



EL DORADO COUNTY CHARTER SELPA **Monday, May 11, 2015**

Meeting to be held via conference call
On Monday, May 11, 2015 at 10:00 a.m.

Please call in to 1-866-910-4857 (toll free)
Participant Passcode: 779154

AGENDA – EXECUTIVE COMMITTEE MEETING

EDCOE/Charter SELPA:

Vicki L. Barber, Retired EDCOE Supt. of Schools
David M. Toston, Executive Director
Ginese Quann, Charter SELPA Director
Heather Edwards, Esq., Girard & Edwards

Francie Heim, EDCOE/Charter SELPA Consultant
Lisa Donaldson, EDCOE Business Services
Tamara Clay, EDCOE SELPA Director
Kathleen Hall, Administrative Program Assistant

Executive Committee Members:

Mary Searcy Bixby, Altus Institute
Elise Darwish, ASPIRE Public Schools
Donn Harris, Oakland School for the Arts
Pat Hill, Mission View
Bill Batchelor, Livermore Valley
Tim Wolf, San Diego Consortium
LTC Richard Wallis, Oakland Military Institute
Jean Hatch, Redding School of the Arts
Jonathan Dean, The O'Farrell Charter School
Mike Tracy, Heritage/Temecula Prep
Cerrene Cervantes, FAME
David Sciaretta, Einstein Academies

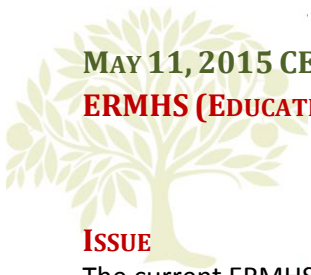
Lynne Alipio, Altus Institute
Paula DeGroat, Lifeline Education
Cindy Petersen, Gateway Community Charters
Preston Smith, Rocketship Education
Genevieve Thomas, Rocketship Education
Gia Truong, Envision Schools
Karin Marsolais, Preuss
Dawn Evenson, iLead Schools
Steve Gocke, Learn4Life
Phil Spears, Rocklin Academies
Wendy Ranck-Buhr, San Diego Cooperative Schools
Alejandra Velez, Alliance

1. Charter SELPA 2014-15 ERMHS (Educationally Related Mental Health Services) Budget Update and Allocation Plan Language Revision

A document entitled “ERMHS (Educationally Related Mental Health Services) Allocation Plan Changes” is included as Attachment 1. This document includes recommendations to be brought to the Executive Committee for input with any final Allocation Plan language changes occurring at the May 2015 CEO Council meeting.

2. Next Meeting Date

The next regularly scheduled meeting of the Charter SELPA Executive Committee is a dinner/retreat to be held Wednesday, May 20, 2015 at 5:30 p.m. at the Doubletree Downtown San Diego at 1646 Front Street in San Diego, CA.



ERMHS (EDUCATIONALLY RELATED MENTAL HEALTH SERVICES) ALLOCATION PLAN CHANGES

ISSUE

The current ERMHS Allocation Plan is in need of revisions. This document is divided into two action items:

- The 2014-15 ERMHS Allocation Plan is working well and there are recommendations to allocate the anticipated ending balance amount that exceeds a 10% reserve.
- 2015-16 ERMHS Allocation Plan changes are proposed for consideration.

BACKGROUND

The 2014-15 ERMHS funding formula (CEO Council approved May & September 2014) is working.

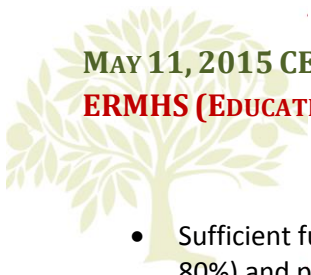
The new formula was intended to provide adequate funds for Level 3 ERMHS NPS placement costs (including residential costs), and provide a predictable revenue stream for Level 1 and Level 2 budget requests, with an early warning system of potential shortfalls and a methodology to deal with shortfalls, should they occur.

Budget requests for Levels 1, 2 and 3 were required to be submitted by November 3, 2014. Preliminary results using a conservative estimate of ADA resulted in a possible 10% Level 2 shortfall that was communicated to the field. Notification was provided to the field in February 2015 that, due to a variety of factors, **NO SHORTFALL** will occur in 2014-15. The best estimate of 2014-15 Level 3 costs is \$1.8 M., and only \$200K of the \$800K reserve (line 11) is needed.

