



2021-22 FINAL BUDGET BRIEF

Funding Relief for Schools Through New and Expanded Programs

The Legislature and the Governor have reached agreement on a state budget for the 2021-22 fiscal year through a series of legislative actions. The primary Budget Bill is [Assembly Bill 128](#) (Chapter 21/2021) which was subsequently amended by [Senate Bill 129](#) which contains additional budget actions and amendments to AB 128. Finally, [Assembly Bill \(AB\) 130, the Education Trailer Bill](#) to the 2021-22 budget was signed on July 9, 2021. AB 130 is a 398 page bill that provides the final implementing provisions of the budget for K-12 education. [A full summary of the agreement can be found here.](#)

Of particular note for charter schools is a two-year extension of charter school renewals, a three-year extension of the moratorium on new nonclassroom-based charter schools, significant changes to Independent Study requirements, an increase to the Charter School Facility Grant Program, buyback of all apportionment deferrals, and a five percent increase to the LCFF. The budget also contains a large number of new and expanded categorical programs. These issues are discussed in more detail throughout this Brief.

State Budget Overview

The final budget package reflects total state spending of \$262.6 billion, of which \$196.4 billion is from the General Fund. Total Proposition 98 spending is a record, \$93.7 billion, and the budget allocates \$400 million in 2021-22 for supplemental pension payments to offset future pension costs for K-12 Schools and Community Colleges. The budget also contains a total of \$25.2 billion in General Fund reserves, higher than any level in history.

K-12 Education Highlights

For K-12 Education, the final 2021-22 budget includes the following highlights

- **Local Control Funding Formula (LCFF):** A cost-of-living adjustment (COLA) of 5.07 percent, which is a \$3.2 billion ongoing increase in Proposition 98 funding for LCFF in the 2021-22 fiscal year.
- **LCFF Concentration Grant:** About \$1.1 billion in increases to the LCFF grant percentage from 50 percent to 65 percent of the base grant.
- **K-12 Deferrals:** \$11 billion to fully pay off all apportionment deferrals.
- **SB 740 Charter School Facilities:** An increase of about \$6.7 million for a total of \$143.52 million.
- **Special Education Increases which will be allocated to SELPAs as follows:**
 - A COLA of 4.05 percent to the special education formula.
 - \$396 million in new ongoing funding, for an increase to the per-ADA statewide base rate.
 - \$260 million in new ongoing funding for specified services for children aged 3-5 years old.
 - \$550 million in one-time funding to increase alternative dispute resolution and learning recovery supports.



- **Expanded Learning Program:** \$1 billion ongoing funds and \$753.1 million in one-time funds in 2021-22, to expand afterschool and summer school enrichment programming for high-need students in grades TK-6 in classroom-based Local Education Agencies (LEAs).
- **Community Schools Partnership:** Current program is increased by \$3 billion in one-time funding available through 2028 and aligns program requirements to Healthy Start program.
- **Educator Effectiveness Block Grant:** \$1.5 billion in one-time funds available over five years.
- **Teacher Supports:** \$1.3 billion in one-time funding for various teacher recruitment, retention, and professional development programs.
- **A-G Completion Grant Program:** \$547.5 million in one-time funding to LEAs to improve A-G completion rates.
- **Universal School Meals Program and Nutrition Grants:** Increase in state meal reimbursements by \$54 million in 2021-22 to cover the costs of offering breakfast and lunch for all students beginning in 2022-23. Provides \$150 million for grants to LEAs to improve food service infrastructure, training and quality.
- **Universal Transitional Kindergarten (TK) and TK Expansion Grants:** Phases in from 2022-23 to 2025-26 TK eligibility to all four-year-olds and provides \$300 million in 2021-22 for expansion planning grants.
- **Career Technical Education Incentive Grant:** \$150 million increase for high-quality regional-based career technical education programs.

