



November 25, 2025

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

**FROM:** David D. Hart, Chief Financial Officer  
Business Services

**SUBJECT:** 2025-26 First Interim Financial Reporting - **Bulletin and Guidance**

The Los Angeles County Office of Education (LACOE), the nation's largest regional education agency, serves 79 school districts and 9 Regional Occupational Centers/Programs (ROC/Ps) and Joint Powers Authorities (JPAs) across 4,084 square miles of L.A. County. Business Advisory Services (BAS) is responsible for reviewing and examining Budget and Interim Reports, Unaudited Actuals, Annual Audits, Non-Voter-Approved Debt, and Collective Bargaining Agreements prepared by local education agencies (LEAs), as required by law. Each of the 88 LEAs are assigned a Business Services Consultant (BSC) for support (see attached for assignments). The BSC also provides guidance and support to address fiscal solvency concerns, working collaboratively with LEAs to help ensure financial stability and compliance with reporting requirements.

Education Code (EC) Sections 35035(g), 42130 and 42131 require the Governing Board of each school district or LEA 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.

The FY 2025-26 First Interim Report must be approved by the Governing Board and submitted on or before **Monday, December 15, 2025**. **Please note, districts that have a Fiscal Stabilization Plan (FSP) are required to submit their First Interim submission no later than Friday, December 5. In addition, an optional submission date of December 5 has been made available for districts requesting an expedited review of their First Interim submission.** Please email the documents listed below to both your assigned BAS BSC and to the BAS intake team at [lacoe\\_sacs@lacoe.edu](mailto:lacoe_sacs@lacoe.edu).

[Education Code \(EC\) Section 42130](#) requires each LEA to prepare Interim Reports using the format or forms prescribed by the State Superintendent of Public Instruction (SSPI), based on Criteria and Standards for fiscal stability adopted by the State Board of Education. All required financial reports and data for budget, interim, and unaudited actuals reporting periods must be prepared and submitted electronically through the [Standardized Account Code Structure \(SACS\) Web System](#). For assistance with new user registration or updating system access, please contact (562) 922-6136. The documents required for submission are provided below.

## **FCMAT CALCULATOR**

LACOE ceased the operation of the LACOE LCFF Calculator and it 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 (26.2), which can be found at: <https://www.fcmat.org/lcff>.**

## **FIRST INTERIM REPORT ASSUMPTIONS**

The Business and Administration Services Committee (BASC) is a collaborative group of chief business officials from county offices of education (COEs) across California. BASC develops a "common message" to guide districts in forming budget and interim report assumptions. The purpose is to ensure consistency and reliability in financial planning for LEAs throughout the state.

Governor Gavin Newsom signed several budget bills to adopt and implement the FY 2025-26 State Budget. The budget retained the majority of the proposals included in the May Revision; however, some additional changes were incorporated. The final budget agreement solves an \$11.8 billion general fund deficit for FY 2025-26 and provides a balanced fiscal plan with reductions in growth in state spending while maintaining key programs.

Major provisions in the FY 2025-26 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 2.3%.
- Includes a \$1.9 billion deferral of LCFF apportionments from June 2026 to July 2026. In addition, prior deferrals from FY 2024-25 totaling \$246.6 million for TK-12 education are fully repaid in FY 2025-26.
- Maintains investment of a total of \$2.1 billion in ongoing funding (inclusive of all prior years' investments) to support the full implementation of universal transitional kindergarten (TK), ensuring all children who turn four years old by September 1 of the school year can enroll in TK. An additional \$1.2 billion was provided in ongoing funding to support lowering the average student-to-adult ratio from 12-to-1 to 10-to-1 in every TK classroom beginning in FY 2025-26.

- Provides an additional \$606.8 million in ongoing investment in Expanded Learning Opportunities Program for full program implementation and to support the Legislature's intent to increase Rate 2 to \$1,575. The budget lowers the eligibility threshold for universal access, expanding it to include LEAs with an unduplicated pupil percentage (UPP) of at least 55%, reduced from the previous threshold of 75%.
- Provides \$480 million in one-time Proposition 98 funding to support literacy instruction aligned with the English Language Arts (ELA)/English Language Development (ELD) Framework for all.
- Allocates \$1.7 billion in one-time Proposition 98 for the Student Support and Professional Development Discretionary Block Grant. The block grant gives LEAs discretionary fiscal support to address rising costs. The CDE [calculated](#) the block grant to be \$313.08 per ADA reported as of the 2024-25 second principal apportionment.
- Maintains \$378.6 million in one-time funding to support the Learning Recovery Emergency Block Grant (LREBG) through the FY 2027-28 school year. Allocation information can be found on the following CDE web page: <https://www.cde.ca.gov/fg/fo/r14/lrebg25result.asp>.

