



## Budget Act of 2022

### **Notable Investments and Policy Changes**

July 8, 2022

#### Introduction

Following a year of historic state revenues, Governor Gavin Newsom and legislative leaders agreed upon a final spending package worth \$300 billion. The Budget includes Proposition 98 growth of \$35.8 billion above the Budget Act of 2021 for TK-14 education.

The TK-12 Budget is remarkably consistent with the requests and perspectives of interest-holders. Discretionary funding is at its highest level, with a 13% increase to the Local Control Funding Formula (LCFF), a \$7.9 billion learning recovery grant for unduplicated pupils, and a \$3.6 billion discretionary block grant for all pupils. New protections for average daily attendance (ADA) disruptions and declines will offer similar discretionary spending opportunities locally. The Budget also augments resources for existing programs – and does so, notably, without adding too many new programs to implement.

This document provides a summary of notable investments and policy updates included in the Budget Act of 2022 (Budget). A summary of these investments and policy changes are highlighted in the following sections throughout this document:

- [Local Control Funding Formula](#)
- [New Discretionary Grants for 2022-23](#)
- [New and Existing Student Programs](#)
- [Educator Workforce](#)
- [Special Education](#)
- [Statewide System of Support](#)
- [Facilities & Infrastructure](#)
- [Children's Behavioral Health](#)
- [Early Learning and Universal PreKindergarten \(UPK\) Programs](#)

For further details, please refer to the Administration's [Enacted Budget Summary](#), and the package of budget bills:

- AB/SB 181 - [Education omnibus bill](#)
- AB/SB 182 - [Learning Recovery Emergency Fund](#)
- AB/SB 210 - [Childcare and early education omnibus bill](#)

#### Local Control Funding Formula

##### LCFF Augmentations for COLA and Transitional Kindergarten

For school districts and charter schools, the cost-of-living adjustment (COLA) for the Local Control Funding Formula (LCFF) in 2022-23 is 12.84%. Technically speaking, the statutory COLA to LCFF is 6.56%, pursuant to the formula in the Education Code. [AB 181](#) augments the 2022-23 COLA by increasing the grade span-adjusted base grants by 6.28%. The distinction is moot in 2023-24, as [AB 181](#) indicates future LCFF growth will be based on the combined 12.84% increase provided for in the budget year.



The Budget also supports a lower adult-to-pupil ratio for transitional kindergarten (under existing law, 1:12 is required beginning in 2022-23) through an LCFF add-on equal to \$2,813 per ADA, as of the 2021-22 second principal apportionment. Starting in 2022-23, this add-on shall receive a COLA annually.

#### Ongoing LCFF Augmentation for County Offices

The Budget includes \$101.2 million ongoing Proposition 98 General Fund to augment LCFF funding for county offices of education (COEs). This amount does not include property taxes (in the case of excess property tax counties) that would additionally support the statutory changes below.

First, the budget increases LCFF targets by augmenting the County Operations Grant on a per-ADA and per-school district basis. Second, the budget creates a Minimum State Aid add-on to ensure that every county office – including counties funded at their floor (generally hold-harmless counties) will receive no less than COLA to their LCFF target. The add-on is built into a county's base funding in subsequent years.

#### LCFF Attendance Yield Protections

This year, COVID-related attendance disruptions coincided with the sunset of the attendance hold-harmless. For 2021-22, the Budget proposes allowing all classroom-based school districts, county offices, and charter schools to be funded at the greater of their current year ADA or their current year enrollment adjusted for pre-COVID-19 ADA (2019-20), provided that an LEA can demonstrate they provided independent study offerings to students in 2021-22.

To address declining enrollment generally, the Budget will allow school districts to utilize a three-year average of prior year ADA yields, or their prior year ADA yield, or their current year ADA yield.

Charter schools may not utilize the greater of their current year ADA yield or prior year ADA yield.

#### New Discretionary Grants for 2022-23

##### Learning Recovery Emergency Fund ([AB 182](#))

The "Learning Recovery Emergency Fund" is established in [AB/SB 182](#) to address academic recovery and the social and emotional well-being of students and staff. \$7.9 billion in one-time Proposition 98 from the General Fund is appropriated to TK-12 school districts, charters, and counties on the basis of their unduplicated pupil count and may be spent through the 2027-28 school year. Funds may be used for a variety of purposes including increasing the number of instructional days or minutes, closing learning gaps, integrating pupil supports, providing access to instruction for credit-deficient pupils, and providing academic services.