	Charter SELPA Mental Health 2014-15 & 2015-16 Update	2013-14 End of Year Actuals	2014-15 Original Budget	2014-15 November Update	2014-15 February Update	2014-15 May Update	2015-16 Prelim. Budget
	SELPA wide Estimated P-2 ADA			100,000	103,334	103,429	119,500
	Income		Budget				
1	MH Grant - State & Federal	6,226,379	7,100,000	7,100,000	7,395,669	7,343,459	8,300,000
2	One time transfer to balance	794,679					
3	Total Income	7,021,058	7,100,000	7,100,000	7,395,669	7,343,459	8,300,000
4	Level 1	1,876,637	1,000,000	1,000,000	1,033,340	1,033,340	
5	Level 2 - Counseling Plans	3,890,333	3,040,000	3,974,264	3,159,717	3,159,717	5,300,000
6	Level 2 potential shortfall			(374,264)			
7	Level 2 funding changed from 80% to 85%					200,000	
8	Level 2 funding changed from 85% to 90% = cost of \$200K - \$130K gets to 88%					130,000	
9	Transportation - Level 2					100,000	100,000
10	Level 3 - NPS / Residential	1,489,576	2,130,000	1,645,094	1,620,851	1,800,000	2,500,000
11	Reserve for additional Level 3 placements			754,906	800,000		
12	SELPA indirect	100,000	100,000	100,000	221,870	220,304	249,000
13	Total Expenditures	7,356,546	6,270,000	7,100,000	6,835,778	6,643,361	8,149,000
14	Beginning Balance	335,488	-	-	-	-	700,098
15	Ending Balance	-	830,000	-	559,891	700,098	851,098
16	<i>Ending Balance as % of Income</i>		<i>12%</i>	<i>0%</i>	<i>8%</i>	<i>10%</i>	<i>10%</i>

The following elements in the budget are noted:

- The original budget ending balance was \$830,000 or 12% of income. Until we can better estimate costs – particularly with Level 3 residential costs – a 10% reserve is reasonable. Over time, we may consider reducing the reserve to 5%.
- Sufficient funds are available in 2014-15 to fund Level 2 at 85% (\$200K) and possibly 90% (\$200K).
- Sufficient funds are available in 2014-15 to fund a Level 2 transportation reimbursement pool at 85% of expenditures (possibly 90%).



ERMHS (EDUCATIONALLY RELATED MENTAL HEALTH SERVICES) ALLOCATION PLAN CHANGES

- Sufficient funds are available in 2014-15 to fund Level 3 structured therapeutic programs at 85% (from 80%) and possibly increase to 90%.
- The Charter SELPA may claim an indirect rate, and 3% is budgeted.
- 2014-15 funding rate is \$71 (\$60.50 state and \$10.50 federal) times current year P-1 ADA. This will be updated with P-2 ADA and any state/federal rate changes that may occur at year end.
- 2015-16 budget assumes a change in funding with the federal \$10.50 per ADA portion of the \$71 rate based on **prior year** ADA. The state rate is assumed to continue to be based on current year ADA.
- 2015-16 budget in the chart above shows the impact of the proposed recommendations and projects an ending balance of 10%.

Summary of Current (2014-15) Allocation Plan Language:

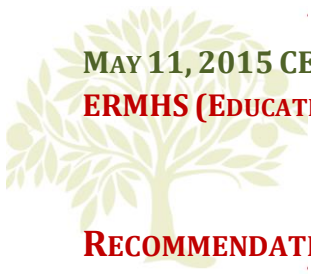
- Level 1 \$10 per ADA Budget request is submitted by November 3, 2014.
- Level 2 Service level formula (\$3,000 per service) based on November 1 counts, capped at \$250 per ADA, 80% funded, 108 plans.
- | | |
|--|----------|
| # of budget requests capped with SEIS formula: | 83 |
| # of budget requests capped with ADA formula: | 4 |
| # of budget requests less than SEIS/ADA formula: | 68 |
| Plans received without SEIS services: | <u>4</u> |
| Total: | 159 |
- Level 3 Structured therapeutic program, 80% funded (certificated costs only).
ERMHS for NPS placement, 90% funded.
NPS placement residential costs, 100% funded.

2014-15 Level 3 Detail	NPS Resident.	NPS ERMHS	NPS ERMHS Transp.	Site Based Structured Therapeutic	Total
YTD Estimates	760,052	551,008	117,929	155,516	1,584,505
% Funded	100%	90%	90%	80%	
Total	760,052	495,907	106,136	124,413	1,486,508
3 placements (April, May, June) costs still unknown					313,492
Total					1,800,000
# Students (cumulative)	11	23	11	7	

The Allocation Plan allows a Level 2 “second window” of opportunity. Charter SELPA administration, with input from CEO Executive Committee (March 2015), determined that no second window of opportunity was opened in 2014-15.

