



EL DORADO CHARTER SELPA **Thursday, September 12, 2019**

Meeting to be held via Zoom
Thursday, September 12, 2019 at 10:00 a.m.

Registration for the Zoom 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
Kelly Carnahan, Program Assistant

Executive Committee Members:

Melissa Mora, ACE Charter School
Mary Searcy Bixby, Altus Schools
Lynne Alipio, Altus Schools
Lisa Freccero, ASPIRE
J.J. Lewis, Compass Charter Schools
Allegra Johnson, Da Vinci Schools
Cindy Petersen, Gateway Community Charters
Dawn Evenson, iLead Schools
Michael Martucci, Ingenium Schools
Julie Mattoon, KIPP Bay Area Schools
Kim Damman, KIPP LA Schools
Pat Hill, Learn4Life

Mark Ryan, North Valley Military Institute
Kapil Mathur, Orange County Academy
Patricia Dougherty, Phoenix Charter Academy
Karin Marsolais, Preuss School UCSD
Paul Keefer, Pacific Charter Institute
Wendy Sanders, Redding School of the Arts
Josh Drake, Rocketship Education
Barbara Hale, Sycamore Academy Charter
DiAnne McClenahan, The Bay Group
Debi Gooding, The Learning Center
Jonathan Dean, The O'Farrell Charter School

1. Charter School Closure Policy

The Charter SELPA recommends revising and updating CEO Policy 27. The proposed revision describes the required procedures and responsibilities when a charter LEA closes. Details and proposed recommendations are included (with red-lined changes noted) in Attachment 1.

2. SELPA Oversight Policy

The Charter SELPA proposes the adoption of a new CEO policy regarding the Charter SELPA Oversight responsibilities and procedures. The purpose of all monitoring and oversight activities is to ensure legal and effective LEA practices are in place to meet the needs of students with disabilities. This policy outlines areas of oversight and indicators that may cause a Charter SELPA review process. Details and proposed recommendations are included in Attachment 2.

2.1 Allocation Plan section number 2 is amended to align with Attachment 2 and is included in Attachment 2.1.

3. Legal Risk Pool

In its current configuration, the Legal Risk Pool is not predicted to provide its intended protection beyond 2019-20. The Charter SELPA recommends revision to the Legal Risk Pool parameters to ensure sufficient resources to pay current year claims. Details and proposed recommendations are included in Attachment 3.

REPORTS

4. Local Plan Template

The Charter SELPA will provide an overview of the new local plan requirements. Assembly Bill (AB) 1808, requires all SELPAs to utilize a CDE developed template that shall be used by SELPAs for their local plan, annual budget plan (ABP) and annual service plan (ASP) to be used by all SELPAs effective July 1, 2020.

5. Educationally Related Mental Health Services (ERMHS) Year End Report

CEO Executive Committee will be updated on the 2018-19 ERMHS budget and on the September finding of sufficiency for the 2019-20 ERMHS budget to assure a transparent and predictable level of funding for Charter SELPA partners. Please see Attachment 4, entitled "Year End ERMHS Report", for this update.

6. SELPA Leadership Report

**Charter SELPA Executive Committee Meeting – 9-12-19
CEO Policy 27
Attachment 1**

Charter School Closure

A charter school may choose to close voluntarily, close involuntarily through non-renewal, or close involuntarily through revocation by their authorizing LEA. When these instances arise the LEA is required to complete closure procedures below. Additionally, there are circumstances that require an LEA’s CDS code to change; in these instances the SELPA will determine if closure procedures are necessary on a case by case basis.

1. Documentation and Notice of Closure

The LEA will immediately provide the SELPA:

- a. Written notification of the school closure.
- b. A copy of the charter’s closure policy contained in the most recently approved charter petition.

The LEA must send notice of its closure to the following parties/entities:

- a. Parents or guardians of students.
- b. The authorizing entity.
- c. The county office of education (if the county board of education is not the authorizing entity);
- d. The El Dorado Charter SELPA
- e. The retirement systems in which the school’s employees participate.
- f. The California Department of Education.

