 CSR program became a 10.4 percent K-3 GSA augmentation to the LCFF base grant to support lowering class sizes in grades K-3. Unless there is a collectively bargained alternative ratio in place, districts must ensure all school site average class enrollment ratios meet the target ratio of

24:1 (rounded to the nearest half or whole integer), or that they are making progress to close the K-3 class size gap in proportion to progress toward closing the LCFF gap, as a condition of apportionment.

**Districts that fail to meet the above requirements at each school site will lose 100 percent of this additional funding in that fiscal year, estimated to be \$801 per ADA for all ADA generated in grades TK-3.** The K-3 GSA requirement has been included in the 2020-21 Audit Guide.

### **LCFF Revenue Projections**

The County Office LCFF revenue runs are used to validate district Second Interim revenue projections. *It is strongly recommended that districts utilize these updated County Office LCFF revenue runs to project estimated revenues for 2020-21 Second Interim Reports and multi-year projections. Our review will compare the districts' projections against that data.*

### **Local Control and Accountability Plan and the LCFF Budget Overview for Parents**

For 2020-21, the requirement to adopt a Local Control and Accountability Plan (LCAP) was replaced with the requirement to adopt a Learning Continuity and Attendance Plan in September. LEAs were also required to adopt a 2020-21 LCFF Budget Overview for Parents (BOP) with the First Interim Report by December 15, 2020. The requirement to complete an LCAP returns for the 2021-22 fiscal year.

On January 25, 2021, the California Department of Education (CDE) released the template for the Local Control and Accountability Plan (LCAP) Annual Update that must be used as part of the 2021-22 LCAP. Senate Bill 820 (Chapter 110/2020) required the Annual Update template to be revised to include the 2020-21 Learning Continuity and Attendance Plan and the 2019-20 LCAP. The annual update for the 2021-22 LCAP will look back to the 2019-20 LCAP and the 2020-21 Learning Continuity and Attendance Plan.

LEAs should be engaging with stakeholders, measuring progress towards meeting goals, and determining if any changes need to occur to their actions and services. The LCAP will follow the traditional schedule which requires a public hearing of the LCAP and the proposed budget at one meeting. At a subsequent meeting, both the LCAP and proposed budget will need to be adopted.

Additional resources are available on the CDE website at:

<https://www.cde.ca.gov/re/lc/>

Additional resources are also available on the Los Angeles County Office of Education's (LACOE) website at:

<https://www.lacoe.edu/Accountability/LCAP>

### **LCFF Fiscal Accountability**

The Proposed Budget includes statutory changes on how local education agencies (LEAs) allocate funds for increased and improved services in the LCAP and then leave them unspent, reallocating

them for other purposes in future years. The proposal would require that, once established, an LEA's responsibility to increase and improve services continues until fulfilled and increased the specificity required of county offices of education (COEs) in their review of an LEA's Local Control Accountability Plan.

### **Attendance/LCFF**

Average daily attendance (ADA) is held harmless for the 2020–21 fiscal year, and for declining enrollment districts, the 2021–22 attendance figure will be based on 2019–20 Second Principal Apportionment and Annual Principal Apportionment figures. Even though ADA is held harmless in 2020–21, LEAs must meet the requirements of EC § 43504(c) - (f). This includes meeting the minimum daily minute requirements, completing a weekly engagement record documenting participation for each day on which distance learning is provided, documenting absences, and developing written procedures for tiered reengagement strategies.

Unfortunately for many LEAs, the unduplicated pupil percentages (UPP) did not receive the same hold harmless protection in the Proposed Budget, and the UPP will be adjusted based on the reporting of student records as part of the census day collection. The deadline for certification was December 18, 2020, and the revised amendment window closed on February 4, 2021. That means your UPP is final for the 2020-21 fiscal year, and the final count should be incorporated into your LCFF estimates.

### **CALPADS**

The Fall 2 Certification deadline is March 5, 2021 with no amendment window. CALPADS data have become critical to funding, accountability and assessment functions. The unduplicated count of disadvantaged students reported in ***CALPADS feeds the supplemental and concentration grant portions of the LCFF. Therefore, Districts should ensure this data is up-to-date and accurate.***

### **Cash Flow and Cash Deferrals**

The Proposed Budget proposes to pay off the full K-12 deferral in 2019-20 and pays down \$7.3 billion of the K–12 LCFF deferrals for 2020-21, effectively eliminating the ongoing deferrals scheduled for February 2022 through May 2022, but leaves the \$3.7 billion from the June 2022 deferral in effect to be paid in July 2022. This pay down does not impact the deferrals currently scheduled for February through June 2021. The repayment schedule for these deferrals remains, with LEAs receiving these apportionments from July through November 2021.

