



EL DORADO CHARTER SELPA **Thursday, September 15, 2016**

Meeting to be held via Adobe Connect
on Thursday, September 15, 2016 at 10:00 a.m.

Registration for the Adobe Connect teleconference
will be available at least two days prior to the meeting
and the link will be sent out electronically.

AGENDA – EXECUTIVE COMMITTEE MEETING

Charter SELPA:

David M. Toston, Associate Superintendent
Ginese Quann, Charter SELPA Director
Robert Steponovich, SELPA Business Services Director

Vicki L. Barber, Retired EDCOE Supt. of Schools
Francie Heim, EDCOE/Charter SELPA Consultant
Kathleen Hall, Administrative Assistant

Executive Committee Members:

Mary Searcy Bixby, Altus Institute
Gia Truong, Envision Schools
Cindy Petersen, Gateway Community Charters
Pat Hill, Learn4Life
Genevieve Thomas, Rocketship Education
Tim Wolf, King-Chavez Charter Schools
Debi Gooding, The Learning Center
Jean Hatch, Redding School of the Arts
Jonathan Dean, The O'Farrell Charter School
J.J Lewis, Academy of Art and Sciences

Lynne Alipio, Altus Institute
Paula DeGroat, Lifeline Education
Paul Keefer, Pacific Charter Institute
Preston Smith, Rocketship Education
David Sciarretta, Einstein Academies
Melissa Mora, ACE Charter School
Karin Marsolais, Preuss
Dawn Evenson, iLead Schools
Patti Wilczek, Community Learning Center
Julie Mattoon, Kipp Bay Area Schools

1. Educationally Related Mental Health Services (ERMHS) Budget Update

CEO Executive Committee will be updated at regular intervals on the 2016-17 ERMHS budget to assure a transparent and predictable level of funding for Charter SELPA Partners. The September update includes:

a. Sufficient funding in 2016-17 - Information Item

Charter SELPA leadership will make findings of sufficiency of ERMHS funding by September 15, 2016 for the 2016-17 year. Attachment 1, entitled "ERMHS Funding" provides additional information regarding the following:

- The maximum per service rate is established at \$3,300.
- \$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.

- Indirect costs will be allowed for Level 2.

Before May 2017, SELPA Leadership will make a finding as to the ability to fund beyond the 80% and 90% parameters established in the Allocation Plan. The significant variables impacting this finding are the January 2017 Level 2 budget requests submitted and the Level 3 NPS budget requests submitted throughout the year.

2. Low Incidence Funding

CEO Council approved (May 2016) the use of one-time federal funds to be allocated to the Low Incidence pool. At that time, we identified a possible need to return to CEO Council in September, for additional funding to honor the 2015-16 \$3,000 maximum. There is no need to allocate additional dollars, as was originally anticipated. Attachment 2, entitled "Low Incidence Funding" provides additional information. No action is required at this time.

3. SELPA Leadership Report

4. Next Meeting Date

The next regularly scheduled meeting of the Charter SELPA Executive Committee will take place Thursday, November 10th, 2016 at 10:00 a.m. via Adobe Connect teleconferencing.

2016-17 ERMHS UPDATE

ISSUE

Charter SELPA leadership must make findings of the sufficiency of ERMHS funding by September 15, 2016 for the 2016-17 year.

BACKGROUND

Per the Allocation Plan:

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

OR a higher amount may be established each year if the prior year ending balance is sufficient to assure SELPA members of predictable funding with no shortfalls.

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.

2015-16 ENDING BALANCE ESTIMATE

The goal is to maintain an ERMHS ending balance (reserve) in the 5% to 10% range. The 2015-16 ERMHS ending balance is 32% or \$2.7M. This is **over \$1.8 M beyond the upper range reserve of 10%**. The ending balance was higher primarily as a result of final Level 3 reimbursement requests of \$1.4 M, which is significantly below the \$2.2 M budget estimate.

2016-17 PROJECTED ADA

SELPA ADA is expected to increase by over 20,000 ADA in 2016-17, which generates approximately \$1.2M additional ERMHS funding. Funding is based on approximately \$60 per current year 2016-17 ADA (state) and \$11 per prior year ADA (federal).

2016-17 PROJECTED LEVEL 3 COSTS

2015-16 final Level 3 costs were \$1.4 M. The 2016-17 budget is projected to be \$1.5M with an additional \$1.5M contingency. \$1.5M is a healthy contingency and should provide protection for any potential issues that might arise. Should the costs not materialize, the contingency could be used for Level 2 reimbursements.

2016-17 ERMHS UPDATE

2016-17 PROJECTED LEVEL 2 ERMHS SERVICE COUNTS

The major indicator of Level 2 costs, is the ERMHS service counts. Trend data is shown below. The projected 4,000 count as of December 1, 2016 is conservative (line 8), and therefore a sound data point to determine budget parameters.

1		ERMHS Counts	Annual Change	% Increase
2	November 2014 Counts	1,962		
3	December 2015 Counts	2,513	551	28%
4	June 2016 Counts	3,293		
5	July 2016 Counts	3,177		
6	August 2016 Counts	3,205		
7	September 2016 Counts	3,194		
8	Projected December 2016 Counts	4,000	1,487	59%

2016-17 PROJECTED LEVEL 2 BUDGET REQUESTS

In 2015-16, approximately 72% of the maximum eligibility was requested for reimbursement (line 5). For 2016-17 budgeting purposes, we are assuming 75% eligibility requested for reimbursement and an increased service level count of 4,000.

