



Allocation Plan

2018-19

El Dorado County Office of Education

Dr. Ed Manansala, County Superintendent of Schools

David M. Toston, Associate Superintendent

Table of Contents

El Dorado County Charter SELPA Allocation Plan	4
Charter SELPA Education Code Funding	4
Allocation Plan Elements	4
EXECUTIVE SUMMARY.....	5
1. STATE SPECIAL EDUCATION FUNDING	6
Funding Definition	6
State Aid Charter SELPA Funding Formula	6
2018-19 Funding	6
Funding Definition	7
Federal Funding Charter SELPA Formula	7
2018-19 Funding	7
3. SPECIAL EDUCATION DEFICIT/RATE-SMOOTHING POOL	8
Intent	8
Charter SELPA Formula	8
2018-19 Funding	8
4. PARTNER DEFINITION	9
Intent	9
Charter SELPA Formula	9
5. CHARTER SELPA ADMINISTRATION.....	9
Intent	9
Charter SELPA Formula	9
6. SET-ASIDE RISK POOL.....	11
Intent	11
Charter SELPA Formula	11
7. UNSPENT FUNDS	12
Intent	12
Charter SELPA Formula (revised May 2017)	12
8. INCOME RE-ALLOCATION.....	13
Intent	13
Charter SELPA Formula	13
9. ERMHS (EDUCATIONALLY RELATED MENTAL HEALTH SERVICES)	13
Intent	13
Charter SELPA Formula	14
10. LEGAL RISK POOL.....	19
Intent	19
Charter SELPA Formula (revised May 2017 to increase the level of reimbursement).....	19
2018-19 Funding	19
Intent	20
Charter SELPA Formula	20
2018-19 Funding	21

CASH-FLOW PROCESS INFORMATION.....	22
Set-Aside Risk Pool Payment Cash-Flow	22
State Funding Cash-Flow.....	22
State Re-Certification Process.....	22
Federal Funding Cash-Flow	23

El Dorado County Charter SELPA Allocation Plan

The Allocation Plan represents CEO Council decision making, which began when the Charter SELPA was a subset of the El Dorado County Office of Education (EDCOE) SELPA in 2006-07. In 2007-08, the SELPA became a separate state board approved Charter SELPA and overall funding parameters changed. Charter CEO Council discussion and decision making from 2007-08 to the present have further refined the formula.

Core Principles:

- Stability and predictability of funding is critically important
- Timely and accurate projections with no surprises
- Timely and accurate distribution of cash
- Reasonable and consistent rationale developed with a standard of fairness and equitability
- Transparency

Charter SELPA Education Code Funding

Definition of funding (Education Code)

Education Code 47644: “For each **charter school** deemed a local educational agency for the purposes of **special education**, an amount equal to the amount computed pursuant to Section 56836.08 for the **special education** local plan area in which the charter school is included shall be apportioned by the Superintendent of Public Instruction pursuant to the local allocation plan developed pursuant to subdivision (i) of Section 56195.7 or Section 56836.05, or both. **If the charter school is a participant in a local plan that only includes other charter schools pursuant to subdivision (f) of Section 56195.1, the amount computed pursuant to Section 56836.11, as adjusted pursuant to the incidence multiplier set forth in Section 56836.155, shall be apportioned by the superintendent for each unit of average daily attendance reported pursuant to subdivision (a) of Section 56836.06.”**

Allocation Plan Elements

1. State Special Education Funding
2. Federal Special Education Funding
3. Special Education Deficit/Rate-Smoothing Pool
4. Partner Definition
5. Charter SELPA Administration
6. Set-Aside Risk Pool
7. Unspent Funds
8. Income Re-Allocation
9. Educationally Related Mental Health Services (ERMHS)
10. Legal Risk Pool
11. Low Incidence Materials and Services



