

The Common Message

**2021-22 Adopted Budget
45-Day Revision**



BASC
Business and Administration
Steering Committee

Writers and Contributors

Topic		
Background	Committee	
Introduction	Committee	
Key Guidance	Shannon Hansen, San Benito	Dean West, Orange
Governor's 2021-22 Adopted Budget	Shannon Hansen, San Benito	Dean West, Orange
Independent Study	Janet Riley, Merced	Kate Lane, Marin
ESSER III	Priscilla Quinn, Kern	Mary Downey, Sonoma
Planning Factors/MYP	Shannon Hansen, San Benito	Dean West, Orange
LCFF	Kate Lane, Marin	Michael Simonson, San Diego
LCAP	Josh Schultz, Napa	Nick Schweizer, Sacramento
Special Education	Scott Anderson, San Joaquin	Priscilla Quinn, Kern
Cash Flow / Deferrals	Misty Key, Ventura	Denise Porterfield, San Mateo
Reserves / Reserve Cap	Colleen Stanley, Monterey	Liann Reyes, Santa Cruz
One-Time Funding	Michael Simonson, San Diego	Mary Downey, Sonoma
Universal School Meals	Dean West, Orange	Shannon Hansen, San Benito
Early Childhood Education	Fernie Marroquin, Tulare	Janet Riley, Merced
Summary	Shannon Hansen, San Benito	Dean West, Orange

Sources

Association of California School Administrators
Ball / Frost Group, LLC
Bob Blattner and Associates
Bob Canavan, Federal Management Strategies
California Association of School Business Officials
California Collaborative for Educational Excellence
California Department of Education
California Department of Finance
California Public Employees' Retirement System
California State Teachers' Retirement System
California State Board of Education
California School Boards Association
California School Information Services
Capitol Advisors
Fiscal Crisis and Management Assistance Team
K-12 High Speed Network
Michael Hulsizer, Chief Deputy Governmental Affairs, Kern County Superintendent of Schools
National Forest Counties and Schools Coalition
School Services of California
Schools for Sound Finance (SF2)
Small School Districts' Association
Statewide LEC Co-chairs
WestEd

Table of Contents

- Sources..... 3**
- Background..... 5**
- 45-Day Revision/Adopted 2021-2022 Budget Key Guidance 5**
 - Significant Changes Since the May Revision5
 - Independent Study Requirements – AB 1306
 - Federal and State Funds10
 - Planning Factors for 2021-22 and MYPs12
 - Local Control Funding Formula12
 - Expanded Learning Opportunities Program13
 - Local Control Accountability Plan.....13
 - Special Education15
 - Cash Flow / Deferrals15
 - Reserves / Reserve Cap16
 - One-Time Funding.....16
 - Universal School Meals.....18
 - Early Childhood Education (ECE)18
- Summary..... 23**
- Appendix A..... 24**

Background

Since May 2008, county office chief business officials have crafted common messages to give guidance to school districts on assumptions for budget and interim reports. The goal of the Business and Administration Steering Committee (BASC) is to provide county office chief business officials with a consistent message, based on assumptions used by the state Department of Finance (DOF), which can be used in providing guidance to school districts.

The BASC would like to thank the DOF, the State Board of Education (SBE), the California Department of Education (CDE) and the Fiscal Crisis and Management Assistance Team, as well as our colleagues in education listed in the sources section for providing BASC and our local educational agencies (LEAs) the most up-to-date information at the time of the Common Message writing.

45-Day Revision/Adopted 2021-2022 Budget Key Guidance

On June 28, 2021, Governor Gavin Newsom signed an on-time budget. The budget maintained several items that were included in the May Revision: a 5.07% Cost of Living Adjustment (COLA) to the Local Control Funding Formula (LCFF), 4.05% COLA to Special Education, and 1.7% to state categorical programs; contributions to the Public School System Stabilization Account (PSSSA) and rainy day funds; and a legislative work-around to limit spending and maximize exceptions to maintain the constitutional appropriation Gann Limit. The large funding priorities in this Adopted Budget are:

- \$11 billion to eliminate interyear principal apportionment deferrals
- \$3.2 billion for 5.07% LCFF mega COLA
- \$1.126 billion for concentration grant increase
- \$1.8 billion for expanded learning time for K-6 unduplicated students
- Requirement for in-person instruction and the availability of independent study
- Multiyear ramp up of universal transitional kindergarten
- Planning for a universal meal program in 2022-23

Significant Changes Since the May Revision

The Governor's 2021-22 Adopted Budget provides Prop. 98 funding at \$93.7 billion for 2021-22, with \$4.5 billion deposited into the PSSSA. The biggest change in Prop. 98 funding was the increase to Special Education, providing \$396.8 million in ongoing funds to the base grant (in addition to the 4.05% COLA).

The state budget eliminates deferrals by paying off the \$11 billion K-12 interyear deferrals; all funds are to be distributed in August 2021.

Included in the Adopted Budget is one-time funding for the following programs:

Community Schools Partnerships	Classified Summer Assistance Program
Expanded Learning Opportunities	A-G Completion Improvement
Pre-K Planning and Implementation	School Kitchen Upgrades
Educator Preparation, Retention and Training	Youth Behavioral Health
Special Education Technical Assistance	Broadband

AB 130 eliminated two programs proposed in the May Revision: Targeted Intervention (\$623 million) and In-Person Instruction Health and Safety (\$2 billion) grants.

