

# The Common Message

2021-22 First Interim Report



**BASC**  
Business and Administration  
Steering Committee

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# Sources

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<b>California Association of School Business Officials</b>
<b>California Collaborative for Educational Excellence</b>
<b>California Department of Education</b>
<b>California Department of Finance</b>
<b>California Public Employees' Retirement System</b>
<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>
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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.

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.

## First Interim 2021-22 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 and rainy-day funds, and a legislative workaround 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 inter-year 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 Budget Adoption

Assembly Bill (AB) 167, the education budget cleanup trailer bill, was signed by the Governor on September 23, 2021. The bill includes cleanup language for the following grants:

- Additional LCFF Concentration Grant funds and the LCAP Supplemental Grant
- Prekindergarten Planning and Implementation Grant Program
- A-G Completion Grant
- Kitchen Infrastructure Grant

In addition, AB 167 provides additional time for requests to change grades to Pass/No Pass received after October 1, 2021. The requirements for this section impose a state-mandated local program.

Finally, AB 167 allows substitute teachers to serve in any one assignment for up to 60 cumulative days for the 2021-22 school year.

## Independent Study

On June 30, 2021, the statutes that established distance learning in Senate Bill (SB) 98 became inoperative. All of the instructional time and attendance accounting requirements in place prior to fiscal year (FY) 2020-21 are back in effect for FY 2021-22. As in years prior to FY 2020-21, LEAs must meet the requirements of independent study to generate average daily attendance (ADA) for students not scheduled for physical in-person instruction.

Although AB 130, the education omnibus budget trailer bill, did not change the method used to generate a day of attendance for apportionment purposes in independent study, both temporary (2021-22 only) and permanent changes to independent study program requirements were made and are conditions of apportionment.

AB 167 clarifies that in lieu of receiving attendance credit through the Form J-13A process for COVID-19 related school closures or material decreases in attendance, LEAs may serve impacted students through independent study and claim apportionment pursuant to independent study requirements. If a school closure is necessitated due to staff shortages caused by COVID-19, an LEA may still use the J-13A process.

AB 167 also clarified that the “teacher of record” for independent study programs may be an employee of the LEA or the LEA that has been contracted to provide independent study. FAQs about independent study offering requirements, waivers, instructional time, and attendance accounting can be found [here](#).

In addition, the California County Superintendents Educational Services Association (CCSESA) developed a [tool kit](#) to help navigate the significant changes to independent study that guides LEAs through the process of developing plans, policy, and strategies for tiered re-engagement.

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

AB 130 introduced significant changes to the Request for Allowance of Attendance Due to Emergency Conditions (Form J-13A) for material decreases in attendance and for school closures occurring between September 1, 2021, and June 20, 2022. Chief among the changes is a requirement to submit a plan to provide independent study for school closures lasting in excess of 10 days with all J-13A requests. CDE has published comprehensive [FAQs](#) for LEAs to reference.

AB 167 amended education code to restrict the J-13A process for attendance credit relative to COVID-19 related school closures or material decreases in attendance to solely those events caused by staff shortages as long as specific requirements delineated in statute are met. LEAs may still use the J-13A process to request instructional time credit to meet the annual day and minute requirements to avoid audit penalties if LEAs certify to offering independent study to all eligible students during the school closure.

Additionally, the J-13A process may be used for COVID-19 attendance losses for school sites or classes that only serve students who are individuals with exceptional needs and for students served in community day schools. LEAs may claim apportionment attendance through the provision of independent study for all other COVID-19 related disruptions to in-person learning.

LEAs that experienced a COVID-19 related material decrease in attendance or school closure prior to September 1, 2021, can submit a Form J-13A to mitigate losses of ADA and receive instructional time credit for ADA losses that occurred on dates prior to September 1, 2021. When a state of emergency has been declared, claims for a material decrease in attendance do not have to exceed the 10% threshold normally required.

## Federal and State Funds

### Elementary and Secondary School Emergency Relief (ESSER III) Fund

#### ESSER III Formula Allocations

The Schedule of Allocations can be found on the [ESSER III Funding Results page](#).

The final deadline to submit ESSER III Assurances is December 17, 2021.

