



October 31, 2024

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

FROM: Karen Kimmel, Chief Financial Officer
Business Services

Octavio Castelo, Director
Business Advisory Services

SUBJECT: 2024-25 First 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.

FIRST INTERIM REPORT DEADLINE

The 2024-25 First Interim Report must be approved by the Governing Board and submitted on or before Monday, **December 16, 2024**. However, an optional submission date of Friday, **December 6th** has been made available for districts requesting an expedited review of their **First Interim submission**. This report should be sent via email to both your Business Advisory Services Business Services Consultant and the lacoe_sacs@lacoe.edu.

FCMAT CALCULATOR

Beginning FY 2024-25, LACOE ceased the operation of the LACOE LCFF Calculator and is no longer available for district use. **We are requesting districts utilize the FCMAT LCFF Calculator for their First Interim submission and use current Version (25.2a)**, which can be found at: <https://www.fcmat.org/lcff>.

FIRST INTERIM REPORT ASSUMPTIONS

On September 30, 2024, AB 176 (Education Omnibus Budget Trailer Bill #2) was signed, introducing revisions to the enacted budget provisions.

Major provisions in the 2024-25 State Budget include:

- The funded COLA for the Local Control Funding Formula (LCFF), special education and several other categorical programs outside the LCFF remains at 1.07%.
- The budget imposes a partial deferral of \$245.6 million from the June 2025 payment to July 2025 — less than 5% of the most recent June second principal apportionment payment. LEAs unable to meet their financial obligations may apply for exemptions from the deferral.
- Several provisions allow students to make up for lost instructional time, thereby offsetting student absences and mitigating learning loss. These provisions take effect July 1, 2025 (see the “[Attendance Recovery](#)” and “[Instructional Continuity](#)” for details).
- The budget includes a \$100 million investment in the Inclusive Early Education Expansion Program to increase access to inclusive early care and education for children from birth to five years of age.
- The budget foregoes a planned investment of \$550 million to support the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program in 2024-25.
- Suspension of the August 15 summer layoff window for certificated and classified staff during the 2024-25 fiscal year.

All remaining COVID-19 fiscal relief funds (e.g., the Elementary and Secondary School Emergency Relief Fund and the Expanded Learning Opportunities Grant) expired on September 30, 2024. Further, the Arts, Music and Instructional Materials Discretionary Block Grant and the Educator Effectiveness Block Grant will expire on June 30, 2026, while the Learning Recovery Emergency Block Grant (LREBG) is set to expire on June 30, 2028.

POSSIBLE GOVERNMENT SHUTDOWN

There is a significant risk of a federal government shutdown because Congress has been unable to pass a budget or a Continuing Resolution to maintain funding beyond mid-December 2024. Past shutdowns have had minimal fiscal impact on K-12 education because most LEA funding comes from state and local sources, and most of federal aid is disbursed by July 1. As a result, the current year’s Title I and Individuals with Disabilities Education Act funds have already been disbursed to LEAs. However, a shutdown could disrupt federal school meal reimbursements and federally funded childcare services, such as Head Start.

Given that each LEA has unique funding and program needs, it is crucial that LEAs continuously assess their individual situations, work closely with the COE, and develop comprehensive plans that maintain their fiscal solvency and preserve the integrity of their educational programs.

ATTACHMENTS FOR MULTIYEAR PLANNING

Attached are several documents containing assumptions, instructions, and guidelines that are recommended for use by districts in developing their First Interim and multi-year projections.

- County Office 2024-25 First Interim Assumptions and Recommendations ([Attachment No. 1](#))
- First 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 the BEST Financial Systems for First Interim Reports ([Attachment No. 6](#))
- Fiscal Monitoring District Assignments for FY 2024-25 First Interim ([Attachment No. 7](#))

COUNTY OFFICE SOLVENCY EVALUATION

The County Office will evaluate solvency against the State Criteria and Standards. Districts must demonstrate their ability to meet their cash commitments over the current and two subsequent fiscal years.

District budgets may have changed since the adoption of the 2024-25 Budget Act and trailer legislation. District budgets must be updated to account for these changes and included in their current and multiyear financial projections. Districts must continue to exercise “best fiscal practices” in addressing potential budget challenges. ***We request districts develop multiple best case and worst-case scenarios and be prudent in their planning for the current and two subsequent fiscal years.***

If your district was requested to submit a Board-approved fiscal stabilization plan (FSP) with the First Interim, the FSP should include reasonable and implementable options that allow the district to meet its reserve levels and financial obligations. The FSP review will focus on each district’s ability to meet its cash and other financial commitments over the current and two subsequent fiscal years.