Completion of the Form CASH in SACS was likely a perfunctory task in past years. But with the continued projected cash deferrals for 2020-21 and 2021-22, Form CASH is now just as important as the MYP. For LEAs that follow the traditional 5-5-9 schedule for state aid, your cash flow projections should incorporate significant deferrals of cash beginning in February 2021 to ensure that there is sufficient cash on hand to pay the day-to-day operating costs.

Those LEAs in declining enrollment, with reserve balances at or near the legal minimum, should conduct an additional cash flow projection for the year following the budget year to ensure adequate reserve balances are available. Cash flow projections should be prepared for two years following any bargaining unit agreement settlements to ensure the LEA can afford the terms of the agreement.



## Cash Management Planning

Districts should ensure they have Board resolutions to authorize inter-fund and County Treasurer borrowing, and that the borrowing caps are appropriately set (i.e., are high enough to meet identified cash needs). For additional information regarding cash borrowing, please refer to Informational Bulletin (IB) No. 5207, dated July, 2, 2020, issued by School Financial Services, which is available on our website:

<https://www.lacoe.edu/Bulletins.aspx>

## CONTINGENT ASSUMPTIONS

Districts should not include revenue sources in their Second Interim Report projection of a contingent or speculative nature. Examples of speculative revenue would be pre-election bond or parcel tax proceeds and non-contractual donations from foundations or cities. Districts are also cautioned against including cost savings pending negotiations in their financial projections, including furlough days, salary and/or benefit rollbacks, freeze on step and column.

**Districts that elect to include these contingent cost savings/revenues should adopt an alternate plan to address the budget shortfalls that may occur if these actions do not take place.** Districts are reminded to keep all options open when preparing for the remainder of 2020-21 and subsequent two years.

## RESERVE REQUIREMENTS

**Cash management challenges make it even more imperative that districts consider reserve levels greater than the minimums required within the State's Criteria and Standards.** Reserves are especially critical to have sufficient cash to meet payroll and other obligations.

County Offices continue to reinforce the need for reserves over the minimum reserve requirements. The experience of the most recent recession has clearly demonstrated these minimum levels are not sufficient to protect educational programs from severe disruption in an economic downturn. The typical 3.0 percent reserve minimum represents less than two weeks of payroll for many districts. Many LEAs have established reserve policies calling for higher than minimum reserves, recognizing their duty to maintain fiscal solvency. The adequacy of a reserve level should be assessed based on the LEA's own specific circumstances.

Senate Bill 751 modified EC Section 4127.01, which changed school district reserve cap law requiring reserves to be capped at 10 percent (including designated and undesignated reserves in Fund 01 and Fund 17) as long as the funds in the Public School System Stabilization Account (PSSSA) equal or exceed three percent of the Proposition 98 funding for school districts for that fiscal year.

For the 10 percent cap to become operable, the following conditions must be met:

- 1) Prop 98 is funded based on Test 1
- 2) Prop 98 maintenance factor is fully paid
- 3) Prop 98 is sufficient for enrollment growth and statutory COLA
- 4) At least 8 percent of the State General Fund revenues must come from capital gains

This level of reserves triggers a statutory requirement that LEAs may not have local reserves in excess of 10 percent of their total annual expenditures, in the year after the state reserve balance is equal to or greater than 3 percent of the total TK-12 share of the annual Proposition 98 guarantee level.

Although the current economic assumptions used in the proposed Governor’s Budget suggest that the reserve cap will be triggered in the 2022-23 fiscal year, LEAs should first look to the flexibilities provided in statute. Those flexibilities include a waiver that can be approved by the county office of education for two years in a three-year consecutive period, as well as a myriad of local options including committing funds, or transferring resources to other funds to finance long-term construction projects or retirement obligations. This cap on local reserves would be in effect in the 2022-23 fiscal year for all LEAs above 25,000 ADA, with an exception for basic aid school districts.

### **Retirement - CalSTRS Rates**

	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
Employer	14.447%	16.28%	17.10%	16.15%	15.92%	18.00%	18.00%	18.00%

The decrease in rates from the previous budget year is a result of the one-time, non-Proposition 98 investment to buy down the employer contribution rates. Under current law, once the statutory rates are achieved, CalSTRS will have the authority to marginally increase or decrease the employer contribution rate, but must be legislatively approved.