##### Arts, Music, and Instructional Materials Discretionary Block Grant

For the 2022-23 school year, a \$3.56 billion one-time Proposition 98 General Fund per-pupil block grant is established to cover a wide range of eligible expenditures, including:

- Standards-aligned professional development and instructional materials in nine different subject areas.
- Standards-aligned professional development and instructional materials to improve school climate, including training on deescalation and restorative justice strategies, digital literacy, physical education, and learning through play.

- Develop diverse book collections and obtain culturally relevant texts in multiple languages.
- Operational costs, including but not limited, to retirement and health care cost increases.
- COVID-19 personal protective equipment, masks, cleaning supplies, COVID-19 tests, ventilation upgrades.

Governing boards must adopt expenditures plans and funds may be encumbered through 2025-26.

#### New and Existing Student Programs

##### Expanded Learning Opportunities Program<sup>1</sup>

The 2021 Budget Act established the Expanded Learning Opportunities Program (ELOP). The Budget provides an additional \$3 billion ongoing Proposition 98 General Fund to increase the per pupil funding and expand the number of local educational agencies who offer no cost services. This would bring the ongoing ELOP funding to \$4 billion.

In addition, there are several statutory changes to the program. These changes include:

- Updated funding per student. Commencing in 2022-23, LEAs with UPPs of 75% or more, will receive \$2,750 per unduplicated students.
- Updated program requirements. As a condition of funds received during the 2021-22 and 2022-23 years, LEAs must “offer access” to ELOP programs to all unduplicated students in kindergarten through grade 6 commencing with 2023-24. LEAs must “provide access” to any unduplicated student whose parent or guardian requests their placement in an ELOP.
- Instructional minute calculation. The calculation for daily instructional minutes has been updated to include recess and meals.
- Fiscal penalties for LEAs. Commencing with the 2023-24 school year, the CDE will withhold funds proportionally for any LEA who does not offer or provide access to all of their unduplicated pupils by the 2023-24 school year or does not maintain the required number of days or hours.

##### Home-to-School Transportation

Starting in 2022-23, school districts and county offices are entitled to a 60% reimbursement for reported home-to-school transportation (HTST) costs, as a continuous appropriation. The reimbursement will be reduced by existing HTST add-on funding. To qualify, governing boards must adopt a plan to provide transportation services to its students and prohibits local educational agencies from charging a fee for unduplicated pupils.

Separately, \$1.5 billion (one-time, Proposition 98) is provided for zero-emission school buses. This program would prioritize low-income and rural LEAs, and LEAs purchasing electric school buses with bi-directional charging. The California Energy Commission and California Air Resources Board will administer the program.

##### California Community Schools Partnerships Program

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<sup>1</sup> Requirements for ELOP are described in Section 58 of [AB 181](#).

Building off of the investments made in the prior year, the Budget includes an additional \$1.1 billion one-time Proposition 98 General Fund for implementation grants and grant extensions. Furthermore, the Budget extends the encumbrance dates for funds provided in the 2021 Budget Act from June 30, 2028 to June 30, 2031.

\$140 million will be allocated to county offices serving at least two qualifying entities receiving grant funding. These funds are separate from any funds county offices of education receive for planning or implementation grants or for serving as a regional or state lead technical assistance center. Each qualifying county office will receive a minimum of \$200,000 and up to \$500,000, annually for seven years commencing with the 2022-23 school year. The formula for allocation will be determined by the CDE. The requirements and allowable uses of these funds are:

- As a condition of these funds, **County Offices must designate a county-level community schools liaison** to coordinate with the department and technical assistance centers in capacity building, resource connection, and continuous improvement activities consistent with supporting grant recipients in their county in implementation of community schools.
- Support county-level governmental, nonprofit community-based organizations, and other external partnerships to support community school implementation as grant recipients in their county.
- Support local educational agency planning and use of pupil and campus data for integrating community school, expanded learning, early childhood education, county behavioral health, educator professional development, and other state-funded initiatives integral to the four pillars of a community school approach<sup>2</sup>, which may be part of the qualifying entity's local control and accountability plan process.