DEFICIT SPENDING

Statewide declining enrollment, combined with the expiration of federal one-time funds, may lead to district deficit spending. It is crucial to distinguish between the portions of the deficit that are ongoing and those that are one-time. Any significant reductions reflected in their multi-year financial projections should be addressed through concrete spending reduction plans or accompanied by a fiscal solvency statement outlining the governing board’s commitment to

address future reductions. Conducting monthly cash flow analyses is essential for identifying financial trends and avoiding cash shortages.

Below is sample language for a fiscal solvency statement, which may be used as a stand-alone resolution or included with the approval of the First Interim Report:

- *In preparing the 2024-25 First Interim Report, the Board acknowledges its fiduciary responsibility to maintain fiscal solvency for the current year and the subsequent two fiscal years.*
- *Based on the 2024-25 State Budget Act and anticipated increases in ongoing costs, the Board anticipates the need for \$XX million in ongoing budget reductions in 2025-26 to maintain fiscal solvency.*
- *Furthermore, it is recognized that a Board-approved budget reduction list for 2025-26 and an implementation timeline will be included with the 2024-25 Second Interim Report submission.*

As districts potentially face declining fund balances, it is important to exercise caution when identifying funds for negotiated salary increases. Modest revenue gains from the COLA may be offset by declining enrollment and rising payroll costs, including retirement and health benefit rates. Each district's ability to manage and sustain salary increases will vary based on its unique financial circumstances.

Maintaining substantial reserves is essential to safeguard against potential future economic downturns. The Government Finance Officers Association recommends reserves of at least 17%, which typically covers about two months of salary expenses for most organizations. Please note the reserve cap is not applicable for 2024-25 but could become effective in future years.

CONTINGENT REVENUES AND EXPENDITURES REDUCTIONS

Districts should not include revenue sources that are of a contingent or speculative nature. Examples of speculative revenue include 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 negotiations should include an alternative expenditure reduction plan. Also, districts utilizing B10 unallocated reductions should explain supporting their use.***

SUPPORTING NARRATIVES AND EXPLANATIONS

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 2024-25, 2025-26 and 2026-27. Submission of the financial and planning assumptions is critical

to the review and concurrence with the district's First Interim Report certification. A recommended list of topics that should be covered by the written narrative is attached to this bulletin ([Attachment No. 3](#)).

STATE WEB-BASED STANDARDIZED ACCOUNT CODE STRUCTURE (SACS) FINANCIAL REPORTING SYSTEM

The Standardized Account Code Structure (SACS) Web-based Financial Reporting System facilitates the preparation and contains the components to prepare the 2024-25 First Interim Reports. For information about updates and other changes, please refer to the CDE website at:

www.cde.ca.gov/fg/sf/fr

You can also reference the online SACS Web System - Interim Training Tutorial on the LACOE Business Advisory Services website at:

<https://www.lacoe.edu/services/business/bas>

APPROVAL AND SUBMISSION OF FIRST INTERIMS

Districts must present the First 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. [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 subsequent two 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 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 BEST FOR FIRST INTERIM REPORTS

[Attachment No. 6](#) provides reporting information on the 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
- LCFF revenue projections including impact of the K-3 Grade Span Adjustment (GSA) Augmentation Grant
- Other Federal, State or Local Revenues/Expenses
- Cash Flow Projections / External Borrowing / Cash Deferrals / Commitment of Funds
- Educational Protection Account (EPA)
- Supplemental and Concentration Augmentation Grants
- State/Federal Apportionments
- State Aid
- Special Education

Please use the latest version (v25.2a) of the FCMAT LCFF calculator to prepare your district's 24-25, 25-26 and 26-27 LCFF calculations and email the Excel copy to lacoe_sacs@lacoe.edu and your business consultant. Please contact Diya Miao at (562) 922-6790 or at Miao_Diya@lacoe.edu if you need assistance.

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

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

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

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 your Business Services Consultant at the phone number included in Attachment 7 or Octavio Castelo at (562) 922-6131 or at Castelo_Octavio@lacoe.edu.

