BETTY T. YEE
California State Controller

December 3, 2015

Ramon C. Cortines, Superintendent
Los Angeles Unified School District
333 South Beaudry Ave., 24th Floor
Los Angeles, CA 90017

Dear Mr. Cortines:

The State Controller's Office performed a desk review of costs claimed by the Los Angeles Unified School District for the legislatively mandated Notification of Truancy Program (Chapter 498, Statutes of 1983; Chapter 1023, Statutes of 1994; Chapter 19, Statutes of 1995; and Chapter 69, Statutes of 2007) for the period of July 1, 2010, through June 30, 2012. We conducted our review under the authority of Government Code sections 12410, 17558.5, and 17561. Our review was limited to ensuring that the number of initial truancy notifications the district claimed was properly supported; the district did not claim any notifications distributed for charter school students; and the district only claimed notifications for students who are between the ages of 6 and 18, subject to compulsory full-time education, per Education Code section 48200.

The district claimed $10,726,420 for the mandated program. Our review found that $10,485,303 is allowable and $241,117 is unallowable. The costs are unallowable because the district claimed unsupported and unallowable initial truancy notifications, as described in the attached Summary of Program Costs and the Review Results.

For the fiscal year (FY) 2010-11 claim, the State paid the district $1,000. Our review found that $5,304,228 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling $5,303,228, contingent upon available appropriations.

For the FY 2011-12 claim, the State paid the district $1,000. Our review found that $5,181,075 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling $5,180,075, contingent upon available appropriations.

We informed the district of the preliminary review finding via email on November 6, 2015. On November 16, 2015, Maruch Atienza, Director of Accounting, responded by email stating that the district believed that many of the disallowed charter schools were not charter schools during the years under review. Upon further analysis and discussions with the California Department of Education, we revised our preliminary review finding and emailed the district on November 18, 2015. On November 23, 2015, Luis Buendia, Controller, responded by letter stating that the district accepts the revised finding.

If you have any questions, please contact Jim L. Spano, Chief, Mandated Cost Audits Bureau, by phone at (916) 323-5849.

Sincerely,

Original signed by

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/ls

Attachments

RE: S16-MCC-9008

cc: Megan K. Reilly, Chief Financial Officer
Los Angeles Unified School District
Luis Buendia, Controller
Los Angeles Unified School District
Maruch Atienza, Director of Accounting
Los Angeles Unified School District
Charles W. Faulkner, CPA, Assistant Director
Division of Business Advisory Services
Los Angeles County Office of Education
Peter Foggiato, Director
School Fiscal Services Division
California Department of Education
Amy Tang-Paterno, Education Fiscal Services Consultant
Government Affairs Division
California Department of Education
Thomas Todd, Assistant Program Budget Manager
Education Systems Unit, California Department of Finance
Jay Lal, Manager
Division of Accounting and Reporting
State Controller's Office

Attachment 1—
Summary of Program Costs
July 1, 2010, through June 30, 2012

Cost Elements		Actual Costs Claimed		Allowable per Review		Review Adjustment[1]
July 1, 2010, through June 30, 2011						
Number of initial truancy notifications		295,504		290,007		(5,497)
Uniform cost allowance	×	$18.29	×	$18.29	×	$18.29
Total program costs		$ 5,404,768		$ 5,304,228		$ (100,540)
Less amount paid by the State				(1,000)		
Allowable costs claimed in excess of (less than) amount paid				$ 5,303,228		
July 1, 2011, through June 30, 2012						
Number of initial truancy notifications		281,420		273,986		(7,434)
Uniform cost allowance	×	$18.91	×	$18.91	×	$18.91
Total program costs		$ 5,321,652		5,181,075		$ (140,577)
Less amount paid by the State				(1,000)		
Allowable costs claimed in excess of (less than) amount paid				$ 5,180,075		
Summary: July 1, 2010, through June 30, 2012						
Total program costs		$ 10,726,420		$ 10,485,303		$ 241,117
Less amount paid by the State				(2,000)		
Allowable costs claimed in excess of (less than) amount paid				$ 10,483,303		

[1] See Attachment 2, Review Results.