Proposition 98

The provisions of Proposition 98 (1988) establish a minimum funding guarantee for TK through community college education based on complex calculations and interactions of a number of economic and demographic variables. TK-12 education receives approximately 89 percent of Proposition 98 guarantee, with the remainder allocated to community colleges. The final budget makes adjustments to the Proposition 98 guarantee in both 2019-20, and 2020-21, and provides \$96.066 billion in ongoing Proposition 98 funding for the 2021-22 budget year. The following table shows the changes in each year to the minimum guarantee from the Governor's Budget estimates in January to the final budget:

Proposition 98 Guarantee: 2021-22 Final Budget Act (Dollars in Billions)			
Total Prop. 98	2019-20	2020-21	2021-22
January 2021 Estimate	\$79.5	\$82.8	\$88.1
Final Budget Act	\$79.17	\$93.14	\$96.07
Difference	-\$0.33	\$10.34	\$7.97

Local Control Funding Formula (LCFF)

The LCFF provides a base target per-pupil rate for grade level span (TK-3, 4-6, 7-8 and 9-12) and additional grade span adjustments for K-3 and high school average daily attendance (ADA). Each pupil who is identified as an English Learner, or who is eligible for free or reduced priced meals (FRPM), or who is a foster youth, generates an additional supplement. Finally, in addition to the base and supplemental grant, districts and charter schools receive an additional weighted grant if they have a high concentration of high-needs pupils overall.



The Final Budget Act provides a 5.07 percent base increase in the LCFF from 2020-21, as proposed in the May Revision. This is a \$3.2 billion ongoing increase in the 2021-22 fiscal year. The increase carries through to the LCFF supplemental and concentration grants as well.

Concentration Grant Increase:

The budget increases the LCFF concentration grant percentage from 50 percent to 65 percent of the base grant, providing about \$1.1 billion in additional LCFF funding statewide. LEAs that receive a concentration grant will be required to demonstrate in their local control accountability plan (LCAP), how the additional funding received as a result of the increased concentration grant add-on will be used to increase the number of credentialed staff or classified staff, including custodial staff, that provide direct services to pupils. The threshold for concentration grant eligibility remains at 55% of unduplicated pupils at the LEA. Charter school grant rates remain capped at the eligibility percentage of their authorizing district.

Below are the estimated rates, supplements and multipliers under the LCFF for 2021-22. Actual funding to be received by each school will vary depending on the pupil population.

LCFF Funding Element	LCFF Amounts for 2021-22
Grade TK-3 Base	\$8,096
Grade K-3 Grade Span Adjustment	\$ 842 (10.4% of K-3 target)
Grade 4-6 Base	\$8,217
Grade 7-8 Base	\$8,462
Grade 9-12 Base	\$9,806
Grade 9-12 Grade Span Adjustment	\$ 255 (2.6% of 9-12 target)
Supplement per unduplicated Free or Reduced Priced Meal Eligible pupils, English Learners or Foster Youth	20% of average base and add-on funding per eligible ADA
Concentration Supplement per pupil above 55% of the lesser of total district or charter percent high need	In 2021-22 increased from 50% to 65% of average base and add-on funding per eligible ADA above 55%.

LCFF Tools: The information above provides a brief overview of the LCFF and the estimated component rates. However, an additional tool is an LCFF calculator developed by the state Fiscal Crisis and Management Assistance Team (FCMAT) to assist schools in estimating LCFF funding. The [FCMAT LCFF Resources page](#) includes the downloadable LCFF calculator.

K-12 Education Funding Details

Apportionment Deferrals: The Final Budget Act provides a total of \$11 billion in one-time Proposition 98 funding to fully pay off the K-12 deferrals that were initiated last year.

Charter School Facility Grants: The SB 740 Facility Grant Program is administered by the California School Finance Authority (CSFA) and provides partial cost reimbursement to eligible charter schools in leased space. As proposed in May, the Final Budget Act provides an increase of about \$6.7 million for a total of \$143.52 million for 2021-22. However, the budget does not contain any settle-up funds for any shortfall of funding for 2020-21. We note that this program is currently over-subscribed, meaning that



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schools will likely get less than their full funding, even with the increase provided in the budget. More program information can be found at the [CSFA website](#).

Special Education: The budget contains a number of enhancements to special education funding, including:

- A COLA of 4.05 percent to the special education formula.
- \$396 million in new ongoing Proposition 98 funding, for an increase to the per-ADA statewide base rate to \$715.
- \$450 million in one-time funding to SELPAs for learning recovery supports associated with impacts of school disruptions from the pandemic. Funds will be allocated on a per pupil basis based on pupils with exceptional needs. Distribution of funds will be at the discretion of each SELPA.
- \$100 million in one-time funding to SELPAs to increase support to their members for dispute prevention and voluntary alternative dispute resolution activities. Funds will be allocated on a per pupil basis based on pupils with exceptional needs.
- \$260 million in new ongoing funding to include funding for specified services for children aged 3-5 years old in the formula.
- The budget included 3 separate working groups focused on Special Education Funding & Governance, a Statewide IEP Template, and Alternate Pathways to Graduation. Recommendations on changes to our system will be forthcoming later this summer.

