

Accounting and LCFF

Welcome to the California State Board of Education's LCFF Channel. The video and audio downloads available on the LCFF Channel are designed to help the education community learn about how the Local Control Funding Formula works to support local implementation activities. The focus of this brief segment is on implementing a system to account for Local Control Funding Formula funding to meet performance and reporting requirements.

What do funding flexibility, transparency, and accountability have in common – well accounting of course! Among the implementation changes that accompany LCFF is how LEAs account for LEA revenues and expenses.

For those not familiar with California's education accounting system, a brief tutorial is in order. All local educational agencies use a coding structure called the Standardized Account Code Structure, or SACS. This is similar in function to the coding that banks use at the bottom of checks. While it may look like a string of random numbers, there's very specific information shared based on the type and placement of numbers. Another way to think about SACS is that it works like the Dewey Decimal system for libraries. Both SACS and the Dewey Decimal system allow people to organize and file information for future reference and use.

Among the specific fields that comprise the Standardized Account Code Structure are fields for the source of funding, types of expenses, uses of funds, and references to those that receive services or support from the expense.

At this point, not all operational details are known, but 2013-14 offers an opportunity to utilize accounting procedures that can help inform the type of ongoing systems and procedures LEAs implement to manage LCFF resources once regulations and templates are available as of the 2014-15 planning and budget cycle.

For 2013-14, the California Department of Education has provided all LCFF revenue in an unrestricted resource code – also referred to as “0000,” reflecting the flexibility of LCFF, but this does not make the funding transparent or lend itself to accountability for how the funds are used. But, there are several options available to LEAs to use the coding within SACS to track the use of LCFF funding related to specific subgroups of students, types of programs, and/or priority service or performance areas.

One option LEAs can consider is using the resource field in the SACS account code to create locally-defined unrestricted coding that provides an increased level of detail or specificity for the allocation and use of LCFF.



- a. Resource fields in the range of 0001-0999 are available to be locally defined to separate unrestricted revenues and expenditures that do not have specific constraints or reporting requirements.
- b. More simply stated, LEAs have the ability to create resource codes that are specific to a locally defined purpose, such as state priorities, local priorities, or specific programs of support.

Another option to consider is using the goal field to provide more local specificity. The goal field in SACS defines the set of objectives that funds serve. Another way to think about the goal field is that it allows for specific coding based on the population or group of students served by the funds.

- a. Goals codes in the range of 1130-1999 are available for LEAs to define local objectives or programs for K-12 instruction.
- b. For example, an LEA could choose to use locally define goals codes to provide specificity to programs for populations, such as low income or English language learners.

Thanks for tuning into our crash course on LCFF accounting options. We'd like to leave you with a few tips to consider when using locally defined accounting fields:

- a. First, clearly communicate the definitions of locally defined accounting fields to all stakeholders
- b. Also, resist the temptation to use locally defined resource codes as replacements for programs that have been discontinued.
- c. Remember that all locally defined account codes must "roll up" to the required CDE level when reporting any financial data to the state.

Again, thank you for viewing this edition of the LCFF Channel's Implementation Insight. More information can be found at lcff.wested.org and www.cde.ca.gov.