EXECUTIVE SUMMARY

		Allocation Plan 2018-19		
			Unadjusted Rate	Additional Description
1	State Funding	Current Year ADA	\$522	2018-19 P-2 ADA. Assumes deficit finalized @ 3%.
2	Federal Funding	Prior Year Enrollment	\$125	Must have operated in PY and be included in Charter SELPA federal grant.
	Total Possible Funding		\$647	Rate BEFORE adjustments unique to each charter for administrative fee. Year 1 Charters also contribute \$5 per ADA one-time to set-aside risk pool.
3	SpEd Deficit/Rate Smoothing Pool	Prior year deficit restoration dollars are placed in the pool. The primary use is to guarantee to Charter SELPA members the estimated state budget rate (\$514 in 2017-18, \$522 in 2018-19)		
4	Partner Definition	Single Partner = 1 charter in the Charter SELPA Organization Partner = 2 or more Charters in the Charter SELPA under one organization (CMO/Non-Profit)		Year of entry of partner, decides admin fee %.
5	Charter SELPA Administration	Recurring payment. Starts at 6% (Year 1) and reduces over time to 4% in either Year 3, 4 or 5 <u>or</u> rate of Organization Partner.		6%,5%,4% Or Rate of Organization Partner
6	Set-Aside Risk Pool	All Charters in first year of entry to Charter SELPA contribute a one-time non-refundable \$5 per ADA to the set-aside risk pool.		
7	Unspent funds	If more than 25% of funding is unspent at year end, future funding will be reimbursement based.		
8	Income Re-Allocation Flexibility	Income may be shifted from one charter to another, if the umbrella organization has the board/ organization authority to re-allocate dollars.		
9	ERMHS Educationally Related Mental Health Services	Level 2 Service Level formula, Level 3 NPS and residential ERMHS.		
10	Legal Risk Pool	Up to \$18,000 reimbursement for legal claims related to due process filing. 60% funding/40% match.		
11	Low Incidence	Low incidence services and material allowable reimbursements (\$600 minimum claim) are funded at a minimum of \$437 up to a maximum of \$3,000 if sufficient dollars are available.		

1. STATE SPECIAL EDUCATION FUNDING

Funding Definition

The Charter SELPA receives state special education funding based on the statewide average rate multiplied by current year P-2 ADA. P-2 ADA is defined as cumulative attendance divided by days operated, as of the first school month ending on or before April 15. A Cost of Living Adjustment (COLA) may be provided annually, depending upon legislative budget action. This funding from the state is variable (see 3 Rate-Smoothing Pool) as a result of an ongoing state deficit that ranges from 2% to 3%.

State Aid Charter SELPA Funding Formula

The Charter SELPA funds each LEA member based on current year P-2 ADA.

The SELPA is funded on the statewide average rate per ADA. From that rate, the SELPA receives a small portion per ADA for SELPA Program Specialist/Regionalized Services (PS/RS rate). This funding source was rolled into the base rate by legislative action in 2013-14. CEO Council took action to continue to treat the PS/RS rate as a separate operational funding stream to the Charter SELPA.

These rates are adjusted each year for a pro-rated share of any COLA applied to the rate. The full Charter Member Rate (no deficit applied) is the result of deducting the PS/RS rate from the statewide average rate. Deficit assumptions are then applied to arrive at an adjusted PS/RS rate and adjusted Charter Member Rate.

In order to calculate an individual Charter's funding rate, the adjusted Charter Member Rate is further adjusted by the unique charter member administrative fee and Year 1 contribution to the Set-Aside Risk Pool as defined further in the Allocation Plan.

2018-19 Funding

The Charter SELPA is advising members to budget \$522 per current year P-2 ADA, prior to adjustments for the administrative fee. For Year 1 Charters, there is a one-time \$5 per ADA contribution to the Set-Aside Risk Pool.

The funded rate for 2017-18 was \$514 per current year P-2 ADA.

The funded rate for 2016-17 was \$507 per current year P-2 ADA.

2. FEDERAL SPECIAL EDUCATION FUNDING

Funding Definition

Each year the State of California receives a combination of grants for federal IDEA funds. The state distributes this to SELPAs on a pro-rated formula that is based on:

- a) Historical amount per SELPA from 1999;
- b) Prior year enrollment counts; and
- c) Free and reduced lunch counts.

Federal Funding Charter SELPA Formula

- a) The Charter SELPA funds eligible LEA members based on prior year CBEDS enrollment (October count).
- b) New start-up charter members do not receive federal funds in the first year of operation because funding is based on prior year enrollment.
- c) New charter members (not a start-up) may receive federal funds if they existed in the prior year and CDE adjusts the current year Charter SELPA grant for the charter enrollment.
- d) The administrative fee (see #5) is determined based on total state and federal income per charter member, but the payment itself is considered paid with state dollars.
- e) Inability to fully spend special education dollars may result in ineligibility to receive federal funds in the subsequent school year. (See #7-- Unspent Funds).

