

# The Common Message

2022-23 First Interim Report



**BASC**  
Business and Administration  
Steering Committee

## Writers and Contributors

Topic		
Background	Committee	
Introduction	Committee	
Key Guidance/First Interim	Mike Simonson, San Diego	Shannon Hansen, San Benito
Planning Factors/MYP	Shannon Hansen, San Benito	Lisa Rico, Tuolumne
One-Time Funding	Janet Riley, Merced	Mike Simonson, San Diego
Universal School Meals	Dean West, Orange	Shannon Hansen, San Benito
Special Education	Scott Anderson, San Joaquin	Priscilla Quinn, Kern
Independent Study	Kate Lane, Marin	Nick Schweizer, Sacramento
Early Care and Education	Mike Simonson, San Diego	Janet Riley, Merced
Summary	Mike Simonson, San Diego	Shannon Hansen, San Benito

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<b>California State Teachers' Retirement System</b>
<b>California State Board of Education</b>
<b>California School Boards Association</b>
<b>California School Information Services</b>
<b>Capitol Advisors</b>
<b>Fiscal Crisis and Management Assistance Team</b>
<b>K-12 High Speed Network</b>
<b>Carlos Rojas, Chief Deputy Governmental Affairs, Kern County Superintendent of Schools</b>
<b>National Forest Counties and Schools Coalition</b>
<b>School Services of California</b>
<b>Schools for Sound Finance (SF2)</b>
<b>Small School Districts' Association</b>
<b>Statewide LEC Co-chairs</b>
<b>WestEd</b>

# 2022-2023 First Interim Report Key Budget Guidance

On August 26, 2022, the Governor signed SB 185, the Education Omnibus Trailer Bill, which made changes to the June 27, 2022 State adopted budget. The budget maintained several proposals that were included in the May Revision; however, many changes have been incorporated in the final state budget.

The major K-12 funding provisions included in the 2022-23 state budget:

- LCFF base grant increases by 6.70%; the initial state budget increased the base grant by 6.28%, but the trailer bill (AB 185) established the increase at 6.70%
- LCFF calculation amended to allow school districts to utilize the greater of current year, prior year, or the average of the most recent three prior years' ADA
- For eligible LEAS, 2021-22 LCFF calculation amended to utilize the greater of 2021-22 ADA or the 2021-22 ADA adjusted to reflect the LEA's 2019-20 attendance rate.
- \$7.9 billion to establish the Learning Recovery Emergency Block Grant
- \$3.6 billion to establish the Arts, Music, and Instructional Materials Discretionary Block Grant
- Full funding of \$4 billion for the Expanded Learning Opportunities Program (ELOP) with changes to calculation of funds, offering, and access requirements. \$5 million of the \$4 billion is for county offices to provide technical assistance, evaluation and training services to support program improvement [EC 46120(d)(8)]
- Home-to-school transportation funding equal to 60% of expenditures reported in the prior year, excluding capital outlay and nonagency expenditures, and reduced by the transportation add-on to the LCFF
- Special education base rate increase to \$820 per ADA
- \$500 million to establish the Golden State Pathways Program for college and career education pathways and \$200 million for the expansion of dual enrollment programs

# Planning Factors for 2022-23 and MYPs

Key planning factors for LEAs to incorporate into their the 2022-23 First Interim Report for multiyear projections are listed below and are based on the latest information available.

Planning Factor	2022-23	2023-24	2024-25
Cost of Living Adjustment (COLA)			
LCFF COLA	6.56%	5.38%	4.02%
LCFF Investment	6.70%		
Grade Span Adjustment	10.40%		
TK-3	2.60%		
9-12	6.56%		
Special Education COLA		5.38%	4.02%
Employer Benefit Rates			
CalSTRS	19.10%	19.10%	19.10%
CalPERS-Schools	25.37%	25.20%	24.60%
State Unemployment Insurance	0.50%	0.50%	0.50%
Lottery			
Unrestricted per ADA	\$170	\$170	\$170
Prop. 20 per ADA	\$67	\$67	\$67
Universal Transitional Kindergarten/ADA	\$2,813	\$2,964	\$3,083
Mandated Block Grant			
Districts			
K-8 per ADA	\$34.94	\$36.82	\$38.30
9-12 per ADA	\$67.31	\$70.93	\$73.78
Charters			
K-8 per ADA	\$18.34	\$19.33	\$20.10
9-12 per ADA	\$50.98	\$53.72	\$55.88

## One-Time Funding

The 2022 Enacted State Budget included two new one-time restricted block grants, the Arts, Music & Instructional Materials Block Grant and the Learning Recovery Emergency Block Grant. Since the enactment of the budget, the California Department of Education (CDE) has published rates and FAQs.