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Attachments

LOS ANGELES COUNTY OFFICE OF EDUCATION
Business Advisory Services
2024-25 First Interim Assumptions and Recommendations

Key Planning Factors for 2024-25 First Interim Reports and MYPs

The following key planning factors should be incorporated into LEAs' 2024-25 First Interim Reports and multiyear projections (MYPs). These factors are based on the most up-to-date information available:

Planning Factor	2024-25	2025-26	2026-27
Cost-of-Living Adjustment (COLA)			
Local Control Funding Formula (LCFF) COLA	1.07%	2.93%	3.08%
Special Education COLA	1.07%	2.93%	3.08%
Employer Benefit Rates			
CalSTRS	19.10%	19.10%	19.10%
CalPERS-Schools	27.05%	27.40%	27.50%
State Unemployment Insurance	0.05%	0.05%	0.05%
Lottery			
Unrestricted per Average Daily Attendance (ADA)	\$191.00	\$191.00	\$191.00
Proposition 20 per ADA	\$82.00	\$82.00	\$82.00
Minimum Wage	\$16.50 ¹	\$17.00 ²	\$17.40 ³
Universal Transitional Kindergarten (TK)/ADA LCFF add-on for the 12-to-1 student-to-adult ratio	\$3,077.00 ⁴	\$3,167.00 ⁴	\$3,265.00 ⁴

Mandate Block Grant			
School Districts			
Grades K-8 per ADA	\$38.21 ⁵	\$39.33	\$40.54
Grades 9-12 per ADA	\$73.62 ⁵	\$75.78	\$78.11
Charter Schools			
Grades K-8 per ADA	\$20.06 ⁵	\$20.65	\$21.29
Grades 9-12 per ADA	\$55.76 ⁵	\$57.39	\$59.16

¹Effective January 1, 2025, ²Effective January 1, 2026, ³Effective January 1, 2027. Note: for footnote numbers 2-3, Proposition 32 on the November 5, 2024, ballot could increase minimum wage to \$18 per hour by 2026 ⁴Funding is based on TK ADA only and is in addition to the adjusted base grant amount. It is further adjusted by the statutory COLA each year. ⁵The 2024-25 rate does not factor in the impact of \$25 million for the proposed training to support literacy screenings.

Local Control Funding Formula (LCFF)

The Base Grant rates per ADA for 2024-25, 2025-26 and 2026-27 based on the Governor's Enacted Budget are:

Grade Level	2023-24 Base Grant/ ADA	2024-25 COLA 1.07%	2024-25 Base Grant/ ADA	2025-26 COLA 2.93%	2025-26 Base Grant/ ADA	2026-27 COLA 3.08%	2026-27 Base Grant/ ADA
K-3	\$9,919	\$106	\$10,025	\$294	\$10,319	\$318	\$10,637
4-6	\$10,069	\$108	\$10,177	\$298	\$10,475	\$323	\$10,798
7-8	\$10,367	\$111	\$10,478	\$307	\$10,785	\$332	\$11,117
9-12	\$12,015	\$129	\$12,144	\$356	\$12,499	\$385	\$12,884

Augmentation Grant

The Augmentation Grant provides additional funding for grades TK-3 and 9-12 Career Technical Education (CTE). The Class Size Reduction (CSR) augmentation is 10.40 percent of the TK-3 Base Grant, estimated at \$1,043 per average daily attendance (ADA) for 2024-25. Districts must maintain average class sizes of 24:1 as a condition of receipt unless a local alternative ratio is bargained. This class size requirement is not subject to a waiver by the State Board of Education. The CTE augmentation is 2.60 percent of the 9-12 Base Grant, estimated at \$316 per ADA for 2024-25. The T-K add-on of \$3,077 is in addition to the adjusted base grant amount and is adjusted by statutory COLA each year.

Grade Span	Effective 2024-25 Base Grant per ADA	GSA Augmentation	2024-25 Adjusted Base Grant per ADA
TK-3	\$10,025	\$1,043	\$11,068
TK Add On	-0-	-0-	\$3,077
4-6	\$10,177	-0-	\$10,177
7-8	\$10,478	-0-	\$10,478
9-12	\$12,144	\$316	\$12,460

Supplemental and Concentration Grants

School districts and charter schools are entitled to supplemental grant increases equal to 20 percent of the adjusted base grant (including CSR and CTE funding) for the percentage of enrolled students who are English learners, eligible for the free or reduced-price meals program, or in foster care. An additional 65 percent per-pupil increase is provided as a concentration grant for each percentage of eligible students enrolled beyond 55 percent of total enrollment, with 15 percent of the concentration grant to be used to increase the number of adults providing direct services (nurses, teachers, counselors, paraprofessionals, and others) to students.

The district should compare the amount of S&C grant funds projected for the current year with budgeted and actual expenditures for planned actions to increase or improve services to their unduplicated pupils. EC 42238.07(d) and (e) requires any unspent S&C grant funds to be carried forward and spent on actions that contribute toward meeting the increased or improved services requirement. The carryover calculation must be completed as part of the annual update process of the LCAP. Districts are encouraged to assign or commit fund balance for the expected carryover in their budget documents.