If the changes in the state budget result in revisions to the district’s Adopted Budget, Education Code 42127(h) requires that not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures it has made to its budget to reflect the funding made available by that Budget Act.

There is no requirement to use SACS for this budget update, nor to provide an update to the multiyear projection. The Governor signed the budget on June 28, which for most districts means that the 45-day revision requirements can be met at the August board meeting.

Independent Study Requirements – AB 130

School Year 2021-22

AB 130 amended Article 5.5 of the Education Code (commencing with section 51745) regarding independent study programs administered by school districts, COEs and charter schools (classroom-based and non-classroom-based). For the 2021-22 school year only, school districts and COEs are required to offer independent study to students. This requirement may be met by contracting with a COE or by entering into an interdistrict transfer agreement with another school district pursuant to Education Code section 46600.

The requirement may be waived for school districts by their county superintendent of schools and waived for COEs and school districts in single-district counties by the Superintendent of Public School Instruction. The waiver request must demonstrate both of the following:

- (1) Offering independent study would create an unreasonable fiscal burden on the school district or COE due to low numbers of pupils participating or other extenuating circumstances.
- (2) The governing board of the school district or COE does not have the option to enter into an interdistrict transfer agreement with another school district or to contract with a COE to provide an independent study option, as described above.

For the 2021-22 school year only, an LEA has up to 30 days after the first day of instruction to obtain the signed written agreement (more details forthcoming). Law permits the use of

electronic signatures in the format determined by the CDE. Written agreements must be signed by the student, or the student's parent or legal guardian if the student is less than 18 years of age, the general supervising teacher, and all persons with direct responsibility for the student. Although LEAs are granted a grace period to collect signed agreements for the 2021-22 school year, they are required to meet all programmatic requirements as enacted by law on July 9, 2021.

For the 2021-22 school year only, school districts and COEs shall notify the parents and guardians of all enrolled pupils of their options to enroll their child in in-person instruction or independent study. This notice shall include written information on the LEA's website including, but not limited to, the right to request a pupil-parent-educator conference meeting before enrollment pursuant to this section; pupil rights regarding procedures for enrolling, disenrolling, and reenrolling in independent study; and the synchronous and asynchronous instructional time that a pupil will have access to as part of independent study.

Additionally, section 51747 adds a meeting requirement that, prior to signing a written agreement and upon the request of the parent or guardian of a pupil, the LEA shall conduct a phone, videoconference, or in-person pupil-parent-educator conference or other school meeting during which the pupil, parent or guardian, and, if requested by the pupil or parent, an education advocate, may ask questions about the educational options, including which curriculum offerings and nonacademic supports will be available to the pupil in independent study, before making the decision about enrollment or disenrollment in the various options for learning.

Permanent Changes to Independent Study Requirements Beginning in 2021-22

Offering – The list of educational opportunities that may be offered through independent study is expanded to include individualized study for a pupil whose health would be at risk by in-person instruction, as determined by the parent or guardian of the pupil.

Course-Based Independent Study (CBIS) – These programs have slightly different requirements:

- No requirement to conduct a pupil-parent-educator conference prior to the signing of a written agreement.
- No requirement to document student participation in live interaction and synchronous instruction.
- Tiered reengagement triggered when student is not making satisfactory progress or is in violation of learning agreement without the requirement to notify parents of absences or lack of participation within one school day of an absence or lack of participation.
- Signed written agreements, supplemental agreements, assignment records, work samples, and attendance records assessing time value of work can be maintained as electronic files.
- Students enrolled in CBIS for less than 15 school days in a school year are not exempt from live interaction, synchronous instruction, tiered reengagement, and transition plan requirements.

Audit – Commencing with the 2021-22 fiscal year, the K-12 Audit Guide compliance steps for independent study will include the following elements:

- Verification of the ratio of certificated teachers to pupils engaged in independent study, including fiscal penalties for noncompliance. (This is the only audit requirement that applies to CBIS.)
- Verification of the adoption of the policies required for independent study, including loss of apportionment for independent study for LEAs found to be noncompliant.
- Verification of engagement, participation and synchronous instruction requirements.
- Verification that written policies incorporate the newly required elements.
- The requirements for tiered reengagement procedures, synchronous instruction offerings, and a plan to provide a transition in no more than five days for pupils whose families choose to return to in-person instruction shall not apply to pupils that participate in an independent study program for fewer than 15 days in a school year.

Written policies – Expands upon the elements that must be included in written and implemented policies as follows:

- The level of satisfactory educational progress as well as the number of missed assignments must be evaluated when determining if the pupil’s best interest is to remain in independent study. Satisfactory educational progress shall be determined based on all of the following indicators:
 - The pupil’s achievement and engagement in the independent study program, as indicated by the pupil’s performance on applicable pupil-level measures of pupil achievement and pupil engagement set forth in paragraphs (4) and (5) of subdivision (d) of section 52060.
 - The completion of assignments, assessments, or other indicators that evidence that the pupil is working on assignments.
 - Learning required concepts, as determined by the supervising teacher.
 - Progressing toward successful completion of the course of study or individual course, as determined by the supervising teacher.
- The provision of content aligned to grade level standards that is provided at a level of quality and intellectual challenge substantially equivalent to in-person instruction. For high schools, this shall include access to all courses offered by the LEA for graduation and approved by the University of California or the California State University as creditable under the A–G admissions criteria.
- Procedures for tiered reengagement strategies for all pupils who are not generating attendance for more than three school days or 60% of the instructional days in a school week, or who are in violation of the written agreement pursuant to subdivision (g). These procedures shall include, but are not necessarily limited to, all of the following:
 - (1) Verification of current contact information for each enrolled pupil.