Notification of all the parties/entities above must include at least the following:

- a. The effective date of the closure.
- b. The name(s) of and contact information for the person(s) handling inquiries regarding the closure.
- c. The students’ school districts of residence.
- d. How parents or guardians may obtain copies of student records, including specific information on completed courses and credits that meet graduation requirements.

The notification and documentation requirements are not limited to the items listed above.

The Charter SELPA may require additional information from the charter as needed to ensure:

- a. Appropriate transition of special education services for students served by the charter;
- b. Compliance with state and federal laws;
- c. Compliance with state and federal funding requirements; and/or
- d. Accuracy and reliability of any data submitted to the Charter SELPA .

2. SELPA Written Notification to Closing Charter

Consistent with Education Code and CDE requirements, charter school closure procedures must include plans for transfer and maintenance of school and student records, including any special education records, filing of expenditure and other fiscal reports, and completion of a final audit. After receiving notification of an LEA closure, the Charter SELPA will, in writing:

- a. Remind the charter of its closure obligations;
- b. Request from the charter information necessary to process the closure internally; and
- c. Notify the charter of any action deemed necessary to minimize financial loss to the Charter SELPA.

3. Financial Closeout

If there are no funding restrictions in place, upon determination of satisfactory completion of items outlined in the required written notification from the Charter SELPA, any amounts owed to the charter may be released. The required written notification from the Charter SELPA will state that, because of the timing of the annual audit and SELPA receipt of federal funds, final funds may not be released for up to eight months after the charter has closed.

The Charter SELPA may release ERMHS funds before the final charter audit is issued if all program and fiscal documentation is on file as required by the Charter SELPA and there are no conditions that would cause the Charter SELPA to be concerned about the reliability of data submitted.

In the event of a bankruptcy, the release of funds may be impacted by the direction of the courts.

If the Charter SELPA makes a finding that it would not release any final amounts owing to the charter, that finding will be disclosed to the Executive Committee.

4. Release of Claims

When an LEA closes, the LEA forever releases and discharges the Charter SELPA and its past and present principals, members, partners, officers, directors, affiliate employees, agents, successors, assigns, attorneys and insurers, collectively with the Charter SELPA, from any and all claims arising out of the operations of the LEA. Accordingly, the closing LEA shall promptly withdraw and/or cause to be filed dismissals with prejudice of all applications, requests, reports, complaints, or appeals, if any, filed or made as to any such claims.

Consistent with the release language above, closure of an LEA terminates the ability for the LEA and associated entities affiliated with the LEA to submit claims to any funding or to any Charter SELPA Risk Pool (e.g. Legal Risk Pool, SELPA Set Aside, Rate Smoothing Pool, etc.) effective the date of the LEA closure and/or termination of membership pursuant to CEO Policy 26. Termination of the ability to submit funding and SELPA Risk Pool claims may be suspended for an Organizational Partner with LEAs that will continue as Charter SELPA members.

Legal References:

EDUCATION CODE

- 47604.32
- 47605
- 47605.6
- 47607

CALIFORNIA CODE OF REGULATIONS, TITLE 5 (5 CCR) 11962

- 11962.1

Charter SELPA Executive Committee Meeting – 9-12-19
CEO Policy 27
Attachment 1

Charter School At Risk and Closure

CHARTER SCHOOL AT RISK

If matters arise that could potentially cause a loss to the SELPA or there is a concern that funds are not being spent appropriately for special education, Charter SELPA administration may make a determination to:

- withhold state and federal funding; or
- move an LEA to reimbursement based state funding, requiring expenditure reporting prior to cash distribution; and/or
- require an LEA to submit proof of actual expenditures.

Potential such matters include, but are not limited to:

- Notice of revocation
- Notice of bankruptcy
- FCMAT extraordinary audit
- Annual audit with material findings and identification of operational issues that cause concern regarding the long term viability of the organization.
- Other circumstances that create a concern that a loss to the SELPA is possible or funds are not being spent appropriately for special education.

