Sonoma County
Office of Education

Form CEA

April 27, 2026

SCOE External Fiscal Team

Agenda

- **Nuts & Bolts- 9a-10a**
  - What is Form CEA?
  - How is the percentage calculated?
  - Required percentages
  - Who is exempt?
  - Coding Tips
  - Manual Overrides
  - What happens if you fail the CEA?
- **Worktime- 10a-11:30a**
  - Excel Spreadsheet



Sonoma County
Office of Education

What is Form CEA?

Education Code Section 41372 requires that school districts expend a minimum percentage of their current cost of education for classroom teacher and aide salaries, plus associated benefits. Under LCFF, much of the restricted categorical funding that was excluded from the minimum classroom calculation is now unrestricted and not excludable.

Form CEA calculates the total classroom compensation percentage (Objects 1000-3999 and Functions 1000-1999) of the total actual expenditures in the general fund.

$$\text{Classroom Compensation \%} = \frac{\text{Classroom Compensation (Form CEA, Part II)}}{\text{Total Expenses (Form CEA, Part I)}}$$

What is Form CEA?

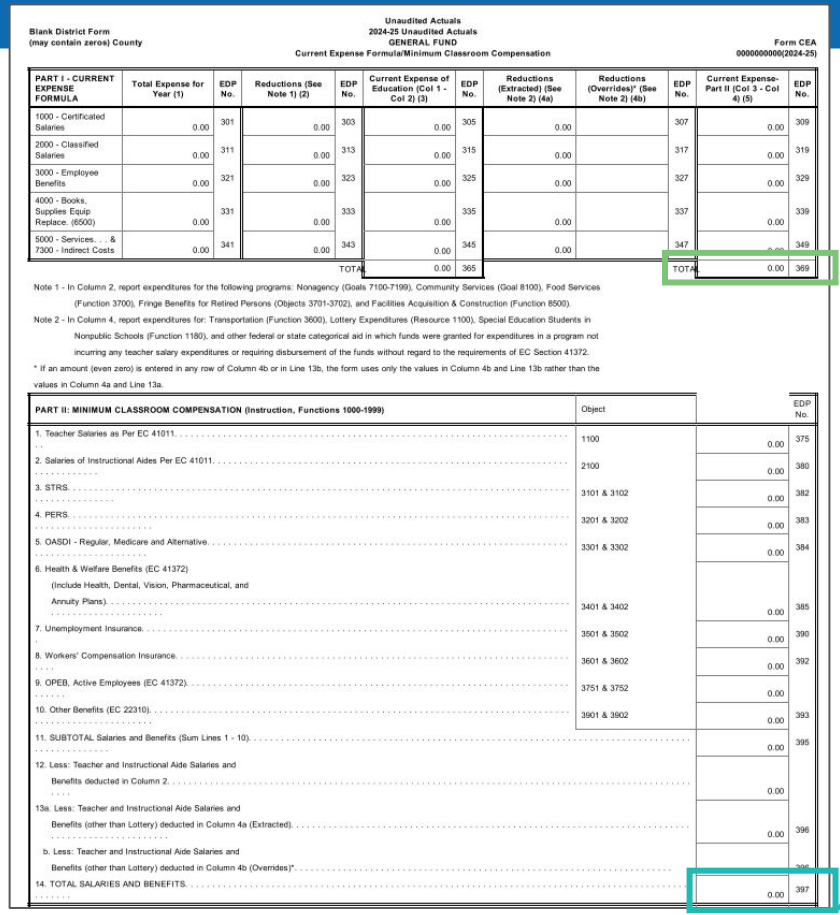
The goal is to accurately reflect classroom compensation included in the formula (Part II – Minimum Classroom Compensation) and appropriately reduce or eliminate other costs from the total expenditures section (Part I – Current Expense Formula). **Decreasing Total General Fund Expenditures (Part I), other than classroom salary and benefits, will increase the Classroom Compensation % and help to meet the minimum requirement.**



Review CEA Form throughout the fiscal year

If percent of current cost of education for the classroom does not meet the minimum required percentage, the district needs to review coding in order to maximize the reported percentage BEFORE closing your books.

How is the percentage calculated?



Blank District Form
(may contain zeros) County

Unaudited Actuals
2024-25 Unaudited Actuals
GENERAL FUND
Current Expense Formula/Minimum Classroom Compensation

Form CEA
0000000000(2024-25)

PART I - CURRENT EXPENSE FORMULA	Total Expense for Year (1)	EDP No.	Reductions (See Note 1) (2)	EDP No.	Current Expense of Education (Col 1 - Col 2) (3)	EDP No.	Reductions (Extracted) (See Note 2) (4a)	Reductions (Overrides)* (See Note 2) (4b)	EDP No.	Current Expense-Part II (Col 3 - Col 4) (5)	EDP No.
1000 - Certificated Salaries	0.00	301	0.00	303	0.00	305	0.00		307	0.00	309
2000 - Classified Salaries	0.00	311	0.00	313	0.00	315	0.00		317	0.00	319
3000 - Employee Benefits	0.00	321	0.00	323	0.00	325	0.00		327	0.00	329
4000 - Books, Supplies Equip Replace. (6500)	0.00	331	0.00	333	0.00	335	0.00		337	0.00	339
5000 - Services. . . & 7300 - Indirect Costs	0.00	341	0.00	343	0.00	345	0.00		347	0.00	349
			TOTAL	365	0.00				TOTAL	0.00	369

Note 1 - In Column 2, report expenditures for the following programs: Nonagency (Goals 7100-7199), Community Services (Goal 8100), Food Services (Function 3700), Fringe Benefits for Retired Persons (Objects 3701-3702), and Facilities Acquisition & Construction (Function 8500).