### **CalSTRS On-Behalf Payments**

In the Standardized Account Code Structure (SACS), the appropriate journal entry to recognize the State’s on-behalf pension contribution to CalSTRS is to debit pension contribution expenditures by fund, goal, and function in proportion to the LEA’s own pension contributions to CalSTRS by fund, goal, and function with a corresponding credit to state revenue. This activity should occur in Resource Code 7690, and revenues will equal expenditures. Additional guidance can be found on the CDE’s website at:

<https://www.cde.ca.gov/fg/ac/co/gasb68.asp>

The amount for 2020-21 must be calculated for each entity using guidance provided on the CalSTRS website, which can be found at:

<https://www.calstrs.com/general-information/gasb-67-68-frequently-asked-questions>

It is important to explain to all stakeholders this is a “paper only” entry and does not impact the bottom line. However, the required Reserve for Economic Uncertainties, and potentially the Routine Restricted Maintenance Account (RRMA) contribution, may need to be increased because a “phantom” expense is recorded for the CalSTRS on-behalf payment.

**Retirement - CalPERS Rates**

The CalPERS adjustment to district revenue limits was eliminated with the implementation of the LCFF. Therefore, any increases in the CalPERS contribution rate have a direct impact on the local agency budget. The rate for employers is **20.70 percent** for 2020-21.

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Employer	15.531%	18.062%	19.721%	20.70%	23.00%	26.30%	27.30%	27.80%

**Based on the estimated increase in CalSTRS and CalPERS contributions, we strongly recommend LEAs plan accordingly for the increased expenses, especially in the out years.**

**Mandated Block Grant (MBG)**

The 2021-22 Proposed Budget provided \$245.1 million for the MBG and increases the per ADA rate by the statutory COLA of 1.50 percent. The rates continue to be separated into grade span-specific rates, with grades 9-12 receiving higher amounts based on the inclusion of the Graduation Requirement mandate. See the table below for the per ADA rates.

Grade Span	2020-21 School District Rates	2021-22 School District Rates	2022-23 School District Rates
K-8	\$32.18	\$32.66	\$33.08
9-12	\$61.94	\$62.87	\$63.67

Grade Span	2020-21 Charter School Rates	2021-22 Charter School Rates	2022-23 Charter School Rates
K-8	\$16.86	\$17.11	\$17.33
9-12	\$46.87	\$47.57	\$48.18

We recommend that school districts continue to adhere to all mandate requirements. LEAs that opted in to the MBG can budget this revenue. Funds are generally received in mid-November, with the amount paid equal to 100 percent of each LEA's entitlement.

A complete list of programs covered under the block grant can be found on the MBG Request for Application webpage at:

<http://www.cde.ca.gov/fg/fo/r14/mandatebg20list.asp>

## **Lottery**

Projected sales for 2020-21 are more than \$7.12 billion, which equates to more than \$1.5 billion for California Public Schools. LEAs should use \$150 per ADA unrestricted and \$49 per ADA restricted, for instructional material purchase, for 2020-21, 2021-22, 2022-23 and 2023-24.

SB 820 modifies the definition of “technology-based instructional materials” to include laptop computers and devices that provide internet access required for students and teachers.

## **CATEGORICAL PROGRAMS**

### **COVID-19 Resources**

Nearly \$7 billion in one-time funds have already been allocated to LEAs in response to the COVID-19 pandemic. The largest source of funds, the Coronavirus Relief Fund (CRF), received a late, but welcomed extension to December 31, 2021. However, the proposed Governor’s Budget limits the period of availability to May 31, 2021.

A second round of Elementary and Secondary School Emergency Relief (ESSER II) funds was approved by Congress (H.R. 133 on December 27, 2020) as part of the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. The funding for California is estimated to more than \$6.7 billion, with at least 90% required to be disbursed to LEAs based on Title I allocations. The initial round of ESSER funds were incorporated into State Budget negotiations in 2019-20, and apportionments were not disbursed until the 2020-21 fiscal year. While official details have not yet been released, LEAs should anticipate that the ESSER II funds will not be disbursed until the 2021-22 fiscal year, consistent with the treatment of ESSER I funds, and must be spent by September 30, 2022.

The allowable uses for the second round of ESSER funding will be the same as the [first round](#) with two explicit additions:

- School facility repairs and improvements to enable operation of schools to reduce risk of virus transmission and exposure to environmental health hazards, and to support student health needs
- Inspection, testing, maintenance, repair, replacement, and upgrade projects to improve the indoor air quality in school facilities, including mechanical and non-mechanical heating, ventilation, and air conditioning systems, filtering, purification and other air cleaning, fans, control systems, and window and door repair and replacement

### **Extended Learning Time to Address Learning Loss**

The Proposed Budget includes \$4.6 billion Proposition 98 General Fund to expand learning time with an emphasis on increasing in-person instructional minutes, evidenced-based interventions, and support to students that are either one-grade-level or credit-deficient in core subject matters.