Charter SELPA administration may make a determination to exclude a charter from federal funding eligibility if matters come to their attention that cause them to believe compliance requirements of CDE or the federal grant itself may be violated by doing so.

The charter may appeal the determination made pursuant to this policy to the Charter SELPA Appeals Committee.^[RS1]

CHARTER SCHOOL CLOSURE

A charter school may choose to close voluntarily, close involuntarily through non-renewal, ~~or~~ close involuntarily through revocation by their authorizing LEA. When these instances arise the LEA is required to complete closure procedures below. Additionally, there are circumstances that require an LEA's where a charter school's CDS code changes from the previous year CDS code to change; in these instances the SELPA will determine if closure procedures are necessary on a case by case basis. ,even though this may not mean the charter has closed operations. Whenever there is a change to a CDS code, the Charter SELPA and LEA are required to complete the following closure procedures.

- Each Charter SELPA LEA must provide the SELPA with a copy of the charter's closure policy, contained in the most recently approved charter petition.
- A Charter SELPA LEA must notify the SELPA immediately of a closure or CDS code change for any reason.

1. ~~1~~-Documentation and Notice of Closure

The LEA will immediately provide the SELPA:

- a. ~~w~~Written notification of the school closure. ~~or CDS code change~~
- b. ~~A~~ copy of the charter’s closure policy, contained in the most recently approved charter petition.

~~A~~The Charter SELPA ~~LEA~~LEA must send notice of its closure to the following parties/entities:

- a. Parents or guardians of students.
- b. The authorizing entity.
- c. The county office of education (if the county board of education is not the authorizing entity);
- d. The El Dorado Charter SELPA
- e. The retirement systems in which the school’s employees participate.
- f. The California Department of Education.

Notification of all the parties/entities above must include at least the following:

- a. The effective date of the closure.
- b. The name(s) of and contact information for the person(s) handling inquiries regarding the closure.
- c. The students’ school districts of residence.
- d. How parents or guardians may obtain copies of student records, including specific information ~~n~~ on completed courses and credits that meet graduation requirements.

The notification and documentation requirements are not limited to the items listed above. The Charter SELPA may require additional information from the charter as needed to ensure:

- a. ~~a~~Appropriate transition of special education services for students served by the charter;
- b. ~~C~~ompliance with state and federal laws;
- c. ~~C~~ompliance with state and federal funding requirements; and/or
- d. ~~the a~~Accuracy and reliability of any data submitted to the Charter SELPA .

2. ~~2~~-SELPA Written Notification to Closing Charter

Consistent with Education Code and CDE requirements, charter school closure procedures must include plans for transfer and maintenance of school and student records, including any special education records, filing of expenditure and other fiscal reports, and completion of a final audit. After receiving notification of an Charter SELPA LEALEA closure, the Charter SELPA will, in writing:

- a. ~~r~~Remind the charter of its closure obligations;
- b. ~~R~~request from the charter information necessary to process the closure internally; and
- c. ~~N~~otify the charter of any action deemed necessary to minimize financial loss to the Charter SELPA.

•3. Financial Closeout

~~3. Financial Closeout~~

If there are no funding restrictions in place, upon determination of satisfactory completion of items outlined in the required written notification from the Charter SELPA, any amounts owed to the charter may be released. The required written notification from the Charter SELPA will state that, because of the timing of the annual audit and SELPA receipt of federal funds, final funds may not be released for

up to eight months after the charter has closed.

The Charter SELPA may release ERMHS funds before the final charter audit is issued if all program and fiscal documentation is on file as required by the Charter SELPA and there are no conditions that would cause the Charter SELPA to be concerned about the reliability of data submitted.

In the event of a bankruptcy, the release of funds may be impacted by the direction of the courts.

If the Charter SELPA makes a finding that it would not release any final amounts owing to the charter, that finding will be disclosed to the Executive Committee.