The Budget included a one-time funded grant for Literacy Coaches and Reading Specialists. For districts who did not opt out by September 1<sup>st</sup>, should consider including estimated funding into their 1<sup>st</sup> Interim Budgets.

The 2022 education trailer bill (AB181) added language to Ed. Code 41480 to include in the Educator Effectiveness Block Grant, preschool learning foundations as a subject area and added coursework for existing staff to become credentialed as an allowable expenditure for the grant. In addition, the plan due date was changed to March 31, 2023. The plan<sup>1</sup> is required to be heard at a public meeting prior to its adoption at a subsequent meeting. There is no required template, and the plan is not required to be submitted to the CDE.

<b>Funding Title</b>	<a href="#">Arts, Music &amp; Instructional Materials Block Grant</a>	<a href="#">Learning Recovery Emergency Block Grant</a>	<a href="#">Literacy Coaches and Reading Specialists Grant</a>	<a href="#">Educator Effectiveness</a>
Resource	6762	7435	6211	6266
Funding Allocation	<a href="#">LEAs P-2 ADA multiplied by an approximate rate of \$666.08 (\$666.07608531901)</a>	<a href="#">LEA's 21-22 P-2 ADA multiplied LEA's 21-22 UPP</a>	<a href="#">Method of Calculation and Allocation per LEA</a>	<a href="#">Method of Calculation and Allocation per LEA</a>
Distribution Schedule	50% Dec. 22 50% May 23	50% Nov. 22 50% Apr 23	100% by Feb 23	<a href="#">Received in 21/22</a>
Deadline to Spend	Spend or encumber 6/30/26	6/30/28	6/30/27	6/30/26
Plan (y/n)	y	n	n	y <sup>1</sup>
Final Report	n/a	Interim Expenditures Report 12/1/24 Final Expenditure Report 12/1/29	6/30/27	9/30/26

## Universal School Meals

Beginning in the 2022-23 school year, all public schools will be required to provide two free meals per day to any students who request a meal. The Budget Act includes \$1.2 billion ongoing for universal school meals. This includes \$596 million for universal access to subsidized meals and \$611.8 million to maintain the meal reimbursement rates. Participation in the National School Lunch Program is a requirement to receive funding under California's universal school meals program.

Other one-time funding initiatives include:

- \$600 million in one-time funds available in the form of kitchen infrastructure grants with conditions to improve the quality of meals and increase participation
- \$100 million in one-time funds to implement some best practices as part of the National School Lunch Program and School Breakfast Program
- \$30 million for Farm to School Program

In late June 2022, Congress passed the Keep Kids Fed Act to extend a pandemic-era program through the summer that provides free meals to students regardless of income. The measure could lead to unused state funds being reallocated to other nutrition initiatives.

## Special Education

For the 2022-23 fiscal year, Special Education base funding is first increased by the COLA of 6.56%, and then augmented by \$500 million, resulting in a 2022-23 base rate of \$820 per ADA (vs. \$715 in 2021-22). SELPAs with a base rate greater than \$820 per ADA in 2021-22 will continue to be funded at their 2021-22 rate. Allocations will be calculated at the LEA level rather than the SELPA level, but funding will continue to flow through SELPAs. Each LEA's allocation will be based on ADA reported for the current year, most recent prior year, or second most recent prior year (whichever is greater), multiplied by the base rate. SELPA base grant allocations will be the sum of all member LEAs' individual allocations. The CDE will provide funding exhibits for each LEA, and SELPAs must report the amount of funding generated by each member LEA no later than 30 days after receiving their apportionment.

Both federal and state mental health services funding will continue to be allocated to SELPAs based on 2019-20 second principal apportionment ADA. Beginning in 2023-24, all mental health services funding will be allocated directly to LEAs based on current year second principal apportionment ADA for state funds, and prior year second principal apportionment ADA for federal funds. The allowable use of the state funds was changed in 2020-21 to include any behavioral or mental health service while federal funds remain restricted for special education students only.



The two existing special education extraordinary cost pools will be consolidated into a single cost pool to simplify the current funding formula, and ongoing annual funding for this purpose will be significantly increased to \$20 million (previously \$6 million).

A special education addendum to the LCAP will be developed and implemented in 2025-26 to promote program cohesion by linking special education and general education planning and to provide parents of students with disabilities a defined role in the LCAP development process.