Note 2 - In Column 4, report expenditures for: Transportation (Function 3600), Lottery Expenditures (Resource 1100), Special Education Students in Nonpublic Schools (Function 1180), and other federal or state categorical aid in which funds were granted for expenditures in a program not incurring any teacher salary expenditures or requiring disbursement of the funds without regard to the requirements of EC Section 41372.

* If an amount (even zero) is entered in any row of Column 4b or in Line 13b, the form uses only the values in Column 4b and Line 13b rather than the values in Column 4a and Line 13a.

PART II: MINIMUM CLASSROOM COMPENSATION (Instruction, Functions 1000-1999)	Object		EDP No.
1. Teacher Salaries as Per EC 41011	1100	0.00	375
2. Salaries of Instructional Aides Per EC 41011	2100	0.00	380
3. STRS	3101 & 3102	0.00	382
4. PERS	3201 & 3202	0.00	383
5. OASDI - Regular, Medicare and Alternative	3301 & 3302	0.00	384
6. Health & Welfare Benefits (EC 41372) (Include Health, Dental, Vision, Pharmaceutical, and Annuity Plans)	3401 & 3402	0.00	385
7. Unemployment Insurance	3501 & 3502	0.00	390
8. Workers' Compensation Insurance	3601 & 3602	0.00	392
9. OPEB, Active Employees (EC 41372)	3751 & 3752	0.00	
10. Other Benefits (EC 22310)	3901 & 3902	0.00	393
11. SUBTOTAL Salaries and Benefits (Sum Lines 1 - 10)		0.00	395
12. Less: Teacher and Instructional Aide Salaries and Benefits deducted in Column 2		0.00	
13a. Less: Teacher and Instructional Aide Salaries and Benefits (other than Lottery) deducted in Column 4a (Extracted)		0.00	396
b. Less: Teacher and Instructional Aide Salaries and Benefits (other than Lottery) deducted in Column 4b (Overrides)*			
14. TOTAL SALARIES AND BENEFITS		0.00	397

Total Expenses (Part I) - **denominator**

Classroom Compensation % =

$$\frac{\text{Classroom Compensation (Part II)}}{\text{Total Expenses (Part I)}}$$

Classroom Compensation (Part II) - **numerator**

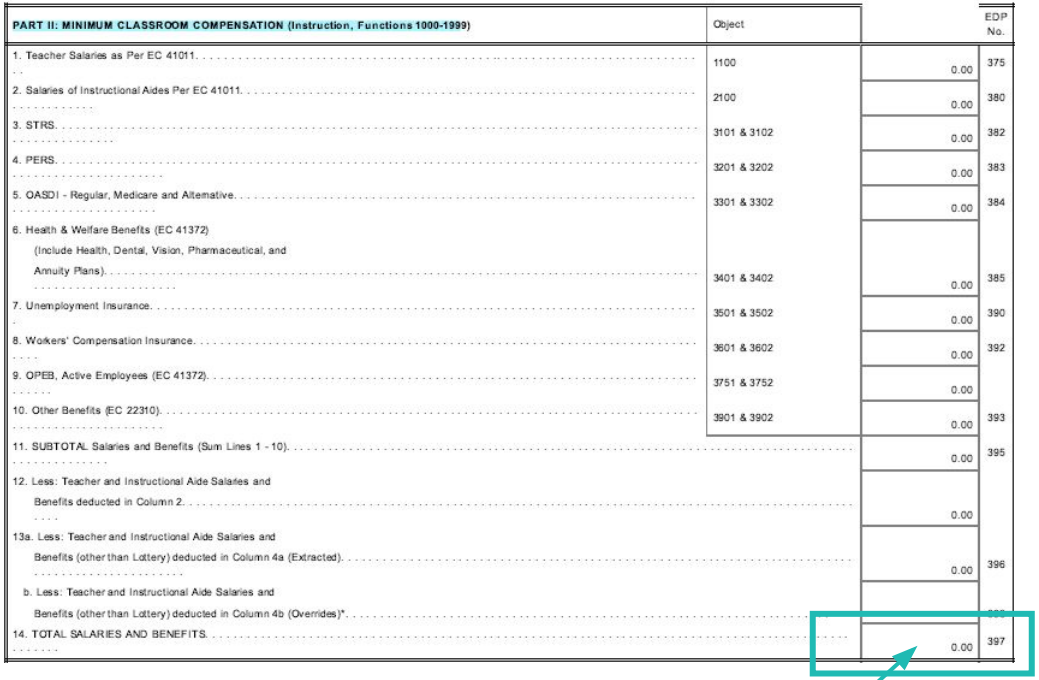
Understanding the Calculation - Numerator

Classroom Compensation % =

$$\frac{\text{Classroom Compensation (Form CEA, Part II)}}{\text{Total Expenses (Form CEA, Part I)}}$$

Numerator includes all personnel costs in the General Fund coded to Function Code 1000-1999

- Function 1000-1999 includes direct services provided to students for instruction
  - Included, but not limited to, classroom teachers and instructional aides for general and special education
  - NOT included are salaries such as: counselors, psychologists, Teachers on Special Assignment (if coded to function 2xxx)