(2) Notification to parents or guardians of lack of participation within one school day of the absence or lack of participation.

(3) A plan for outreach from the school to determine pupil needs, including connection with health and social services as necessary.

(4) A clear standard for requiring a pupil-parent-educator conference to review a pupil's written agreement and reconsider the independent study program's impact on the pupil's achievement and well-being, consistent with the policies adopted pursuant to paragraph (4) of subdivision (g).

See CBIS for tiered reengagement requirements that apply to CBIS students.

- Codifies requirements for synchronous instruction and live interaction:
 - For pupils in transitional kindergarten and grades 1 to 3, inclusive, a plan to provide opportunities for daily synchronous instruction for all pupils throughout the school year.
 - For pupils in grades 4 to 8, inclusive, a plan to provide opportunities for both daily live interaction and at least weekly synchronous instruction for all pupils throughout the school year.
 - For pupils in grades 9 to 12, inclusive, a plan to provide opportunities for at least weekly synchronous instruction for all pupils throughout the school year.
- A plan to transition pupils whose families wish to return to in-person instruction from independent study expeditiously, and in no case later than five instructional days.

Written Agreements – The elements to be included in the required written agreements are amended as follows:

- Written agreements may be signed using an electronic signature that complies with state and federal standards.
- Written agreements must include a description of the manner, time, frequency and place for reporting the pupil's academic progress rather than merely submitting assignments and for communicating with a pupil's parent or guardian regarding a pupil's academic progress.
- Written agreements must include the specific resources necessary to provide access to internet connectivity and devices adequate to participate in the educational program and complete assigned work.
- Written agreements must include a statement detailing the academic and other supports that will be provided to address the needs of pupils who are not performing at grade level, or need support in other areas, such as English learners, individuals with exceptional needs to be consistent with the pupil's individualized education program or plan pursuant to section 504 of the federal Rehabilitation Act of 1973 (29 U.S.C. Sec. 794), pupils in foster care or experiencing homelessness, and pupils requiring mental health supports.

Participation, Engagement and Synchronous Instruction – For traditional independent study only, an LEA shall document each pupil’s participation in live interaction and synchronous instruction on each school day, as applicable, in whole or in part, for which independent study is provided. A pupil who does not participate in independent study on a school day shall be documented as nonparticipatory for that school day.

An LEA shall maintain written or computer-based evidence of pupil engagement that includes, but is not limited to, a grade book or summary document that, for each class, lists all assignments, assessments, and associated grades.

Average Daily Attendance & CALPADS – Apportionment credit will continue to be based on the time value of pupil work products as personally judged in each instance by a certificated teacher for traditional independent study. Attendance for apportionment credit will continue to be based on enrollment in certificated courses and satisfactory progress for course-based independent study. Amendments to Education Code section 51747 include the intent of the Legislature that teachers be given access to digital assignment tracking systems to reduce workload associated with evaluating and accounting for pupil work.

Education Code section 46300, which limited short-term independent study to five or more consecutive days, is amended to allow independent study for three or more consecutive days.

Changes to Education Code also amend the process for requesting allowance of attendance due to emergency conditions (J-13A) submitted after September 1, 2021 to now include a certification that the LEA has a plan for which independent study will be offered to pupils and to provide a copy of the plan with the affidavit to parents. The plan:

- Must ensure that independent study is offered to pupils when a school closure lasts in excess of 10 days.
- Must ensure that schools are reopened in person as soon as possible once allowable under the direction of the city or county health officer.
- Does not have to include compliance with the requirements for tiered reengagement procedures or synchronous instruction offerings.
- Does not have to provide a transition in no more than five days for pupils whose families return to in-person instruction.

A new field will be added to CALPADS in 2021-22 to collect the number of pupils participating in independent study for 15 or more school days.

Federal and State Funds

Elementary and Secondary School Emergency Relief (ESSER III) Fund

ESSER III Safe Return Plan

The American Rescue Plan (ARP) allocated \$122 billion to the ESSER III fund nationwide to help safely reopen and sustain the safe operation of schools, and address the impact of the coronavirus pandemic on the nation’s students.

- LEAs that receive ESSER III funds must, within 30 days of receiving the funds, make publicly available on their website a plan for the safe return to in-person instruction and continuity of services.
- The template for the plan has been created to assist LEAs in creating these plans and to ensure all required elements are met. The template can be found at the following link: <https://www.cde.ca.gov/fg/cr/documents/returnplantemplate.pdf>

ESSER III Expenditure Plan

LEAs that receive ESSER III are also required to develop a plan for how they will use ESSER III funds to, at a minimum, address students' academic, social, emotional, and mental health needs and the preexisting opportunity gaps that were exacerbated by the COVID-19 pandemic.

