

The Common Message

2021-22 Second Interim Report



BASC
Business and Administration
Steering Committee

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Sources

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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
Carlos Rojas, 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
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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.

Purpose: The BASC Common Message is intended as guidance and recommendations to county offices of education (COEs). Each COE will tailor the guidance to the unique circumstances of the LEAs located in their county. Even within a county, COE situational guidance may vary considerably based on the educational, fiscal and operational characteristics of a particular district. Districts and other entities seeking to understand the guidance applicable to a particular LEA should refer to the information released by the COE in the county where the LEA is located.

Key Guidance Based on Governor's Budget Proposal

On January 10, 2022, Gov. Gavin Newsom released the proposed state budget. The proposal includes a 5.33% cost of living adjustment (COLA) to the Local Control Funding Formula (LCFF), as well as a 5.33% COLA to special education and all other programs outside the LCFF.

The proposed budget includes an additional contribution of \$3.1 billion to the Public School System Stabilization Account. The 2021-22 contribution triggered the cap on district reserves effective with the 2022-23 Adopted Budget. There is insufficient information to determine local impact of the one-time proposals, and they therefore are listed for reference only. Other funding priorities in the Governor's Proposed Budget are:

- \$1.2 billion to amend the LCFF calculation to allow school districts to utilize the greater of current year, prior year, or the average of three prior years' ADA
- Additional \$3.4 billion, for a total of \$4.4 billion ongoing for the Expanded Learning Opportunities Program (ELO-P)
- \$650 million for universal access to school meals
- \$640 million (Prop. 98 "rebenched") for transitional kindergarten (TK) expansion
- \$383 million to add one certificated or classified staff to every TK class
- \$500 million to increase the special education base funding formula
- \$1.5 billion (one-time) for college and career pathways

- \$500 million (one-time) for dual enrollment
- \$1.5 billion (one-time) to support electric buses
- \$1.3 billion (general fund one-time) to support the School Facilities Program

Independent Study

Average daily attendance (ADA) has declined by both enrollment declines as well as a lower rate of attendance per enrolled pupil due to COVID-19 quarantines. The Budget Act of 2021-22 encouraged districts to enroll students in independent study as an alternative method of providing instruction to students and generating attendance due to a COVID related exposure, illness, or parental preference. However, while some flexibility was granted for the time required to obtain a fully signed agreement and the minimum amount of time required to participate in independent study to generate ADA, no flexibility was provided to attendance accounting rules for quantifying time value of work. The 2022-23 budget proposes a change to traditional independent study attendance accounting, which will allow LEAs to continue independent study as a viable option to count instructional time for student work completed remotely. LEAs can choose between traditional independent study and course-based independent study to create quality short- and long-term remote instruction models that best serve the needs of their students.

To streamline the administration of these programs, the budget:

1. Allows documented participation in synchronous instruction to count for instructional time in traditional independent study, in addition to student work product.
2. Provides continued flexibility on the timeline for an LEA to collect a signed independent study plan for students who are projected to participate in independent study for fewer than 15 days.
3. Eliminates the requirement that all persons who have direct responsibility for providing assistance to an independent study student sign the independent study plan and clarifies that a certificated employee(s) designated as having responsibility for the special education programming of the pupil, as applicable, must sign the plan.

2021-2022 – Independent Study

2021–22 AA & IT Independent Study FAQs can be found [here](#).

What’s New in Independent Study for 2021-22 can be found [here](#).

Changes to the Form J-13A as a result of AB 167 can be found [here](#).

Traditional IS Ratio Calculations Instructions can be found [here](#).

Course Based IS Ratio Calculations Instructions can be found [here](#).

Local Control Funding Formula

The budget proposes a cost of living adjustment (COLA) of 5.33% to the LCFF, with total LCFF funding increasing to \$70.5 billion inclusive of the additional transitional kindergarten students that become eligible for LCFF funding in 2022-23. The budget also proposes an additional \$383 million to support the lower pupil to adult ratios required in transitional kindergarten. These additional funds will be allocated through the LCFF as an add-on to the LCFF.

Declining enrollment projections due to ongoing demographic trends were exacerbated over the last two years due to the COVID-19 pandemic. Under current law, the LCFF for school districts is funded on the greater of current or prior year ADA. The budget proposes to permanently alter the formula from the greater of current or prior year ADA, to the greater of current year, prior year, or average of three prior years' ADA, whichever is greater, which would allow an extended period of time to adjust budgets for the significant ADA declines most districts have realized. Districts will be funded on the option that provides the highest revenue. Charter schools and county offices of education are not afforded the prior year guarantee and are funded on current year ADA. The budget does not propose providing the declining enrollment formula adjustment for charter schools or county offices of education; however, the Governor acknowledges the need for further review.