Updated program requirements and fiscal allowances for the Implementation Grants are summarized below:

- An LEA grantee may retain up to the lesser of five hundred thousand dollars (\$500,000) or 10 percent of the total funds awarded pursuant to this subdivision for its sites each year. These funds must be used to administer implementation grants locally, manage professional learning and networking, and coordinate services and funding streams for community schools under the local educational agency grantee. Funds retained by the local educational agency grantee to provide direct services to pupils may be retained separately from this administrative set-aside.
- Implementation grant funds may carry over from year to year and are restricted to permitted uses of the funds.
- Implementation grants may be extended to seven years, as opposed to five years, for ongoing coordination costs to LEA grantees of up to \$100,000 annually per site of an existing community school and shall be allocated beginning with the 2025-26 fiscal year, through the 2030-31 fiscal year.
- Recipients of **Implementation Grants must annually report and publicly present their community school plans**, including data and outcomes from the prior year, at the school site and at a meeting of the governing board of the school district, county board of education, or the governing body of the charter school. These LEAs must publicly post their community school grant application and community schools plan on their website.
- The CDE may request evidence that LEA grantees have spent implementation grant funding in alignment with their implementation plans and are tracking short-term results of their efforts before awarding

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<sup>2</sup> As described in subdivision (b) of Section 8901, which is described in *Section 8* of [AB 181](#).

implementation grant extensions.

#### Independent Study<sup>3</sup>

The legislative intent behind these changes is based on the belief that “by offering a range of quality educational options, including classroom-based, hybrid, and nonclassroom-based programs, local educational agencies can better tailor instruction to pupils, thereby improving academic outcomes while maximizing enrollment.”

Highlights of the proposed changes to Independent Study include:

- Encourage LEAs to consider offering more than one independent study model for short- and long-term placements.
- Written agreement for independent study programs projected to last less than 15 school days to be signed within 10 school days of the commencement of independent study by the pupil, parent/guardian, and teacher (beginning in the 2022-23 SY).
- Requires a referral to the local attendance review board; provides criterion.
- Defines pupil work products.

#### School Meals

\$100 million one-time Proposition 98 General Fund is appropriated to the CDE for allocation, in consultation with the Department of Food and Agriculture, to LEAs to implement school meal best practices, as specified. LEAs are entitled to a base allocation of \$50,000 per LEA.

The Budget includes \$596 million (Proposition 98) to fund universal access to subsidized school meals. If the federal government extends the waiver that allows for the allocation of higher federal reimbursement rates, any unused state funding for rate increases in 2022-23 would instead be made available for food procurement grants. Further, the Budget includes an additional \$611.8 million ongoing Proposition 98 General Fund to augment the state meal reimbursement rate sufficient to maintain meal reimbursement rates beginning in 2022-23.

#### College and Career Pathways

The Budget includes \$500 million one-time Proposition 98 General Fund over seven years to support the development of pathway programs focused on technology, health care, education, and climate-related fields. This program is intended to create college and career going opportunities for students and to help prepare the workforce needed for California’s economic growth.

Further, the Budget includes \$200 million one-time Proposition 98 General Fund, available over five years, to strengthen and expand student access to dual enrollment opportunities.

#### Educator Workforce

##### Educator Workforce Investments

The Budget includes several investments aimed at supporting and preparing educators. These investments

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<sup>3</sup> Changes to Independent Study requirements are described in Sections 72 through 79 in [AB 181](#).

include the following:

- \$250 million one-time Proposition 98 General Fund to support the existing **Teacher Residency Grant Program** by expanding slots. In addition to this funding, the Budget expands the program by enabling school counselors and early childhood specialist credential candidates to participate.
- \$250 million one-time Proposition 98 General Fund, available over five years, to establish the **Literacy Coaches and Reading Specialist Grant Program**, which will provide grants to high-needs schools to train and hire literacy coaches. Of this amount, \$25 million will be awarded to a county office of education, through a competitive process, to develop and provide training for educators to become literacy coaches and reading and literary specialists.
- \$85 million one-time Proposition 98 General Fund to provide **professional development in science and math**, specifically, the Next Generation Science Standards, the California Common Core State Standards: Mathematics, the California Computer Science Standards, and the mathematics and science domains of the California Preschool Learning Foundations for students in preschool, transitional kindergarten, kindergarten, and grades one through twelve.
- \$35 million one-time Proposition 98 General Fund is appropriated to the **Educator Workforce Investment Grant program** for English Language Learners, special needs, and computer science educators.
- \$24 million one-time General Fund in 2022-23 and in 2023-24 to waive specified **teacher examination fees for new teacher candidates**.
- \$20 million one-time General Fund for **Integrated Teacher Preparation Programs**. These funds will support a competitive grant program for both public and private institutions to develop and implement integrated teacher preparation programs.
- \$20 million one-time Proposition 98 General Fund to support a **K-12 Teacher Residency Program Technical Assistance Center**.
- \$15 million one-time Proposition 98 General Fund to support a competitive grant program to support **professional development in computer science**. Grants shall be awarded to one or more institutions of higher education or nonprofit organizations in partnership with a county office of education, to provide professional learning in computer science for teachers and paraprofessionals.