#### ESSER III Fund Frequently Asked Questions

American Rescue Plan (ARP) Act Elementary and Secondary School Emergency Relief (ESSER III) fund FAQs and responses may be found here:

<https://www.cde.ca.gov/fg/cr/esseriiepfaqs.asp>

#### ESSER III Expenditure Plan FAQs

ARP Act Elementary and Secondary School Emergency Relief (ESSER III) fund Expenditure Plan FAQs and responses may be found here:

<https://www.cde.ca.gov/fg/cr/esseriiepfaqs.asp>

## Federal Stimulus Reporting

LEAs are required to report on any ARP Act funds they receive. These funds must be tracked and reported separately from CARES Act and CRSSA Act funds. Please visit the [CDE Federal Stimulus Funding web page](#) for more detailed reporting requirements. Reporting timelines are available on the [Federal Stimulus Funding Reporting web page](#). For reporting on the use of ESSER III funds (3213 and 3214), please use the [Federal Stimulus Funds Reporting Application](#).

ESSER I (3210)	CRF (3220)	GEER (3215)	GF (7420)	ESSER II (3212)	ESSER III (3213/4)
<b>ESSER III, Resource Codes 3213 and 3214</b>					
Use of Funds Timeline: March 13, 2020 – September 30, 2024					
Cycle Name	Reporting Period	Recipients Reporting Window Open*	Final Day to Report*		

**Interest Earned on ESSER III Fund:** ESSER III Funds are subject to Title 2, Code of Federal Regulations, Part 200.305, which requires grantees and sub-grantees to remit interest earned on advances to the federal agency. Grantees or sub-grantees may retain interest amounts up to \$500 per year for related administrative expenses. For more information, please refer to the CDE web page on Interest Earned on Federal Funds.

## 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 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	<a href="#">CDE website</a>
Educator Effectiveness Block Grant	12/30/21	No	Present at public board meeting, adopt at subsequent board meeting	E.C. 41480
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	No	Board adopts at public meeting	E.C. 8281.5

## Planning Factors for 2021-22 and MYPs

Key planning factors for LEAs to incorporate into their 2021-22 First 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%	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%	0.20%
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
California State Preschool Program (CSPP)			
Full-day program	\$51.87	\$53.16	\$54.81
Part-day program	\$32.12	\$32.92	\$33.94

## Expanded Learning Opportunities Program

The state budget provided \$1.8 billion for access to comprehensive expanded learning for all unduplicated students in elementary schools. The intent is to provide before- and after-school opportunities that, in combination with the instructional day, total nine hours daily, in addition to 30 expanded learning days during intersession periods. LEAs must maintain a pupil-to-staff member ratio of no more than 10:1 in programs serving TK & kindergarten age students.

AB167 amends Education Code 46120 to add the Expanded Learning Opportunity Program to the principal apportionment and delays conditions of apportionment until 2022-23. Funds received in 2021-22 may be expended through the 2022-23 fiscal year for developing a program or providing services.

Beginning in 2022-23, as a condition of apportionment, expanded learning opportunities must be offered to classroom-based K-6 students based on the LEA's UPP as follows:

Fiscal Year	LEA UPP	Offering Requirement	Provide Access Requirement
2021–22	All	All TK/K–6 classroom-based unduplicated pupils	50% of TK/K–6 enrolled classroom-based unduplicated pupils
Commencing 2022–23	=>80.00% (Higher funding rate)	All TK/K–6 classroom-based pupils	All TK/K–6 classroom-based pupils upon parent/guardian request
Commencing 2022–23	=<79.99% (Lower funding rate)	All TK/K–6 classroom-based unduplicated pupils	50% of TK/K–6 enrolled classroom-based unduplicated pupils

*Education Code (EC) Section 46120(d)(4)* provides a three-year guarantee of the higher funding rate for LEAs with 80% or greater UPP. This paragraph says that if an LEA qualifies for the higher funding rate in the current year because their prior year UPP is equal to or above 80%, then the LEA is guaranteed the higher funding rate for three years (the current year plus two more years), even if the LEA’s UPP drops below 80% in any of those years. Once the LEA no longer meets the criteria of *EC Section 46120(d)(1)(A)* (prior year UPP equal to or above 80%) for four consecutive years, the LEA will receive the lower funding rate pursuant to *EC Section 46120(d)(1)(B)*.

The schedule of preliminary entitlements at <https://www.cde.ca.gov/fg/aa/pa/elop2122.asp> also identifies the first apportionment equaling 55% of each LEAs entitlement. Future apportionments will flow through the principal apportionment beginning with P1 certification and associated exhibits in February 2022.