All LEAs should develop multiple scenarios using all available options including the proposed three-year average. LEAs that are prepared for both best- and worst-case budgets are better able to adapt for economic uncertainty.

Request for Allowance of Attendance Due to Emergency Conditions: Form J-13A

LEAs that experienced a COVID-19 related material decrease in attendance or school closure prior to September 1, 2021, may submit a Request for Allowance of Attendance Due to Emergency Conditions (Form J-13A) to mitigate losses of ADA and receive instructional time credit as usual.

AB 130 introduced significant changes to the Form J-13A process for material decreases in attendance and for school closures occurring between September 1, 2021 and June 30, 2022. Chief among the changes is a requirement to submit a plan with all J-13A requests to provide independent study during school closures and material losses in attendance that meet the following requirements:

- Independent study is offered to any student impacted within 10 days of the first day of a school closure or material decrease in attendance.

Students with exceptional needs shall receive the services identified in their IEP and may participate in an independent study program.

- Require reopening for in-person instruction as soon as possible unless prohibited by the local or state health officer.
- Include information regarding establishing independent study master agreements in a reasonable amount of time.
- For school closures or material decreases in attendance for 15 days or less, or if an LEA has a waiver of the requirement to offer independent study, the plan is not required to include:
 - Procedures for tiered reengagement strategies
 - A plan to provide opportunities for daily synchronous instruction for students in in grades TK/K-3
 - A plan to provide opportunities for both daily live interaction and at least weekly synchronous instruction for students in grades 4-8
 - A plan to provide opportunities for at least weekly synchronous instruction for students in grades 9-12, or
 - A plan to return to in-person instruction within five instructional days if requested by the parents or guardians

AB 130 as amended by AB 167 amended education code to restrict J-13A requests to mitigate losses of attendance-based funding or for attendance credit due to COVID-19 related school closures or material decreases in attendance related solely to:

- Students in community day schools
- Students with exceptional needs whose IEP does not specifically provide for participation in independent study
- Staff shortages meeting the following conditions:
 - The LEA is unable to provide in-person instruction to students due to staffing shortages caused by staff COVID-19 exposure quarantine or infection, pursuant to local or state public health guidance.
 - For certificated staff shortages, the LEA has exhausted all options for obtaining staff coverage, including using all certificated staff and substitute teacher options, and has consulted with their county office of education and the CDE prior to the LEA's final decision to close, and has determined that staffing needs cannot be met through any option.
 - For classified staff shortages, the LEA has exhausted all options for obtaining staff coverage, including using all staff options, and has consulted with their county office of education and the CDE prior to the LEA's final decision to close, and has determined that staffing needs cannot be met through any option.

LEAs may claim apportionment attendance through the provision of independent study for all other COVID-19 related disruptions to in-person learning.

LEAs may still use the J-13A process to request instructional time credit to meet the annual day and minute requirements and avoid audit penalties if LEAs certify to offering independent study to all eligible students during the school closure.

CDE has published comprehensive [FAQs](#) for LEAs to reference.

New Plan Requirements

AB 130 and AB 167 created multiple new planning requirements for the 2021-22 fiscal year. In addition to the revised LCAP requirements described in the LCAP section, the following plans must be developed or updated by LEAs this year:

Plan	Deadline	Required Template?	Approval	Additional Information
ESSER III Safe Return to In-Person Instruction	Every 6 months after initial assurances	Yes, for initial assurances, no thereafter	Post on website	CDE website
A–G Completion Improvement Grant	4/1/22	No	Present at public board meeting, adopt at subsequent board meeting	E.C. 41590
Prekindergarten Planning Grant	6/30/22	Optional (Includes data CDE will require)	Board adopts at public meeting	CDE Website
Expanded Learning Opportunities Program	Before beginning program operation	Yes	Board adopts at public meeting. Post on website.	CDE website

Planning Factors for 2021-22 and MYPs

Key planning factors for LEAs to incorporate into their 2021-22 second interim reporting 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%	5.33%	3.61%
Special Education COLA	4.05%	5.33%	3.61%
Statutory COLA	1.70%	5.33%	3.61%
2020-21 COLA recaptured in 2021-22	2.31%		

Planning Factor	2021-22	2022-23	2023-24
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	\$34.54	\$35.79
9-12 per ADA	\$63.17	\$66.54	\$68.94
Charters			
K-8 per ADA	\$17.21	\$18.13	\$18.78
9-12 per ADA	\$47.84	\$50.39	\$52.21

After the release of the Governor's Proposed Budget, the Legislative Analyst's Office updated their COLA forecast to 6.18%. However, the advice at this point is that the 5.33% estimated COLA be used for second interim reports.