4. ~~4.~~ Release of Claims

When an ~~an~~ [Charter SELPA LEA](#) closes, the LEA forever releases and discharges the Charter SELPA and its past and present principals, members, partners, officers, directors, affiliates employees, agents, successors, assigns, attorneys and insurers, collectively with the Charter SELPA, from any and all claims arising out of the operations of the LEA. Accordingly, the closing ~~Charter SELPA LEA~~ shall promptly withdraw and/or cause to be filed dismissals with prejudice of all applications, requests, reports, complaints, or appeals, if any, filed or made as to any such claims.

Consistent with the release language above, closure of an ~~an~~ [Charter SELPA LEA](#) terminates the ability for the LEA and associated entities affiliated with the LEA to submit claims to any funding or to any Charter SELPA Risk Pool (e.g. Legal Risk Pool, SELPA Set Aside, Rate Smoothing Pool,⁷ etc.) effective the date of the LEA closure and/or termination of membership^[RS2] pursuant to CEO Policy ##26. Termination of the ability to submit funding and SELPA Risk Pool claims may be suspended for an Organizational Partner with LEAs that will continue as Charter SELPA members.

Legal References:

EDUCATION CODE

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- 47605
- 47605.6
- 47607

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- 11962.1



SELPA OVERSIGHT

The Charter SELPA is responsible for monitoring all required areas of compliance with federal, state and Charter SELPA policies. The purpose of all monitoring and oversight activities is to ensure legal and effective LEA practices are in place to meet the needs of students with disabilities. This policy outlines areas of oversight and indicators that may cause a Charter SELPA review process. Charter SELPA administration will keep the CEO Council informed of SELPA oversight activities and determinations.

If compliance, performance and/or student population data for an LEA in the Charter SELPA varies significantly from expected results or standards, it may be an early warning for the Charter SELPA to initiate contact. In this case, the Charter SELPA will contact the LEA to confirm the data, discuss any underlying issues which may impact the data, and identify how the Charter SELPA can assist the LEA in any necessary corrective action.

The Charter SELPA will monitor special education practices and data continuously to determine whether practices are in line with the LEA's responsibilities to students with disabilities and SELPA policies. Data will be collected and reviewed by the Charter SELPA. Examples of existing indicators and standards include but are not limited to:

- Identification of special education students that is below 4% or greater than 14%
- State Performance Plan Indicators
- Disproportionality of a singular disability classification (i.e. Specific Learning Disability, Emotional Disturbance, etc.), as measured by any one disability classification that comprises 75% or more of the total population of students with disabilities in K-12 programs
- Significant swings in enrollment and/or enrollment trends that are not aligned to the LEA's instructional calendar
- Pattern of compliance complaints or due process hearings
- Evidence of exclusionary practices
- Significant and/or abrupt change in leadership or staff
- No/low participation or engagement in the Charter SELPA (CEO Council, Steering Committee, professional development offerings, etc.)
- Unspent funds greater than 25%
- Annual independent audit which shows serious fiscal solvency issues or material findings (e.g. findings related to internal control or program compliance, high debt ratios, deficit spending, going concern findings, adequate reserves, and adequate cash)

SELPA REVIEW PROCESS

If one or more of the preceding triggers indicates a potential problem, the Charter SELPA may initiate a program and/or fiscal review. Program and fiscal reviews are facilitated by the appropriate Charter SELPA administrator. Charter SELPA's goal in each review process is to clearly identify the areas of SELPA concern, discuss any underlying issues which may be impacting the findings, and identify how the



Charter SELPA can assist the LEA in any necessary corrective action. The Charter SELPA may request additional information as necessary to resolve identified concerns.

When multiple or connected concerns exist, the Charter SELPA may implement an Integrated Review Team (IRT) visit. An Integrated Review Team (IRT visit) consists of Charter SELPA program and business administrators meeting directly with the charter LEA leadership team.