## Independent Study

AB 181, the Education Omnibus Bill, made additional changes to the Independent Study program for the 2022-23 school year that were detailed in the previous Common Message. Since that time, CDE have developed some resources, including a summary of changes at <https://www.cde.ca.gov/sp/eo/is/ischanges22.asp> and a detailed presentation of the Attendance Accounting and Instructional Time Requirements for 2022-23 at <https://www.cde.ca.gov/fg/aa/pa/documents/2223itaawebinar.pdf>.

CDE have also developed the 2021-22 Independent Study certification form for ADA Loss Mitigation that school districts and county offices of education must certify by November 1, 2022. The adjustments to 2021-22 reported ADA based on the Independent Study certification and ADA to enrollment ratio calculations will be reflected in the 2021-22 Annual Apportionment certification in February 2023.

## Early Care and Education

The budget continues and expands investments in early care and education programs. Significant programmatic changes to the California State Preschool Program (CSPP) and Transitional Kindergarten (TK) have been adopted.

**Cost of Living Adjustment (COLA):** 6.56% COLA applicable to Transitional Kindergarten and reflected in the per child reimbursement rates for California State Preschool Programs (CSPP).

### Transitional Kindergarten (TK)

- TK age expansion: \$614 million to expand eligibility for TK for children born between December 2 and February 2 in the 2022-23 school year.
- ADA Base Grant adjustment and add-on: The budget increases the base grants for transitional kindergarten and grades 1 to 12, inclusive, by an additional 6.70%, with an add-on of \$2,813 for TK to be annually adjusted for inflation. This triggers the 1:12 adult to student ratio for FY 2022-23.

The 1:10 adult to student ratio for FY 2023-24 is contingent upon a new budget appropriation.

- \$300 million one-time for PreK Planning and Implementation Grant Program
- This program was implemented via the 2021 Budget Act so this is a second round of funding
- \$100 million one-time General Fund for Preschool, TK, and Full-Day K Facilities Grant Program the Budget Act also included intent language to include an additional \$550 million in the 2023-24 fiscal year
- Emergency Specialist Permit – TK: The budget allows the Commission on Teacher Credentialing to issue a one-year emergency permit for individuals who meet certain criteria, with an additional one-year extension to be the teacher of record in a self-contained classroom for apportionment purposes.

### **State Preschool**

The budget invests \$314.0 million Prop. 98 general fund and \$172.3 million general fund to increase State Preschool Program adjustment factors for students with disabilities, dual language learners and childhood mental health, and adds an adjustment factor for 3-year-olds.

These increases include support for new requirements for State Preschool providers to:

- Incrementally ramp up to serving at least 10% of students with disabilities by July 1, 2024.
- Specifically, over three years, preschool providers would be required to serve 5% of students with disabilities in FY 2022-23, 7.5% in FY 2023-24 and 10% in 2024-25.
- Provide additional supportive services for dual language learners.
- [Fiscal Year 2022-23 California State Preschool Contract Rates by Service County](#) (9/28/22)

Additionally, the budget provides the following to all students participating in State Preschool:

- Allows for continuous eligibility for 24 months (increased from 12 months) after eligibility is confirmed.
- Enables children with an IEP to be categorically eligible to participate.  
Expands access to eligible families from families at 85% of the state median income to families at 100% of the state median income for State Preschool.

The budget also includes support for the following one-time investments:

- Inclusive Early Education Expansion Program (IEEEP): \$250 million one-time general funds for facility renovations, adaptive equipment and professional development to expand inclusion opportunities for special education students.

- State Preschool Funding Hold Harmless – Reimbursement for Authorized Hours of Care: For the 2022-23 fiscal year only, reimbursing preschool providers for maximum authorized care from July 1, 2022, to June 30, 2023.
- Local Educational Agency Preschool Planning and Implementation Grants: \$300 million one-time Prop. 98 general fund for planning and implementation grants for all LEAs.
- Full-Year Costs of State Preschool Rate Increases: \$166.2 million Prop. 98 general fund to support the full-year costs of State Preschool rate increases that began January 1, 2022.
- California Universal Preschool Planning Grant Program: \$18.3 million general fund per year for three years to support the California Universal Preschool Planning Grant Program.

## Summary

This edition of the Common Message serves to provide data and guidance to LEAs for fiscal planning and the development of their 2022-23 First Interim Report and multiyear projection. The information provided for fiscal year 2022-23 and beyond includes the latest known proposals and projections to assist with multiyear planning. As each LEA has unique funding and program attributes and needs, it remains essential that LEAs continuously assess their individual situations, work closely with their county offices of education, and plan accordingly to maintain fiscal solvency and educational program integrity.