#### Educator Workforce Statutory Changes

In addition to these investments, the Budget includes several statutory changes to educator workforce programs:

- Program eligibility for the **Golden State Teacher Grant Program** is expanded to allow for participation from school counselors, social workers, and psychologist candidates to qualify. This program provides grants to individuals earning a credential and serving at a priority school in California for four years.
- To increase the pipeline of qualified TK teachers, the Commission on Teacher Credentialing is authorized to issue **one-year emergency specialist teaching permits in early childhood education** to allow an individual to teach transitional kindergarten should they meet specified criteria. This flexibility will be offered through June 30, 2026.



## California County Superintendents Educational Services Association

*Promoting, influencing, and advocating for high-quality education.*

- The Budget also amends the **Educator Effectiveness Block Grant** to prohibit charging fee for services including, but not limited to, beginner teacher induction program costs throughout the grant period. The LEA planning requirement has been extended to March 31, 2023. Additionally, LEAs must submit a detailed expenditure report to the CDE on or before September 30, 2022 and again, on or before September 30, 2026.

### Special Education

#### Funding

- Special education funding is increased in 2021-22 to 14% over the prior year's levels and is increased to \$820 per ADA in 2022-23.
- Educationally Related Mental Health Services funds are shifted from Special Education Local Plan Areas (SELPA) to local educational agencies, beginning in the 2023-24 fiscal year.
- Overall special education funding is to be calculated at the LEA level, not the SELPA level, and that funding must be publicly reported by the CDE.
- The state's two special education extraordinary cost pools will be consolidated into a single cost pool, with an increase in funding by \$14 million ongoing Proposition 98 General Fund.

#### IDEA Addendum to the LCAP

An Individuals with Disabilities Education Act (IDEA) Addendum process for the Local Control Accountability Plan (LCAP) that will be adopted by the State Board of Education by 2025 to coordinate the IDEA spending planning process with existing LCAP spending planning. See the System of Support section for more updates that were made to the LCAP process.

#### Alternative Pathway to a Diploma

The Budget establishes a pathway to a diploma for students who take the California Alternate Assessment and provides resources to identify alternative coursework options for students with disabilities to demonstrate completion of the state graduation requirements.

### Statewide System of Support

#### Differentiated Assistance

Single-district county offices of education that share a governing board with their district shall receive \$200,000 annually to support Differentiated Assistance (DA) within the county.

Charter schools, beginning in the 2023-24 school year, will generate \$100,000 per charter school that qualifies for Differentiated Assistance. As per AB 1505, county offices will be required to offer DA to eligible charters in their counties commencing with the eligible list generated from the 2023 Dashboard. At that time, charters will be able to choose to have their county office serve as their DA provider, even if their county office is their authorizer, as long as there is a three-party agreement between the charter school, the geographic lead, and the county office/charter authorizer. Nothing in the statute precludes a lead agency from contracting with a designee(s) to provide DA to a charter school in their county as long as the designee agrees to meet the requirements for DA



activities as prescribed in California Education Code<sup>4</sup>.

#### Special Education Resource Leads

County offices are added to the list of eligible entities that may be selected by the state as a special education resource lead. Up to 10 resource leads (each with a five-year term) may be selected by the California Collaborative for Education Excellence during the grant cycle commencing July 1, 2023.

#### Local Control and Accountability Process Updated Requirements

Two changes to the LCAP process are presented in AB 181. First, the reporting requirement has been updated to include “any updates, revisions or addenda, including those to comply with federal law,”<sup>5</sup> which includes the IDEA Addendum to the LCAP. The second change to the LCAP process is found in the composition of the LCAP Parent Advisory Committee of county operated schools. *California Education Code Section 52069* is amended to read, LCAP PAC members must now be, “parents or legal guardians of pupils currently enrolled in county office of education-operated schools” and include “parents or legal guardians of pupils with disabilities currently enrolled in county office of education-operated schools.”