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) CSR, Grades 9-12, Home-to-School Transportation, and the Targeted Instructional Improvement Grant (TIIG).

Supplemental and Concentration grants are calculated based on the percentage of an LEA's enrolled students who are EL, eligible for the free or reduced-price meal program, or foster youth – also commonly referred to as the unduplicated pupil percentage (UPP). Supplemental and Concentration Grants are calculated based on the percentage of an LEA's enrolled students.

Grade Span	2024-25 Adjusted Base Grant per ADA	20% Supplemental Grant per ADA	65% Concentration Grant per ADA
K-3	\$11,068	\$2,214	\$7,194
4-6	\$10,177	\$2,035	\$6,615
7-8	\$10,478	\$2,096	\$6,811
9-12	\$12,459	\$2,492	\$8,099

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 \$1,032 per ADA for all ADA generated in grades TK-3.** The K-3 GSA requirement will be included in the 2024-25 Audit Guide.

Charter Schools

Similar to districts, charters will receive a LCFF base rate for each of the four grade spans and augmentation funding for the K-3 GSA for CSR and Grades 9-12 GSA for CTE. However, charter schools **are not** subject to the 24:1 class size requirement as a condition of apportionment.

In addition, supplemental and concentration grant percentages will be limited to the percentage associated with the school district where the charter school physically resides.

Attendance Recovery

As outlined in the 45-Day Budget Revision, beginning July 1, 2025, school districts, classroom-based charter schools, and county offices of education (COEs) may provide attendance recovery programs to classroom-based students to make up for lost instructional time, offset absences, and mitigate the associated learning loss and fiscal impacts. A few key elements of the program include:

- Beginning in fiscal year 2025-26, LEAs can add up to 10 days or a student's total absences for the current year, whichever is fewer, as attendance recovery time per pupil for ADA reporting.
- Attendance credit is limited to a maximum of five days per school week for school districts and COEs, and one day per calendar day on which instruction is provided for charter schools.
- Recovery time must be taught by certificated teachers.
- Participation is voluntary and at the election of the student, parent or guardian.
- Attendance recovery program pupil-to-certificated-teacher ratios are 10-to-1 for TK and K, and 20-to-1 for grades 1-12, inclusive.
- Expanded Learning Opportunity Program (ELOP) funds may be used to fund attendance recovery programs in conjunction with, and at the same site(s) as, the LEA's ELOP activities.

Transitional Kindergarten

The 2023-24 State Budget introduced the following changes to TK staffing requirements:

- Beginning in 2023-24, any LEA enrolling “early enrollment children” — those whose fourth birthday falls between June 3 and September 1 prior to the school year — must maintain a 10-to-1 student-to-adult ratio and limit class sizes to a maximum of 20 students for classes that include an early enrollment child.
 - The “early enrollment child” state will become inoperative with the full implementation of TK in the 2025-26 school year.
- Beginning in 2025-26, all TK classrooms must be staffed at a 10-to-1 student-to-adult ratio. While the legislature intends to provide funding to support this staffing ratio, compliance with the ratio is no longer contingent on receiving additional funding. Districts will need to incorporate this lower staffing ratio into their First Interim MYPs.
- Also starting in 2025-26, credentialed teachers assigned to TK classes (including independent study), must meet **one** of the following criteria by August 1, 2025:
 - Have completed at least 24 units in early childhood education, childhood development, or both.
 - Have professional experience in a classroom setting with preschool-age children, as determined and documented by the employing LEA, that is comparable to 24 units of relevant education and meets the criteria established by the LEA’s governing board or body.
 - Hold a child development teacher permit or an early childhood education specialist credential issued by the California Commission on Teacher Credentialing.

Home to School Transportation

School districts and county offices of education will be reimbursed for pupil transportation services an amount equal to 60 percent of the prior year reported home to school transportation expenditures within function 3600, excluding capital outlay or non-agency expenditures. For information on eligible expenditures, refer to the California School Accounting Manual (CSAM) Procedure 325-21. This reimbursed transportation allowance will be reduced by any applicable transportation add-on amount within the LCFF calculations for the school district or county office of education.

The annual COLA will apply to the add-on transportation funding within the LCFF apportionment exhibits.