2018-19 Funding

The Charter SELPA is advising members to budget \$125 per prior year enrollment. This estimate may be revised upon CDE certification, which does not occur until January/February 2019.

The final 2017-18 federal rate was \$129.25 per prior year enrollment.

The final 2016-17 federal rate was \$127 per prior year enrollment.

3. SPECIAL EDUCATION DEFICIT/RATE-SMOOTHING POOL

Intent

In 2013-14, there was a statewide 2.8% deficit applied to special education state funding. CEO Council approved Allocation Plan language in September 2014 to address potential deficits that may occur going forward and established a Rate Smoothing Pool to maintain a consistent level of funding from year to year. CEO council action is required on use of funds in this pool.

Charter SELPA Formula

Based on deficit restoration from prior years, the balance in the Rate-Smoothing Pool was \$976K as of June 2017. The projected 2017-18 statewide target rate, adjusting for SELPA program specialist/regionalized services funding (~\$16 per ADA), is \$525 at full funding. A deficit of 2% was projected, resulting in a proposed budget rate of \$514 for 2017-18.

Based on changing deficits trends, the deficit may be higher than 2% and future projections will be adjusted accordingly. In order to fulfill the commitment of the \$514 rate in 2017-18, an estimated \$952K of the rate smoothing pool will be used to guarantee the rate as of June 30, 2018.

2018-19 Funding

The 2018-19 State rate projection approved by CEO Council (May 2018) is \$522, assuming a 3.16% deficit when 2018-19 funding is certified by CDE in February/June 2020.

Further, SELPA administration may adjust these rates based on approved governmental budgets, future grant determinations, and changes in the deficit percentage.

4. PARTNER DEFINITION

Intent

In September 2013, the CEO Council created two categories of Partnership: **Single Charter Partner** and **Organization Partner**. The date of entry of the Partner is used to determine the administrative fee for the Partner's future expansion.

Charter SELPA Formula

Single Charter Partner Charter SELPA LEA member with one school (CDS code) in the Charter SELPA.

Organization Partner Organization with multiple Charter SELPA LEA member schools (each with a CDS code).

An organization is defined as a non-profit with one governing board over multiple charters or an organization with one Chief Executive Officer position over multiple charters. The title of CEO may differ by organization, but the intent is that final decision making in the organization is vested in one leadership position.

When a Charter SELPA partner expands with a charter new to the SELPA, the new charter school utilizes the Organization Partner's date of entry for calculation of the administrative fee.

5. CHARTER SELPA ADMINISTRATION

Intent

In 2006-07, the allocation formula provided for an administrative fee of 10% with the intent that it would reduce over time as the Charter SELPA membership expanded. The formula was substantially revised in 2010-11 to provide for a first-year differential rate. It was revised again in 2011-12 to provide for a first-year rate of 6%, reducing to 5% in year 2, and the possibility of reducing to 4% in year 3 and beyond if specified criteria were met. The formula was revised again in 2013-14, allowing all charters to be eligible for consideration of the 4% rate in year 5. These funds, along with the of SELPA state funding, are used for the operational cost to provide the wide range of SELPA services offered to members, including professional development.

Charter SELPA Formula

Prior to distribution of state and federal funding, the applicable administrative fee is applied. The fee is calculated based on both state and federal funding sources, but only state dollars will be transferred.

Date of entry for purposes of the administrative fee is based on the **Organization Partner's** date of entry. If the Organization Partner qualifies for a 4% fee based on five years of membership, the expansion charter would be treated the same and receive the 4% fee.

The fee does not apply to other grant dollars received by the SELPA, however the SELPA may charge an appropriate indirect rate for specific grants that are administered by the SELPA.

Administrative Fee Schedule

6%	Year One Partner
5%	Year Two Partner
4%	Year Three Partner – meeting criteria as specified below, primarily demonstrated special education administrative expertise.
4%	Year Five Partner – meeting alternate criteria. Alternate Criteria: If the Single Charter Partner or Organization Partner is actively engaged in building special education institutional capacity as measured by participation in meetings and professional development, compliance, pupil count, etc., they will be eligible for the 4% administrative fee.