The vast majority of funds would be distributed to school districts, charter schools, and county offices of education (COEs) based on their share of total Local Control Funding Formula (LCFF) allotments. The proposal also provides school districts, charter schools, and COEs with \$1,000 for every homeless student enrolled. Funds are to be prioritized for serving low-income students, English learners, foster youth, homeless youth, and students with disabilities.

### **Requires a Public Plan for How Funds Will Be Spent**

The Governor's proposal requires each local governing board to adopt an addendum as part of its 2021-22 local control and accountability plan, describing how it plans on using the additional funding to meet the needs of its students. The plan must be adopted in a public meeting by June 1, 2021. The proposal also requires the Superintendent of Public Instruction (SPI) and the SBE to develop a template for this addendum. The template must include (1) a plan for assessing the needs of students and informing the parents of the students they identify in need of academic support, and (2) an expenditure plan, which must indicate how much of the awarded funds will be allocated for each of the allowable uses. Addendums must be updated when actual expenditure data is available.

### **One-Time ESSER and Governor's Proposed Academic Support Funding**

Median Per-Pupil Funding for School Districts, by Share of English Learners (EL) and Low-Income (LI) Students is estimated in the table below:

<b>District EL/LI Share</b>	<b>ESSER Round 2</b>	<b>Governor's Proposal</b>	<b>Total</b>
0.0 percent - 37.9 percent	\$253	\$615	\$819
38.0 percent - 54.9 percent	\$524	\$646	\$1,140
55.0 percent - 77.2 percent	\$917	\$721	\$1,633
77.3 percent – 100 percent	\$1,455	\$782\$	\$2,210
Statewide	\$840	\$718	\$1,472

**Source: LAO Report on Extended Learning and Academic Support dated January 28, 2021**

### **Routine Restricted Maintenance Account (RRMA)**

In 2019-20 and beyond, because of LCFF being fully funded, the minimum RRMA contribution is 3 percent of the total General Fund expenditures. For 2020-21, SB 820 allows for the exclusion of the state's pension on-behalf-of payments, ESSER and LLM funds to be excluded from the calculation of the RRMA contribution.

### **Special Education**

For the 2020-21 fiscal year, the budget included a new Special Education base funding formula that utilizes each individual LEA's second and annual principal apportionment ADA, including districts, charters and COEs; calculates allocations to the SELPAs based on the ADA reported for the SELPA for the current fiscal year, the most recent prior fiscal year, or the second most recent prior fiscal year

(whichever is greatest) and continues to allocate funds to SELPAs. The budget included an additional, ongoing \$545 million for distribution through the new formula, comprised of \$152.6 million in AB 602 funding and redirecting \$392.7 million of the \$492.7 million in Special Education early intervention grant funding, both of which were provided in 2019-20. The remaining \$100 million is allocated to increase funding for low incidence disabilities in 2020-21. This increased, ongoing allocation to the new base funding formula results in a 2020-21 base rate of \$625 per ADA.

All other existing AB 602 Special Education categorical funding sources remain unchanged and frozen at 2019-20 funding levels until a new funding formula is adopted in a future fiscal year. For the 2020-21 fiscal year and each fiscal year thereafter, mental health-related services funding shall be available for pupils with or without an individualized education program.

### **Extraordinary Costs**

SELPAs with single placement extraordinary costs are eligible to submit for costs exceeding the threshold pursuant to EC Section 56836.21. The threshold is \$81,627.73. This is equal to the 2019-20 threshold, as there was no cost-of-living adjustment provided for 2020-21 fiscal year. If total claims exceed the appropriation of \$3 million, the reimbursements will be prorated.

**To ensure funding, claims for 2020-21 must be filed with the CDE by November 1, 2021.** Because the CDE will strictly enforce the statutory reporting deadline, without exception, **the signed certification page and supporting documentation must reach LACOE by Monday, October 4, 2021.** These claims require certification by the County Office before submittal to the CDE. We will issue an Informational Bulletin with detailed guidance in September 2021.

### **CALIFORNIA SCHOOL-BASED MEDICAL ADMINISTRATIVE ACTIVITIES (SMAA)**

#### **Program Update**

The SMAA unit conducted an LEA Coordinator training update in January 2021 remotely via Zoom. Those participants who could not attend the live webinar will have access to the recording on the Fairbanks website.

