



July 29, 2022

TO: Business Administrators
Los Angeles County School Districts
Charter Schools

FROM: Janelle de Leon, Manager
Business Advisory Services

SUBJECT: Notice of 2022-23 Advance Principal Apportionment

Attached is the Notice for the Advance Principal Apportionment for Fiscal Year 2022-23 certified by the California Department of Education (CDE) under Education Code (EC) Section 41330. The statewide total was \$49,496,413,510. The Advance Principal Apportionment letter and funding excel files are posted on the CDE's website at:

<https://www.cde.ca.gov/fg/aa/pa/pa2223.asp>

Local Control Funding Formula State Aid – School Districts and Charter Schools

The estimated 2022-23 state aid for each school district and charter school is based on funding from the 2021-22 Second Principal Apportionment (P-2) certification. Specific calculation details related to provisions in AB 130, class size penalties, local revenue and Redevelopment Agency Asset Liquidation Funds, and Education Protection Account entitlements are included in the Advance Principal Apportionment letter.

Also contained in the Advance Principal Apportionment letter is information related to Basic Aid “Choice,” Court-Ordered Voluntary Pupil Transfer, Charter Supplement, Adults in Correctional Facilities, Special Education – Assembly Bill 602 and Infant Program funding, Transfer of Funds for County Served District funded average daily attendance, Other State Aid and Charter School Overpayments.

Payment Schedule

There are no payment deferrals for the 2022-23 fiscal year. For cash planning, the Principal Apportionment payment calculation schedule is available on the CDE's website at:

<https://www.cde.ca.gov/fg/aa/pa/papayschedule.asp>

The Payment Schedule Summary, detailing local educational agencies' monthly payment amounts from July through January, is available on the CDE's website at:

<https://www.cde.ca.gov/fg/aa/pa/iassf22adv.asp>

Charter Schools

Some charter schools are **direct-funded**, meaning they receive apportionment dollars directly from the CDE. For other charter schools, funding is first received by their chartering agency, and then forwarded to them. These charter schools are known as **locally-funded** charter schools.

Funding for both direct-funded and locally-funded charter schools is listed on the Advanced Apportionment Summary, which can be found on the CDE website listed above.

Charter schools should contact their authorizing agency, not the Los Angeles County Office of Education (LACOE), with questions regarding apportionments, timelines, forms, budget assumptions, or other issues.

This bulletin is posted on the Los Angeles County Office of Education website at:

<https://www.lacoe.edu/Bulletins.aspx>

Use the "Search" box in the Bulletins section to locate a specific bulletin by number or keyword.

Please contact me at (562) 940-1645, or by email at deleon_janelle@lacoe.edu, or your Business Services Consultant.

Approved:
Octavio Castelo, Director
Business Advisory Services

JD:lm
Attachment



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California Department of Education Official Letter

[Email notice of this letter was sent on July 20, 2022, to the PASE and CDEfisc email distribution lists.]

July 20, 2022

Dear County Superintendents of Schools:

2022–23 Advance Principal Apportionment

The California Department of Education (CDE) certified the 2022–23 Advance Principal Apportionment (Advance) on July 20, 2022, pursuant to California *Education Code (EC)* Section 41330. The statewide total was \$49,496,413,510. At the end of each month from July 2022 through January 2023, county treasurers will receive warrants that reflect state aid for Advance programs for local educational agencies (LEA). County superintendents of schools should advise school districts and charter schools of this apportionment immediately.

The 2022–23 Advance is apportioned on the basis of an LEA's Second Principal Apportionment (P-2) funding from the preceding fiscal year pursuant to *EC* Section 41330 and funding appropriations provided in the 2022–23 Budget Act and Assembly Bill (AB) 181, Chapter 52, Statutes of 2022.

A summary of the Advance calculations is provided below. This letter, as well as Excel files that provide funding and monthly payment amounts, are available on the CDE website at <https://www.cde.ca.gov/fg/aa/pa/pa2223.asp>. Additionally, the CDE has posted the 2022–23 Funding Rates and Information web page at <https://www.cde.ca.gov/fg/aa/pa/pa2223rates.asp>.

2022–23 Advance Calculations by Program

The following provides specific details regarding the calculation of funding for each program, including the Local Control Funding Formula (LCFF). **Because this apportionment is merely a means to begin allocating funds in accordance with *EC* Section 41330, it should not be used by LEAs for budgeting.**

AB 181 enacted several calculation changes to programs within the Principal Apportionment. While some of these changes were captured in the 2022–23 Advance, other changes—such as the calculation for declining enrollment for school districts or the County Operations Grant adjustments—were not. Items not included in the 2022–23 Advance calculations will be reflected at the 2022–23 First Principal Apportionment (P-1) Certification.