CalSTRS and CalPERS Pension Relief:

The budget allocates nearly \$3 billion over the next four years for supplemental pension payments for schools and community colleges, including \$400 million in 2021-22 to offset future costs.

Significant New and Expanded Programs

The budget contains a number of new programs or significant changes to existing programs that may include **new mandates** as well as additional funding for charter schools. Some of the more significant of these programs are described here, and others are outlined in the table below.

Universal Transitional Kindergarten (TK) and TK Expansion Grants: Starting in the 2022-23 school year, in each year from 2022-23 to 2025-26, the eligibility date for TK students will expand by three months until all four-year-olds born by September 1 are eligible for a full year of TK before kindergarten. (The Proposition 98 guarantee will be re-benched by approximately \$2.7 billion at full implementation.) The law also caps TK class size to 24 pupils, and reduces the adult to student ratio in TK to 1 to 12 starting in 2022-23 and 1 to 10 starting in 2023-24. Other existing laws and standards around TK participation and implementation remain in place.

To support the TK expansion, the budget includes \$300 million for TK planning grants in 2021-22. \$200 million of the funds will be allocated to all LEAs, including charter schools, that operate a kindergarten program at a minimum amount of \$100,000 per LEA. Of the remaining funds, 60 percent shall be allocated on an equal amount per 2019-20 kindergarten Average Daily Attendance (ADA), and the remaining 40 percent based on 2019-20 LCFF unduplicated pupil count multiplied by kindergarten ADA.



Funds may be used for planning, hiring, training, materials, etc., necessary to expand TK services or to strengthen partnerships with other providers such as Head Start and State Preschool. LEAs will be required to provide relevant early learning data to the California Department of Education (CDE) and create a plan by June 30, 2022 for how all children will have access to a year of full-time early learning prior to kindergarten.

The remaining \$100 million will be allocated by the CDE for application-based competitive grants to LEAs or consortium of providers for increasing the number of highly qualified early learning teachers, and to provide early learning teacher training on topics such as inclusive classrooms, culturally responsive instruction, and mitigating implicit bias. These funds will be available through June 30, 2024.

Expanded Learning Opportunities Program: This program will be available starting in 2021-22 to all **classroom-based LEAs serving kindergarten through grade six** to expand afterschool and summer school **enrichment programming** for high-need (LCFF unduplicated) students. \$1 billion ongoing funds and \$753.1 million in one-time funds will be provided in 2021-22, growing to \$5 billion in ongoing funding at full implementation for classroom-based LEAs, based on the average daily attendance (ADA) count of low-income, English learner and foster youth students in grades TK-6.

An LEA serving K-6 in the prior year will receive a minimum grant of \$50,000. An LEA with an unduplicated pupil count of greater than 80% shall receive \$1,170 per unit of prior year K-6 ADA multiplied by the unduplicated pupil percentage. Remaining funds shall be allocated to all other LEAs based on prior year K-6 ADA multiplied by the unduplicated pupil percentage.

As a condition of apportionment of these funds in 2021-22, an eligible LEA **shall offer** all unduplicated pupils in kindergarten through grade 6, **and provide** to at least 50% of those pupils, access to expanded learning opportunity programs. Beginning in 2022-23 all LEAs shall offer all pupils in K through grade six access to expanded learning opportunities programs and provide them to all pupils who request their placement in a program. The program combined with the educational day shall offer nine-hours of combined service time on regular instructional days, plus 30 days of non-school day opportunities during intersessional periods of no less than 9 hours per day. LEAs are encouraged to coordinate with community based organizations and other programs such as federally subsidized childcare programs to maximize these opportunities, and may charge pupil fees in accordance with Education Code 8482.6.

Food Services Grants/Meal Service Expansion: The budget contains an increase in state meal reimbursements of \$54 million in the 2021-22 fiscal year and \$650 million in ongoing Proposition 98 funding beginning in 2022-23, to cover the costs of offering breakfast and lunch for all students.