The SMAA program has experienced some operational hurdles due to COVID-19. When the Public Health Emergency (PHE) began, all school employees were sent home and were on standby while administrators regrouped to determine the next steps. This interruption in regular work schedules caused an extenuating circumstance regarding the Random Moment Time Survey (RMTS). The results were not capturing normal school-related activities. To capture accurate RMTS results, LACOE's FY 2019-20 Quarter 4 RMTS results were discarded and replaced with a Centers for Medicare & Medicaid Services (CMS) approved alternative methodology. This alternative cost allocation consists of averaging the previous two quarters, FY 2019-20 Quarter 2 and Quarter 3, to capture a more realistic representation of employee time spent performing reimbursable SMAA activities. The California Department of Health Care Services (DHCS) has received permission from the Center of Medicare and Medicaid Services (CMS) to use the same alternative methodology for LEA invoicing for FY 2020-21 Quarter 1. Surveying recommenced normally as of FY 2020-21 Quarter 2. Surveying in the normal manner continues during FY 2020-21 Quarter 3. Local Education

Agencies (LEAs) have continued to be responsive and fulfill the requirements of participating in SMAA. DHCS will review the reimbursable percentages for FY 2020-21 and decide whether to use them or seek CMS approval for utilizing an alternative methodology to determine the reimbursable percentages.

As a result of the remote work environment, the SMAA program has transitioned to an electronic invoicing process. This workflow process replaced the need to submit wet blue ink signatures on SMAA reimbursement invoices and improved the efficacy of LEAs submitting invoices to DHCS through LACOE. FY 2019-20 Quarter 2 invoicing proceeded well, but minor improvements to the process will be made during FY 2019-20 Quarter 3 invoicing.

Contracts have been executed between LACOE and DHCS and with each participating LEA. DHCS has switched from a traditional contract period and format to an evergreen Participation Agreement. Structural changes in the LEA contracts include provisions to minimize the administrative fee payable to LACOE to LEAs who are at risk of paying a larger percentage of their reimbursement in administrative fees to LACOE. This language guarantees that LACOE is providing services to LEAs in the most cost-effectively and equitably.

DHCS released reimbursements to LACOE's LEAs for FY 2018-19 Quarter 2 of \$9,286,417.05, Quarter 3 of \$9,050,065.10, in August and October 2020, respectively. Disbursement of these payments to LEAs occurred in October and November 2020, respectively. LACOE will disburse FY 2018-19 Quarter 4 reimbursements of \$10,082,996.81 to LEAs in February 2021. SMAA reimbursements should be budgeted on a cash basis by all LEAs.

### **SMAA and LEA Direct Billing Option Program (LBO) Merger**

Effective July 1, 2020, State Plan Amendment (SPA) 15-021 has been formally approved by CMS. SPA 15-021 will apply standardization of time survey results and cost funding methodologies for use in the Cost and Reimbursement Comparison Schedule (CRCS) for the Local Education Agency Billing Option Program (LEA BOP). This will be accomplished by capturing the amount of time staff spends providing direct billable services utilizing the RMTS process.



**2020-21 SECOND INTERIM ASSUMPTION GUIDELINES  
(AS OF JANUARY 2021)**

**PROJECTIONS  
FOR  
FISCAL YEARS 2020-21 THROUGH 2023-24**

The guidelines below are provided to assist you with projections for Fiscal Years 2020-21, 2021-22, 2022-23 and 2023-24

<b>LCFF REVENUE</b>		<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Statutory COLA (based on DOF estimates)		2.31%	1.50%	2.98%	3.05%
Recommended Funded COLA		0.00%	3.84%	2.98%	3.05%
School Services (SSC) Estimated Statutory COLA		0.00%	3.84%	1.28%	1.61%
<b>LOTTERY REVENUE</b>		<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Unrestricted per ADA		\$150	\$150	\$150	\$150
Restricted for Instructional Materials per ADA		\$49	\$49	\$49	\$49
Total Lottery Revenue per ADA		\$199	\$199	\$199	\$199
<b>MANDATED BLOCK GRANT</b>		<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
Districts per ADA	Grades K - 8	\$32.18	\$32.66	\$33.08	\$33.61
	Grades 9 - 12	\$61.94	\$62.87	\$63.67	\$64.70
Charters per ADA	Grades K - 8	\$16.86	\$17.11	\$17.33	\$17.61
	Grades 9 - 12	\$46.87	\$47.57	\$48.18	\$48.96
<b>OTHER FACTORS</b>		<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>
CalSTRS Employer Rates		16.15%	15.92%	18.00%	18.00%
CalPERS Employer Rates		20.70%	23.00%	26.30%	27.30%
Interest Rate for 10-year Treasuries		0.98%	1.48%	1.65%	1.90%
CA Consumer Price Index (CPI)		1.44%	1.57%	1,82%	2.12%



**LOS ANGELES COUNTY OFFICE OF EDUCATION**  
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**Recommended List of Topics that should be Covered by a Written Narrative**  
**(List Not All Inclusive)**

The assumptions used in each of the following areas should include explanations for the multiyear projections, and the changes between the projections and the adopted budget with clear indications as to which years they apply.