Attachment 2—
Review Results
July 1, 2010, through June 30, 2012

BACKGROUND—

Education Code section 48260.5 (added by Chapter 498, Statutes of 1983) originally required school districts, upon a pupil's initial classification as a truant, to notify the pupil's parent or guardian by first-class mail or other reasonable means that: (1) the pupil is truant; (2) parents or guardians are obligated to compel the pupil's attendance at school; (3) parents or guardians who fail to meet this obligation may be guilty of an infraction and subject to prosecution; (4) alternative educational programs are available in the district; and (5) they have the right to meet with appropriate school personnel to discuss solutions to the pupil's truancy.

Chapter 1023, Statutes of 1994, amended Education Code section 48260.5 to additionally require school districts to notify the pupil's parent or guardian that (1) the pupil may be subject to prosecution; (2) the pupil may be subject to suspension, restriction, or delay of the pupil's driving privilege; and (3) it is recommended that the parent or guardian accompany the pupil to school and attend classes with the pupil for one day.

Chapter 1023, Statutes of 1994, and Chapter 19, Statutes of 1995, amended Education Code section 48260 and renumbered it to section 48260, subdivision (a), stating that a pupil is truant when he or she is absent from school without valid excuse three full days in one school year or is tardy or absent for more than any 30-minute period during the school day without a valid excuse on three occasions in one school year, or any combination thereof.

On November 29, 1984, the State Board of Control (now the Commission on State Mandates (Commission)) determined that Chapter 498, Statutes of 1983, imposed a State mandate upon school districts reimbursable under Government Code section 17561.

The parameters and guidelines establish the State mandate and define the reimbursement criteria. The Commission adopted parameters and guidelines on August 27, 1987. The Commission subsequently amended the parameters and guidelines four times, most recently on May 27, 2010. In compliance with Government Code section 17558, the SCO issues claiming instructions to assist local agencies and schools districts in claiming mandated program reimbursable costs.

FINDING—
Unsupported and unallowable initial truancy notifications

The district claimed unsupported and unallowable initial truancy notifications during the review period. The unallowable costs total $241,117. The costs are unallowable for the following reasons:

- For each fiscal year, the district provided a list of students for whom the district distributed initial truancy notifications. For fiscal year (FY) 2010-11, the district claimed costs for distributing 295,504 initial truancy notifications, but only provided documentation to support 294,748 initial truancy notifications. Therefore, the district claimed 756 unsupported notifications in FY 2010-11.

- The documented initial truancy notifications included 6,076 notifications for students who attended charter schools (2,162 for FY 2010-11; and 3,914 for FY 2011-12). However, charter schools are not eligible for mandated program reimbursement.

- The documented notifications also included 6,099 notifications for students who had turned 18 by the beginning of the school calendar year (2,579 for FY 2010-11, and 3,520 for FY 2011-12). Per Education Code section 48200, persons between the ages of 6 and 18 are subject to compulsory full-time education. Students who were 18 by the beginning of the school year were not subject to compulsory full-time education. Therefore, any unexcused absences or truancy occurrences after the student turned 18 are not reimbursable.

The following table summarizes the unallowable initial truancy notifications claimed and the resulting review adjustments:

	Fiscal Year		
	2010-11	2011-12	Total
Number of notifications documented	294,748	281,420	
Less number of notifications claimed	(295,504)	(281,420)	
Unsupported notifications	(756)	-	
Unallowable notifications distributed for students who were:			
Charter school students	(2,162)	(3,914)	
Older than 18 years of age	(2,579)	(3,520)	
Total unsupported and unallowable notifications	(5,497)	(7,434)	
Uniform cost allowance	x $18.29	x $18.91	
Review adjustment	$ (100,540)	$ (140,577)	$ (241,117)

The program's parameters and guidelines require the district to provide documentation that shows the total number of initial truancy notifications distributed. The mandated program reimburses claimants based on a uniform cost allowance, and the number of allowable and reimbursable notifications documented.

Recommendation

Commencing in FY 2012-13, the district elected to participate in a block grant program pursuant to Government Code section 17581.6, in lieu of filing annual mandated cost claims. If the district chooses to opt out of the block grant program, we recommend that the district claim the number of allowable initial truancy notifications that its records support. We also recommend that the district exclude from this count any notifications that it distributes for charter school students and students who were older than 18 years of age.