Congress recently approved significant cuts to Medicaid and the Supplemental Nutrition Assistance Program (SNAP), which may impact schools in two ways. First, they change eligibility for participation in safety net programs that are used in the automatic categorical eligibility match done for free and reduced-price meals (FRPM). Reducing FRPM eligibility will affect the unduplicated pupil count/percentage, which is used in LCFF and more than 15 other programs to determine funding allocations to LEAs. Second, they force the state to adjust school funding to mitigate the impact of federal funding cuts. At the same time, projected declines in state revenue and increasing Medi-Cal costs have contributed to a structural budget deficit that is projected to grow significantly. Federal funding reductions, especially to Medicaid, will significantly increase the state's budget deficit and require the Legislature to make difficult reductions in other areas.

Given the risks to the state budget and changes in federal funding, LEAs should exercise caution before making any long-term commitments and should consider increasing reserves to manage potential cash deferrals and absorb potential state and federal funding reductions.

For the most current updates and analyses regarding the State Budget, districts are encouraged to consult resources provided by the Legislative Analyst's Office (LAO) and the California Department of Finance. These agencies regularly publish fiscal projections, budget summaries, and legislative updates that may contain information more up to date than what is included in this bulletin. The latest reports and data can be accessed at the following web pages: <https://lao.ca.gov/Budget> and <https://ebudget.ca.gov/home>.

## **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 FY 2025-26 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.

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**

Declining enrollment, coupled with the expiration of federal one-time funds, may result in deficit spending for many school districts. It is essential to distinguish between ongoing structural deficits and one-time shortfalls. As districts work to balance their budgets, any significant reductions shown in multiyear financial projections should be supported by concrete spending reduction plans or accompanied by a fiscal solvency statement that outlines the governing board’s commitment to future corrective actions.

To maintain financial health, districts should conduct monthly cash flow analyses to monitor trends and proactively address potential cash shortages. For guidance, refer to [FCMAT’s April 2020 fiscal alert about effective cash management during uncertain times](#).

As fund balances potentially decline, districts must exercise caution when allocating resources for long-term commitments, including negotiated salary increases. Modest revenue gains from the cost-of-living adjustment (COLA) may be offset by declining enrollment and rising payroll costs, including increases in retirement and health benefit rates. Each district’s capacity to implement and sustain salary increases will depend on its unique financial position. Economic trends also suggest that the LCFE COLA for FY 2026-27 could be lower than what is included in the LCFE planning factors. Districts should consider creating alternative scenarios that assume a lower COLA in the subsequent years.

Because deficit spending erodes fund balance reserves, it is critical to maintain substantial reserves to buffer against future economic downturns. The Government Finance Officers Association recommends reserves of at least 17%, which typically equals two months of salary expenditures for most organizations. Although school districts may be subject to reserve cap limitations on assigned and unassigned fund balances during periods of strong state revenue,

it remains prudent to regularly review overall reserves to ensure long-term fiscal stability. Note that the reserve cap is not applicable for FY 2025-26 but may be reinstated in future years.

## **FEDERAL FUNDING UNCERTAINTIES**

Federal funding for public education continues to evolve. The federal government is taking unprecedented and unpredictable actions that affect the education community. LEAs can view the latest guidance from the CDE at the following web page: <https://www.cde.ca.gov/nr/fa/>.

Due to the current federal shutdown, federal agencies may be short staffed. Depending on the federal program and the length of the shutdown, LEAs could eventually have issues accessing certain federal funds. Therefore, LEAs should analyze cash on hand to determine if short-term financing is required. It is not known how long the shutdown will last. Once the federal government reopens, expect a delay before operations resume.