- Projected growth/decline in actual Enrollment and Average Daily Attendance(ADA)
- Revenues (including increases/decreases since the adopted budget)
- Expenditures (including increases/decreases since the adopted budget)
- General Fund obligations for debt repayment (e.g., Certificates of Participation [COPs])
- Anticipated cash shortages, including impact of deferrals and plan to address
- Any new or anticipated Tax and Revenue Anticipation Notes (TRANs) (including the amount and dates of repayment)
- Any deficit spending, including any plan to address
- Reserve for Economic Uncertainties (REU) including plans to address any shortfall
- Use of Education Protection Account (EPA) Funds (see IB No. 3546 dated March 28, 2013)
- Status of K-3 Class Size of 24:1; Expanded TK; executed collective bargaining agreement or MOU which exempts district from requirement
- Board resolutions including inter-fund borrowing, County Treasurer borrowing, Changes in ending fund balances (including increases/decreases since the adopted budget)
- Status of negotiations (settled, not settled, me too provisions, impasse, fact-finding)
- Information regarding the status of all other funds (e.g., deferred maintenance and contribution to Routine Restricted Maintenance Account (RRMA); Any Proposition 51 Funds received; Use of one-time Special Education Early Intervention Preschool Grant Funds received

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**Documents Required to be Filed with the County Office**

All districts, including Regional Occupational Centers/Programs (ROC/Ps) and Joint Powers Authorities (JPAs), must file **one complete Interim Report package**, plus the data file exported from the Standardized Account Code Structure (SACS) software transmitted via the Web Transfer System with the County Office. The Interim Report package should comprise an original set of the documents listed as follows.

- The Board and the superintendent's/administrator's **signed original certification of the Interim Report** (Form CI).
- A SACS data file of the Interim Report exported from the SACS software transmitted via the Web Transfer System. Contact Ms. Jeanne Vargas for a Web Transfer System registration form at (562) 922-6136, or at [vargas\\_jeanne@laoe.edu](mailto:vargas_jeanne@laoe.edu).
- Interim Report (Form 01I).
- Financial projections of the restricted, unrestricted, and the combined General Fund, for fiscal years 2020-21, 2021-22, and 2022-23, which serve as the basis for the district's Interim Report certification. The SACS State software includes the Form MYP as a supplemental form for districts to use in preparing multi-year projections (MYP). **This office strongly recommends that districts use the MYP module provided in the SACS State software because MYP data is imported into the Criteria and Standards Review (Form 01CSI).** Education Code (EC) Section 42130 requires Interim Reports to be prepared in a format or on forms prescribed by the Superintendent of Public Instruction (SPI), and based on Criteria and Standards for fiscal stability adopted by the State Board of Education.
- The Average Daily Attendance (ADA) form (Form AI), and ADA projections for 2020-21 and 2021-22.
- The Criteria and Standards Review (Form 01CSI), which now comprises these sections: Criteria and Standards, Supplemental Information, and Additional Fiscal Indicators. Please thoroughly complete the form and provide sufficient explanations when required, (i.e. "not met").
- Written discussions, narratives, and planning assumptions, including supporting quantitative data that explains the financial projections for 2020-21, 2021-22 and 2022-23.
- Cash flow projections (Form CASH) for 2020-21 and 2021-22, which includes anticipated accruals that will be set up at the end of the current fiscal year.
- Districts utilizing inter-fund borrowing **must** submit cash flows for **each** fund it is borrowing from, to substantiate that cash will be available to meet anticipated expenditures in those funds.

- Besides the report for the General Fund, a complete Interim Report (i.e., SACS forms, MYP, cash flow, assumptions, comments, etc.) must be submitted for **any other fund** that was requested in our budget and/or unaudited actual review letter, or is projected to end the current or either of the two subsequent years with a negative fund balance.
- Supporting documentation and summaries for any outstanding prior year Budget Revision and Audit Adjustments reflected in the Second Interim Report, and representing changes to the Board-approved 2020-21 Budget (Column B).
- Additional reports and supporting documentation, as applicable, required resolving any concerns and issues raised by the County Office in the 2020-21 budget approval or 2019-20 Unaudited Actuals certification letters.