Local Control Accountability Plan

At their November 2021 meeting the State Board of Education (SBE) adopted a revised LCAP template and action (expenditure) tables, and a template for the mid-year one-time supplement to the annual update. The Budget Overview for Parents template has also been updated to align with changes to the LCAP. The templates can be found on the CDE website at <https://www.cde.ca.gov/re/lc/>.

The changes to the LCAP address new requirements imposed by AB 130 and AB 167 including carryover calculation requirements and a demonstration of how the additional (65%) concentration grant add-on funding is being used.

Also, the LCAP template instructions, which LEAs are legally required to follow, have been revised to indicate the following: "Note: For an action to contribute towards meeting the increased or improved services requirement it must include some measure of LCFF funding. The action may also include funding from other sources, however the extent to which an action contributes to meeting the increased or improved services requirement is based on the LCFF funding being used to implement the action."

The new carryover calculation must be completed as part of the annual update this year for incorporation into 2022-23 adopted LCAPs. In light of the changes to the LCAP instructions and the shifts in programming caused by COVID, LEAs should be closely examining their actions and expenditures to date, and plans for the remainder of the fiscal year, to assess progress toward meeting the increased services requirement in 2021-22.

LEAs are required to present the supplement to the annual update at a regularly scheduled board meeting on or before February 28, 2022. LEAs can use the supplement as an opportunity to preview for educational partners any changes or additions to planned actions and services due to changing circumstances, funding and rules. This will lay the groundwork for inclusion of such changes and additions in the annual update as part of the 2022-23 adopted LCAP.

Reserves / Reserve Cap

Significant increases projected for state revenue come with strings. For the first time, with the 2021-22 fiscal year, all the conditions are met that trigger the requirement on district reserve caps. Senate Bill (SB) 751, codified in Education Code Section 42127.01, set the threshold for triggering the cap when state reserve reaches 3% of the K-12 portion of Prop. 98 in that same year. Beginning in 2022-23 for the budget adoption cycle, district reserves will be capped at 10% using the assigned/unassigned ending balance within the general fund and special reserve funds. Basic aid districts and small school districts with fewer than 2,501 ADA are exempt from the requirement.

Districts should begin to anticipate whether their 2022-23 ending assigned and unassigned reserves in the general fund 01 and fund 17 combined are no more than 10% of annual expenditures. In the event that a district is not exempt from the reserve cap, a district has several options available locally to ensure compliance:

- Commit reserves rather than leaving reserves in assigned or unassigned – a commitment requires board action through a resolution adopted before the end of the fiscal year
- Transfer reserves to funds other than Fund 17
- Contribute to restricted resources within the General Fund
- If a formal salary offer has been negotiated, but negotiation remain unsettled, consider budgeting the cost of the formal salary offer

A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements of subdivision (a) in SB 751 for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multiyear infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that exceeds the cap limits. Before assuming that a waiver will be approved, districts should exhaust all efforts locally to comply with the law. If a pathway is not available locally begin conversations with your COE sooner rather than later. A district shall not adopt a budget that does not comply with the 10% provision.

Early Childhood Education

The Governor's 2022-23 budget proposal includes additional investments in early childhood. Guided by the Master Plan for Early Learning and Care, the governor proposes the following:

- 5.33% COLA
- Universal Transitional Kindergarten (UTK)

As described in the Early Childhood section of the proposal:

- \$639.2 million of general fund is proposed to expand eligibility for transitional kindergarten to all children turning 5 years old between September 2 and February 2 beginning in 2022-23. These funds will increase the Prop. 98 guarantee through the process of rebenching.
- \$383 million Prop. 98 general fund to add a staff to every transitional kindergarten class, reducing pupil to adult ratios to 12:1 to align more closely with the State Preschool Program. The governor proposes an add-on to the LCFF of \$2,813 for every TK ADA (greater of current of prior year), subject to the annual COLA, to fund the lower student-to-staff ratio.

The budget proposal clarifies language requiring at least 10 percent of a part-day California state preschool program contracting agency's funded enrollment shall be reserved for children with exceptional needs, as defined by Section 8205, and serve those children.