PART II: MINIMUM CLASSROOM COMPENSATION (Instruction, Functions 1000-1999)	Object		EDP No.
1. Teacher Salaries as Per EC 41011	1100	0.00	375
2. Salaries of Instructional Aides Per EC 41011	2100	0.00	380
3. STRS	3101 & 3102	0.00	382
4. PERS	3201 & 3202	0.00	383
5. OASDI - Regular, Medicare and Alternative	3301 & 3302	0.00	384
6. Health & Welfare Benefits (EC 41372) (Include Health, Dental, Vision, Pharmaceutical, and Annuity Plans)	3401 & 3402	0.00	385
7. Unemployment Insurance	3501 & 3502	0.00	390
8. Workers' Compensation Insurance	3601 & 3602	0.00	392
9. OPEB, Active Employees (EC 41372)	3751 & 3752	0.00	
10. Other Benefits (EC 22310)	3901 & 3902	0.00	393
11. SUBTOTAL Salaries and Benefits (Sum Lines 1 - 10)		0.00	395
12. Less: Teacher and Instructional Aide Salaries and Benefits deducted in Column 2		0.00	
13a. Less: Teacher and Instructional Aide Salaries and Benefits (other than Lottery) deducted in Column 4a (Extracted)		0.00	396
b. Less: Teacher and Instructional Aide Salaries and Benefits (other than Lottery) deducted in Column 4b (Overrides)*			
14. TOTAL SALARIES AND BENEFITS		0.00	397

Total Part II

Understanding the Calculation - Denominator

PART I - CURRENT EXPENSE FORMULA	Total Expense for Year (1)	EDP No.	Reductions (See Note 1) (2)	EDP No.	Current Expense of Education (Col 1 - Col 2) (3)	EDP No.	Reductions (Extracted) (See Note 2) (4a)	Reductions (Overrides)* (See Note 2) (4b)	EDP No.	Current Expense-Part II (Col 3 - Col 4) (5)	EDP No.
1000 - Certificated Salaries	0.00	301	0.00	303	0.00	305	0.00		307	0.00	309
2000 - Classified Salaries	0.00	311	0.00	313	0.00	315	0.00		317	0.00	319
3000 - Employee Benefits	0.00	321	0.00	323	0.00	325	0.00		327	0.00	329
4000 - Books, Supplies Equip Replace. (6500)	0.00	331	0.00	333	0.00	335	0.00		337	0.00	339
5000 - Services. . . & 7300 - Indirect Costs	0.00	341	0.00	343	0.00	345	0.00		347	0.00	349
				TOTAL	0.00	365			TOTAL	0.00	369

- Denominator includes all **General Fund** expenditures in object 1000-5999 as well as indirect costs (object 73xx)
  - These costs are extracted directly from your SACS .dat file into Column 1 and can't be manually adjusted
  - Successive columns—2, 4a, and 4b—lower the total expenditures used in the denominator

Understanding the Calculation - Denominator

PART I - CURRENT EXPENSE FORMULA	Total Expense for Year (1)	EDP No.	Reductions (See Note 1) (2)	EDP No.	Current Expense of Education (Col 1 - Col 2) (3)	EDP No.	Reductions (Extracted) (See Note 2) (4a)	Reductions (Overrides)* (See Note 2) (4b)	EDP No.	Current Expense-Part II (Col 3 - Col 4) (5)	EDP No.
1000 - Certificated Salaries	0.00	301	0.00	303	0.00	305	0.00		307	0.00	309
2000 - Classified Salaries	0.00	311	0.00	313	0.00	315	0.00		317	0.00	319
3000 - Employee Benefits	0.00	321	0.00	323	0.00	325	0.00		327	0.00	329
4000 - Books, Supplies Equip Replace. (6500)	0.00	331	0.00	333	0.00	335	0.00		337	0.00	339
5000 - Services. . . & 7300 - Indirect Costs	0.00	341	0.00	343	0.00	345	0.00		347	0.00	349
				TOTAL	0.00	365			TOTAL	0.00	369

Column (2) automatically removes expenditures coded to the following components:

- Goal Code 7100-7199—Non Agency
- Goal Code 81xx—Community Services
- Function Code 37xx—Food Services
- Object Code 3701-3702—Retiree Benefits
- Function 8500 - Facilities Acquisition and Construction

Understanding the Calculation - Denominator

PART I - CURRENT EXPENSE FORMULA	Total Expense for Year (1)	EDP No.	Reductions (See Note 1) (2)	EDP No.	Current Expense of Education (Col 1 - Col 2) (3)	EDP No.	Reductions (Extracted) (See Note 2) (4a)	Reductions (Overrides)* (See Note 2) (4b)	EDP No.	Current Expense-Part II (Col 3 - Col 4) (5)	EDP No.
1000 - Certificated Salaries	0.00	301	0.00	303	0.00	305	0.00		307	0.00	309
2000 - Classified Salaries	0.00	311	0.00	313	0.00	315	0.00		317	0.00	319
3000 - Employee Benefits	0.00	321	0.00	323	0.00	325	0.00		327	0.00	329
4000 - Books, Supplies Equip Replace. (6500)	0.00	331	0.00	333	0.00	335	0.00		337	0.00	339
5000 - Services. . . & 7300 - Indirect Costs	0.00	341	0.00	343	0.00	345	0.00		347	0.00	349
				TOTAL	0.00	365			TOTAL	0.00	369

- Column 4a automatically removes expenditures coded for the following resource codes
  - Rationale is that these resource codes do not allow teacher salaries
  - Resource codes 1100, 3316, 3326, 3327, 3372, 3386, 3515, 3724, 4123, 4124, 5035, 5314, 5316, 5370, 5460, 5465, 5652, 6010, 6030, 6126, 6140, 6230, 6300, 6355, 6385, 6386, 6392, 6512, 7010, 7027, 7028, 7085, 7121, 7124, 7126, 7236, 7388, 7410, and 8210 (See SACS Manual for final list of resources)
- Also excluded are the following function codes:
  - Function Code 1180—Non-Public Agency/School (NPA/S)
  - Function Code 3600—Transportation