Specified Criteria for 4% Administrative Fee in Year 3:

Member in good standing:

- Meets minimum CEO Council and Steering Committee participation requirements
- Timely submission of program reporting: e.g. CASEMIS, Quality Assurance Process (QAP) reporting timelines, other SELPA related reports
- Timely submission of financial reports e.g. SELPA Pool claims (ERMHS, LI, Legal Risk), end of year reports, MOE
- Meets Maintenance of Effort requirements
- No outstanding program and/or fiscal compliance issues

Demonstrated Special Education expertise

- Designated person (not the CEO) who handles most routine day-to-day special education issues (First point of contact for questions, etc.)
- Special education contact must have demonstrated expertise in special education

Notification of fee eligibility

By March 1, prior to the start of a fiscal year, the Charter SELPA shall notify agencies if they are deemed to be eligible for the 4% administrative fee for the following fiscal year. Once an agency receives approval for the 4% fee, the fee continues unless changed by a failure to maintain good standing or failure to meet eligibility criteria. Despite subsequent actions, e.g. failure to meet MOE in September, the lower fee will be honored for the entire fiscal year for which it was granted.

Failure to retain membership in good standing for lower administrative fee

By March 1 (if possible), but no later than June 1, prior to the start of a fiscal year, the Charter SELPA shall notify agencies if they are no longer in good standing or no longer eligible for the 4% administrative fee for the following fiscal year.

Failure to retain membership in good standing – termination from Charter SELPA membership.

The Charter SELPA Participation Agreement, Local Plan, Allocation Plan, and Policies outline the responsibilities of Charter SELPA Partners. As noted above, failure to meet responsibilities can create ineligibility for the lower administrative fee. It should also be noted that failure to meet those responsibilities can result in termination of membership with the Charter SELPA.

6. SET-ASIDE RISK POOL

Intent

Starting in 2016-17, each member of the Charter SELPA will contribute a one-time non-refundable contribution to the set-aside risk pool. The set-aside risk pool (estimated \$600K) is a shared risk pool intended to protect the SELPA as a whole entity.

This replaces the previous formula which provided for a return of funds to members leaving the Charter SELPA if certain conditions were met.

Charter SELPA Formula

Charters entering in 2016-17 and future years:

All new charters (new charters/Partners and charter school expansions of current Partners) will contribute a one-time \$5 per current year P-2 ADA in the first year of entry (starting in 2016-17).

This \$5 per ADA contribution is a non-refundable contribution to a shared risk pool

Use of Funds in the Set-Aside Risk Pool

The intent of the set-aside risk pool is to provide a reserve fund to offset potential SELPA funding decreases as a result of the action of a member, where there is no recourse to recover the funds from the member. Charter SELPA administration will exercise all due diligence in attempting to recover funds from the member.

However, in the case of a closure or bankruptcy, this may not be possible. Other issues that might arise:

- Funding adjustments as a result of disallowed ADA with no ability to recover from the member
- Funding adjustments as a result of disallowed expenditures at the state/federal level with no ability to recover from the member
- Funding adjustments as a result of other actions from a member, with no ability to recover from the member.

The Charter SELPA administration will report, at least annually, to CEO Council on the use of funds and the balance available.

7. UNSPENT FUNDS

Intent

The Charter SELPA recognizes that special education funding in California is not sufficient to cover the total costs of special education. On a statewide basis, LEAs pay for approximately 40% of the costs of special education from local sources. There are unique circumstances where an LEA may have unspent funds. A new charter entering into the SELPA may not have the level of special education costs experienced by other LEAs. Additionally, some charters by the nature of the students they serve may have special education costs that are below the statewide averages, and their special education student population may be below Charter SELPA averages.

Charter SELPA Formula (revised May 2017)

When an LEA has unspent funds **less than 25%** of their special education allocation (allocation as adjusted at year end close by September 30):

- a) All charters with unspent funds must provide budget justification to receive federal funds in the next year.
- b) Charters with unspent funds will be subject to significant budget and program review to determine if they qualify for federal funds in the following year.

Additional factors that may result in ineligibility to receive federal funds:

- Pupil counts less than 4%
- Multiple years of unspent funds
- Fiscal solvency and audit issues
- Leadership issues that cast doubt on the capacity of the charter to be an LEA

Charter may also elect to NOT receive federal funds for an unspecified period of time until needs change.

