

March 2019

**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)

**FEDERAL REVENUE UPDATE**

The SELPA collected federal expenditures for the period 7/1/2018 through 12/31/2018 on the Mid-Year Expenditure Report in January. The federal expenditures certified in this report will be used to file the first of three 2018-19 SELPA-level expenditure reports to CDE, which trigger federal cash distributions. The SELPA has not yet received the grant award notice from CDE, however, CDE has assured us that the award notice should be issued soon. The first release of federal funds for 2018-19 is dependent on processing timelines at CDE, the SELPA will continue to keep you posted on expected distributions dates. As a reminder, charters in the first year of operation are not eligible for federal funding.

The SELPA has also been notified by CDE that the final 2017-18 federal revenue should be released in the coming weeks. SELPA members can expect final 2017-18 federal payments to be released at the end of March. However, this is again dependent on CDE processing timelines.

**2018-19 MAINTENANCE OF EFFORT (MOE) PRE-TEST DUE MARCH 22**

**All SELPA members must complete the MOE pre-test 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 March 6 in the Fiscal Portal.

**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.

**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.

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

There are four payment dates established for NPS & NPS Residential ERMHS revenue (see table below). Expenditures must be reported by the required reporting date in order to be included in the month-end ACH/check run. Remember, expenditures cannot be submitted for reimbursement until a budget is approved.

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 the funding would be allocated directly to eligible LEAs outside the ADA-based AB 602 funding formula. Problematic is the potential budget and MOE impacts on an LEA which qualifies in one year but not the next.

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.

### FISCAL WORKSHOP

This year, our Year End Business Workshop will be presented in an online format on Thursday, April 25 from 10 am to noon. This workshop will cover current budget updates as well as topics that bear on end-of-year processes.

### IMPORTANT UPCOMING DATES

- **03/06/2019** February State checks (delayed due to P-1 certification)
- **03/06/2019** Fiscal cash flow updates posted to Charter SELPA website
- **03/06/2019** 2019-20 Admin rates published
- **03/06/2019** MOE pre-test template available in Fiscal Portal
- **03/22/2019** MOE pre-test due

### HANDY LINKS

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