As well as:

- The department shall review data on compliance and provide technical assistance to California state preschool program contracting agencies to assist them in meeting this requirement.
- Agencies shall be fully funded for 10 percent of funded enrollment, to ensure funding is available to enroll children with exceptional needs within the 10 percent set-aside at any point during the fiscal year. Agencies not meeting the requirement to fill 10 percent of funded enrollment with children with exceptional needs shall conduct community outreach to special education partners to recruit additional children with exceptional needs into their programs.
- Beginning July 1, 2025, any agency not meeting the requirement pursuant to subparagraph (1) may be put on a conditional contract as defined in Section 8314 unless they have applied and been approved for a waiver pursuant to subparagraph (ii).
- (ii) The Superintendent shall create an ongoing waiver process for agencies not able to meet this requirement. (3) Children with exceptional needs attending California state preschool programs shall be educated in the least restrictive environment in accordance with 20 U.S.C.

California State Preschool Program (CSPP)

As described in the K-12 Education section of the proposal:

- \$309 million, \$197.8 million Prop. 98 general fund and \$110.6 million non-Prop 98 general fund, to increase CSPP adjustment factors for children with disabilities and dual language learners.
- These adjustment factors are intended to fund new CSPP requirements outlined below:
 - Programs must serve at least 10% of children with disabilities.
 - Provide additional supportive services for dual language learners.
- CSPP eligibility will expand from 12 months to 24 months.
- Children with an IEP will be categorically eligible for CSPP.
- CSPP can serve 2-year-old children if all eligible 3- and 4-year-olds are served.
- \$166.2 million Prop. 98 general fund increase for CSPP to cover CSPP rate increases that began January 1, 2022.

The 2021-22 Child Care and Development Contract Changes for Preschool Contractors can be found [here](#).

Inclusive Early Education Expansion Program (IEEEP)

A one-time Prop 98 allocation of \$500 million to support competitive grant funds (\$450 million) and provide technical assistance and training (\$50 million), available for encumbrance until June 30, 2027, is provided for the Inclusive Early Education Expansion Program. These funds are to be used for infrastructure investments to support general and special education students within inclusive classrooms.

Special Education

The 2022-23 budget proposals significantly build on special education funding augmentations and other changes provided over the past three years.

The Special Education Base Rate is first increased by the estimated COLA of 5.33%, and then augmented by \$500 million, resulting in a 2022-23 base rate of \$820 (currently \$715) per ADA. SELPAs with a Base Rate greater than \$820 per ADA in 2021-22 will continue to be funded at their current 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 upon ADA reported for the current year, most recent prior year or second most recent prior year (whichever is greater), multiplied by the Base Rate of \$820/ADA. SELPA base grant allocations will be the sum of all member LEA's individual allocations. Funding exhibits for each LEA will be

provided by CDE and SELPAs must report the amount of funding generated by each member LEA no later than 30 days after receiving their apportionment.

Educationally Related Mental Health Services funding will be allocated directly to LEAs based upon current year second principal apportionment ADA for state funds, and prior year second principal apportionment ADA for federal funds, as the allowable use of these funds was changed in 2020-21 to include any behavioral or mental health service. The two existing special education extraordinary cost pools will be consolidated into a single cost pool to simplify the current funding formula. Finally, a special education addendum to the LCAP will be developed and implemented in 2024-25 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.

Universal School Meals

Beginning in the 2022-23 school year, all public schools will be required to provide two free meals per school day to any students that request a meal. The January proposal for the 2022-23 budget provides additional resources to implement this program. LEAs eligible for a federal universal meal provision, will be required to apply for a provision by June 30, 2022 to reduce volatility in costs to the state and to maximize federal reimbursement for meals served.

In preparation for implementation, the administration provides funding for school kitchen upgrades and staff training.

2021 Budget Act

- \$120 million for school kitchen upgrades
- \$54 million for universal access to subsidized meals (beginning in 2022-23)

January Proposal for 2022-23

- Additional \$596 million for universal access to subsidized meals (total \$650 million including \$54 million provided in the 2021 Budget Act)
- Additional \$450 million for school kitchen upgrades and training
- \$30 million for Farm to School Program
- \$3 million to expand regional California Farm to School Network (16 positions)
- Additional \$3 million (total \$4.017 million) to support the School Breakfast and Summer Meal Start-Up and Expansion Grant

School nutrition programs should be developing plans for infrastructure and equipment, staffing, training, and development of multiyear projections with financial assumptions.

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 Second Interim Report 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.