When an LEA has unspent funds **greater than 25%** of their special education allocation (allocation as adjusted at year end close by September 30):

- a. Charters with unspent funds greater than 25% are automatically not eligible for federal funds in the following year.
- b. A charter with unspent funds greater than 25% unspent, will be moved to a reimbursement based state funding cash flow, with the intent that the charter shall spend the prior year unspent funds first. Charter SELPA shall establish a procedure and process to ensure monthly expenditure reporting by the charter, with timely distribution of cash when the charter has demonstrated eligibility by spending prior year carryover. Monthly cash flow payments would not exceed cash distributions under the monthly cash apportionment process.
- c. If need is not demonstrated, based on final expenditures reported, the funds will be allocated the next year to the Charter SELPA Legal Risk Pool.

8. INCOME RE-ALLOCATION

Intent

Organization Partners may have varying needs among their schools and should be provided the flexibility to re-allocate funds among the entities to better match income to special education expenditures. CEO Council approved additional flexibility for JPAs, should the structure of the JPA provide the authority to re-allocate funds.

Charter SELPA Formula

At the close of the fiscal year, an Organization Partner or JPA may reallocate state and federal funds to the LEAs within their authority, if the Organization Partner or JPA has the authority within their operational structure to take such action.

EC Section 56836.05(b) provides authority to SELPAs to develop an Allocation Plan at the SELPA governance level, to distribute funds to the LEAs within the SELPA. The Charter SELPA Allocation Plan distributes funds to each charter (CDS code) in the SELPA. However, pursuant to this Allocation Plan rule approved by CEO Council, a provision is made for the local authority of the Organization Partner or JPA to re-allocate income among Charter SELPA LEA members.

The final reallocation will occur in the months of August and September following the close of a fiscal year with final reallocation done by October 1. Evidence of board action to establish income reallocation authority is required and documentation must be submitted to the Charter SELPA in a prescribed format that outlines the exact amount of funding moved from one LEA to other LEA(s).

9. ERMHS (EDUCATIONALLY RELATED MENTAL HEALTH SERVICES)

Intent

CEO took a series of actions to implement Allocation Plan language to govern eligibility for and the allocation of the ERMHS funding consistent with the CDE AB 144 guidance and the need to provide a predictable revenue stream to Charter SELPA members.

Along with the Allocation Plan language, the Charter SELPA has developed operational guidelines and budget request forms. Please see the ERMHS Guidelines document for the complete package of information.

Charter SELPA Formula

1.1 ERMHS Funding Reserve

A specified amount of Charter SELPA ERMHS income will be placed in reserve each year. The reserve is intended to cover a SELPA-wide shortfall in Level 3 first, but may be used for Level 2 shortfalls. Starting in 2015-16, the ending balance reserve may range from 5% to 10%.

2.1 ERMHS Funding Shortfalls (Budget Requests Exceed Income)

If there is a Level 3 shortfall, (this takes priority) the reserve would be used to cover the shortfall. If the shortfall is greater than the reserve, a pro-rated deficit would be applied to all Level 3 requests based on actual end of year expenditures.

If there are funds remaining in Level 3, they may be allocated to fund Level 2, or reserved for the following year Level 3 costs. Conversely if there are funds remaining in Level 2, they shall be used to cover a Level 3 shortfall.

If there is a Level 2 shortfall (and no additional funds remain in the reserve or Level 3), a pro-rated deficit would be applied to all Level 2 requests based on actual end of year expenditures.

If there are funds remaining in Level 2, they may be allocated to fund Level 3 or reserved for the following year Level 2 costs.

A shortfall in Level 2 or Level 3 will trigger a review and possible modification by CEO Council of ERMHS Allocation Plan language.

If the funding formula increases beyond the original budget per ADA (~\$71 per ADA) as a result of COLA or other increases, the amount of increase will be held in reserve until after November 1. After November 1, the Charter SELPA will have some indication of costs for Level 2, and Level 3 for the current year. A recommendation for use of any additional funding will be discussed with the Executive Committee in November, with final approval by CEO Council.

If the funding formula decreases beyond the original budget per ADA (~\$71 per ADA), the budget allocations for Level 2, and Level 3 will be pro-rated accordingly and communicated to the field immediately so charter schools can plan on reduced levels of funding.