Understanding the Calculation - Denominator

PART I - CURRENT EXPENSE FORMULA	Total Expense for Year (1)	EDP No.	Reductions (See Note 1) (2)	EDP No.	Current Expense of Education (Col 1 - Col 2) (3)	EDP No.	Reductions (Extracted) (See Note 2) (4a)	Reductions (Overrides)* (See Note 2) (4b)	EDP No.	Current Expense-Part II (Col 3 - Col 4) (5)	EDP No.
1000 - Certificated Salaries	0.00	301	0.00	303	0.00	305	0.00		307	0.00	309
2000 - Classified Salaries	0.00	311	0.00	313	0.00	315	0.00		317	0.00	319
3000 - Employee Benefits	0.00	321	0.00	323	0.00	325	0.00		327	0.00	329
4000 - Books, Supplies Equip Replace. (6500)	0.00	331	0.00	333	0.00	335	0.00		337	0.00	339
5000 - Services. . . & 7300 - Indirect Costs	0.00	341	0.00	343	0.00	345	0.00		347	0.00	349
				TOTAL	0.00	365			TOTAL	0.00	369

Total Part I

- Column 4b: Manually removes expenditures from the total expenditures (denominator)
  - If any amount (even zero or a space) is entered in any row of Column 4b, *the form uses **only** the values in Column 4b* rather than the values in Column 4a.
    - Therefore, 4b = total in Column 4a PLUS any added manual overrides. (More information to come in subsequent slides) - i.e. 4a + overrides = 4b
  - Must receive auditor concurrence for any overrides.

Form CEA Required Percentage

Does your District Meet the Minimum Percentage?

Minimum Classroom Compensation Requirement

Elementary 60%

Unified 55%

High School 50%

Form CEA Required Percentage

PART III: DEFICIENCY AMOUNT

A deficiency amount (Line 5) is only applicable to districts not meeting the minimum classroom compensation percentage required under EC 41372 and not exempt under the provisions of EC 41374.

1.	Minimum percentage required (60% elementary, 55% unified, 50% high)	60.00%
2.	Percentage spent by this district (Part II, Line 15)	64.99%
3.	Percentage below the minimum (Part III, Line 1 minus Line 2)	0.00%
4.	District's Current Expense of Education after reductions in columns 4a or 4b (Part I, EDP 369)	2,171,864.48
5.	Deficiency Amount (Part III, Line 3 times Line 4)	0.00

Check %

If percentage is not made:

- ★ Is the District exempt from the requirement?
- ★ Look for potential coding errors and other issues that would affect the CEA formula.
- ★ Review coding tips that might help maximize the CEA percentage
- ★ Look for Manual Overrides.
- ★ Review the SACS User Guide for more helpful information.

Who is Exempt?

Who is excluded from the CEA requirement?

Districts with less than 101 units of ADA in the previous year

Charter Schools

Districts that maintain all "individual class sessions" with equal to or less than the following number of pupils in attendance*:

- ★ An elementary school district – 28 pupils
- ★ A high school district – 25 pupils
- ★ A unified school district:
  - Grades K-8 – 28 pupils
  - Grades 9-12 – 25 pupils
  - Grades 7-9 of a junior high school shall be deemed to be high school grades for the purposes of this section

*The number of *pupils in attendance* in each "individual class session" must not exceed the limit for a district to be exempt from the calculation. Ed Code is not clear how the class size is calculated for this purpose. Some auditors check the daily count, others check average class size by month. *Check with your auditor before claiming the exemption*

Who is Exempt?

15. Percent of Current Cost of Education Expended for Classroom Compensation (EDP 397 divided by EDP 369) Line 15 must equal or exceed 60% for elementary, 55% for unified and 50% for high school districts to avoid penalty under provisions of EC 41372.	0.00%
16. District is exempt from EC 41372 because it meets the provisions of EC 41374. (If exempt, enter 'X')	

If exempt, you must manually input an **X** here

Coding Tips

Coding Tips to Maximize Your CEA %

Function Coding	Resource Strategy	Common Fixes
Use Function 1xxx • Teachers • Instructional Aides • Direct Student Services	Avoid coding instructional salaries to **excluded resources.**	Move misclassified costs to correct goals/functions
	Use Lottery (RS 1100) strategically: • Included in numerator • Excluded in denominator	Review 2100, 2130, 2140 for errors
• Avoid miscoding staff in 2xxx functions	Spend restricted funds on non-salary when possible.	Split TOSA time: • Classroom → 1XXX • Non-Classroom → 2XXX

Goal: Increase Numerator + Decrease Denominator = High CEA %


Classroom Coding = ↑ %


Other Costs = ↑ %

Coding Tips

Function 1XXX

Classroom teachers and other classroom staff should be coded to Function 1XXX, e.g. classroom aides, tutors, or other staff providing direct educational services.

- EC § 41011 defines “teacher” as an employee of the district in a position requiring certification and whose duties require them to teach pupils for at least one instructional period each day or an instructional aide whose duties must be performed under the supervision of a classroom teacher.

Review Excluded Resources

Whenever possible, classroom teachers and direct instructional support staff costs should not be coded to any resource excluded from the CEA calculation. Including instructional salaries in the calculation will increase your numerator and help increase your percentage.

Please Note:

- Direct instructional support staff costs in Lottery RS 1100 are included in Part II.
- However, expenditures coded to Lottery RS 1100 are excluded in Part I.
- Spend unrestricted Lottery dollars and don’t let them accumulate because these are backed out from the denominator only.
- Review the possibility of reclassifying additional teacher salary expenditures to this resource as appropriate. An increase in lottery expenditures will lower the total expenses in Part I and help to increase the CEA percentage.

Functions 2100, 2130 & 2140

Review expenditures coded to Functions 2100, 2130, and 2140 to make sure that staff salaries or staff development costs, including substitutes, are not recorded here; these expenditures should be recorded as Function 1000.

