



## FISCAL UPDATE

February 2019

### SELPA OFFICE CLOSURES

The SELPA offices will be closed February 15 and February 18.

### 2018-19 STATE & FEDERAL RATES BUDGET ADVICE

18-19 State Rate = \$522 per 2018-19 P-2 ADA (before admin fee/set-aside for new charters)

18-19 Federal Rate = \$125 per 2017-18 Enrollment/CBEDS (before admin fee)

### 2018-19 MAINTENANCE OF EFFORT (MOE) PRE-TEST

2018-19 Maintenance of Effort (MOE) pre-tests are due in March. **All SELPA members must complete this process by March 22, 2019**, regardless of whether or not federal funding is expected in 2018-19. The pre-test is not only a means to evaluate whether federal MOE requirements will be met before the window to make adjustments passes, but also an opportunity to analyze overall special education spending from all revenue sources prior to year-end. In conjunction with completing the pre-test, we recommend that our partners who were required to pass MOE last year review their 2017-18 submissions, which may be viewed in the Fiscal Portal. The SELPA will make the 2018-19 MOE pre-test submission template available the first week of March and will provide detailed instructions in next month's Fiscal Update.

### EDUCATIONALLY RELATED MENTAL HEALTH SERVICES (ERMHS)

#### ERMHS Level 2

ERMHS Level 2 budget requests were due January 15 and are currently being analyzed. The submitted budgets establish one component of the formula that determines 2018-19 Level 2 ERMHS funding eligibility for each SELPA partner. The funding formula in the Allocation Plan is 80% of the lesser of: 1) \$3,300 x December 1 Service Count, or 2) Level 2 budget request. 50% of the amount established by this formula will be paid to each participating SELPA partner at the end of February. At the end of the year, actual expenditures will be submitted and compared to the funding eligibility amount, and a final revenue payment will be made.

For example, Partner A:

- Had 15 eligible mental health services in SEIS on December 1 (15 \* \$3,300 = \$49,500).
- Submitted a Level 2 budget totaling \$45,000, which included only qualified ERMHS expenditures and was reasonable given the 15 services.
- Level 2 funding eligibility = \$45,000 (lesser of \$49,500 and \$45,000).
- 80% of funding eligibility = \$36,000 (80% of \$45,000).
- First revenue payment in February = \$18,000 (\$36,000 \* 50%)

Another analysis driven by the submission of Level 2 budgets is determining the final 2018-19 reimbursement percentages for Level 2 and Level 3 ERMHS funding. The initial reimbursement percentages established at the beginning of the year are 80% for Level 2 and Level 3 Site Based, and 90% for Level 3 NPS/Residential. As soon as this determination is set, we will announce it to our partners.

#### ERMHS Level 3

For all Level 3 categories, students must be identified with ED as a primary or secondary disability.

- Level 3 Site Based Structured Therapeutic Program - 80% funded
- Level 3 NPS ERMHS - 90% funded  
Eligible ERMHS expenditures only. Educational costs are borne by the charter member.
- Level 3 NPS Residential Room and Board - 100% funded. Room and board costs for eligible placements are reimbursed in addition to ERMHS costs.

NPS & NPS Residential expenditures must be reported by the required reporting date in order to be included in the month-end ACH/check run. The schedule appears below. Remember, expenditures cannot be submitted for reimbursement until a budget is approved.

***To ensure funding, budget requests for all known NPS & NPS Residential placements must be submitted via the Fiscal Portal immediately.***

NPS Expenditure Reporting Period	Payment Date	Expenditure Reporting Deadline	Payment Amount
Through September	October	10/22/2018	The lesser of actual expenditures or 25% of approved annual revenue
Through December	January	1/22/2019	The lesser of actual expenditures or 50% of approved annual revenue
Through March	April	4/22/2019	The lesser of actual expenditures or 75% of approved annual revenue
Through June (Year End)	August	7/15/2019	The lesser of actual expenditures or 100% of approved annual revenue

## LOW INCIDENCE AND LEGAL RISK POOL

The Fiscal Portal is available for 2018-19 reimbursement requests for [Low Incidence](#) and [Legal Risk](#) Pool claims. In both cases, claims can be submitted prior to final expenditures. The sooner the SELPA knows of a claim, the better able we are to account for the reimbursement. Therefore, please do not delay in beginning the process.

Low Incidence funds are available for services and materials needed to serve students identified as having a low incidence primary or secondary disability. The minimum allowable request is \$600. Additional information is available in the [Low Incidence Guidelines](#).

The Allocation Plan's Legal Risk Pool was established to help mitigate attorney fees associated with due process litigation. Information regarding eligibility criteria and funding is available in the [Legal Risk Pool Guidelines](#).

## GOVERNOR'S PROPOSED 2019-20 BUDGET

Newly-elected Governor Gavin Newsom introduced his first proposed budget on January 10. The 2019-20 budget proposal includes a 3.46% cost of living adjustment (COLA) and \$576M in additional special education funding. The budget language indicates that this funding would carry spending restrictions and be directed to LEAs with high special education populations and unduplicated pupil percentages (EL, low income, foster youth). Interesting is that the funding would be allocated directly to eligible LEAs outside the ADA-based AB 602 funding formula. It is important to note that the January Governor's budget is indeed a proposal and is just the first step in the process of establishing a 2019-20 budget for California. A long road lies ahead until a final budget is adopted in June. A plethora of debate, posturing and negotiation will occur between now and then. We will monitor the progress of these conversations and report as they unfold.

## IMPORTANT UPCOMING DATES

- **02/15/2019** SELPA offices closed
- **02/18/2019** SELPA offices closed
- **03/22/2019** Maintenance of Effort (MOE) pre-test due

## HANDY LINKS

- [Complete 2018-19 Fiscal Calendar](#)
- [2018-19 Administrative Fee Rates](#)