3.1 ERMHS Extraordinary Cost Pool

The ERMHS Extraordinary Cost Pool (ECP) is NOT funded in 2014-15, 2015-16, or 2016-17, 2017-18. At such time as the funding formula for mental health is stabilized and reserves are sufficient to “forward fund” for the following year, a recommendation will be brought forward to CEO Council to reinstate funding for the ECP.

4.1 Other Costs

The Charter SELPA receives funds to administer the ERMHS Allocation Plan, up to the EDCOE approved indirect rate. Three percent indirect is budgeted in 2018-19.

5.1 Description of Level 2 Funding Formula

A. The Level 2 formula provides 80% of the lesser of:

- a) \$3,000 (or alternate approved rate) per eligible ERMHS SEIS count based on the December 1 count; or
- b) \$250 per current year P-2 ADA; or
- c) Budget request.

The lesser amount of the three becomes the maximum budget request. Charters are required to match (co-pay) 20% of the budget request. The maximum reimbursement is \$250 times 80%, or \$200 per ADA. No facility/rent costs, direct support, or administrative costs are allowable for the 80% reimbursement or 20% match.

C. There is no guarantee of 80% funding for Level 2 programs. While the formula is intended to provide a predictable funding stream, charter member budget requests submitted in January could still exceed the overall budget. If a shortfall occurs, charter members may be funded less than the 80% reimbursement established in the Allocation Plan.

D. 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.

E. 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.

F. Level 2 Service Count Date

A count of Level 2 services will be taken on December 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 (or higher amount if funds available per section D)
Minimum rate = \$2,000

G. Level 2 Budget request submission date is January 15.

H. Behavior support (service code 535) will be included in the service level formula (and expenditures allowed) under the following criteria:

- Behavior support plan in place supporting MH service.
- At least one other mental health service identified.

I. 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.

J. By May of each fiscal year*, Charter SELPA leadership shall make a finding of sufficiency of ERMHS ending balance for the current fiscal year and will set the reserve level in a range from 5% to 10%.

** Note -Finding may be made earlier than May 1.*

The amount over the established reserve (5% to 10%) shall be allocated in the following order:

- Increase Level 2 reimbursement, Level 2 transportation, and Level 3 site based structured therapeutic program from 80% to 90%.

- Increase Level 3 NPS ERMHS from 90% to 95%
- Increase Level 2, Level 2 transportation, and Level 3 site based structured therapeutic program from 90% to 95%
- Increase Level 2, Level 2 transportation, Level 3 site based structured therapeutic program, Level 3 NPS ERMHS from 95% to 100%

Charter SELPA leadership shall establish an amount of funding to provide for additional reimbursement for charters who submitted a Level 2 budget request less than SEIS eligibility/ADA cap amount, but who have at year end, eligible expenditures that exceed the approved budget request, but such increase would be limited to 20% and must still be below SEIS eligibility/ADA cap amount.

The same parameter of 20% above approved budget request would apply to Level 3 site based structured therapeutic program reimbursement. Level 3 residential and NPS Level 3 NPS ERMHS are reimbursed at actual eligible costs.

The revised budget request amount would be subject to the same level of funding established for all Level 2, e.g. 85% or 90% funding as indicated above. If the allocation of funding for amounts over approved budget requests is not sufficient to fund the additional requests, funding would be pro-rated.

6.1 Description of Level 3 Funding Formula

A. Level 3 Budget Amounts

The intent is that Level 3 reimbursements are the highest priority to fund. If Level 3 budget requests exceed funding, the ERMHS reserve and/or other unspent ERMHS funds will be used for the shortfall.

The Level 3 formula provides for three specific Level 3 types of reimbursement.

B. Level 3 Site Based Structured Therapeutic Program

- a. Costs that may be claimed are restricted to services that are required to be performed by certificated staff. Staff may be contracted through an NPA or hired by the charter. Books and supplies may be claimed.
- b. Eligible students must meet ED eligibility criteria, and be identified in SEIS with ED as primary or secondary disability.
- c. Approved program costs are 80% reimbursed, with a required 20% charter match. No facility/rent costs, direct support, administrative costs, or indirect costs are allowable for the 80% reimbursement or 20% match.
- d. A budget request for Level 3 site based structured therapeutic program reimbursement must be filed with the Charter SELPA by November 1.
- e. In order to provide a predictable ERMHS funding stream for all charter members, a site based structured therapeutic program that is established after November 1 may not be guaranteed funding in the current year.