- The expenditure plan must be adopted by the local governing board or body of the LEA at a public meeting on or before October 29, 2021, and must be submitted for review and approval within five days of adoption.
- A school district must submit its ESSER III Expenditure Plan to its COE for review and approval.
- The ESSER III Expenditure plan can be found at the following link: <https://www.cde.ca.gov/fg/cr/documents/esseriexpenditureplan.docx>

Fiscal Requirements

- The LEA must use at least 20% of its ESSER III apportionment for expenditures related to addressing the academic impact of lost instructional time through the implementation of evidence-based interventions, such as summer learning or summer enrichment, extended day, comprehensive after-school programs, or extended school year programs.
- For purposes of this requirement, “evidence-based interventions” include practices or programs that have evidence to show they are effective at producing results and improving outcomes when implemented. This kind of evidence has generally been produced through formal studies and research.
 - For additional information please see the Evidence-Based Interventions Under the ESSA webpage at <https://www.cde.ca.gov/re/es/evidence.asp>.
- The LEA must use the remaining ESSER III funds consistent with section 2001(e)(2) of the ARP Act.

Community Engagement

- An LEA's decisions about how to use its ESSER III funds will directly impact the students, families, and the local community, and thus the LEA's plan must be tailored to the specific needs faced by students and schools.
- An LEA must engage in meaningful consultation with the following community members, as applicable to the LEA:

- Students
- Families, including families that speak languages other than English
- School and district administrators, including special education administrators
- Teachers, principals, school leaders, other educators, school staff, and local bargaining units, as applicable

Information and resources that support effective community engagement may be found under Resources on the following webpage of the CDE’s website: <https://www.cde.ca.gov/re/lc>.

Planning Factors for 2021-22 and MYPs

Key planning factors for LEAs to incorporate into their 45-Day Revision for the 2021-22 Adopted Budget and multiyear projections are listed below and are based on the latest information available.

Planning Factor	2021-22	2022-23	2023-24
Cost of Living Adjustment (COLA)			
LCFF COLA	5.07%	2.48%	3.11%
Special Education COLA	4.05%	2.48%	3.11%
Statutory COLA	1.70%	2.48%	3.11%
2020-21 COLA recaptured in 2021-22	2.31%		
Employer Benefit Rates			
CalSTRS	16.92%	19.10%	19.10%
CalPERS-Schools	22.91%	26.10%	27.10%
State Unemployment Insurance	0.50%	0.50%	0.50%
Lottery			
Unrestricted per ADA	\$163	\$163	\$163
Prop. 20 per ADA	\$65	\$65	\$65
Mandated Block Grant			
Districts			
K-8 per ADA	\$32.79	\$33.60	\$34.64
9-12 per ADA	\$63.17	\$64.74	\$66.75
Charters			
K-8 per ADA	\$17.21	\$17.64	\$18.19
9-12 per ADA	\$47.84	\$49.03	\$50.55

Local Control Funding Formula

The mega COLA of 5.07% for the Local Control Funding Formula (LCFF) for 2021-22 is codified in Education Code section 42238.022 with the passage of AB 130.

As anticipated, changes have been enacted related to the provision of independent study as detailed elsewhere in this Common Message. Of note for attendance purposes, short term independent study may now be claimed for three or more, rather than five, consecutive days.

Also, beginning in 2022-23, LEAs will be able to claim younger students for apportionment attendance purposes as universal transitional kindergarten (UTK) is phased in. Districts should begin to determine how to recalculate attendance projections to include the UTK phase-in.

The enacted budget includes the Governor's May Revision proposal to increase the concentration grant component of the LCFF from 50% to 65% of the adjusted base LCFF grant, per Education Code section 42238.02. The additional funds must be expended to increase the number of staff providing direct services, which can include custodial staff.

Planning factors indicate that COLA will be 3.0% or less in the out years. All LEAs are encouraged to develop multiple scenarios using the LCFF COLA planning factors as best case. LEAs that are prepared for both best- and worst-case budgets in the future are better able to weather economic uncertainty.

Expanded Learning Opportunities Program

The state budget provides \$1.8 billion to provide access to comprehensive expanded learning for all unduplicated students in elementary schools. The intent is to provide before and after school opportunities, in addition to 30 expanded learning days during intersession periods.

Commencing in 2021-22, as a condition of receipt of apportionment, LEAs must offer expanded learning to at least all unduplicated students enrolled in classroom based instruction in grades K-6 and provide services to at least 50% of the unduplicated students in grades K-6. Beginning in 2022-23, LEAs greater than 80% UPP must offer expanded learning opportunities to all classroom based K-6 students and access must be provided to any classroom based pupil whose parent/guardian requests it.

For LEAs with an unduplicated pupil percentage (UPP) greater than 80%, funding is estimated at \$1,170 per classroom-based K-6 ADA multiplied by the LEA's UPP, funded for at least three years. The remaining funds will be distributed on a per-unit basis using classroom-based K-6 ADA multiplied by the LEA's UPP. Both formulas provide a minimum of \$50,000 per LEA.

Local Control Accountability Plan

AB 130, the 2021-22 education omnibus budget trailer bill, creates two significant new LCAP requirements. These new requirements will require action by the State Board of Education (SBE), which we anticipate will be implemented later this year.