As a condition of receiving the reimbursed transportation allowance, the school district or county office of education shall develop a plan describing the transportation services it will offer to its pupils and how it will prioritize planned transportation services for pupils in TK thru grade 6 and pupils who are low income. **The plan should have been adopted by the governing board on or before April 1, 2023 and must be updated annually by April 1.**

The plan shall include the following components:

- A description of the transportation services that would be accessible to pupils with disabilities and homeless pupils.
- A description of how unduplicated pupils would be able to access the home to school transportation with no fees.
- Development in consultation with classified staff, teachers, school administrators, local transit authorities, local air pollution control districts, air quality management districts, parents, pupils, and other stakeholders.
- Provision for the school district or county office of education to partner with a municipally owned transit system to provide transportation services for middle school and high school pupils.

Education Protection Account (EPA)

Using a 2024–25 EPA revenue amount of approximately \$8.5 billion, the CDE calculated estimated EPA entitlements using a factor of 26.70046456 percent based on the statewide total of revenue limits and charter school block grant funding as of the 2023–24 Second Principal (P-2) Apportionment, adjusted for the 2024–25 cost-of-living adjustment of 1.07 percent. Each LEA’s EPA entitlement was then reduced so that funding from local property taxes and the EPA combined did not exceed the LEA’s adjusted revenue limit or charter school general purpose funding, provided that each LEA received the minimum EPA funding of \$200 per unit of ADA. For most LEAs, EPA funding offsets local control funding formula state aid allocated through the Principal Apportionment. EPA entitlements will be recalculated at the 2024–25 First Principal (P-1) Apportionment and will be based on both P-1 Apportionment data and the preliminary EPA revenue amount already provided by Department of Finance in June 2024.

This is a reminder that separate board action as well as posting on the website is required for usage of these funds.

EPA funds should be accounted for in Resource Code 1400 (EPA), and Object Code 8012 (EPA Entitlement). Districts may not use EPA funds for administrative costs. The governing board will make the spending determination of these funds in an open session of a public meeting. In addition, each agency must annually publish on its website an accounting of how much money was received from the EPA and how that money was spent. Additional information, including a complete list of function codes prohibited for EPA expenditures can be found on the CDE’s website at:

www.cde.ca.gov/fg/aa/pa/epa.asp

Similar to local property taxes, districts’ State Aid is reduced by one dollar for each dollar received from the EPA. The EPA becomes a third revenue component besides local property tax revenue and State Aid.

While each quarterly payment will be adjusted for actual receipts, it is recommended that districts anticipate EPA revenues in 2024-25 in equal quarterly payments. The CDE has released specific 2024-25 EPA estimates with the Advance Apportionment posted at:

<https://www.cde.ca.gov/fg/aa/pa/epaltr24q1.asp>

LCAP and the Learning Recovery Emergency Block Grant (LREBG)

The 2024-25 State Budget mandates revisions to the LCAP template instructions to implement the settlement agreement from the Cayla J. lawsuit. These changes impose new requirements for the use of LREBG funds starting in 2025-26. LREBG funds expended between 2025-26 and 2027-28 must be supported by a needs assessment, with both planned and actual expenditures documented in the LEA's LCAP. Additionally, interim expenditure reporting for LREBG is due to the California Department of Education (CDE) by December 15, 2024.

The State Board of Education (SBE) reviewed draft changes to the LCAP instructions at its September 2024 meeting (see [Agenda Item #03](#)). Based on discussions at the meeting, the SBE appears to be in favor of what the CDE presented as Option 2, which would provide LEAs with the flexibility to integrate actions supported by LREBG funds into their existing LCAPs. The SBE is expected to approve the changes to the LCAP instructions at its November 2024 meeting.

LCAP and the LCFF Equity Multiplier

The 2024-25 fiscal year marks the first time LEAs are required to document the planned uses of Equity Multiplier funding in their LCAPs. As a reminder, a school's eligibility for Equity Multiplier funds may vary annually based on changes in its non-stability rate and/or its percentage of socioeconomically disadvantaged pupils. Funding is allocated to LEAs for schools with prior year non-stability rates exceeding 25% and prior year socioeconomically disadvantaged pupil rates (as defined [here](#)) exceeding 70%.

While 2023-24 enrollment data is available to determine a school's percentage of socioeconomically disadvantaged pupils, the CDE has not yet released the 2023-24 stability rate data (which will be published [here](#)). Eligibility and funding for 2024-25 will be included with the 2024-25 first principal apportionment in February 2025. Furthermore, forecasting whether Equity Multiplier funding will be received in future years is fraught with uncertainty.

Because of the year-to-year uncertainty surrounding the receipt of Equity Multiplier funds, LEAs may consider incorporating certified prior year funding allocations into their 2025-26 budget and LCAP (i.e., plan to use certified 2024-25 allocations in the 2025-26 budget and LCAP).