The Allocation Plan language delayed formal action regarding ERMHS related transportation costs. Guidance on transportation costs was provided to the field (CEO Executive Committee November 2014), but **formal CEO Council action is needed.**

- Transportation costs allowable under Level 1 and Level 3 but not Level 2.



ERMHS (EDUCATIONALLY RELATED MENTAL HEALTH SERVICES) ALLOCATION PLAN CHANGES

RECOMMENDATIONS FOR CEO COUNCIL ACTION

2014-15 ERMHS ALLOCATION PLAN LANGUAGE

The Allocation Plan is silent on increasing Level 2 funding from 80% to a higher amount. Formal CEO Council action is needed to increase the 2014-15 Level 2 reimbursement level to a higher percent. Formal CEO Council action is needed for transportation reimbursement definitions. There are sufficient funds to allow for a revision on indirect cost provisions.

RECOMMENDATION FOR 2014-15

1. Should the mental health ending balance exceed 10% of income (\$730,000 in 2014-15), the amount over 10% shall be allocated to fund in the following order:
 - a. Increase Level 2 reimbursement and Level 3 site based structured therapeutic program from 80% to 85% (\$200K).
 - b. Establish a \$100K pool to fund Level 2 ERMHS transportation costs outside of the existing Level 2 formula at 85%.

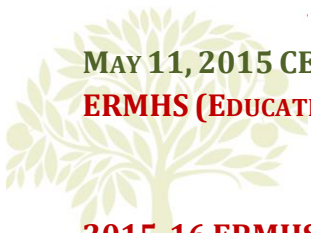
If additional funds are available after the \$300K allocation above:

- a. Increase Level 2, Level 3 site based structured therapeutic programs and Level 2 ERMHS transportation from 85% to a maximum of 90% (estimated cost of \$200K to reach 90%).
 - b. Currently \$130K estimated to be available but this will change with P-2 ADA, end of year revised state/federal rate changes, and final costs filed for Level 1, Level 2, Level 3 and Level 2 ERMHS related transportation costs.
2. The Allocation Plan language delayed formal action regarding ERMHS related transportation costs. Guidance on transportation costs was provided to the field, but **formal CEO Council action is needed.**

Because of the sufficiency of the 2014-15 projected ending balance, the recommendation is as follows:

- ERMHS Transportation costs allowable under Level 1 within the current Level 1 ADA formula.
- ERMHS Transportation costs allowable under Level 3 within the current Level 3 formula.
 - a. Residential 100%.
 - b. NPS ERMHS related 90%.
- ERMHS Transportation costs allowable under Level 2.
 - a. 80% to 90% funded based on sufficiency of ending balance.
 - b. Outside of the current service formula/ADA cap.
 - c. Reimbursement filed at year end.
 - d. \$100,000 allocated. If reimbursements exceed \$100K, funding pro-rated.

3. Because of the sufficiency of the 2014-15 ending balance indirect costs are allowed as follows:
 - a. Level 1 - currently allowed.
 - b. Level 2 - revise Allocation Plan language to allow in 2014-15.
 - c. Level 3 - revise Allocation Plan language to allow in 2014-15 subject to CA School Accounting Manual guidelines which only allow the first 25,000 of contract amounts to be subject to indirect cost rates.



ERMHS (EDUCATIONALLY RELATED MENTAL HEALTH SERVICES) ALLOCATION PLAN CHANGES

2015-16 ERMHS ALLOCATION PLAN LANGUAGE

BACKGROUND

CDE has provided the following guidance regarding the use of mental health funding:

*The legislature was clear that these funds are targeted for related services and that the funds are made available to local educational agencies (LEAs) to provide services formerly provided by the County Mental Health agencies and the Department of Social Services. The funds **cannot** be spent on educational services that have historically been provided by LEAs for students with emotional or behavioral needs.*

While there is debate regarding this guidance, given the ongoing interest in how schools are utilizing these resources, we have crafted conservative recommendations. There are two primary areas of our current plan that need to be modified to align our practices with the current more conservative interpretations of the AB114 funding parameters.