## **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 FY 2025-26 through FY 2027-28. Submission of the financial and planning assumptions is critical for Second Interim Reporting. 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 SACS Web-based Financial Reporting System facilitates the preparation and contains the components to prepare the FY 2025-26 First Interim Reports. For information about updates and other changes, please refer to the CDE website at:

[www.cde.ca.gov/fg/sf/fr](http://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 INTERIM REPORTS**

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**

The timelines for the BEST Advantage System – Financial (FIN) are set for the third Friday of the following month, except for the year-end closing. For more details, please refer to Informational Bulletin No. 6995 which can be found at: <https://www.lacoe.edu/bulletins>.

## **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 ensure you are using the latest version (26.2) of the FCMAT LCFF calculator to prepare your district's FY 2025-26, FY 2026-27 and FY 2027-28 LCFF calculations and email the Excel copy to [lacoe\\_sacs@lacoe.edu](mailto:lacoe_sacs@lacoe.edu) and your Business Services Consultant. Please contact Diya Miao at (562) 922-6790 or at [Miao\\_Diya@lacoe.edu](mailto:Miao_Diya@lacoe.edu) if you need assistance.

Charter schools should contact their authorizer, 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.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 No. 7 or Octavio Castelo at (562) 922-6131 or by e-mail at [Castelo\\_Octavio@lacoe.edu](mailto:Castelo_Octavio@lacoe.edu).

November 25, 2025

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Approved:

Octavio Castelo, Director

Business Advisory Services

OC/DW/SC:lm

Attachments

**LOS ANGELES COUNTY OFFICE OF EDUCATION**  
**Business Advisory Services**  
**2025-26 First Interim Assumptions and Recommendations**

**Key Planning Factors for 2025-26 First Interim Reports and MYPs**

The following key planning factors should be incorporated into LEAs' 2025-26 First Interim Reports and multiyear projections (MYPs). These factors are based on the most up-to-date information available:

<b>Planning Factor</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
<b>Cost-of-Living Adjustment (COLA)</b>			
Local Control Funding Formula (LCFF) COLA	2.30%	3.02%	3.42%
Special Education COLA	2.30%	3.02%	3.42%
<b>Employer Benefit Rates</b>			
CalSTRS	19.10%	19.10%	19.10%
CalPERS-Schools	26.81%	26.90%	27.80%
State Unemployment Insurance	0.05%	0.05%	0.05%
<b>Lottery</b>			
Unrestricted per Average Daily Attendance (ADA)	\$190.00	\$190.00	\$190.00
Proposition 20 per ADA	\$82.00	\$82.00	\$82.00
<b>Minimum Wage</b>	\$16.90 <sup>1</sup>	\$17.40 <sup>2</sup>	\$17.80 <sup>3</sup>
<b>Universal Transitional Kindergarten (TK)/ADA LCFF add-on for the 10-to-1 student-to-adult ratio</b>	\$5,545.00	\$5,712.00	\$5,907.00

Mandate Block Grant			
School Districts			
Grades K-8 per ADA	\$39.09	\$40.27	\$41.65
Grades 9-12 per ADA	\$76.48	\$78.79	\$81.48
Charter Schools			
Grades K-8 per ADA	\$20.52	\$21.14	\$21.86
Grades 9-12 per ADA	\$58.21	\$59.97	\$62.02

<sup>1</sup>Effective January 1, 2026, <sup>2</sup>Effective January 1, 2027, <sup>3</sup>Effective January 1, 2028.

**Local Control Funding Formula (LCFF)**

The Base Grant rates per ADA for 2025-26, 2026-27 and 2027-28 based on the Governor’s Enacted Budget are:

Grade Level	2024-25 Base Grant/ ADA	2025-26 COLA 2.30%	2025-26 Base Grant/ ADA	2026-27 COLA 3.02%	2026-27 Base Grant/ ADA	2027-28 COLA 3.42%	2027-28 Base Grant/ ADA
TK-3	\$10,025	\$231	\$10,256	\$310	\$10,565	\$361	\$10,927
4-6	\$10,177	\$234	\$10,411	\$314	\$10,725	\$367	\$11,092
7-8	\$10,478	\$241	\$10,719	\$324	\$11,043	\$378	\$11,420
9-12	\$12,144	\$279	\$12,423	\$375	\$12,798	\$438	\$13,236

**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 \$1,067 per average daily attendance (ADA) for 2025-26. 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 \$323 per ADA for 2025-26. The T-K add-on of \$5,545 is in addition to the adjusted base grant amount and is adjusted by statutory COLA each year.