#### Community Engagement Initiative Expansion

By May 1, 2023, the CDE and CCEE will select an expert community engagement lead agency to coadminister the expansion of the community engagement initiative in partnership with the CCEE. The Budget allocates \$100 million in General Fund (one-time) for the administration of the expansion, which includes:

- Scale up the initiative and improve alignment with the Statewide System of Support.
- Increase and enhance the emphasis on the engagement of pupils, families, and communities.
- Expand the use of the Community Engagement Initiative’s identified metrics to create a common definition and clear standards for meaningful engagement at the local and state levels.
- Develop an in-depth training series on meaningful pupil, family, and community engagement and engage with LEAs to build capacity and foster best practices.

### Facilities and Infrastructure

#### School Facilities Program

Through a mix of appropriations and legislative intent, the Budget allocates several billion in one-time General Fund to the School Facilities Program. This includes \$1.3 billion for 2022-23, \$2.07 billion for 2023-24, and \$875 million for 2024-25. No changes to the existing program rules are proposed in the Budget.

Additional funding for “California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program” is noted in the Early Learning and Universal PreKindergarten (UPK) Programs sections.

#### Kitchen Infrastructure Upgrades

<sup>4</sup> Education Code Section 47607.3(a)(1)(2)(3) prescribes the required activities for differentiated assistance providers

<sup>5</sup> [AB 181](#) Section 85 updated *California Education Code Section 52065*



\$600 million one-time General Fund is appropriated for kitchen infrastructure upgrades that will increase a school's capacity to prepare meals served through a federal school meal program, including for freshly prepared onsite meals, to serve fresh and nutritious school meals using minimally processed, locally grown, and sustainable food, or for expanding meal options for pupils with restricted diets. These funds may be used for employee compensation or training to the extent it supports universal meals.

#### Children's Behavioral Health

##### Children and Youth Behavioral Health

The Budget includes over \$250 million one-time General Fund, available over three years, to address urgent needs and emergent issues in behavioral health for children and youth age 25 and younger. These investments include the following:

- \$50 million one-time General Fund to support the Youth Suicide Reporting and Crisis Response Pilot Program at CDPH.
- \$85 million one-time General Fund for wellness and resilience building supports for children, youth, and parents at DHCS.
- \$15 million one-time General Fund for a video series to provide parents with resources and skills to support their children's mental health.
- \$75 million one-time General Fund for leveraging of emerging technologies to develop next generation digital supports for remote mental health assessment and intervention.
- \$25 million one-time General Fund to support culturally diverse future behavioral health workers.
- \$10 million one-time General Fund to develop and promote high quality peer-to-peer mental health support programs for youth.

##### Mental Health Professionals

As is noted in the Educator Workforce section, the Budget adds school counselors as eligible candidates for the Teacher Residency Grant and adds all PPS credential candidates (school counselors, psychologists, and social workers) as eligible candidates for the Golden State Teacher Grant.

#### Early Learning and Universal PreKindergarten (UPK) Programs

##### Early Learning and Preschool

The Budget includes several investments in early learning, including in the State Preschool Program and transitional kindergarten. These investments include:

- \$300 million one-time Proposition 98 General Fund for UPK planning and implementation grants for local educational agencies.
- \$250 million one-time Proposition 98 General Fund to augment the Inclusive Early Education Expansion Program.



- \$166.2 million Proposition 98 General Fund to support State Preschool reimbursement rate increases, beginning January 1, 2022.
- \$18.3 million General Fund per year for three years to support the California Universal preschool Planning Grant Program. Local Planning Councils (LPCs) will have the first right of refusal for these funds. In addition, federal CCDBG quality dollars will be used to significantly augment LPCs.

#### Transitional Kindergarten

As the state begins its expansion of transitional kindergarten to reach 100% of four-year-olds, the Budget makes several advancements to achieve this goal. \$100 million is added to the fiscal year 2021-22 budget for the "California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program." The Budget specifies the "intent of the Legislature" to add \$550 million in next year's budget for the same purpose.

As noted above in the LCFF section, an add-on is established to support the requirement that transitional kindergarten classrooms have a 12-to-1 adult to pupil ratio in 2022-23. This will support the addition of an additional certificated or classified employee for each transitional kindergarten classroom, more closely aligning classroom ratios with the State Preschool Program.

Further, as is noted above in the Educator Workforce section, the Budget includes language that allows the Commission on Teacher Credentialing to issue emergency permits to teach in a TK classroom for candidates that have a bachelor's degree or higher, a valid child development permit, and meet specified subject matter requirements.

The Budget also includes \$650 million one-time General Fund by 2023-24 to support the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program. These funds may be used for new facilities, or to retrofit existing facilities for transitional kindergarten, full-day kindergarten, or preschool classrooms.