The governing board's certification and the accompanying three years of financial information (e.g., the complete Interim Report package listed above) must be submitted to the County Office within 45 days after the close of the reporting period, as shown below for 2020-21:

	<u>Closing date</u> <sup>1</sup>	<u>Filed on or before</u> <sup>1</sup>
First Interim	October 31, 2020	December 15, 2020
Second Interim	January 31, 2021	March 15, 2021
Financial Statement <sup>2</sup>	May 1, 2021	June 3, 2021

### **The Interim Report Form**

Data for each of the Interim Report columns (original budget, Board-approved budget, actuals to date, and projected year totals) must be imported into the SACS software (or the User Data Input/Review screen in the software). ***Note: Only changes to imported projected year totals data will be allowed in the User Data Input/Review screen.*** Changes to imported data other than projected year totals will need to be made in the district's general ledger.

### Column A – The Original Budget

This is the adopted budget that was **approved** by the Los Angeles County Superintendent of Schools (County Superintendent) and should be frozen in the PeopleSoft and BEST accounting systems. Districts with initial budget disapproval must import the Revised Budget that was subsequently approved by the County Superintendent.

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<sup>1</sup>If the statutory due date occurs on a Saturday, Sunday, or holiday, the reporting due date shall be on the following workday.

<sup>2</sup>Pursuant to EC Section 42131(e), any district that files a qualified or negative certification for the Second Interim, or whose certification is classified as qualified or negative by the County Superintendent of Schools (County Superintendent), must submit to the County Superintendent, the State Controller, and the CDE, no later than June 1, a financial statement that projects the fund and cash balances of the district as of June 30, for the period ending April 30.

Column B – Board-Approved Operating Budget

For the First Interim Report, this is the district's current budget as of October 31, 2020. For the Second Interim Report, it is the district's current budget as of January 31, 2021. Please submit original Budget Summary Revisions or copies of these revisions with the Interim Report. For the End of Year Financial Projection, the district's current budget is as of April 30, 2021.

Column C – Actuals-to-Date

For the First Interim Report, this is actual revenues and expenditures as reported in the PeopleSoft and BEST accounting systems for October 31, 2020. For the Second Interim Report, use the runs dated January 31, 2021. **It is important that you do not use data from runs prior to or after the January 31, 2021, cutoff date.** For the End of Year Financial Projection, use the runs dated April 30, 2021.

Column D – Projected Year Totals

This is the district's most current estimate of year-end Unaudited Actuals for 2020-21. While this data is initially imported into the software, districts can manually make changes to the totals data in the User Data Input/Review screen.

Column E – Difference

This column calculates the difference between Columns B and D.

Column F – Percent Difference

This column represents the differences calculated in Column E as a percentage.

**LOS ANGELES COUNTY OFFICE OF EDUCATION**  
**Business Advisory Services**

**Responsibilities of Authorizing Agencies for their Charter Schools**

Authorizing districts are required by Education Code (EC) Section 47604.32, to ensure each charter school under its authority complies with all reports required by law of charter schools, and to monitor the fiscal solvency of that charter school. Furthermore, EC Section 47604(c) specifies that failure to comply with all oversight responsibility could result in a district losing its protection against liability for any nonprofit public benefit corporation charter school that the district has authorized.

It is critical charter schools' Budgets and Interim Reports contain sufficient fiscal information to enable their authorizing districts to perform adequate review and analysis of the report as part of their fiscal oversight responsibilities. Although the California Department of Education (CDE) does not prescribe any particular format for budgets or Interim Reports, the Standardized Account Code Structure (SACS) software contains reports that may be used by charter schools. If the SACS software budget forms are not used, it is recommended that the format used be similar in format and content to district budgets. Authorizing districts are urged to collect supporting data, in addition to the budget, from their charter school similar to what districts submit to the Los Angeles County Office of Education (County Office), including detailed assumptions and multi-year projections.

Authorizing districts must include a copy of each of their charter school's Interim Reports with the district Interim Report submitted to the County Office. School district budgets must continue to include the following charter school-related data:

- **Average Daily Attendance (ADA) (Form A)** – Use the section at the end of Form A to separately account for total district charter school ADA. Please do not include charter school ADA in the K-12 ADA portion of this form.
- **Impact on Declining Enrollment Districts** – Declining enrollment districts must consider the effect of the movement of district ADA to district-authorized charter schools. ADA for students who attended a district non-charter the previous year and who now attend a district-authorized charter is deducted from prior year ADA for purposes of calculating declining enrollment ADA.
- **In-lieu of Property Tax Transfer** – Districts must reflect the In-lieu of Property Tax Transfer transactions appropriately.

**FINANCIAL DATA REQUIRED OF CHARTER SCHOOLS**

Charter schools are required by EC Section 47604.33, to submit the following fiscal reports to their authorizing agency and to the county superintendent of schools:

<b>Report</b>	<b>Due Date (to authorizing agency and county superintendent)<sup>1</sup></b>
Budget/LCAP	On or before July 1
First Interim	On or before December 15 (reflecting changes through October 31)
Second Interim	On or before March 15 (reflecting changes through January 31)
Unaudited Actuals	On or before September 15

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<sup>1</sup> If the statutory due date occurs on a Saturday, Sunday, or holiday, the reporting due date shall be on the following workday.