Grade Span	Effective 2025-26 Base Grant per ADA	GSA Augmentation	2025-26 Adjusted Base Grant per ADA
TK-3	\$10,256	\$1,067	\$11,323
TK Add On	-0-	-0-	\$5,545
4-6	\$10,411	-0-	\$10,411
7-8	\$10,719	-0-	\$10,719
9-12	\$12,423	\$323	\$12,746

### 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	2025-26 Adjusted Base Grant per ADA	20% Supplemental Grant per ADA	65% Concentration Grant per ADA
K-3	\$11,323	\$2,265	\$7,360
4-6	\$10,411	\$2,082	\$6,767
7-8	\$10,719	\$2,144	\$6,967
9-12	\$12,746	\$2,549	\$8,285

### **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 \$1,067 per ADA for all ADA generated in grades TK-3.** The K-3 GSA requirement will be included in the 2025-26 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**

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, 2025 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 2025–26 EPA revenue amount of approximately \$10.5 billion, the CDE calculated estimated EPA entitlements using a factor of 34.93646949 percent based on the statewide total of revenue limits and charter school block grant funding as of the 2024–25 Second Principal (P-2) Apportionment, adjusted for the 2025–26 cost-of-living adjustment of 2.30 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 2025–26 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 2025.

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](http://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 2025-26 in equal quarterly payments. The CDE has released specific 2025-26 EPA estimates with the Advance Apportionment posted at:

[www.cde.ca.gov/fg/aa/pa/epaltr25q1.asp](http://www.cde.ca.gov/fg/aa/pa/epaltr25q1.asp)

### **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 2024-25 enrollment data is available to determine a school's percentage of socioeconomically disadvantaged pupils, the CDE has not yet released the 2024-25 stability rate data (which will be published [here](#)). Eligibility and funding for 2025-26 will be included with the 2025-26 First Principal Apportionment in February 2026. 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 2026-27 budget and LCAP (i.e., plan to use certified 2025-26 allocations in the 2026-27 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**

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.

### **CALPADS**

The submission window for Fall 1 reporting is October 1, 2025, to January 23, 2026, with an official certification deadline of December 12, 2025. The Fall 1 amendment window closes on January 23, 2026. CALPADS data have become critical to funding, accountability and assessment functions. The submission window for Fall 2 reporting is October 1, 2025 to February 27, 2026 with an official certification deadline of February 27, 2026. 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. 6981, dated April 18, 2025, 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 2025-26 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. The 2025-26 allocation must be expended by June 30, 2027. 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. In addition, any ELOP savings resulting from LEAs opting out of the program "*may* be reallocated" to Tier 2 LEAs "to the extent possible."

### **Special Education**

The 2025-26 Adopted Budget included a 2.30 percent COLA for the Special Education base grant, increasing it to approximately \$917.53 per funded ADA. In preparing for the 2025-26 First Interim Report, consider the following additional nuances:

- Special Education Local Plan Areas (SELPA) are required to allocate base funding of at least the same amount provided to their member LEAs in the 2024-25 fiscal year for 2025-26. This minimum allocation should be increased by the 2.30 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.

**2025-26 FIRST INTERIM ASSUMPTION GUIDELINES  
(ENACTED BUDGET AS OF OCTOBER 2025)  
PROJECTIONS FOR  
FISCAL YEARS 2024-25 THROUGH 2027-28**

The guidelines below are provided to assist you with projections for Fiscal Years 2024-25, 2025-26, 2026-27 and 2027-28.