C. Level 3 NPS ERMHS

- a. Costs that may be claimed are the ERMHS for a student in an NPS placement. The educational costs are the responsibility of the charter member and are not reimbursed. The educational costs, however, must be reported and must be, at a minimum, equal to the charter's LCFF per ADA funding amount.
- b. Eligible students must meet ED eligibility criteria, and be identified in SEIS with ED as primary or secondary disability.
- c. Approved NPS ERMHS costs are 90% reimbursed, with a required 10% charter match. No facility/rent costs, direct support, or administrative costs are allowable for the 90% reimbursement or 10% match.
- d. Indirect costs would be allowed for NPS ERMHS, consistent with CSAM indirect cost provisions that do now allow for indirect costs to be claimed for contract costs beyond the first \$25,000.
- e. 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.
 - a. Prior to any new placements, SELPA must be consulted and a preliminary budget request submitted.
 - b. Immediately after execution of a contract, 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.
 - c. A budget request for the Level 3 NPS ERMHS reimbursement funding must be filed with the Charter SELPA and submitted within 30 days of contract signing.

D. Level 3 NPS Residential Room and Board

- a. Costs that may be claimed are the residential room and board costs related to a student in an NPS placement. The educational costs are the responsibility of the charter member and are not reimbursed. ERMHS costs for a student may be claimed, but a separate reimbursement form is required (Level 3 NPS ERMHS).
- b. Eligible students must meet ED eligibility criteria, and be identified in SEIS with ED as primary or secondary disability.
- c. Approved NPS room and board costs are 100% reimbursed, with no required match. No facility/rent costs, direct support, or administrative costs are allowable for the 100% reimbursement.
- d. Indirect costs would be allowed for NPS 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.
- e. 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.
 - a. Prior to any new placements, SELPA must be consulted and a preliminary budget request submitted.

- b. Immediately after execution of a contract, 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.
- c. A budget request for the Level 3 NPS ERMHS reimbursement funding must be filed with the Charter SELPA and submitted within 30 days of contract signing.

10. LEGAL RISK POOL

Intent

CEO Council established a risk pool in 2013-14, with the primary intent to fund legal costs associated with a due process filing.

Funds in the legal risk pool come from two sources:

1. Modified funding from Charter SELPA Partners who are in the process of building programs, but are not yet able to fully expend the allocation of state dollars (greater than 25% unspent).
2. Modified funding from Charter SELPA Partners who close operations and fail to submit documentation that would allow for release of funds being held.

CEO Council (May 2016) approved a transfer of \$200K to the new Set-Aside Risk Pool and the Risk Pool balances are now specifically identified as a Legal Due Process Risk Pool.

CEO Council (May 2017) approved a transfer of \$500K to the Rate-Smoothing pool.

Charter SELPA Formula (revised May 2017 to increase the level of reimbursement)

Reimbursement from the risk pool for legal costs:

Eligible Reimbursements: Attorney costs associated with a due process filing
 Match Requirement: 40% charter/60% risk pool
 Maximum Reimbursement: Up to \$18,000 (\$30,000 in eligible/approved costs, 60% paid by risk pool)
 Charter SELPA shall provide forms for Charter SELPA members to request reimbursement. Deadlines for submission of claims will be established to ensure adequacy of funds.

2018-19 Funding

The risk pool shall provide legal reimbursement as follows:

Up to a maximum of \$18,000 reimbursement based on 60% match by the charter. \$100K Budget for 2017-18 estimated claims

11. LOW INCIDENCE MATERIALS AND SERVICES

Intent

Low incidence (LI) funds are available for reimbursing the cost of low incidence services and materials. Annually, the SELPA receives approximately \$437 per student with a LI disability based on the December pupil count report.

CEO Council approved Allocation Plan language in September 2014 to provide a framework for distribution of the funds. In 2015-16, as a result of higher requests for reimbursements, CEO Council took action (May 2016) to reduce the funding per claim in order to ensure a predictable level of funding for Charter SELPA members.

Charter SELPA Formula

Charters may apply for low incidence materials and funding based on the following criteria:

General Conditions

- a) Low incidence eligibility per education code definitions
- b) Charters are advised that funding is dependent upon the SELPA receiving full credit for all low incidence students in the December pupil count.
- c) Verification will take place in February at the first point in the funding certification cycle.