**LOS ANGELES COUNTY OFFICE OF EDUCATION**  
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**Accessing Data in PeopleSoft Financial System for Second Interim Reports**  
**PeopleSoft Closing and Schedule of Reports**

The timelines for closing the month of January and obtaining reports from the PeopleSoft Financial System are:

Preliminary closing date	January 30, 2021
Preliminary Report available online on RAD	After February 1, 2021
Last district input date for HRS Errors, Journal Error corrections for January 2021:	
• Interface Districts	February 8, 2021
• Online Districts	February 9, 2021
Month-end close for January (see IB No. 5231)	February 11, 2021
Final Report for January available online on RAD	After February 11, 2021

**Interface Districts**

Besides information provided by districts, Business Advisory Services will also be using financial data from the PeopleSoft Financial System to conduct its review of Interim Reports. We recognize that some districts use other in-house financial systems that interface with the PeopleSoft Financial System. It is critical that interface districts take steps to update the corresponding financial accounting information on the PeopleSoft Financial System in a timely manner to avoid discrepancies and differences between in-house financial systems and the PeopleSoft Financial System.

**Accessing Data in BEST Financial System for the Second Interim Reports**  
**BEST Closing and Schedule of Reports**

The timelines for closing the month of January and obtaining reports from the BEST Financial System are:

Preliminary closing date	January 30, 2021
Preliminary Report available online	After February 1, 2021
Last district input date for HRS Errors, Journal Error corrections for January 2021:	
• Interface Districts	February 16, 2021
• Online Districts	February 17, 2021
Month-end close for January (see IB No. 5234)	February 19, 2021
Final Report for January available online on RAD	After February 19, 2021

**LOS ANGELES COUNTY OFFICE OF EDUCATION**  
**Business Advisory Services - Fiscal Monitoring District Assignments**  
**2020-21 Second Interim**

<b>Abrar Alam</b> <b>(562) 922-6133</b>	<b>Vo Chan</b> <b>(562) 922-6226</b>	<b>Rick Chau</b> <b>(562) 922-6505</b>
Arcadia USD Antelope Valley Sch. Trans Agcy. Antelope Valley Joint Union HSD Beverly Hills USD Keppel Union SD Las Virgenes USD Little Lake City SD Paramount USD Walnut Valley USD William S. Hart Union HSD	ABC USD Baldwin Park USD Culver City USD El Segundo USD Hacienda La Puente USD Inglewood USD Palos Verdes Peninsula USD Pupil Transportation Co-op Redondo Beach USD Torrance USD	Azusa USD Bassett USD Centinela Valley UHSD El Monte City SD Lynwood USD Palmdale SD PINCO Rowland San Gabriel USD Saugus Union SD
<b>Kathy Connell</b> <b>(562) 922-6184</b>	<b>Michael Jamshidi</b> <b>(562) 922-6802</b>	<b>Demetra Moore</b> <b>(562) 401-5497</b>
Castaic Union SD East San Gabriel Valley ROP Eastside Union SD La Cañada USD Monrovia USD Mountain View SD Pasadena USD South Pasadena USD Westside Union SD Wilsona SD	Downey USD El Rancho USD Garvey SD Hawthorne SD Lennox SD Long Beach USD Lowell Joint SD Montebello USD Sulphur Springs Union SD Whittier Union HSD	Alhambra USD Burbank USD Compton USD East Whittier City SD Lawndale Elementary SD Los Angeles USD Santa Clarita Valley Food Services South Whittier SD Whittier City SD
<b>Merle Ordonez</b> <b>(562) 940-1704</b>	<b>Andrew Surendranath</b> <b>(562) 922-6743</b>	<b>Hoyt Yee</b> <b>(562) 940-1705</b>
El Monte Union HSD Glendale USD Glendora USD Lancaster SD Rosemead SD San Antonio ROP San Marino USD Temple City USD Tri-Cities ROP Wiseburn USD	Bellflower USD CALAPS JPA Gorman Joint SD Hermosa Beach City SD Hughes-Elizabeth Lakes Union SD Los Nietos SD Manhattan Beach USD Newhall SD Norwalk-La Mirada USD Valle Lindo SD	Acton-Agua Dulce USD Bonita USD Charter Oak USD Claremont USD Covina-Valley USD Duarte USD Pomona USD Santa Monica-Malibu USD SCROC West Covina USD