<b>LCFF REVENUE</b>		<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
Statutory COLA (Based on DOF Estimates)		1.07%	2.30%	3.08%	3.08%
School Services (SSC) Recommended COLA		1.07%	2.30%	3.08%	3.08%
<b>LOTTERY REVENUE</b>		<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
Unrestricted per ADA		\$195.37	\$190	\$190	\$190
Restricted for Instructional Materials per ADA		\$88.22	\$82	\$82	\$82
Total Lottery Revenue per ADA		\$283.59	\$272	\$272	\$272
<b>MANDATED BLOCK GRANT</b>		<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
Districts per ADA	Grades K-8	\$38.21	\$39.09	\$40.27	\$41.65
	Grades 9-12	\$73.62	\$76.48	\$78.79	\$81.48
Charters per ADA	Grades K-8	\$20.06	\$20.52	\$21.14	\$21.86
	Grades 9-12	\$55.76	\$58.21	\$59.97	\$62.02
<b>OTHER FACTORS</b>		<b>2024-25</b>	<b>2025-26</b>	<b>2026-27</b>	<b>2027-28</b>
Unemployment Insurance (UI)		0.05%	0.05%	0.05%	0.05%
CalSTRS Employer Rates		19.10%	19.10%	19.10%	19.10%
CalPERS Employer Rates		27.05%	26.81%	26.90%	27.80%
Interest Rate for 10-year Treasuries		4.23%	4.50%	4.36%	4.40%
CA Consumer Price Index (CPI)		2.86%	3.09%	2.82%	2.72%
Minimum Wage		\$16.50	\$16.90	\$17.40	\$17.80

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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 [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

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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 submit **one complete Interim Report package** electronically to their designated Business Advisory Services (BAS) Business Services Consultant and to the BAS intake team at [laco\\_sacs@laco.edu](mailto:laco_sacs@laco.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.

- All LEAs, must:
  - LEAs may promote the SACS file to “First Level LEA Review” in the system as soon as they are confident the submission is complete; Board approval may follow this step.
  - Submit **one complete Interim Report package** electronically to their designated BSC and to the BAS intake team at [laco\\_sacs@laco.edu](mailto:laco_sacs@laco.edu).
- The Interim Report package comprises an electronic set of documents listed as follows:
  - Forms submitted via SACS reporting
    - The Board and the superintendent’s/administrator’s **signed certification of the Interim Report** (Form CI).
    - Interim Report (Form 01I).
    - In addition to the General Fund report, complete in the SACS web system **any other fund** that was requested in our budget or unaudited actual review letters, sent to Board President, Superintendent and Chief Business Official, for any fund projected to end FY 2025-26, FY 2026-27 or FY 2027-28 with a negative fund balance. If you require a copy of a previous budget, interim or unaudited actual letter, please contact your assigned BSC.
    - The Average Daily Attendance (ADA) form (Form AI), and ADA projections for FY 2025-26 and FY 2026-27.
    - Cash flow projections (Form CASH) for FY 2025-26 and FY 2026-27, 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.
    - Multi-Year Projections (Form MYP) -- Financial projections of the restricted, unrestricted, and the combined General Fund, for FY 2025-26, FY 2026-27, and FY 2027-28, which serve as the basis for the district’s Interim Report certification in the SACS State software.

- 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”).
- Non-SACS Forms/ Documents that must be submitted
  - District LCFF Calculator aligning with revenue projections. We are requesting districts utilize the FCMAT LCFF Calculator for their First Interim submission and use current Version (26.2), which can be found at: <https://www.fcma.org/lcff>.
  - Written discussions, narratives, and planning assumptions, including supporting quantitative data and any relevant Board documents that explains the financial projections for FY 2025-26, FY 2026-27 and FY 2027-28.
  - Supporting documentation and summaries for any outstanding prior year Budget Revision and Audit Adjustments reflected in the Adopted Budget or 45 Day Revise Budget, and representing changes to the Board approved FY 2025-26 Budget (Column B).
  - Additional reports and supporting documentation, as applicable, required resolving any concerns and issues raised by the County Office in the FY 2025-26 budget approval or FY 2024-25 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 2025-26:

	<u>Closing date</u> <sup>1</sup>	<u>Filed on or before</u> <sup>1</sup>
First Interim	October 31, 2025	December 15, 2025
Second Interim	January 31, 2026	March 16, 2026
Financial Statement <sup>2</sup>	April 30, 2026	June 3, 2026

### **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, 2025. For the Second Interim Report, it is the district's current budget as of January 31, 2026. Please submit original Budget Summary Revisions or copies of these revisions with the Interim Report. For the End of Year Financial Projection (Third Interim), the district's current budget is as of April 30, 2026.

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, 2025. For the Second Interim Report, use the runs dated January 31, 2026. **Do not use data from runs prior to or after the January 31, 2026, cutoff date.** For the End of Year Financial Projection (Third Interim), use the runs dated April 30, 2026.

Column D – Projected Year Totals

This is the district's most current estimate of year end Unaudited Actuals for 2025-26. 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.

