



# FISCAL REPORT

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

## Form CEA Noncompliance Rates

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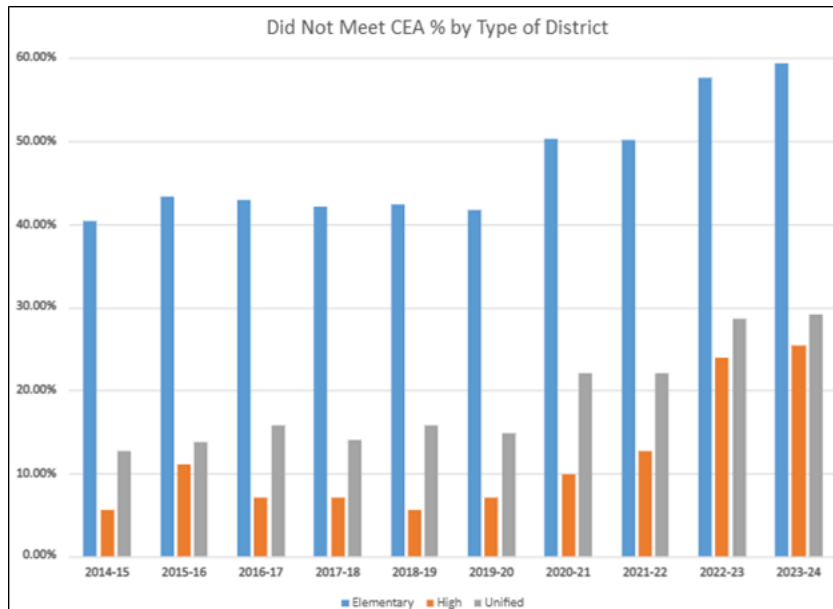
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The Current Expense Formula (Formula), codified in Education Code Section (EC §) 41372, has been in existence since the days when gasoline prices hovered around \$0.10 per gallon and the median home price in California was less than \$40,000. The Formula monitors whether or not a school district has spent at least a specified percentage of its General Fund expenditures on classroom salaries and benefits, which in its most common form, are the costs of teachers and paraprofessionals. The minimum thresholds in law vary based on the type of school district:

District Type	Minimum Percentage
High School District	50%
Unified School District	55%
Elementary School District	60%

The Formula is computed, and monitored, through Form Classroom Expense Actuals (CEA) in the Standardized Account Code Software (SACS) and is completed by local educational agencies twice annually—Adopted Budget and Unaudited Actuals as required by EC § 41372. Given all the changes in how dollars are allocated to school districts, as well as the influx of one-time funding, it comes as no surprise that more and more school districts are failing to meet the minimum percentages.



Source: Unaudited Actuals .dat files for each respective year

The numerator for the Formula includes only the salaries and benefits of classroom instruction in the General Fund. The numerator ignores all the other costs necessary to educate children, including the costs of counseling and support services, intervention materials, textbooks, and keeping the lights on. The denominator includes all General Fund expenditures, but provides for some exclusions, including expenditures for facility acquisition and construction, payments for transportation, nonpublic schools, and a number of programs that cannot be spent on classroom salaries.

Form CEA provides a manual override column (column 4b) for school districts to exclude any other expenditures that arise from, “federal or state categorical aid in which funds were granted for expenditures not incurring any teacher salary expenditures or requiring disbursement of the funds without regard to the requirements of EC § 41372.” School districts can avail themselves of this manual exclusion for one-time pandemic funding on a resource-by-resource basis so long as none of the funds were spent on teacher salary expenditures.

For example, if a school district spent some of Resource Code 3213 on teacher salaries in the current year, then none of the other expenditures in Resource Code 3213 are excludable in column 4b in the Form CEA. However, if a school district did not spend any funds apportioned in Resource Code 3213 on teacher salaries, the entirety of those expenditures in the current year can be excluded.

Any school district that utilizes column 4B should note two important factors:

1. Any additional exclusions manually identified must be summed with the exclusions in column 4a as an entry in column 4b overrides column 4a.
2. Be careful not to double-count exclusions. Do not enter an exclusion in column 4b if it was already accounted for in column 2.

The penalty for not meeting the minimum thresholds is that the shortfall must be paid out to teachers in the subsequent year, unless the school district meets the conditions of [EC § 41372\(b\)](#), or is exempt from the Formula based on [EC § 41374](#). For more information on this topic, and many other SACS-related topics, please join School Services of California Inc., in partnership with the Fiscal Crisis Management and Assistance Team, for our upcoming [SACS 101—Budget Development](#) webinar. Registration for the webinar can be accessed [here](#).