Carryover Requirements

Changes in Education Code sections 42238.07 and 52064 create a new carryover requirement related to the requirement to increase or improve services for unduplicated pupils.

Starting with the 2022-23 LCAP adoption, LEAs must include in their LCAPs a calculation of any shortfall – quantitatively or qualitatively – between planned actions and services contributing to increased and improved services for unduplicated pupils and actual actions and services for the year prior to the LCAP year. If, based on estimated actuals, the shortfall is such that the LEA

did not meet its required minimum percentage to increase or improve services, then the difference will become an added increased and improved services requirement in the LCAP year.

The LCAP template will be revised later this year by the SBE to accommodate these new requirements, and Education Code section 52071 has been amended to add new requirements for county office review and approval of LCAPs, including explicit requirements to enforce the carryover provisions.

LCAP Supplement

Uncodified section 124 of AB 130 requires the SBE to adopt a “one-time supplement template to the annual update to the 2021-22 local control and accountability plan.”

This supplement shall be adopted by the SBE by November 30, 2021. LEAs will be required to present the supplement at a regularly scheduled board meeting on or before February 28, 2022, as part of an “update on the annual update” for the 2021-22 LCAP. The supplement must also be included as part of the 2022-23 adopted LCAP submitted for approval.

The supplement template will require all of the following information:

- A description of stakeholder engagement related to use of funds in the state budget that were not included in the LEA’s adopted LCAP (e.g., 5.07% LCFF COLA, 65% concentration grant).
- A description of how the added concentration grant funds (increase from 50 to 65%) were used to increase staffing pursuant to the requirements.
- A description of stakeholder engagement related to the use of one-time federal funds.
- “An update on the implementation of the federal American Rescue Plan Act of 2021 (Public Law 117-2) and federal Elementary and Secondary School Emergency Relief (ESSER) expenditure plan.” Note that the ESSER expenditure plans must be adopted by October 29, 2021.
- A description of how the LEA’s 2021-22 funding is being used in a manner consistent with “applicable plans,” including its LCAP.

In addition to the supplement template referenced above, an LEA’s update on the annual update presentation to its board must also include:

- All available midyear outcome data related to metrics identified in the 2021-22 LCAP.
- Midyear expenditure and implementation data on all actions identified in the 2021-22 LCAP.

LEAs will want to track LCAP and other required plan implementation closely throughout the year and communicate proactively about the new requirements. Carryover related to the increased and improved services may be difficult to avoid in some circumstances due to the confluence of one-time funding and late notice about added LCFF funding. If significant carryover is anticipated, LEAs may want to begin engaging stakeholders sooner rather than later around why this is the case, and what it means for the future.

Special Education

The 2021-22 budget significantly builds upon special education funding augmentations provided over the past two years.

The base Special Education Local Plan Area (SELPA) funding formula is first increased by the compounded COLA of 4.05%, and then augmented by \$397 million, resulting in a 2021-22 base rate of \$715 per ADA (greater of current year, prior year, or second prior year ADA). SELPAs will receive \$715 per ADA, or their 2020-21 base rate adjusted by the 4.05% compounded COLA, whichever is greater.

\$260 million in ongoing Prop. 98 funding is provided for the Special Education Early Intervention Grant. This funding is allocated to supplement existing resources, increase the availability of evidence-based services and to support school readiness for infants, toddlers, and preschoolers, with a focus on inclusive settings. These funds are restricted and will be allocated to the LEA of residence based on the number of first grade students with exceptional needs per October 2020 CALPADS enrollment.

The Out-of-Home Care formula is updated to provide the following SELPA funding rates, which will be adjusted by COLA in subsequent years:

- \$1,509 per CALPADS foster youth enrollment (ages 3-21), calculated at the LEA level
- \$14,603 per short-term residential therapeutic program placement (average daily population)
- \$3,358 per Department of Social Services (DSS) community care facility residential placement (April 1 count)
- \$12,668 per DSS intermediate care facility residential placement (April 1 count)
- \$26,874 per DSS skilled nursing facility residential placement (April 1 count)
- Charter schools deemed LEAs for special education purposes shall receive foster youth enrollment funding only.

The budget also includes several one-time special education allocations including federal American Rescue Plan Act funds of \$277.7 million to supplement existing IDEA funds, which will be distributed via the IDEA permanent formula; \$450 million for learning recovery supports for students impacted by the pandemic; and \$100 million for alternative dispute resolution and prevention. Learning recovery support and dispute resolution funds will be allocated based on total SELPA enrollment (ages 3-22) and must be encumbered by June 30, 2023.

Cash Flow / Deferrals

The cash deferrals have been eliminated for fiscal year 2021-22. The First Principal Apportionment cash deferrals from 2020-21 are now on an accelerated payback schedule as follows:

- From February 2021 to August 2021 \$1.54 billion

- From March 2021 to August 2021 \$2.38 billion
- From April 2021 to August 2021 \$2.38 billion
- From May 2021 to August 2021 \$2.38 billion

Districts should prepare updated cash flow projections for 2021-22 to ensure all cash obligations are met timely, and cash balances should be monitored on an ongoing basis.

