



2022-23 BUDGET

After months of negotiations, the governor and Legislature have come to an agreement on the state's budget for the 2022-23 fiscal year, which will be voted on in the coming days. Proposition 98 is funded at \$82.3 billion and the Proposition 98 Rainy Day Fund will hit \$9.5 billion. Below is a breakdown of the highlights of the TK-12 spending package.

Education Funding Overview

Local Control Funding Formula

The LCFF receives a historic increase with a 6.56 percent Cost of Living Adjustment and an additional 6.28 percent base grant increase. Combined, LCFF funding will increase by 12.84 percent. Further, County Offices of Education will receive an increase of \$101 million. Each COE will receive \$175,000 for each school district in the county, as well as an additional \$14 per Average Daily Attendance.

Declining Enrollment and Attendance Relief

The budget adopts two policies that alter how ADA for apportionment is calculated that are critical to fiscal stability:

- Allows Local Education Agencies to use a three-year average.
- Allows LEAs to use their 2019-20 attendance rates in place of 2021-22, to protect against the unprecedented level of absences as a result of the pandemic. To utilize this provision, LEAs must have offered independent study in 2021-22 or been granted a waiver.

Together, these policies will prevent LEAs from an estimated \$2.8 billion loss.

Discretionary Block Grants

The budget creates two distinct block grants:

- \$7.9 billion is allocated for the Learning Recovery Block Grant to focus on learning recovery from the pandemic including tutoring, lowering staff ratios and increasing instructional time. The funds will be distributed to LEAs based on unduplicated student count.
- \$3.56 billion is allocated for the Arts, Music and Instructional Materials Block Grant, which can be used for broad purposes including retirement and health care costs. The funds will be distributed to LEAs on a per-pupil basis.

Pensions

There are no allocations to provide LEAs with CalSTRS or CalPERS rate relief. As mentioned above, the budget allows LEAs to use the Arts, Music and Instructional Materials Block Grant to offset increased pension costs.

Transportation

The budget increases home to school transportation funding by \$637 million and enables LEAs to recoup up to 60 percent of their prior year cost. Both county offices and basic aid school districts will be eligible for funds. To qualify for funds, LEAs must develop a plan that details how they will prioritize transportation for TK-6 and low-income pupils.

Special Education

Special education sees a \$500 million increase to the AB 602 funding formula, bringing the base rate up to \$820.

Facilities

The budget allocates the remaining Proposition 51 bond funds, approximately \$1.4 billion, to support school construction projects and provides \$4.2 billion from the General Fund to fund projects through 2025. Further, the budget provides \$650 million for the preschool, transitional kindergarten and full-day kindergarten facility program.

Transitional Kindergarten

Transitional Kindergarten is expanded to children who turn four years old before to February 2 and provides \$383 million to reduce student-to-adult ratios. The budget also includes \$300 million for Planning and Implementation Grants that may be used for training, recruitment and materials, among other purposes.

Nutrition

The budget provides \$600 million to increase reimbursement rates for universal school meals for a total of \$1.2 billion in ongoing funds. Additionally, \$600 million is allocated for the Kitchen Infrastructure Grant Program and \$100 million for the Food Best Practices Procurement Grant to promote best practices, such as buying California-grown produce and providing meals to students with dietary restrictions.

Expanded Learning Opportunity Program

The budget provides \$4 billion in ongoing funding for the ELOP. LEAs that have an Unduplicated Pupil Percentage of over 75 percent must offer the program to all students and will receive \$2,750 per unduplicated pupil. LEAs who have less than a 75 percent UPP must offer the program to half of their unduplicated students and will receive \$1,250 per unduplicated pupil. LEAs will be given a grace period in the 2022-23 school year and will not be audited on the program until the 2023-24 school year.

Community Schools

The budget provides \$1.13 billion, to be allocated in the 2023-24 school year, for community schools implementation grants and grant extensions.

Community Engagement

The budget invests \$100 million in the Community Engagement Initiative Expansion, which will increase and enhance the engagement of pupils, families and communities.

Career and College Readiness

The budget invests \$200 million in dual enrollment for high school students and establishes the Golden State Pathways Program, providing \$500 million to support the development and implementation of college and career educational pathways in critically needed sectors.

Teacher Residency Grant Program

The budget increases funding for the existing program by \$184 million and makes aspiring school counselors eligible for grant funds.

Retiree Workforce

The budget clarifies a previous emergency school staffing Executive Order and authorizes CalPERS (PERS) retirees to retain their PERS coverage when taking a teaching position subject to coverage by CalSTRS.

Employee Orientations

The budget requires until June 30, 2025, a labor representative be entitled to schedule an in-person meeting at the worksite during employment hours if a public employer has not conducted an in-person new employee orientation within 30 days. It also requires employees to be relieved of duties for 30 minutes to attend the training and for employers to provide an appropriate worksite within seven calendar days of receiving the request.

ACSA Perspective

ACSA applauds the governor and the Legislature's leadership in this historic TK-12 budget and appreciates the inclusion of many of ACSA's top priorities. The more than 12 percent increase to the LCFF is unprecedented and crucial as LEAs work to combat soaring inflation; major staffing shortages; and the academic and social emotional impacts the pandemic has had on students.

The budget's inclusion of COVID Attendance Relief and the ability to use a three-year average when calculating ADA will help LEAs' fiscal stability as they continue to confront the challenges of the pandemic, declining enrollment and other rising cost pressures.

ACSA is also happy to see the significant investment in Home to School Transportation. This will allow LEAs to serve more students and keep LCFF resources in the classroom.

ACSA is, however, disappointed to see no pension relief in the budget. A significant portion of the LCFF increases will be eaten up by those obligations. Further, the reduction to the ELOP per-pupil funding amount for districts with less than 75 percent UPP students will greatly limit the ability of LEAs to offer the program.

Overall, this is a great budget for TK-12 education that makes numerous investments to enable LEAs to establish and expand critical student services and programs. The inclusion of ACSA's top priorities reflects the effective, steadfast advocacy of ACSA members and staff. ACSA appreciates the governor and Legislature's partnership and efforts to advance public education in California.

Please contact Megan Baier, ACSA Legislative Advocate, at mbaier@acsa.org for more information or questions.