Coding Tips

Review Expenditures

Look for costs that should be coded to the goals and functions deducted in Part I (e.g. **non-agency, community services, food services**) but that currently are not. You want to exclude as many non teacher salaries as possible from the calculation in order to increase your percentage. Furthermore:

- **For expenditures for shared staff and services among agencies, the contracted portion should be coded as non-agency (Goal 7100-7199).**
  - Coding to goal 71xx will exclude the cost from the denominator and help increase your percentage
  - This also reports the shared expenditures correctly up to the State level without duplication
- **For State or Federal resources that are not already automatically excluded from the calculation, consider spending the allocation on expenses other than instructional salaries.**
  - If instructional salaries are <u>not</u> included in the resource, the resource <u>might</u> become excludable.
    - When possible, code appropriate objects 4-5xxx to these resources instead of instructional salaries.
    - Code expenditures where the goal or function are not automatically excluded (such as charging special ed costs in function 1190 to resource 3310 while also not charging any teacher salaries).
    - Code non "teacher" salaries to these resources (such as a TOSA to an allowable State or Federal resource).
- **If a teacher is on special assignment (TOSA), check the function coding for accuracy. Any TOSA partially in the classroom should be split funded.**
  - Coding their partial <u>classroom</u> salary to 1000 function will increase the numerator and help increase your percentage.
  - Coding their partial <u>non-classroom</u> salary to 2xxx function helps to potentially include a State or Federal resource as an override.
- **If the district operates a child care program, that could be a community services goal (8100). Coding to excluded goals or excluded function codes reduces the total expenses in denominators and helps increase your percentage.**
- **Coding all food service expenditures to function 3700 reduces the denominator and helps increase your percentage**

Coding Tips

NPS & NPA

Verify contracts coded to function 119x. Can it be justified to code to function 1180?

- Coding to function 1180 will exclude the cost from the denominator and help increase your percentage

Home-to-School Transportation

Verify home-to-school transportation (HTST) expenses are coded to function code 3600—they become excludable on the Form CEA and are reimbursable with the new HTST reimbursement.

Cost Sharing

Review cost sharing between the district's general fund and other funds or dependent charters. Are they using Object 5750 to transfer program support costs or recording a fund transfer as payment for support costs? Using Object 5750 will decrease costs in the general fund, thereby reducing total expenditures in Part I.

Function 8500

Since Function 8500 is reduced from Part I (the denominator) of the calculation, code any allowable expenditures to this function.

Fund 14

Code as many allowable expenditures as possible to Fund 14 as the CEA calculation is only applicable to the general fund.

For more information, see the Form CEA sections of the Year End Close and Unaudited Actuals manuals as well as the SACS Manual.

Manual Overrides

District needs to receive auditor concurrence for any manual overrides.

Even if you are exempt from the calculation or won't make the minimum percentage even after reviewing coding and overrides, it is still recommended to include any appropriate overrides in an effort to accurately disclose the true percentage.

For any resource that is allowable as an override, spend funds on expenditures other than classroom salaries. This will reduce the overall expenditures in Part I. If the funds are spent on classroom salaries, it will need to be included in 13b and therefore will not help increase the CEA percentage (see subsequent slides).

Does the District pay another LEA for services (such as a Consortium) that is not already removed from the calculation?

- ★ Be careful not to double count exclusions. Manual overrides should NOT include any expenditures already removed from the calculation in Columns 2 and 4a. (Non Agency goals 71xx and NPS function 118x expenditures are already automatically removed.)

RS 8150 is not to be included in a manual override. Per the SACS Manual, "moneys contributed to this account are not federal or state categorical aid. (Note that Resource 8150 is a local resource, not a state or federal resource.) Said another way, were it not necessary to demonstrate compliance with SFP regulations, the expenditures in the RMA account would be charged to an unrestricted resource."

Manual Overrides

District needs to receive auditor concurrence for any manual overrides.

Per School Services, Education Code Section (EC §) 41372 allows for the exclusion of the amount expended from *state and federal* categorical resources if the entire resource is spent on something other than teacher salaries and benefits.

EC § 41011 defines "teacher" as an employee of the district in a position requiring certification and whose duties require them to teach pupils for at least one instructional period each day or an instructional aide whose duties must be performed under the supervision of a classroom teacher.

Resources to consider excluding in Column 4b—1400, 2600, 6019, 6546, 6762, and 7435.

- ★ By including expenditures other than salary and benefits in these resources, the resource might be able to be used as a manual override in 4b which would decrease the amount of overall expenditures and increase your CEA percentage.

Manual Overrides

District needs to receive auditor concurrence for any manual overrides.

RS 1400 EPA: Meets the definition of a State categorical. Consider charging expenses other than teacher salaries such as custodial, insurance, utilities, etc. and in that case, the resource could be included in the manual overrides.

RS 2600 ELOP: Consider including this entire resource as a manual override. If instructional salaries are included here, they do not meet the definition of teacher salaries as the instruction takes place outside of the instructional day.

RS 6019, 6762, and 7435: Can be used as a manual override if no teacher salaries are incurred within the fiscal year. If carryover exists, this does not preclude the balance of the allocation being spent on teacher salaries in the subsequent year. In that case, the resource would not meet to requirement of an override in the next fiscal year.

RS 6546: Can be used as a manual override since by default any potential salaries incurred in this resource do not fall under the definition of a teacher.

Manual Overrides

District needs to receive auditor concurrence for any manual overrides.

Final Manual Override Tips:

- Do not include as a manual override any expenditures that are already automatically excluded:
  - See SACS list of excluded resources including resource 1100
  - Goals 37xx, 71xx, 81xx,
  - Objects 37xx
  - Function 1180, 3600, 8500
- In order to manually exclude many other State and Federal resources, there must not include any teacher salary expenditures as defined by EC § 41011.