Reserves / Reserve Cap

The school district reserve cap will be triggered for the first time beginning with the 2022-23 Adopted Budget. Districts should plan ahead to ensure that they are limiting their assigned and unassigned reserves to no more than 10% of annual expenditures. Small (less than 2,501 ADA) and basic aid districts are exempt from this cap.

One-Time Funding

The state’s Adopted Budget includes several proposals that utilize one-time funding as outlined below.

California Community Schools Partnership Program

The state’s Adopted Budget provides over \$3 billion one-time Prop. 98 funding for the California Community Schools Partnership Program. \$141,833,000 is provided to create a network of at least five regional technical assistance centers. The remaining amount is provided to establish new and expand existing community schools. The funds will be available for encumbrance or expenditure through June 30, 2028. This is a competitive grant program, with the application process to be determined by the Superintendent of Public Instruction and the State Board of Education by November 15, 2021.

The program allocates 10% for planning grants up to \$200,000 for LEAs with no existing community schools. Implementation grants up to \$500,000 for new or expansion of existing community schools will comprise 70% of the available funding. All planning and implementation grants require a one-third local match, and include supplement, not supplant requirements.

The remaining 20% of funding for the program will be for coordination grants up to \$100,000 for existing community schools to be allocated from the 2024-25 fiscal year through 2027-28. The coordination grants require a dollar-for-dollar match, and also include supplement, not supplant requirements.

Educator Effectiveness Block Grant – This grant allocates \$1.5 billion in one-time Prop. 98 funding to all LEAs based on an equal amount per full-time certificated and classified staff as reported in 2020-21 CALPADS and CBEDS. Funds are available from the 2021-22 fiscal year through 2025-26. Recipients are required to coordinate grant funds with Title II funds received. The grant is to be used to provide professional learning for teachers, administrators, paraprofessionals who work with pupils, and classified staff that interact with pupils.

As a requirement of receiving funds, LEAs must develop and adopt an expenditure plan by December 30, 2021, which must be presented to the governing board at a public meeting and adopted at a subsequent meeting. LEAs must also report detailed expenditure information to CDE by September 30, 2026. Additionally, procedures to audit this program will be incorporated in the annual Audit Guide.

Educator Recruitment, Retention and Training

Certificated Employees – The state’s Adopted Budget provides \$350 million for the Teacher Residency Grant Program and \$250 million for National Board Certification. These programs are intended to build capacity in teacher intern programs, recognition for National Board Certification, and flexibility in meeting the basic skills requirements for credentialing to build adequate substitute pools.

Classified Employees – The state’s Adopted Budget allocates \$60 million to continue to fund the Classified School Employee Summer Assistance Program and \$125 million for the California Commission on Teacher Credentialing to support the Classified School Employee Teacher Credentialing Program.

A-G Completion Improvement Grant Programs

The state’s Adopted Budget allocates \$547,513,000 of one-time Prop. 98 funds in fiscal year 2021-22 to establish this program to provide additional supports to LEAs to increase the number of pupils who graduate from high school with A-G eligibility. Funds are available for expenditure or encumbrance through fiscal year 2025-26.

The A-G Access Program allocates \$300 million distributed per unduplicated pupil in grades 9-12 to LEAs with overall A-G completion rates less than 67%. Eligible LEAs that receive LCFF concentration grant funding will receive an allocation of at least \$75,000.

The A-G Access Program allocates \$100 million distributed per unduplicated pupil in grades 9-12 to LEAs with overall A-G completion rates greater than 67%. Eligible LEAs that receive LCFF concentration grant funding will receive an allocation of at least \$75,000.

The remaining allocation of \$147,513,000 is for the A-G Learning Loss Mitigation Grant and is also distributed per unduplicated pupil in grades 9-12, and the minimum allocation to eligible LEAs that receive LCFF concentration grant funding will be \$75,000. This grant is to be used for pupils who received a grade of “D” or “F” in an A-G course in spring 2020 or the 2020-21 school year to retake the course(s). LEAs may use any remaining grant funds for credit recovery opportunities to ensure all pupils graduate high school on time.

All grant recipients must develop a plan by January 1, 2022 describing how the funds will be used to increase or improve services for unduplicated pupils to improve A-G eligibility, and must also include how the services supplement, not supplant, the services identified in the LCAP. The plan must be discussed at a regularly scheduled public board meeting and adopted at a subsequent regularly scheduled meeting. The grant also requires reporting to CDE by December 31, 2023, and reporting final outcomes of the impact of funds by August 31, 2026.

Classified Food Service Employee Training and Kitchen Infrastructure

This program allocates \$150 million of one-time Prop. 98 funding for the 2021-22 fiscal year: \$120 million for kitchen infrastructure upgrades and \$30 million for training food service staff.

For kitchen infrastructure, all LEAs will receive a base allocation of \$25,000, and the remainder of funds will be distributed proportionately to LEAs with at least 50% of students eligible for free and reduced-price meals. Allowable uses of these funds include cooking equipment, service equipment, refrigeration and storage, and food service transportation vehicles and equipment. LEAs are required to report to CDE by June 30, 2022 on how the funding was used to improve the quality of school meals or increase participation in subsidized school meal programs.

LEAs will receive their share of \$30 million for training based on their number of classified school employees in 2020-21. The minimum allocation will be \$2,000 and is to be used for food service staff to receive training on promoting nutritious foods, which includes training on food preparation, healthy food marketing, and changing the school lunchroom environment.