LCAP Mid-year Update

As a reminder, LEAs must present a midyear LCAP update annually by February 28. Mid-year update plans should include the following:

- All available mid-year outcome data related to metrics identified in the current year's local control and accountability plan.

- Mid-year expenditure and implementation data on all actions identified in the current year's local control and accountability plan. Additional information is available on our website at:

<https://www.lacoe.edu/services/accountability/lcap-state-federal-programs/lcap>

Instructional Continuity

The 2024-25 State Budget's instructional continuity provisions focus on facilitating continuity of learning during emergency events that disrupt regular classroom instruction.

Beginning July 1, 2026, as part of the J-13A waiver, LEAs must incorporate an instructional continuity plan into their School Safety Plan. These plans must include procedures for engaging students within five days of an emergency and providing hybrid or remote learning opportunities within 10 instructional days.

When students must be absent for any reason, the budget encourages LEAs to provide remote instruction to mitigate learning loss by streamlining independent study. It also allows LEAs to earn ADA-related funding for independent study, regardless of duration.

Independent Study

The 2024-25 State Budget includes statutory changes to independent study that are effective in the current fiscal year and beyond. These changes include:

- Eliminating the requirement for students to participate for a minimum of three consecutive school days before earning ADA.
- Increasing the allowable duration of short-term independent study to 15 days or fewer.
- Defining long-term independent study as 16 days or more.
- Authorizing LEAs to collect signed written agreements for short-term independent study at any time during the year, while maintaining the requirement that agreements be signed and collected before the start of long-term independent study.
- Expanding the definition of pupil work product to include the daily time value a student spends engaged in asynchronous instruction, regardless of whether work product is produced.

Independent study cannot be used to retroactively capture ADA for prior absences. For additional details on recovering ADA for previous absences, please refer to the "[Attendance Recovery](#)" section of this message.

In addition, the budget and subsequent cleanup legislation clarified that the time value of pupil work product and asynchronous instruction must first be documented in hours or fractions of an hour before being converted to days of attendance for all students participating in independent study, whether through COEs, school districts, or charter schools.

CALPADS

The submission window for Fall 1 reporting is October 2, 2024, to January 24, 2025, with an official certification deadline of December 13, 2024. The Fall 1 amendment window closes on January 24, 2025. CALPADS data have become critical to funding, accountability and assessment functions. The submission window for Fall 2 reporting is December 16, 2024, to February 28, 2025 with an official certification deadline of February 28, 2025. There is no amendment window for Fall 2 reporting.

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 Management

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. 6848, dated May 1, 2024, issued by the Division of School Financial Services, which is available on our website:

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

CONTINGENT ASSUMPTIONS

Districts should not include revenue sources in their First 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, and freeze on step and column.

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 2024-25 must be calculated for each entity using guidance provided on the CalSTRS website, which can be found at:

<https://www.calstrs.com/member-faqs>

Expanded Learning Opportunities Program

The 2024-25 State budget imposed new expenditure deadlines for ELOP allocations. Beginning with the 2023-24 ELOP allocation, LEAs will have two fiscal years to spend the funds, meaning the 2024-25 allocation must be expended by June 30, 2026. Any funds not expended by the applicable deadline “shall be returned to the state.”

Beginning in 2025-26, “school districts and charter schools shall annually declare their operational intent to run the Expanded Learning Opportunities Program.” This requirement means LEAs will need to affirmatively opt into the program each year to receive funding.

Any unexpended 2021-22 and 2022-23 ELOP funds recovered by the state will be reallocated in 2024-25 to increase the Tier 2 rate up to \$2,000 per applicable ADA for participating LEAs. In addition, the budget trailer bill stipulates that beginning in 2025-26, any ELOP savings resulting from LEAs opting out of the program “*may* be reallocated” to Tier 2 LEAs “to the extent possible.” As a reminder, final expenditure reports for 2021-22 and 2022-23 are due to CDE by October 31, 2024.

Special Education

The 2024-25 Adopted Budget included a 1.07 percent COLA for the Special Education base grant, increasing it to approximately \$896.90 per funded ADA. In preparing for the 2024-25 First Interim Report, consider the following additional nuances:

- Special Education Local Plan Areas (SELPAs) are required to allocate base funding of at least the same amount provided to their member LEAs in the 2023-24 fiscal year for 2024-25. This minimum allocation should be increased by the 1.07 percent COLA and adjusted to account for any changes in the funded ADA.
- LEAs may allocate funds back to their SELPA for purposes of providing regionalized or other programmatic services.
- While the AB 602 funding formula for Special Education is based on each individual LEA’s ADA, it is important to analyze and update the projected AB 602 revenue using the current three-year average of ADA. Given the severe decline in enrollment across the state, careful attention is required for each ADA-driven revenue source.
- The moratorium on the creation of new single-district SELPAs has been extended to June 30, 2026.
- The CDE must post each SELPA’s annual local plan on its website.