Starting in 2022-23 school districts and charter schools shall provide two school meals free of charge during each school day to any pupil who requests a meal, without consideration of the pupil's eligibility for free or reduced price meals. Schools that participate in the federal breakfast and lunch programs shall be reimbursed by the CDE for the cost of meals to ineligible students, at the federal rate.

To assist in preparing for this expansion, the budget contains \$120 million in 2021-22 for a minimum \$25,000 per LEA, including all charter schools, for kitchen infrastructure upgrades, such as cooking and service equipment, storage and transportation. Funds remaining after minimum grants are allocated shall be provided to LEAs with at least 50% free and reduced price meal eligibility, based on the LEA's total enrollment of eligible pupils. An additional \$30 million shall be allocated to LEAs based on the

number of classified employees in 2020- 21, with a minimum grant of \$2,000 per LEA for food service staff training.

A Through G Completion Grants: The budget provides \$547.5 million in new one-time funding in 2021-22 to LEAs to provide additional supports to improve A-G course completion rates, as follows:

- \$300 million is for “A-G **Access** Grants” which allocates an equal amount per pupil in grades 9-12 to LEAs with A- G completion rate of less than 67%.
- \$100 million is for “A-G **Success** Grants” which allocates an equal amount per pupil in grades 9-12 to LEAs with A-G completion rates of 67% or higher.
- \$147.5 million is for “A-G **Learning Loss Mitigation** Grants” Which allocates an equal amount per LCFF unduplicated pupil in grade 9 through 12. These funds shall be used to allow pupils who received a grade of D, F, or fail in an A-G course in Spring 2020, or 2020-21 to retake those courses, or offer other credit recovery opportunities.

An eligible LEA that received an LCFF concentration grant in 2020-21 shall receive a minimum A-G Access or Success Grant, and A-G Learning Loss Grant of \$75,000. Grant recipients shall complete a plan, as specified, by January 1, 2022 describing how funds will increase or improve A-G eligibility for unduplicated pupils. These funds are available for use through 2025-26.

Other School and Teacher Improvement Programs: The following table describes a number of other new and expanded funding opportunities to support students and teachers.

Program	Funding	Purpose	Charters
Community School Partnership Grant	Existing program increased by \$3 billion in one-time funding available for use through 2028.	Augments and amends existing grant program to encourage integrated school, mental health, health and other community services. Improves alignment of program requirements to Healthy Start program. Competitive planning or implementation grants provide priority to LEAs with at least 80% LCFF unduplicated pupils.	Previously excluded nonclassroom-based charter, but now ALL charters may compete individually or through a consortium.
Career Technical Education Incentive Grant	\$300 million total (\$150m increase) to existing program for new and continuing grants.	Supports competitive matching grants for high-quality regional-based career technical education programs.	Charters are eligible to compete as LEAs or through a consortium of LEAs and providers.
Educator Effectiveness Block Grant	\$1.5 billion in one-time funds allocated to LEAs in an equal amount per full-time equivalent certificated and classified staff in 2020-21. Funds are available over five years.	Broad use of professional development activities for teachers, administrators, paraprofessionals and classified staff that interact with pupils. As a condition of apportionment, schools must complete a plan as specified on the use of funds by December 30, 2021.	Non-competitive allocation of funds. All charters with staff in 2020-21 are included.
Teacher Residency Grant	\$550 million for Grants of \$25,000 per new teacher for mentoring,	Grant applicant-based program through CTC that partners with one or more approved teacher prep programs	Charter schools are eligible applicants and may apply individually



	teacher preparation, recruitment, etc.	leading to a preliminary credential to increase qualified teachers in high need subject areas and locations.	or as part of a consortium.
National Board (NB) Certified Mentor Grant	\$250 million for \$25,000 grants per eligible teacher of \$5K per year.	Incentive grants for NB-Certified teachers to work in high need school for five years, and for teachers to initiate the process of NB certification.	Charter teachers are eligible, but candidates must apply through the authorizing district.
Classified Employee Credential Grant	\$125 million for up to \$24,000 over five years, per candidate.	Existing program through CTC, with priority for LEAs not previously funded and with high LCFF unduplicated counts.	All charters included.