CHARTER SCHOOLS AT-RISK

Whether through a Charter SELPA review process or other source, or if significant matters arise that are potentially harmful to students, demonstrate negligence, may harm the SELPA, or there is a concern that funds are not being spent appropriately for special education, Charter SELPA administration is empowered to act in the best interests of the SELPA as a whole. Such matters include, but are not limited to:

- Pattern of noncompliance with federal, state or Charter SELPA regulations
- Notice of revocation
- Notice of bankruptcy
- FCMAT extraordinary audit
- Annual audit with material findings and identification of operational issues that cause concern regarding the long-term viability of the organization
- Other circumstances that create a concern that a loss to the SELPA is possible or funds are not being spent appropriately for special education

Charter SELPA administration may make a determination and proceed to:

- Notify appropriate public agencies;
- Withhold state and/or federal funding;
- Move an LEA to reimbursement-based state funding, requiring expenditure reporting prior to cash distribution;
- Require an LEA to submit proof of actual expenditures; and/or
- Initiate termination of membership pursuant to CEO Policy 26.



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) If enrollment for a continuing charter member is not included by CDE in the calculation of the Charter SELPA current year federal grant due to a CDS code change, the charter member remains eligible to receive federal funding in the current year.
- e) The administrative fee (see section #5) is determined based on total state and federal income per charter member, but the payment itself is considered paid with state dollars.
- f) Inability to fully spend special education dollars may result in ineligibility to receive federal funds in the subsequent school year. (See section #7-- Unspent Funds).

Federal Grant Compliance

Charter SELPA administration may make a determination to exclude a charter from federal funding eligibility if matters come to their attention that cause them to believe compliance requirements of CDE or the federal grant itself may be violated by doing so.



Legal Risk Pool

Issue

The originally conceived sources of revenue to the Legal Risk Pool have been highly variable from year to year. More importantly, the amount of revenue from these sources is expected to diminish relative to the overall number of pupils and families in the SELPA. Total claims were relatively steady for four years but have increased dramatically over the past two years. In its current configuration, the Legal Risk Pool is not predicted to provide its intended protection beyond 2019-20.

Background

CEO Council established the Legal Risk Pool in 2013-14. Current funding for the pool comes from two sources:

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

Reimbursement from the pool is limited to legal fees incurred in conjunction with a case involving a due process filing. Currently, 60% of legal fees are reimbursable up to a maximum claim of \$30,000, which translates into a maximum reimbursement amount of \$18,000 (60% of \$30,000).

Analysis

The chart below shows the recent history of the pool and the initial budget for 2019-20.

Charter SELPA Risk Pool	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20 (Projected)
	A	B	C	D	E	F	G
1 EDCOE One Time Contribution	100,000						
2 Transfer from Modified Funding/Reserve	511,808	291,849	145,392	167,776	111,371	262,579	131,417
3 Forfeited State Funds	50,997	4,734	(30,406)	850,872	5,189	26,862	
4 Cancelled PY Pending Awards						37,559	
5 PY Adjustments to Modified Funding/Reserve	(1,199)						
6 Transfer from Set Aside	82,735	6,426	-	52,716	-	-	
7 Transfer from Set Aside-Interest			962	1,913	-	-	
8 Internal Acct Adjustments	2,426	(2,426)					
9 Total Revenue	746,767	300,583	115,948	1,073,277	116,560	327,000	131,417
10							
11 Total Awards	81,704	79,976	44,121	85,544	237,088	384,019	400,000
12 Pending Awards					126,753	-	
13 Contribution to Rate Smoothing Pool						500,000	
14 Contribution to New Set Aside				200,000		-	
15 Contribution to MH Funding	600,000						
16 Return of MH Funding	(467,120)	448,435		18,685	-	-	
17 Total Expenditures	214,584	528,411	44,121	304,229	363,841	884,019	400,000
18 Income Less Expenditures		(227,828)	71,827	769,048	(247,281)	(557,019)	(268,583)
19 Beginning Balance	-	532,183	304,355	376,182	1,145,230	897,949	340,930
20 Ending Balance	532,183	304,355	376,182	1,145,230	897,949	340,930	72,347

With projected revenue of \$131K (cell G2) and only a modest increase in claims to \$400K (cell G9), the ending balance is estimated to be only \$72K (cell M20). This would not be sufficient to cover another year of claims.