Manual Overrides

PART I - CURRENT EXPENSE FORMULA	Total Expense for Year (1)	EDP No.	Reductions (See Note 1) (2)	EDP No.	Current Expense of Education (Col 1 - Col 2) (3)	EDP No.	Reductions (Extracted) (See Note 2) (4a)	Reductions (Overrides)* (See Note 2) (4b)	EDP No.	Current Expense-Part II (Col 3 - Col 4) (5)	EDP No.
1000 - Certificated Salaries	0.00	301	0.00	303	0.00	305	0.00		307	0.00	309
2000 - Classified Salaries	0.00	311	0.00	313	0.00	315	0.00		317	0.00	319
3000 - Employee Benefits	0.00	321	0.00	323	0.00	325	0.00		327	0.00	329
4000 - Books, Supplies Equip Replace. (6500)	0.00	331	0.00	333	0.00	335	0.00		337	0.00	339
5000 - Services. . . & 7300 - Indirect Costs	0.00	341	0.00	343	0.00	345	0.00		347	0.00	349
				TOTAL	0.00	365			TOTAL	0.00	369

For any classroom salary and benefits that are added as a manual override in 4b, need to also be included as part of 13b.

11. SUBTOTAL Salaries and Benefits (Sum Lines 1 - 10)	0.00	395
12. Less: Teacher and Instructional Aide Salaries and Benefits deducted in Column 2	0.00	
13a. Less: Teacher and Instructional Aide Salaries and Benefits (other than Lottery) deducted in Column 4a (Extracted)	0.00	396
b. Less: Teacher and Instructional Aide Salaries and Benefits (other than Lottery) deducted in Column 4b (Overrides)*		396
14. TOTAL SALARIES AND BENEFITS	0.00	397

Manual Overrides

District needs to receive auditor concurrence for any manual overrides.

Don't forget - If including manual overrides, the amount entered in Column 4b must include both the amount originally extracted in Column 4a plus the additional reductions identified, as Column 4a is overridden once an amount is entered into Column 4b.

Column 4(b) overrides 4(a), so ensure any numbers entered in 4(b) are summed with 4(a).

Any classroom salary and benefits included as a manual override reduction added to 4b (in the denominator) need to include a corresponding reduction in 13b (the numerator).

13(b) = the portion of classroom salary & benefits that are included in 4(b). The amount entered in Column 13(b) must include both the amount originally extracted in Column 13(a) plus the additional reductions identified, as Column 13(a) is overridden once an amount is entered into Column 13(b).

Column 13(b) overrides 13(a), so ensure any numbers entered in 13(b) are summed with 13(a).

What Happens When You Fail the CEA?

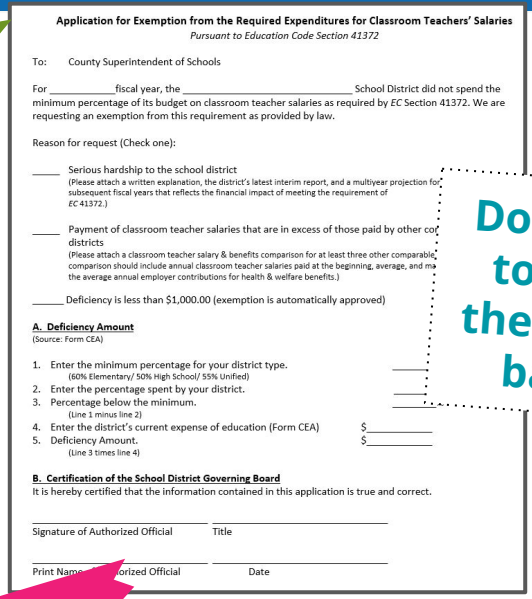
File an exemption with your county office of education (COE):

Demonstrate either serious financial hardship ***or*** that teacher salaries and benefits are in excess of those paid by other comparable school districts

Funds withheld by your COE -
Until the approval of the application

Exemption **APPROVED** by your COE-
Funds are released

Exemption **DENIED** by your COE -
Spend the amount of the withheld funds on teacher salaries in the following year



Application for Exemption from the Required Expenditures for Classroom Teachers' Salaries
Pursuant to Education Code Section 41372

To: County Superintendent of Schools

For _____ fiscal year, the _____ School District did not spend the minimum percentage of its budget on classroom teacher salaries as required by *EC* Section 41372. We are requesting an exemption from this requirement as provided by law.

Reason for request (Check one):

____ Serious hardship to the school district
(Please attach a written explanation, the district's latest interim report, and a multiyear projection for subsequent fiscal years that reflects the financial impact of meeting the requirement of *EC* 41372.)

____ Payment of classroom teacher salaries that are in excess of those paid by other co districts
(Please attach a classroom teacher salary & benefits comparison for at least three other comparable comparison should include annual classroom teacher salaries paid at the beginning, average, and m the average annual employer contributions for health & welfare benefits.)

____ Deficiency is less than $1,000.00 (exemption is automatically approved)

A. Deficiency Amount
(Source: Form CEA)

1. Enter the minimum percentage for your district type. ____
   (60% Elementary/ 50% High School/ 55% Unified)
2. Enter the percentage spent by your district. ____
3. Percentage below the minimum. ____
   (Line 1 minus line 2)
4. Enter the district's current expense of education (Form CEA) $_____
5. Deficiency Amount. $_____
   (Line 3 times line 4)

B. Certification of the School District Governing Board
It is hereby certified that the information contained in this application is true and correct.

_____ _____
Signature of Authorized Official Title

_____ _____
Print Name orized Official Date

Don't forget to include the required back up!

Do NOT rely on an exemption!

The circumstances under which the County Superintendent may grant an exemption from the requirements are defined very precisely (and narrowly) in the EC Section 41372

What Happens When You Fail the CEA?