Local Control Funding Formula State Aid – County Offices of Education

The estimated 2022–23 LCFF State Aid for each county office of education (COE) is based on funding from the 2021–22 P-2 certification and reflects the following:

1. The 2021–22 LCFF Entitlement, with exception of the add-on funding component, was adjusted to reflect the 6.56 percent 2022–23 cost-of-living adjustments (COLA) for COEs funded based on the LCFF Target.
2. Additional funding for Local Control and Accountability Plan support for COEs funded on the Target formula as of 2016–17 P-2, pursuant to *EC* Section 2575.1, is included in the Advance state aid amount and was adjusted to reflect the 6.56 percent 2022–23 COLA for LCFF.
3. Additional state aid for differentiated assistance pursuant to *EC* Section 2575.2 is equal to the 2021–22 P-2 amount and includes a \$200,000 base allowance for COEs of single district counties.
4. The 2021–22 P-2 local revenue amount was used to determine the COE's Advance state aid and excludes any one-time Redevelopment Agency (RDA) Asset Liquidation funds reported as part of the COE's 2021–22 P-2 property taxes.
5. The Education Protection Account (EPA) Entitlement, which is an offset to state aid, has been recalculated to reflect the 2022–23 funding estimate of \$12.6 billion. See the EPA section below for additional details.

Local Control Funding Formula State Aid – School Districts and Charter Schools

The estimated 2022–23 LCFF State Aid is based on funding from the 2021–22 P-2 certification and reflects the following:

1. The 2021–22 P-2 LCFF Entitlement was recalculated with adjusted base grant rates to reflect the statutory COLA of 6.56 percent, as well as a 6.28 percent adjustment pursuant to *EC* Section 42238.02(d)(5). Details on the 2022–23 LCFF base grant rate calculation can be found at: <https://cde.ca.gov/fg/aa/pa/pa2223rates.asp#sdandcslcff>
2. The recalculated LCFF Entitlement includes transitional kindergarten add-on funding pursuant to *EC* Section 42238.02(g)(2), based on average daily attendance (ADA) reported for transitional kindergarten at 2021–22 P-2.

3. The recalculated LCFF Entitlement includes adjustments to Necessary Small School Allowances in accordance with *EC* sections 42282, 42284, and 42287.
4. 2021–22 class size penalties (reflected in the miscellaneous adjustments and minimum state aid adjustments lines of the School District LCFF funding exhibit) have been excluded from the Advance.
5. The 2021–22 P-2 local revenue amount was used to determine the school district's Advance state aid and excludes any one-time RDA Asset Liquidation funds reported as part of the district's 2021–22 P-2 property taxes.
6. The EPA Entitlement, which is an offset to state aid, has been recalculated to reflect the 2022–23 funding estimate of \$12.6 billion. See the EPA section below for additional detail.

Education Protection Account

EPA revenues, as authorized by Section 36 of Article XIII of the California Constitution, are generated by an increase in the personal income tax rates for upper-income taxpayers. All LEAs will receive quarterly EPA payments through the 2030–31 fiscal year, which will be paid outside of the Principal Apportionment. For most LEAs, EPA funding offsets state aid allocated through the Principal Apportionment.

Using a revised 2022–23 EPA revenue estimate of approximately \$12.6 billion, the CDE calculated estimated EPA entitlements using a factor of 42.11134218 percent based on the adjusted 2021–22 P-2 statewide total of revenue limits and charter school block grant funding, adjusted to reflect the statutory COLA of 6.56 percent, and 2021–22 P-2 local revenue data, adjusted to exclude one-time RDA Asset Liquidation funds. If an LEA's 2021–22 P-2 EPA entitlement was based on \$200 per ADA (the minimum), the 2022–23 estimated EPA entitlement was not recalculated for the Advance.

While the funding is not allocated through the Principal Apportionment, estimated 2022–23 EPA amounts are provided on the Advance Apportionment Summary available on the CDE's website at <https://www.cde.ca.gov/fg/aa/pa/iassf22adv.asp> for your convenience. For additional information on EPA calculations, letters of apportionment, payment schedules, spending restrictions, frequently asked questions, Standardized Account Code Structure financial reporting and more, please refer to CDE's EPA web page at <https://www.cde.ca.gov/fg/aa/pa/epa.asp>.

Basic Aid “Choice”, Court-Ordered Voluntary Pupil Transfer, and Charter Supplement

The 2022–23 Advance funding for Basic Aid “Choice”, Court-Ordered Voluntary Pupil Transfer, and Charter Supplement is based on the 2021–22 P-2 amounts for each LEA, adjusted for the 6.56 percent COLA.

Adults in Correctional Facilities

LEAs that participate in the Adults in Correctional Facilities (AICF) program receive funding on a reimbursement basis. The 2022–23 Budget Act provides \$8,136,000, which will be used to fund the 2021–22 program. Advance funding for the AICF program is equal to the 2021–22 P-2 state aid amounts for each LEA adjusted for the statutory COLA for 2020–21 at 2.31 percent and 2021–22 at 1.70 percent. Details on the 2021–22 rate calculation can be found at <https://www.cde.ca.gov/fg/aa/pa/pa2122rates.asp>.