**2024-25 FIRST INTERIM ASSUMPTION GUIDELINES
(ENACTED BUDGET AS OF OCTOBER 2024)
PROJECTIONS FOR
FISCAL YEARS 2023-24 THROUGH 2026-27**

The guidelines below are provided to assist you with projections for Fiscal Years 2023-24, 2024-25, 2025-26 and 2026-27.

LCFF REVENUE		2023-24	2024-25	2025-26	2026-27
Statutory COLA (Based on DOF Estimates)		8.22%	1.07%	2.93%	3.08%
School Services (SSC) Recommended COLA		8.22%	1.07%	2.93%	3.08%
LOTTERY REVENUE		2023-24	2024-25	2025-26	2026-27
Unrestricted per ADA		\$211	\$191	\$191	\$191
Restricted for Instructional Materials per ADA		\$102	\$82	\$82	\$82
Total Lottery Revenue per ADA		\$313	\$273	\$273	\$273
MANDATED BLOCK GRANT		2023-24	2024-25	2025-26	2026-27
Districts per ADA	Grades K-8	\$37.81	\$38.21	\$39.33	\$40.54
	Grades 9-12	\$72.84	\$73.62	\$75.78	\$78.11
Charters per ADA	Grades K-8	\$19.85	\$20.06	\$20.66	\$21.29
	Grades 9-12	\$55.17	\$55.76	\$57.39	\$59.16
OTHER FACTORS		2023-24	2024-25	2025-26	2026-27
Unemployment Insurance (UI)		0.50%	0.05%	0.05%	0.05%
CalSTRS Employer Rates		19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rates		26.68%	27.05%	27.40%	27.50%
Interest Rate for 10-year Treasuries		4.26%	3.89%	3.58%	3.60%
CA Consumer Price Index (CPI)		3.469%	3.23%	2.86%	2.81%
Minimum Wage		\$16.00	\$16.50	\$17.00	\$17.40

LOS ANGELES COUNTY OFFICE OF EDUCATION
Business Advisory Services

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 [EPA FAQs](#))
- 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); Committed Funds (including exceeding the 10 percent reserve cap)
- 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); Funds received; Use of one-time Funds (Federal, State or Local) received

LOS ANGELES COUNTY OFFICE OF EDUCATION
Business Advisory Services

Documents Required to be Filed with the County Office

All districts, including Regional Occupational Centers/Programs (ROC/Ps) and Joint Powers Authorities (JPAs), must submit **one complete Interim Report package** electronically to their designated Business Advisory Services (BAS) Business Services Consultant and to the BAS intake team at lacoe_sacs@lacoe.edu, plus promote the First Interim Report to “First Level LEA Review” in the web-based Standardized Account Code Structure (SACS) system. 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 promoted from the web-based SACS System. Please contact lacoe_sacs@lacoe.edu for new user or updated system registration
- Interim Report (Form 01I).
- Financial projections of the restricted, unrestricted, and the combined General Fund, for fiscal years 2024-25, 2025-26, and 2026-27, 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 multiyear projections (MYP). **It is strongly recommended that districts use the MYP module provided in the web-based SACS Module 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 State Superintendent of Public Instruction (SSPI) 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 2024-25 and 2025-26.
- 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 2024-25, 2025-26 and 2026-27.
- Cash flow projections (Form CASH) for 2024-25 and 2025-26, 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 2024-25 Budget (Column B).
- Additional reports and supporting documentation, as applicable, required resolving any concerns and issues raised by the County Office in the 2024-25 budget approval or 2023-24 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 2024-25:

	<u>Closing dateⁱ</u>	<u>Filed on or before¹</u>
First Interim	October 31, 2024	December 16, 2024
Second Interim	January 31, 2025	March 15, 2025
Financial Statement ²	May 1, 2025	June 3, 2025

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 approved by the Los Angeles County Superintendent of Schools (County Superintendent) and should be frozen in the BEST accounting systems. Districts with initial budget disapproval must import the Revised Budget approved by the County Superintendent.

Column B – Board Approved Operating Budget

For the First Interim Report, this is the district's current budget as of October 31, 2024. For the Second Interim Report, it is the district's current budget as of January 31, 2025. 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, 2025.