The CDE has also published initial [frequently asked questions](#), which we anticipate will be expanded as LEAs investigate the programming and infrastructure required to implement this expansion of school-based activities.

## Local Control Accountability Plan

New LCAP requirements come into effect in 2021-22, including: 1) the requirement for a mid-year one-time supplement to the annual update, 2) carryover requirements for actions, expenditures, and qualitative improvements contributing to increased and improved services for targeted pupils, and 3) demonstration of how the additional concentration grant add-on funding is being used to increase the number of staff providing direct services in high needs schools.

The template for the supplement will be adopted by the State Board of Education (SBE) in November, and LEAs will be required to present the supplement at a regularly scheduled board meeting on or before February 28, 2022. The supplement’s contents will be focused on any LCFF funds that were not included in adopted LCAPs (e.g., additional concentration grant add-on, 5.07% COLA) and alignment with other plans.

The SBE will also adopt a revised LCAP template in November to reflect all of the new requirements, including the carryover and additional concentration grant add-on requirements.

LEAs should track LCAP and other required plan implementations 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.

## **Reserves / Reserve Cap**

The school district reserve cap will be triggered for the first time beginning with the 2022-23 Adopted Budget. Small (less than 2,501 ADA) and basic aid districts are exempt from this cap.

Districts should plan ahead to ensure they are limiting their assigned and unassigned reserves in the General Fund 01 and the Special Reserve Fund for Other than Capital Outlay Fund 17 to no more than 10% of annual expenditures. Funds that are in the committed portion of the fund balance are not included in the reserve cap calculation; therefore, consider a Board resolution that will set aside funds for specific uses. School district boards are further encouraged to adopt a formal policy regarding their minimum reserves.

Lastly, 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.

## **Early Childhood Education**

AB 167 established the California Prekindergarten Planning and Implementation Grant Program. The \$300 million total of one-time Prop. 98 funds are allocated as follows:

- Allocation for \$200 million is based on California Longitudinal Pupil Achievement Data System (CALPADS) Fall 1 kindergarten enrollment from the 2020-21 certification, as follows:
  - For LEAs with an enrollment of:
    - 1 to 23 pupils – base grant = \$25,000; 24 to 99 pupils – base grant = \$50,000; 100 or more pupils – base grant = \$100,000.
    - A minimum base grant for each COE of \$15,000 for each local educational agency in their county that operates kindergarten programs to support countywide planning and capacity building.
- \$100 million in one-time funding 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. This can be single districts or a consortium of LEAs that apply to cover a particular service area.

Of the remaining funds after the above allocations:

- 60% shall be available as enrollment grants. These grants shall be allocated based on the LEA's proportional share of total CALPADS Fall 1 kindergarten enrollment for the 2019-20 fiscal year, as applied to the total amount of program funds available for the enrollment grant.
- 40% shall be available as supplemental grants. These grants shall be allocated based on the LEA's CALPADS Fall 1 kindergarten enrollment minus the TK program enrollment for the 2019-20 fiscal year, multiplied by the LEA's unduplicated pupil percentage, as calculated pursuant to subdivision (b) of Section 42238.02 or subdivision (b) of Section 2574 certified as of the second principal apportionment.

Grant funds may be used for costs associated with creating or expanding California state preschool programs or TK programs, or to establish or strengthen partnerships with other providers of prekindergarten education within the LEA, including Head Start programs, to ensure that high-quality options for prekindergarten education are available for 4-year-old children. Allowable costs include, but are not necessarily limited to, planning costs, hiring and recruitment costs, staff training and professional development, classroom materials, and supplies.

Also included in SB 167 is the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program. It is established to provide one-time grants to school districts to construct new school facilities or retrofit existing school facilities to provide TK classrooms and full-day kindergarten classrooms pursuant to Section 8973, and for the construction of new preschool classrooms, the modernization of existing preschool classrooms, or the modernization of existing kindergarten and grade 1 to 12, inclusive, classrooms that would be converted to provide California state preschool programs operated by school districts on a public school site. In addition, A school district shall not use funds to purchase or install portable classrooms.

\$490 million is appropriated from the General Fund to the State Allocation Board to provide one-time grants as well as \$100 million from the 2018-19 fiscal year.

## 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 First 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.