An approval is incumbent upon the district to provide evidence to support why the application is being filed and must be Board approved:

★ Serious hardship is not defined in the Education Code, but may include an interim certification of qualified or negative status and/or risk of cash insolvency

★ Comparability with three school districts is part art and part science but here are some considerations
- Elementary districts should not be comparing with high school districts because the funding is significantly higher and teacher credentials are not interchangeable
- State-funded should not be comparing with community-funded
- Comparative grouping does not have to be in close geographic proximity
- Consider expanding your search to include districts with similar enrollment and demographics
- Include H&W as part of the comparable

CEA Noncompliance

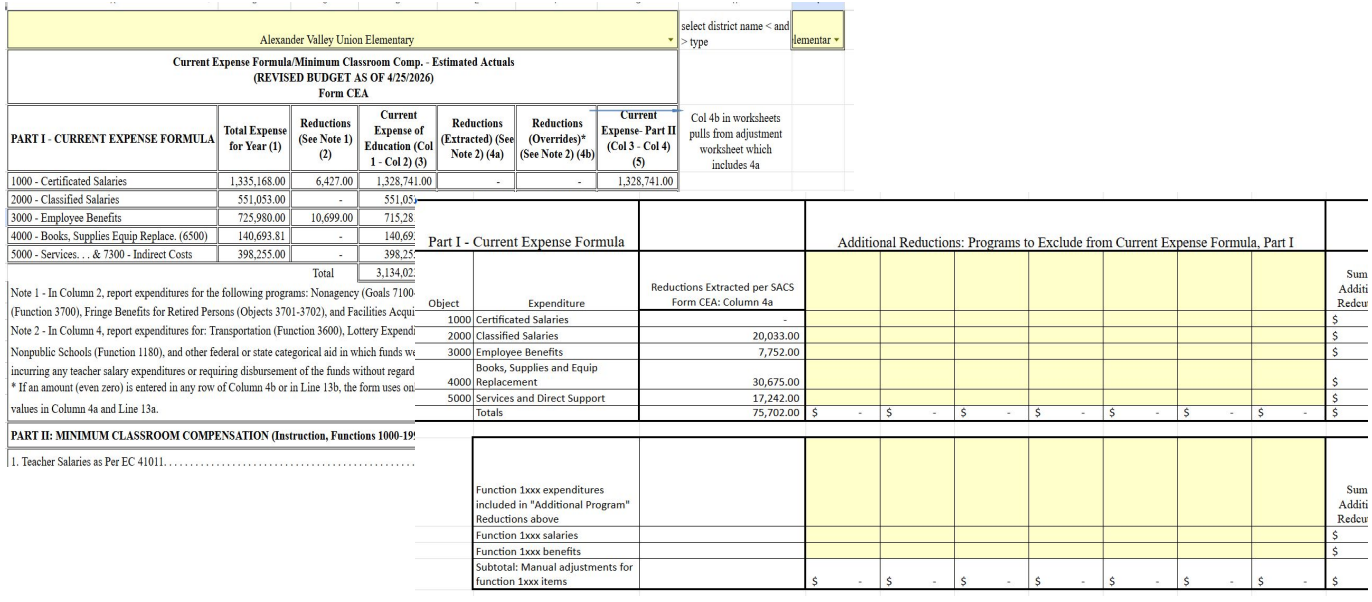
SSC Fiscal Report: CEA Noncompliance Rate

Twin Rivers Letter

Sonoma County
Office of Education

Worktime

Form CEA - mini-training



Alexander Valley Union Elementary

select district name < and > type | lementar

Current Expense Formula/Minimum Classroom Comp. - Estimated Actuals
(REVISED BUDGET AS OF 4/25/2026)
Form CEA

PART I - CURRENT EXPENSE FORMULA	Total Expense for Year (1)	Reductions (See Note 1) (2)	Current Expense of Education (Col 1 - Col 2) (3)	Reductions (Extracted) (See Note 2) (4a)	Reductions (Overrides)* (See Note 2) (4b)	Current Expense- Part II (Col 3 - Col 4) (5)
1000 - Certificated Salaries	1,335,168.00	6,427.00	1,328,741.00	-	-	1,328,741.00
2000 - Classified Salaries	551,053.00	-	551,05			
3000 - Employee Benefits	725,980.00	10,699.00	715,28			
4000 - Books, Supplies Equip Replace. (6500)	140,693.81	-	140,69			
5000 - Services. . . & 7300 - Indirect Costs	398,255.00	-	398,25			
		Total	3,134,02			

Col 4b in worksheets pulls from adjustment worksheet which includes 4a

Note 1 - In Column 2, report expenditures for the following programs: Nonagency (Goals 7100
(Function 3700), Fringe Benefits for Retired Persons (Objects 3701-3702), and Facilities Acqui
Note 2 - In Column 4, report expenditures for: Transportation (Function 3600), Lottery Expendi
Nonpublic Schools (Function 1180), and other federal or state categorical aid in which funds w
incurring any teacher salary expenditures or requiring disbursement of the funds without regard
* If an amount (even zero) is entered in any row of Column 4b or in Line 13b, the form uses on
values in Column 4a and Line 13a.

PART II: MINIMUM CLASSROOM COMPENSATION (Instruction, Functions 1000-19

1. Teacher Salaries as Per EC 41011. . . . . .

Part I - Current Expense Formula			Additional Reductions: Programs to Exclude from Current Expense Formula, Part I							
Object	Expenditure	Reductions Extracted per SACS Form CEA: Column 4a								Sum Additi Reduc
1000	Certificated Salaries	-								$
2000	Classified Salaries	20,033.00								$
3000	Employee Benefits	7,752.00								$
4000	Books, Supplies and Equip Replacement	30,675.00								$
5000	Services and Direct Support	17,242.00								$
	Totals	75,702.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$

Function 1xxx expenditures included in "Additional Program" Reductions above									Sum Additi Reduc
Function 1xxx salaries									$
Function 1xxx benefits									$
Subtotal: Manual adjustments for function 1xxx items		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$

Sonoma County
Office of Education

California Code, Education Code - EDC § 41372

Current as of January 01, 2025 | Updated by Findlaw Staff

For purposes of this section:

(a) "Salaries of classroom teachers" and "teacher" shall have the same meanings as prescribed by Section 41011 provided, however, that the cost of all health and welfare benefits provided to the teachers by the school district shall be included within the meaning of salaries of classroom teachers.