Special Education – Assembly Bill 602 Program

The 2022–23 Budget Act provides \$4,488,775,000 for the AB 602 program. The estimated 2022–23 state aid for each Special Education Local Plan Area (SELPA) is based on funding from the 2021–22 P-2 certification and reflects the following adjustments:

1. The 2021–22 Special Education Property Tax amount was used to determine the SELPA's Advance state aid and excludes any one-time RDA Asset Liquidation funds reported as part of the county's 2021–22 P-2 property taxes.
2. A factor of 1.1639662919 was applied to each SELPA's adjusted 2021–22 state aid amount.

The 2022–23 Budget Act provides for an additional \$500 million to increase the base funding rates to \$820 per ADA and is included in the factor calculation used in the 2022–23 Advance. In addition, AB 181 implemented a new base funding formula to calculate allocation at an LEA level rather than at SELPA level, but funding continues to flow through SELPA. The CDE will implement the new base funding formula at the 2022–23 P-1 Certification, to be calculated pursuant to *EC* Section 56836.148.

Special Education – Infant (Ages Two Years and Younger) Program

The 2022–23 Budget Act provides \$84,886,000 for the Infant program. The Advance is based on the 2021–22 P-2 amounts for each LEA, adjusted for the 6.56 percent COLA.

Special Education – Mental Health Services

The 2022–23 Budget Act provides \$422,334,000 for Mental Health Services. The Advance is based on the ADA reported for the SELPA for the 2019–20 P-2 fiscal year. The mental health rates per ADA are \$0.5272775220 for the Los Angeles County Court and \$71.5833553563 for all other SELPAs.

Special Education – Early Intervention Preschool Grant

The 2022–23 Budget Act provides \$260,000,000 for Early Intervention Preschool Grant. The Advance is equal to the 2021–22 P-2 amounts for each LEA.

Expanded Learning Opportunities Program

The 2022–23 Budget Act provides \$4 billion for the Expanded Learning Opportunities Program. The CDE has set aside \$5 million of the total appropriation for COE apportionments to provide technical assistance, evaluation, and training services to support program improvement, pursuant to *EC* Section 46120(d)(7).

The 2022–23 entitlement calculation is based on each LEA's 2021–22 P-2 unduplicated pupil percentage (UPP) and classroom-based ADA in grades kindergarten through sixth grade pursuant to *EC* Section 46120(d)(1). The Advance reflects the new UPP thresholds and increased funding rates pursuant to AB 181. Details on the 2022–23 rate calculation can be found at <https://www.cde.ca.gov/fg/aa/pa/pa2223rates.asp#elop>.

Transfer of Funds for County Served District Funded Average Daily Attendance

EC Section 2576 requires the CDE to transfer funds from the district of residence to the COE for District Funded County Program ADA at the per-ADA LCFF rate of the school district, unless school district and COE agree on an alternative. Transfer of Funds for County Served District Funded ADA is based on the 2021–22 P-2 amounts, adjusted to reflect the 6.56 percent 2022–23 COLA applicable to the per-ADA LCFF rates.

Other State Aid



Other State Aid appropriations for the 2022–23 Advance can be found in AB 104 (Chapter 13, Statutes of 2015) and AB 130 (Chapter 44, Statutes of 2021).

Charter School Overpayments

Fourth quarter EPA revenue for fiscal year 2021–22 increased by approximately 53 percent over the estimated revenue used for the preceding quarters. This significant increase in EPA and a commensurate decrease in LCFF state aid resulted in many charter schools being overpaid at the 2021–22 P-2 Certification. For these charter schools the 2021–22 overpayment will be reflected in the Advance Apportionment Summary on Line A-19, Prior Year Amount Charter Overpaid. The negative adjustment on this line decreases the charter school's total 2022–23 Principal Apportionment, which has the effect of decreasing current year monthly Principal Apportionment payments to repay the prior year overpayment.

Payment Schedule

Monthly payments for the Advance (July 2022 – January 2023) are available on the CDE's website at the county summary level and by LEA. For cash flow planning, LEAs should refer to the Principal Apportionment Payment Schedule web page at <https://www.cde.ca.gov/fg/aa/pa/papayschedule.asp>. The State Controller's Office website

provides monthly payment information, including offset amounts at https://www.sco.ca.gov/ard_payments_k12.html  and estimated payment dates at https://www.sco.ca.gov/Files-ARD-Payments/sched_2022.xlsx  (XLSX).

If you need assistance, or have any further questions, please contact the Principal Apportionment Section by email at PASE@cde.ca.gov or by phone at 916-324-4541.

Sincerely,

Aaron Heredia, Assistant Director
Principal Apportionment Section

AH:dp

Last Reviewed: Wednesday, July 20, 2022