Universal School Meals

Provisions for expanding meal service would commence in the 2022-23 school year and will only be implemented if the Legislature appropriates funds for this purpose. This program would require LEAs to provide two nutritionally adequate school meals free of charge during each school day to any pupil who requests a meal, without consideration of the pupil's eligibility for a federally funded free or reduced-price meal (FRPM), and with a maximum of one free meal for each meal service period.

LEAs that participate in the federal School Breakfast Program and National School Lunch program would be reimbursed expenses. The number of per-meal reimbursements could not exceed the difference between the sum of the amounts calculated from meals claimed based on the free combined breakfast and lunch reimbursement rates established by the USDA and state meal contribution, and the combined federal and state amounts reimbursed for reduced-price and paid meals claimed. CDE would develop and adopt regulations to implement this provision.

AB 130 adjusts the definition of "eligible for free or reduced-price meals" for schools participating in a federal universal school meal provision. Schools will have the option to carry over the number of pupils at the school who were eligible for FRPM from the school year in which the school applied to use a federal universal school meal provision, and to use each pupil's eligibility status in the base year to report eligibility for up to each of the following three school years for LCFF purposes. Additionally, schools that are eligible to operate the Community Eligibility Provision (CEP) will be required to operate CEP or another federal universal school meal provision on or before June 30, 2022.

Early Childhood Education (ECE)

The budget as enacted contains some significant policy and program changes to early learning and care that are in line with the master plan published in 2020. Changes relevant to LEAs are listed below.

Cost-of-Living Adjustments

A 4.05% COLA is provided for State Preschool Programs and early care and education programs.

Universal Transitional Kindergarten (UTK)

To provide access to free, high-quality, inclusive pre-kindergarten education for all children, the budget proposes a series of investments beginning in 2022-23 to incrementally establish universal transitional kindergarten, creating a “14th grade” of public education by 2025-26.

UTK would be phased in over four years, with LEAs able to use 2021-22 for planning and infrastructure development and additional access for 4-year-olds, increased in increments of three months of age per year from 2022-23 through 2025-26, when all 4-year-olds would be eligible.

Year	Eligibility
2021-22	Turns 5 between Sept. 2 - Dec 2 (no change)
2022-23	Turns 5 between Sept. 2 - Feb 2
2023-24	Turns 5 between Sept. 2 - April 2
2024-25	Turns 5 between Sept. 2 - June 2
2025-26	Turns 4 by Sept. 1

Costs of this plan will be funded in 2022-23 at \$900 million, growing to \$2.7 billion at full implementation. (The Prop. 98 guarantee would be rebench to draw down general fund for the costs of new enrollment in each year of increased investment.)

The 2021-22 one-time funding allocates \$300 million in Prop. 98 general fund for LEAs to create or expand TK programs. Allowable uses of these funds include costs for planning, hiring, training, classroom materials, and supplies. A minimum of \$100,000 will be awarded to LEAs operating kindergarten programs and a minimum allocation to COEs based on funding allocated to LEAs in their county. After the minimum allocations, the amount remaining from the \$200 million will be allocated based on 2019-20 kindergarten enrollment and the LEA’s unduplicated pupil percentage. \$100 million in one-time funding will be allocated for competitive grants to increase the number of highly qualified preschool and TK teachers, as well as provide professional development for preschool, TK and kindergarten teachers.

In addition, the Kindergarten Facilities Grant Program has been expanded to \$490 million and includes transitional kindergarten to accommodate the additional capacity needed to offer or expand enrollment in a TK program. As a condition of receipt of funds, an applicant school district must pass a resolution at a public governing board meeting stating the district’s intent to offer or expand enrollment in a TK program.

The budget includes parent choice language ensuring that parents with TK eligible children can instead choose another early learning and care (ELC) program, including preschool or Head Start.

Budget language states that the superintendent shall authorize a preschool program to offer wraparound child care to children enrolled in TK, K, or grades 1 to 12 if the family is income eligible.

AB 130 includes language related to TK classroom ratios as a condition of apportionment. School districts and charter schools are required to maintain an average TK class enrollment of 24:1 at each school site; in 2022-23 this ratio reduces to 1:12 and in 2023-24 to 1:10. AB 130 also delays the ECE unit requirement for TK teachers to August 2023.

\$10 million one-time general fund is provided for the CDE to update the Preschool Learning Foundations, the recommended learning standards for preschool and TK, to reflect the most recent research on early childhood development and provide comprehensive resources for pre-kindergarten teachers.

CA State Preschool Program (CSPP)

The budget maintains the level of funding available for the State Preschool Program. The administration will develop a comprehensive plan for implementation in 2022-23 to support existing State Preschool Program providers to maintain their contracts while transitioning to serve younger children, in alignment with the Master Plan for Early Learning and Care, to ensure all eligible 3-year-olds have access to high-quality early learning. Eligibility of 4-year-olds in CSPP includes UTK eligible children whose 5th birthday occurs after September 1 of the fiscal year during which they are enrolled in CSPP and whose parent/guardian has chosen to enroll them in CSPP.