- Level 1 allocations
- Behavior support services

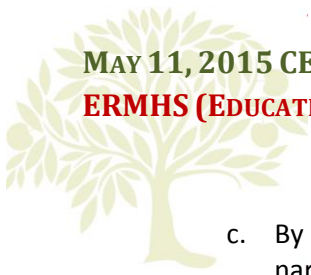
RECOMMENDATIONS FOR CEO COUNCIL ACTION

2015-16 ERMHS ALLOCATION PLAN LANGUAGE

1. Merge Level 1 budget amounts with Level 2 and create an estimated \$5.3 M. budget – with all funds subject to Level 2 formulas and guidelines.
2. Continue current Level 2 formulas:
 - a. Maintain Level 2 language - Service level formula of \$3,000 per service, capped at \$250 per ADA, 80% funded. Continue 80% funded and \$250 ADA cap but \$3,000 per service and count dates would be modified as noted below.
 - b. By September 15 of each year Charter SELPA administration will make a finding of sufficiency of Level 2 funding based on the following variables:
 - Prior Year ERMHS ending balance
 - Projected current year ADA
 - Projected current year Level 3 projected costs
 - Projected current year Level 2 service counts
 - Based on these findings, the service level formula amount will be established
Maximum rate = \$3,000
Minimum rate = \$2,000

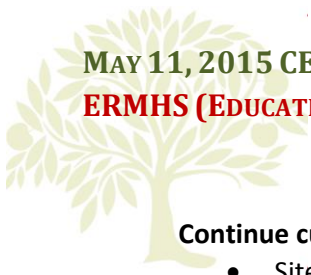
By September 15, if there is a finding of sufficiency of funding, \$100K will be available for Level 2 transportation reimbursement – outside of the Level 2 service cap/ADA formula. The intent is to provide 80% funding for eligible costs. If \$100K is not sufficient, funding will be pro-rated based on claims submitted at year end.

By September 15, if there is a finding of sufficiency of funding, indirect costs will be allowed for Level 2.



ERMHS (EDUCATIONALLY RELATED MENTAL HEALTH SERVICES) ALLOCATION PLAN CHANGES

- c. By November 1 of each year, LEA's wishing to participate in Level 2 funding will submit a written narrative describing their annual plan to deliver services to students eligible for mental health services as defined by AB 114 and Charter SELPA ERMHS guidelines.
 - d. Level 2 Service Count Date
A count of Level 2 services will be taken on December 1 (previously November 1).
The count is not cumulative, but a snapshot. If the December 1 service count exceeds projections, Charter SELPA administration may revise the September 15 formula amount:
Maximum rate = \$3,000
Minimum rate = \$2,000
 - e. Budget request submission date is January 15 (no longer November 1).
 - f. Eliminate current language on 2nd window of opportunity to apply for Level 2 funding.
 - g. By February 28 of each year:
Charter SELPA administration will make a finding of sufficiency of mental health funding based on Level 2 budget requests submitted and Level 3 budget requests submitted. If there is a finding of sufficiency of funds:
 - If the Level 2 formula was set lower than \$3,000, the formula will be increased up to \$3,000.
 - The Level 2 reimbursement, Level 3 site based structured therapeutic program, and Level 2 ERMHS related transportation reimbursement will be increased from 80% to a maximum of 90%.
 - h. Behavior support (service code 535) will be included in the service level formula (and expenditures allowed) under the following criteria:
 - i. Behavior support plan in place supporting MH service.
 - ii. At least one other mental health service identified.
 - i. Charter SELPA ERMHS guidelines will be updated to reflect the changes approved.
 - j. Mental Health ending balance reserve to be established in a range from 5% to 10%.
3. Level 3 Allocation Plan Language
Increase budget from \$2 M. to \$2.5 M.
Current language remains that allows funds from ending balance reserves, Level 2, and Level 3 be reallocated as needed to fund budget requests per the formula.



ERMHS (EDUCATIONALLY RELATED MENTAL HEALTH SERVICES) ALLOCATION PLAN CHANGES

Continue current structure and language:

- Site based structured therapeutic program, 80% funded (certificated costs only).
- ERMHS for NPS placement, 90% funded.
- NPS placement residential costs, 100% funded.
- ED as primarily or secondary disability.
- Transportation allowed.

Revise indirect costs (currently not allowed).

Indirect costs would be allowed for NPS ERMHS and residential costs, consistent with CSAM indirect cost provisions that do now allow for indirect costs to be claimed for contract costs beyond the first \$25,000.

Revise due dates for NPS ERMHS and Residential.

Current language provides for a November 1 submission, with a 30 day notification after later placements.

ERMHS NPS and Residential:

- Eliminate November 1 due date.
- At the start of each year, Charter SELPA shall contact all charters with placements in the prior year to determine the anticipated current year budget amounts.
- Prior to any new placements, SELPA must be consulted and a preliminary budget request submitted.
- Immediately after execution, a copy of the contract, ISA, and revised budget request must be submitted to the Charter SELPA. When a placement is discontinued, Charter SELPA shall be notified immediately so the budget may be revised.
- Maintain current cash flow language.

Site based structured therapeutic program – maintain current due date of November 1. Maintain current cash flow language.