These assumptions result in a need to augment the 2016-17 budget (line 8) by \$700K to fund 80% of Level 2 projected requests (line 9). If the projection was further augmented by increasing the rate to \$3,300, the overall augmentation from ending balance would be \$1.4M.

The budget for 2016-17 assumes \$1.5M in Level 2 augmentation is available. Based on this, sufficient funding is available to increase eligibility to \$3,300 for 2016-17.

Please note that Level 2 was funded at 100% in 2015-16. In 2016-17, based on the following budget parameters, increasing from 80% to 100% funding is a cost of approximately \$2M.

1		2015-16	2016-17	2016-17
2	Level 2 Service Counts	2,513	4,000	4,000
3	Formula Rate	\$ 3,000	\$ 3,000	\$ 3,300
4	Maximum formula eligibility	7,539,000	12,000,000	13,200,000
5	Level 2 Requests as % of Maximum Eligibility	0.72	0.75	0.75
6	Level 2 Funded at 100%	5,400,000	9,000,000	9,900,000
7	Level 2 funded at 80%		7,200,000	7,920,000
8	Level 2 Budget for 2016-17		6,500,000	6,500,000
9	Ending Balance Augmentation		700,000	1,420,000

2016-17 ERMHS UPDATE

1	Charter SELPA ERMHS Budget	2014-15 Actuals	2015-16 Budget May 2016	Aug 2016 Update	2016-17 BUDGET
2	<i>SELPA P2 ADA (estimates)</i>	103,892	120,000		140,000
3	ERMHS Grant (State and Federal)	7,385,086	8,400,000	8,490,000	9,720,000
4	Expenditures:				
5	Level 1 ERMHS	1,000,907			
	Level 2 Augmentation				1,500,000
6	Level 2 ERMHS	3,418,302	5,750,000	5,400,000	6,500,000
7	Level 2 Transportation	18,731	100,000		100,000
8	Level 3 (NPS Residential, ERMHS/Other)	1,459,844	2,200,000	1,400,000	1,500,000
	Level 3 Contingency				1,500,000
9	Indirect	221,553	250,000	250,000	300,000
10	Total Expenditures	6,119,337	8,300,000	7,050,000	11,400,000
11	Beginning Balance		1,265,448	1,265,448	2,705,448
12	Ending Balance	1,265,448	1,365,448	2,705,448	1,025,448
13	<i>Projected Ending Balance as % of Income</i>		16%	32%	11%
14	<i>Ending balance in excess of 10%</i>		525,448	1,856,448	53,448

RECOMMENDATION

SELPA leadership makes the following finding of sufficiency of funding for 2016-17 to support the following budget decisions:

- The maximum per service rate is established at \$3,300.
- \$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.
- Indirect costs will be allowed for Level 2.

Before May 2017, SELPA Leadership will make a finding as to the ability to fund beyond the 80% and 90% parameters established in the Allocation Plan. The significant variables impacting this finding are the January 2017 Level 2 budget requests submitted and the Level 3 NPS budget requests submitted throughout the year.

LOW INCIDENCE FUNDING UPDATE

ISSUE

Based on budget requests submitted as of May 1, 2016, Low Incidence (LI) funding requests were projected to exceed available funding by an estimated \$70K. Final expenditure reports filed by Charter members have resulted in a shortfall, however, the shortfall is less than was projected in May.

BACKGROUND

Based on final expenditure reports submitted to date, expenditures (\$131K) exceed revenue (\$97K) by \$34K. Included in the \$131K total expenditures are \$18K in pending 2015-16 claims for which we are awaiting final documentation.

The \$2K beginning balance (carryover from last year) plus an unexpected one-time grant received in April 2016, is allocated to the LI pool to cover the shortfall.

In 2016-17, estimated revenue is \$117K. Funding is based on the December 2015 LI pupil count multiplied by a rate of \$433. Per student reimbursements to Charters for eligible LI expenditures is established at a minimum rate of \$433 and, based on available funding, may be increased to an amount not to exceed \$3,000.

	2015-16 Estimated Actuals	2016-17 Budget
Income	97,381	117,722
One time Grant	31,810	
Total	129,191	117,722
Expenditures	112,933	118,085
Pending Claims	18,000	
Total	130,933	118,085
Beginning Balance	2,105	363
Ending Balance	363	-

CEO Council approved (May 2016) the use of one-time federal backfill funds from the state to be allocated to the LI pool. At that time, we identified a possible need to return to CEO Council in September, for additional funding to honor the 2015-16 \$3,000 maximum. There is no need to allocate additional dollars, as was originally anticipated.

CEO Council approved (May 2016) Allocation Plan language for 2016-17 to ensure predictability of funding. Based on the Allocation Plan guidelines, SELPA Administration set the 2016-17 minimum per student reimbursement level at the state LI per pupil funding rate of \$433.

By May 2017, a finding will be made regarding the ability to fund beyond the established minimum. Funding beyond the minimum rate will be determined as follows:

- Total requests submitted plus estimated additional requests compared to total available funding.
- Funding beyond the established minimum will not exceed \$3000 per eligible student.

RECOMMENDATION

This update is intended as an information item, no action required.