Education Trailer Bill Policy Changes

The budget is typically accompanied by supplemental implementing legislation known as Trailer Bills. This year, [Assembly Bill \(AB\) 130, the Education Trailer Bill](#) not only contain the appropriations and implementation requirements for the programs noted above, but it also provides the detail on a number of significant statutory policy changes that affect charter schools. Some of these include:

Charter School Renewal Extension: One of the most significant issues that charter schools face coming out of the pandemic is how to address charter renewals when there have been two years of missing Dashboard and CAASPP data. CCSA advocated for renewal relief for charter schools and we are pleased that the trailer bill included the following language which reflects our request:

Education Code Section 47607.4: *“Notwithstanding the renewal process and criteria established in sections 47605.9, 47607, and 47607.2 or any other law, effective July 1, 2021, all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years.”*

Nonclassroom-based Charter Moratorium Extension: The charter school community rallied against an existential threat to charter schools this year with the introduction of Assembly Bill 1316 (O'Donnell). While significant advocacy efforts were successful in holding this bill from moving forward, the legislature extended the existing moratorium on the approval of new nonclassroom-based charter schools for an additional three years to provide more time to consider and address any concerns related to the fiscal operations and accountability of nonclassroom-based schools.

Education Code Section 47612.7. (a) is amended to read: *“Notwithstanding any other law, and except as provided in subdivision (b), from January 1, 2020 to January 1, ~~2022~~ 2025 inclusive, the approval of a petition for the establishment of a new charter school as defined in paragraph (2) of subdivision (e) of section 47612.5, is prohibited.”*

Independent Study Reforms: Also of note in AB 130 are significant changes to the operation of independent study programs. These changes apply to all charter schools and school districts that offer independent study, including nonclassroom-based charters. These rules will replace the COVID related flexibilities related to schools that offered distance learning or independent study during the pandemic. [You can find the amendments to the Independent Study law here.](#) Schools are encouraged to consult with their lawyers and review the full range of changes to ensure compliance. Below are some



of the key highlights, and most significant changes to independent study beginning in the 2021- 22 fiscal year. CCSA has identified significant concerns with these new provisions including a lack of clarity and no transition time before compliance is required. We understand that clean up amendments will most likely be considered, however, given the legislative recess until August 15, any changes will not likely be resolved until late August at the earliest.

Virtually none of the new requirements are subject to SBE waiver and compliance with new requirements will be included in the State Controller's K-12 audit guide. The new requirements apply to both full-time independent study and course-based independent study offerings. Here are some of the most significant new requirement of the independent study changes in AB 130:

Education Code section (EC) 51745.5 includes new definitions of:

- *“Live interaction” means interaction between the pupil and local educational agency classified or certificated staff, and include peers, provided for the purpose of maintaining school connectedness, including, but not limited to, wellness checks, progress monitoring, provision of services, and instruction. This interaction may take place in person, or in the form of internet or telephonic communication.*
- *“Synchronous instruction” means classroom-style instruction or designated small group or one-on-one instruction delivered in person, or in the form of internet or telephonic communications, and involving live two-way communication between the teacher and pupil. Synchronous instruction shall be provided by the teacher of record for that pupil pursuant to Section 51747.5.*

EC 51747:

- Requires policies that address specified indicators of satisfactory progress, including, for high school students, access to all A through G courses offered by the LEA.
- Procedures for tiered re-engagement as specified for students who are absent more than three school days or 60% of the instructional days in a week.
- Requires a plan to provide opportunities for synchronous instruction or live interaction:
 - Grades TK-3: A plan to provide opportunities for daily synchronous instruction for all pupils throughout the year.
 - Grades 4-8: A plan to provide opportunities for both daily live interaction and at least weekly synchronous instruction for all pupils.
 - Grades 9-12: A plan to provide opportunities for at least weekly synchronous instruction.

EC 51747.5:

- Requires an LEA to document each pupil's participation in live interaction and synchronous instruction on each school day, as applicable, and maintain written or computer based evidence of pupil engagement.

Additional Considerations

Given the complexity of this year's budget and the significant policy changes imposed in the Trailer Bill, it is possible that the legislature may revisit some of these issues before the end of the legislative session this year. CCSA is actively advocating for clarifying amendments and ensuring a reasonable transition for the new Independent Study provisions. We will keep you posted of any changes that occur relative to the state budget or issues discussed in this brief.