Recommendation

Current realities:

- The two revenue sources to the pool (unspent funds and unclaimed funding) are essentially the only way to fund the Legal Risk Pool without reducing revenue to SELPA partners in some fashion.
- The average claim amount over the past six years is well-below the \$18,000 maximum at \$7,200. Therefore, even cutting in half the maximum allowed would do little to preserve the pool.
- With revenue and the maximum claim amount eliminated as immediate alternatives to preserve the pool, the only remaining parameter to alter is the 60% reimbursement percentage.

Given the current realities, it is recommended that action be taken to ensure the Legal Risk Pool's viability for the current year by recommending to CEO Council a reduction in the reimbursement percentage for 2019-20 to 50%. This will ensure sufficient resources to pay current year claims and allow time for:

- Anticipated changes to the state special education funding model to become clearer; and
- Working with Executive Committee on how to potentially restructure or eliminate the pool beginning in 2020-21.



Year End ERMHS Report

Background

Per the Allocation Plan, by September 15th 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 this finding of sufficiency:

- The per mental health service reimbursement amount for Level 2 will be established between \$2,000 and \$3,000; or
- A higher amount if the prior year ending balance is sufficient to assure SELPA members of predictable funding with no shortfalls.

And, if there is an adequate finding of sufficiency of funding:

- \$100K will be available for Level 2 transportation – outside of the service cap formula; and/or
- Indirect costs will be allowed for Level 2.

Analysis and Assumptions

1. 2018-19 Ending Balance Estimate

The Allocation Plan directs administration to manage annual ERMHS funding decisions toward a goal of maintaining an ending balance (reserve) in the 5% to 10% of revenue range. The 2018-19 ERMHS ending balance is \$2M. This is \$480K above the upper reserve target of 10% of revenue, which results in a reserve level of 12.6% (lines 12 & 13 of chart below).

2017-18 ended \$1.3M above the 10% target, which resulted in a reserve level of 21%. Each of the last three years have ended closer to the reserve target, and 2018-19 was the second consecutive year where current year expenditures exceeded current year income resulting in a reduction in the reserve balance. The difference between submitted budgets and actual expenditures remains the primary reason for the year-end reserve levels higher than target.

2. 2019-20 Projected ADA

Total SELPA ADA is expected to decrease from 209K to 206K in 2019-20. This results in projected state ERMHS funding of \$13M (line 1), and projected federal ERMHS revenue of \$2.4M (line 2). State ERMHS revenue is based on current year ADA, while federal is based on prior year ADA, which is why there is an increase in this projected amount.

3. 2019-20 Projected Level 3 Costs

Referencing lines 5 through 7, Level 3 site-based therapeutic, NPS and NPS residential costs continue to climb. Reported final expenditures for 2018-19 were \$4M, a 27% increase over prior year. The increase is due to two primary factors:

1. The reimbursement percentage across all Level 3 categories was established at 100% in 2018-19 vs. 95% in 2017-18.
2. An increased number of total requests: 85 in 2017-18 and 107 in 2018-19.

With the total ADA for the SELPA remaining close to 2018-19, a 5% increase has been projected for each category of Level 3 expenditures. That figure is then factored down to initial 80%/90% funding levels (column F) until the May finding of sufficiency when more data will be available to determine projected costs.

4. 2019-20 Projected Level 2 ERMHS Service Counts

The major indicator of Level 2 costs is the ERMHS service counts. 2018-19 trend data shows that from September to December (the official count date), eligible Level 2 counts rose 9%. The September 2019 count is 6,064. Considering the prior year growth rate, the December 2019 Level 2 service count is projected to be 6,605.