Early Childhood Education & AB131

Reimbursement Rate Reform

Standard Reimbursement Rate

- Revises SRR effective July 1, 2021 to reflect COLA
- Establishes SRR for part-day CSPP
- Requires SRR contractors effective January 1, 2022 to be reimbursed at the greater of the 75th percentile of the 2018 regional market rate (RMR) or the contract per-child reimbursement as of December 31, 2021

Regional Market Rate (RMR)

<https://www3.cde.ca.gov/rcscc>, <https://rcscc.adm.dss.ca.gov/>

- Effective January 1, 2022 the RMR ceiling is at the greater of the 75th percentile of the 2018 RMR survey for that region or the RMR ceiling that existed in that region on December 31, 2021.

- Effective January 1, 2022, reimbursement to license-exempt providers will be 70% of the commensurate Regional Market Rate (RMR).
- Certain reimbursement and adjustment factors are applicable only prior to January 1, 2022.
- Licensed providers may alter rate levels for subsidized children as needed. Updated rates are required to be effective within 60 days of submission of information to the Alternative Payment Plan (APP).
- Child Care Providers United (CCPU) is required to establish a Joint Labor Management Committee (JLMC) to develop recommendations for a single rate structure with specified characteristics. The JLMC must present recommendations to the DOF by November 15, 2022. The California Department of Social Services (CDSS) is authorized to allocate up to \$20 million (previously appropriated) for the JLMC.
- The CDSS and the CDE are required to establish a working group to assess existing quality standards for child care and development and preschool programs and the methodology for establishing rates for those programs. The working group must provide recommendations to the JLMC, DOF, and Joint Legislative Budget Committee relating to specified topics by August 15, 2022.

Slots

- \$411.6 million is appropriated to fund additional voucher, direct contract, and State Preschool slots.

Family Fees

- Family fees are waived from July 1, 2021 to June 30, 2022; subsidized providers are reimbursed for the full amount of the certificate or voucher without deducting family fees.

CCPU Agreement & Provider Support

- Agreements between the state and CCPU dated April 20, 2021 and June 25, 2021 are approved.
- \$378.9 million in federal funding is appropriated to provide subsidized child care and preschool providers with COVID-19 pandemic-related assistance. This includes \$200.02 million for flat-rate, one-time stipends and \$83.3 million for existing state-subsidized APPs to extend child care services to various groups.
- \$519 million in previously appropriated funds and \$60 million in federal funds is allocated to CDE to provide subsidized child care and CSPP providers with COVID-19 pandemic-related assistance, including a flat-rate, one-time stipend of \$600 per child enrolled.

- An additional \$3,500 is allocated per family daycare home; \$3,500 for centers with less than 14 children; \$4,000 for centers with 15-24 children; \$5,000 for centers with 25-60 children; \$6,500 for centers with 60-plus children.
- An additional 16 paid nonoperational days are allocated to certain state-subsidized providers when they are closed for reasons related to COVID-19.
- \$3.16 million in previously appropriated funds is allocated to \$500 incentive payments to previously unlicensed individuals who obtain a family daycare home license on or after June 28, 2021 and maintain an active license for 12 months.
- \$40 million in previously appropriated funds is allocated to establish the Joint Child Care Providers United-State of California Training Partnership Fund.
- \$98.63 million in previously appropriated funds and \$190.37 million from GF is allocated to CDSS to provide rate supplements from 1/1/22 through 12/31/23. CCPU is authorized to determine how this funding is used to supplement reimbursement rates and the methodology for supplementing rates, subject to review and approval by the state.
- \$29.078 million is appropriated to CDSS to provide COLA increases to providers and makes various appropriations and allocations from previously appropriated funds to provide rate supplements and increases to child care and development and CSPP providers.

CDSS Transition

- Statutory changes have been made to the transition of ELC programs from CDE to CDSS. CDE/SSPI will retain administrative supervision of CSPP and clarification has been made that Education Code sections apply to CSPP only.

One-Time Funds

- \$250 million has been allocated to amend the Child Care & Development Block Grant Program administered by CDSS for the construction, renovation or repair of existing or new facilities for child care and preschool providers.
- \$4.3 million has been allocated for an ECE data system.
- \$40 million has been allocated to continue the Early Math Initiative.

Other

- CSPP contractors, child care and development program contractors, and providers are required to provide specified information to CDE/CDSS via a one-time application or survey before receiving American Rescue Plan Act (ARPA) funds.

- The requirement for attendance sheets to be signed is waived if the provider attempts to collect a signature and the parent/guardian is unable to sign due to the COVID-19 pandemic.
- Federal funds allocated to resource & referral agencies for continued participation in COVID-19 relief and recovery must be used to strengthen their role as intermediaries to develop new and support existing facilities and capacity, and streamline and improve data collection processes.
- AB 131 clarifies the Early Learning and Care Infrastructure Grant Program is under CDSS jurisdiction. Implementation is subject to appropriation. Makes various other changes to the program, including expanding eligibility to include unsubsidized providers meeting certain criteria.
- AB 131 makes Early Learning and Care Workforce Development Grants Program implementation subject to an appropriation.

Summary

This edition of the Common Message serves to provide data and guidance to LEAs for fiscal planning and the development of their 2021-22 45-day budget revision and multiyear projection. The information provided for fiscal year 2021-22 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.

Appendix A

Apportionment Deferrals