The intent of establishing a minimum level of funding is to provide predictability in funding to member LEAs. In May of each year, SELPA Leadership shall establish the minimum level of funding for the following year based on current trends. The minimum level will be updated the following May, when the majority of requests will have been submitted for reimbursement.

1. In early May, SELPA leadership will set the next year minimum level of funding for low incidence reimbursements. The following factors will be taken into account:
 - Current year trend data on reimbursement request submissions.
 - Low incidence funding, which is based on pupil counts and state rates.
 - Any carryover balances of low incidence funding.
2. A minimum request is \$600. This will ensure sufficient funds are available for higher costs associated with equipment purchases and services. The maximum reimbursement request is \$3,000.
3. All requests for funding must be submitted by May 1 to be eligible for reimbursement. Only IEPs agreed to after May 1 will be considered on a case-by-case basis.
4. Final reimbursement is based on end of year expenditure reports, which must be filed by July 13. Reimbursement will not exceed actual cost.

5. SELPA leadership will set the minimum reimbursement level per student budget request for the following year at or above the state low incidence per pupil funding rate. CEO Council will be informed of the level set by SELPA leadership at the spring meeting. By May of the following year, a finding will be made regarding the ability to fund beyond the established minimum. Funding beyond the state low incidence per pupil funding 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 \$3,000 per eligible student.

Funding parameters will be reviewed annually and may be revised for more flexibility if large balances exist, or revised with more limited parameters if shortfalls exist.

2018-19 Funding

Minimum reimbursement of \$437 per student/eligible costs

SELPA leadership will make a determination by May 2019 on the ability to fund beyond \$437 per student claim, up to a maximum of \$3,000.

CASH-FLOW PROCESS INFORMATION

The cash-flow model is intended to ensure that estimates of cash-flow for special education are as accurate as possible.

SELPA funding is sent by CDE/State Controller to the Charter SELPA/EDCOE. Charter SELPA will issue warrants to charter members in a timely fashion, within a two-day time period after received by the Charter SELPA.

The Charter SELPA publishes a state aid cash flow schedule for charters in the SELPA. Please see these detailed documents on the Charter SELPA website.

Set-Aside Risk Pool Payment Cash-Flow

The one-time \$5 per ADA payment for charters in the first year of SELPA membership is done in two parts: 75% in February 2019 and 25% in June 2019.

State Funding Cash-Flow

For the months of July through January, funding received from CDE is based on prior year P-2. This method of funding means new charters entering the Charter SELPA and/or growth funding will not be received until P-1 certification in February. During the months of July through January, cash-flow to the Charter SELPA members will be based on the CDE apportionment payment schedules and charter's estimated P-2 ADA, but not to exceed CDE funded data. Any state deferrals applied to the SELPA will be applied to the Charter SELPA members. CDE will not flow cash to the SELPA until the California State Budget has passed. Should there be a delay in funding from CDE due to the State Budget, there will be a delay in the cash-flow to the Charter SELPA members.

In February, CDE publishes the P-1 certification and funding for all current year P-1 ADA will begin through CDE's apportionment payment schedule. At that time, each charter's P-1 certified ADA will be updated in the entitlement and cash flow schedules.

In June, CDE publishes the P-2 certification. At that time, CDE will publish final P-2 certification exhibits in June for funding to be received in July. At this time, P-2 ADA will be used. A new entitlement is determined and is distributed based on the CDE cash-flow deferral schedule.

State Re-Certification Process

Each February and June for two years, CDE will continue to certify funding based on any changes to the ADA.

Below is the certification schedule for each fiscal year: July

Advance Apportionment (based on Prior Year P-2 ADA)

February – P-1 certification

June – P-2 certification

February – Annual certification

June – R-1 certification (1st re-certification)

February – R-2 certification (2nd re-certification)

June – R-3 certification (3rd re-certification)

As re-certifications occur, funding may change based on any ADA or rate changes. These changes in funding will be allocated 50% in March (after the February annual or R-2 certification) and the balance will be allocated in July (after the June R-1 or R-3 re-certification).

Federal Funding Cash-Flow

Cash flow for federal funds varies from year to year based on CDE timelines. El Dorado County Charter SELPA will annually develop a federal cash flow process that results in federal cash distribution to SELPA members in as short a turn-around time as possible.

The Charter SELPA publishes a federal cash flow schedule for charters in the SELPA. Please see these detailed documents on the Charter SELPA website.