(b) "Current expense of education" means the gross total expended (not reduced by estimated income or estimated federal and state apportionments) for the purposes classified in the final budget of a school district (except one which, during the preceding fiscal year, had less than 101 units of average daily attendance) submitted to and approved by the county superintendent of schools pursuant to Section 42127 for certificated salaries other than certificated salaries for pupil transportation, food services, and community services; classified salaries other than classified salaries for pupil transportation, food services, and community services; employee benefits other than employee benefits for pupil transportation personnel, food services personnel, and community services personnel; books, supplies, and equipment replacement other than for pupil transportation and food services; and community services, contracted services, and other operating expenses other than for pupil transportation, food services, and community services. "Current expense of education," for purposes of this section shall not include those expenditures classified as sites, buildings, books, and media and new equipment (object of expenditure 6000 of the California School Accounting Manual), the amount expended from categorical aid received from the federal or state government which funds were granted for expenditures in a program not incurring any teacher salary expenditures or requiring disbursement of the funds without regard to the requirements of this section, or expenditures for facility acquisition and construction; and shall not include the amount expended pursuant to any lease agreement for plant and equipment or the amount expended from funds received from the federal government pursuant to the "Economic Opportunity Act of 1964" or any extension of this act of Congress.

There shall be expended during each fiscal year for payment of salaries of classroom teachers:

(1) By an elementary school district, 60 percent of the district's current expense of education.

(2) By a high school district, 50 percent of the district's current expense of education.

(3) By a unified school district, 55 percent of the district's current expense of education.

Review expenditures coded to restricted "other" resources that are not included in the SACS software's exemption list. Should they be in the formula? Per the SACS User Manual, a general rule of thumb whether expenditures can be excluded is that the expenditures should not be excluded merely because teacher salary expenditures were not incurred, *but rather because a qualified use of funds would not be teacher salaries,* e.g., funds specifically intended for purchase of equipment or materials, or for professional development. If so, manually removing them in column 4b would reduce overall expenses in Part I.

FISCAL REPORT
PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Form CEA Noncompliance Rates

BY LINETTE HODSON
BY MATT PHILLIPS, CPA

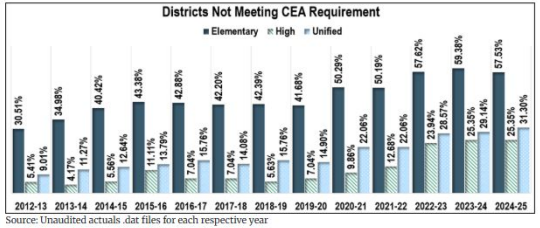
PRINT

posted March 24, 2026

The Current Expense Formula (Formula), codified in Education Code Section (EC §) 41372, has been in existence since the days when gasoline prices hovered around $0.20 per gallon and the median home price in California was less than $10,000. The Formula monitors whether or not a school district has spent at least a minimum 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—Budget Adoption 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, non-public schools, and a number of programs that cannot be spent for 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 to this manual exclusion 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 7435 on teacher salaries in the current year, then none of the other expenditures in Resource Code 7435 are excludable in column 4B in the Form CEA. However, if a school district did not spend any funds apportioned in Resource Code 7435 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 the shortfall must be paid out to teachers in the subsequent year, unless the school district meets the conditions of EC § 41372(h), 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 webinar, SACS 101—Budget Development. Registration for the webinar can be accessed here.

payments for transportation, non-public schools, and a number of programs that cannot be spent for 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 to this manual exclusion 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 7435 on teacher salaries in the current year, then none of the other expenditures in Resource Code 7435 are excludable in column 4B in the Form CEA. However, if a school district did not spend any funds apportioned in Resource Code 7435 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

Can you speak a bit more about the nuances of SSC determining that Education Code Section (EC §) 41372 allows for the exclusion of the amount expended from categorical resources if the entire resource is spent on something other than teacher salaries and benefits versus the SACS User Manual which states a general rule of thumb whether expenditures can be excluded is that the expenditures should not be excluded merely because teacher salary expenditures were not incurred, *but rather because a qualified use of funds would not be teacher salaries?*

per SACS user manual:

In addition, expenditures for categorical aid programs which do not allow teacher salary expenditures or require disbursement of the funds without regard to the requirements of EC Section 41372 should be reported as Reductions (Column 4a), thereby reducing the Current Expense (Column 5). In other words, if a categorical program has, as its main purpose, activities of a specialized nature that normally indicate something other than hiring classroom teachers or aides, then the categorical funding is ignored in the minimum classroom compensation calculation (i.e., it is reduced from both the numerator and denominator of the calculation).

It should rarely be necessary to use Column 4b to override the reductions automatically extracted in Column 4a. An example of the circumstances under which it is appropriate is where a district receives a grant directly from the federal government for a purpose wholly unrelated to instruction (such as developing an emergency preparedness plan), where no part of the grant can be expended for teacher salaries. Because the district receives the grant directly from the federal government, CDE has no knowledge of the grant, so CDE does not assign the grant a unique SACS resource code; the district would account for the grant using Resource 5810, Other Restricted Federal, and the grant expenditures would not automatically extract into Column 4a even though it would be appropriate for it to do so.