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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.

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**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:

<b>Report</b>	<b>Due Date (to authorizing agency and county superintendent)</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 16 (reflecting changes through January 31)
Unaudited Actuals	On or before September 15

Attachment No. 5 to:  
Informational Bulletin No. 7069

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**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, 2025
Preliminary Report available online	After November 1, 2025
Last district input date for HRS Errors, Journal Error corrections for October 2025: <ul style="list-style-type: none"><li>• Interface Districts</li><li>• Online Districts</li></ul>	November 17, 2025 November 17, 2025
Month-end close for October	November 17, 2025

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<p>Antelope Valley Sch. Trans Agcy.  Antelope Valley Joint Union HSD  Arcadia USD  El Rancho USD  Keppel Union SD  Las Virgenes USD  Little Lake City SD  Temple City USD  Walnut Valley USD  William S. Hart Union HSD  Los Angeles USD (Secondary)</p>	<p>Beverly Hills USD  Burbank USD  Duarte USD  Hermosa SD  Lynwood USD  Manhattan Beach SD  PINCO  San Gabriel USD  Sulphur Springs Union SD  Inglewood USD (Primary)</p>	<p>CALAPS JPA  Glendale USD  Wiseburn USD</p> <hr/> <p align="center"><b>Dave Wilson</b>  <a href="mailto:wilson_david@lacoed.edu">wilson_david@lacoed.edu</a>  <b>(562) 922-7469</b></p> <hr/> <p>Lancaster SD  Norwalk-La Mirada USD  SCROC</p>
<p align="center"><b>Kathy Connell</b>  <a href="mailto:connell_kathy@lacoed.edu">connell_kathy@lacoed.edu</a>  <b>(562) 922-6184</b></p>	<p align="center"><b>Sean Lewis</b>  <a href="mailto:lewis_sean@lacoed.edu">lewis_sean@lacoed.edu</a>  <b>(562) 922-6779</b></p>	<p align="center"><b>Belinda Martinez-Garcia</b>  <a href="mailto:martinez_belinda@lacoed.edu">martinez_belinda@lacoed.edu</a>  <b>(562) 922-8739</b></p>
<p>Castaic Union SD  Downey USD  Eastside Union SD  Hawthorne SD  La Cañada USD  Lawndale Elementary SD  Mountain View SD  San Gabriel Valley ROP  South Pasadena USD  Westside Union SD  Hacienda La Puente USD (Primary)</p>	<p>ABC USD  Alhambra USD  Bellflower USD  East Whittier City SD  Palmdale SD  Redondo Beach USD  Santa Monica-Malibu USD  South Whittier SD  Whittier City SD  Whittier Union HSD  Inglewood USD (Secondary)</p>	<p>Claremont USD  Culver City USD  El Monte City SD  El Segundo USD  Long Beach USD  Los Nietos SD  Monrovia USD  San Marino USD  Santa Clarita Valley Food Services  Torrance USD  Los Angeles USD (Primary)</p>
<p align="center"><b>Demtera Moore</b>  <a href="mailto:moore_demetra@lacoed.edu">moore_demetra@lacoed.edu</a>  <b>(562) 401-5497</b></p>	<p align="center"><b>Vacant 1 (Dave Wilson)</b></p>	<p align="center"><b>Vacant 2 (Steven Choi)</b></p>
<p>Azusa USD  Centinela Valley UHSD  Compton USD  Hughes-Elizabeth Lakes SD  Montebello USD  Paramount USD  Rowland USD  Saugus Union SD  Tri-Cities ROP  West Covina USD  Hacienda La Puente USD (Secondary)</p>	<p>Baldwin Park USD  Bassett USD  Glendora USD  El Monte Union HSD  Newhall SD  Palos Verdes Peninsula USD  Pupil Transportation Co-op  Valle Lindo SD  Wilsona SD  Pasadena USD (Primary)</p>	<p>Acton-Agua Dulce USD  Bonita USD  Charter Oak USD  Covina-Valley USD  Garvey SD  Gorman Joint SD  Lennox SD  Pomona USD  Rosemead SD  San Antonio ROP  Pasadena USD (Secondary)</p>

\*\* For districts that list both a primary and a secondary contact, please ensure that both assigned Business Services Consultants (BSCs) are included in all relevant communications, meetings, and documentation.