Column C – Actuals to Date

For the First Interim Report, this is actual revenues and expenditures as reported in the BEST accounting systems for October 31, 2024. For the Second Interim Report, use the runs dated January 31, 2025. **Do not use data from runs prior to or after the January 31, 2025, cutoff date.** For the End of Year Financial Projection, use the runs dated April 30, 2024.

Column D – Projected Year Totals

This is the district's most current estimate of year-end Unaudited Actuals for 2024-25. 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

ⁱIf the statutory due date occurs on a Saturday, Sunday, or holiday, the reporting due date shall be on the following workday.

²Pursuant 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.

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 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, the format should 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 multiyear 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:

Report	Due Date (to authorizing agency and county superintendent)
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

Attachment No. 5 to:
Informational Bulletin No. 6918

LOS ANGELES COUNTY OFFICE OF EDUCATION
Business Advisory Services

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

The timelines for closing the month of October and obtaining reports from the BEST Advantage System – Financial (FIN):

Preliminary closing date	October 31, 2024
Preliminary Report available online	After November 1, 2023
Last district input date for HRS Errors, Journal Error corrections for October 2023: <ul style="list-style-type: none">• Interface Districts• Online Districts	November 16, 2024 November 16, 2024
Month-end close for October (see IB No. 6708)	November 17, 2024

LOS ANGELES COUNTY OFFICE OF EDUCATION
Business Advisory Services - Fiscal Monitoring District Assignments
2024-25 First Interim Reporting Review Cycle

<p style="text-align: center;">Abrar Alam alam_abrar@lacoe.edu (562) 922-6133</p>	<p style="text-align: center;">Dio Brache brache_dionisio@lacoe.edu (562) 922-6802</p>	<p style="text-align: center;">Steven Choi choi_steven@lacoe.edu (562) 940-1768</p>
<p>Arcadia USD Antelope Valley Sch. Trans Agcy. Antelope Valley Joint Union HSD El Rancho USD Keppel Union SD Las Virgenes USD Little Lake City SD Montebello USD Walnut Valley USD William S. Hart Union HSD</p>	<p>Beverly Hills USD Centinela Valley UHSD Inglewood USD Lynwood USD Manhattan Beach SD PINCO San Gabriel USD Saugus Union SD Sulphur Springs Union SD</p>	<p>El Monte Union HSD Glendale USD Glendora USD Lawndale Elementary SD Pasadena USD Rosemead SD Rowland USD San Antonio ROP San Marino USD Temple City USD</p>
<p style="text-align: center;">Kathy Connell connell_kathy@lacoe.edu (562) 922-6184</p>	<p style="text-align: center;">Sean Lewis lewis_sean@lacoe.edu (562) 922-6779</p>	<p style="text-align: center;">Belinda Martinez-Garcia martinez_belinda@lacoe.edu (562) 922-8739</p>
<p>Castaic Union SD San Gabriel Valley ROP Eastside Union SD Hacienda La Puente USD Hawthorne SD La Cañada USD Mountain View SD South Pasadena USD Westside Union SD Wilsona SD</p>	<p>ABC USD Bellflower USD East Whittier City SD Palmdale SD Redondo Beach USD Santa Monica-Malibu USD South Whittier SD Tri-Cities ROP Whittier City SD Whittier Union HSD</p>	<p>Claremont USD Culver City USD El Monte City SD El Segundo USD Long Beach USD Los Angeles USD Los Nietos SD Monrovia USD Torrance USD</p>
<p style="text-align: center;">Demetra Moore moore_demetra@lacoe.edu (562) 401-5497</p>	<p style="text-align: center;">Andrew Surendranath surendranath_andrew@lacoe.edu (562) 922-6743</p>	<p style="text-align: center;">Hoyt Yee yee_hoyt@lacoe.edu (562) 940-1705</p>
<p>Alhambra USD Baldwin Park USD Bassett USD Burbank USD Compton USD Downey USD Palos Verdes Peninsula USD Pupil Transportation Co-op Santa Clarita Valley Food Services Wiseburn USD</p>	<p>Azusa USD Bonita USD CALAPS ROP Hermosa SD Hughes-Elizabeth Lakes SD Lancaster SD Newhall SD Norwalk-La Mirada USD Paramount USD Valle Lindo SD</p>	<p>Acton-Agua Dulce USD Charter Oak USD Covina-Valley USD Duarte USD Garvey SD Gorman Joint SD Lennox SD Pomona USD SCROC West Covina USD</p>