5. 2019-20 Projected Level 2 Budget Requests

Based on the December 1st SEIS service count, approximately \$2,035 per eligible service was spent in 2017-18. In 2018-19, the average amount spent per service was \$2,021. For 2019-20 budgeting, a per-service cost of \$2,100 is assumed.

6. 2019-20 Projected Level 2 Expenditures

Multiplying the service count projection of 6,605 (#4 above) by the assumed \$2,100 per-service cost (#5 above) yields a total of \$13.9M in expected Level 2 expenditures. Applying an 80% reimbursement rate equates to a budget of \$11.1M for Level 2 (line 4).

	A	B	C	D	E	F
Charter SELPA ERMHS	2016-17 Final	2017-18 Final	2018-19 Projected (May 19) @ 100%	2018-19 Final @100%	2019-20 Projected (Sept 19)	Initial Funding Levels
1 State	8,634,623	10,460,970	13,499,489	13,194,599	13,020,489	
2 Federal	1,390,903	1,653,927	1,975,593	1,975,593	2,416,839	
3 Total Income	10,025,526	12,114,897	15,475,082	15,170,192	15,437,328	
4 Level 2	7,043,429	8,899,644	12,153,305	11,169,761	11,096,400	80%
5 Level 3 Therapeutic	334,568	424,503	779,853	706,503	593,880	80%
6 Level 3 NPS	1,267,870	1,199,433	2,640,920	1,628,705	1,539,405	90%
7 Level 3 Residential	906,222	1,500,758	1,131,191	1,723,028	1,809,150	100%
8 SELPA Indirect	287,000	360,730	501,158	456,840	451,165	
9 Total Expenditures	9,839,089	12,385,068	17,206,427	15,684,837	15,490,000	
10 Income less Expenditures	186,437	(270,171)	(1,731,345)	(514,645)	(52,672)	
11 Beginning Balance	2,590,885	2,777,322	2,507,151	2,507,151	1,992,506	
12 Ending Balance	2,777,322	2,507,151	775,806	1,992,506	1,939,834	
13 Reserve % of Revenue	27.70%	20.69%	5.01%	13.13%	12.57%	

Finding of Sufficiency

Based on the forgoing analysis, SELPA administration makes a finding of sufficiency of funding for 2019-20 to support the following budget decisions:

- The maximum Level 2 per service rate is held at \$3,300.
- \$100K will be available for Level 2 transportation reimbursement.
- Indirect costs will be allowed for Level 2.

Before May 2020, SELPA administration will make a finding as to the ability to fund beyond the initial 80% and 90% parameters established in the Allocation Plan. The significant variables impacting this finding will be the January 2020 Level 2 budget requests and the amount of Level 3 NPS budgets submitted.

Summary

Based on SELPA administration's September finding of sufficiency of funding, below is a summary of 2019-20 ERMHS funding parameters:

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

- a) \$3,300 per eligible ERMHS SEIS service based on the December 1, 2019 count; or
- b) January 2020 budget request.

The lowest of the two calculated amounts above becomes the maximum Level 2 budget request up to actual expenditures submitted in July 2020.

\$100K is allocated for Level 2 transportation, and indirect costs for Level 2 are allowed.

Level 3 Site Based Structured Therapeutic Program (80% funded)

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. Eligible students must meet ED eligibility criteria and be identified in SEIS with ED as primary or secondary disability. A budget request for Level 3 site based structured therapeutic program reimbursement must be filed with the Charter SELPA by November 1.

Level 3 NPS ERMHS (90% funded)

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. Eligible students must meet ED eligibility criteria and be identified in SEIS with ED as primary or secondary disability.

Level 3 NPS Residential Room and Board (100% funded)

All criterion and reimbursement parameters applicable to non-residential placements listed above apply. Additional costs that may be claimed are the residential room and board costs for a student placed at an NPS.

Recommendation

This report is provided for information only. An ERMHS budget update will be presented at the October CEO Council meeting.