



EL DORADO
CHARTERSELPA
Fiscal Update



April 2020

2019-20 State & Federal Budget Advice

- 19-20 State Rate = **\$538.00** per 2019-20 P-2 ADA (before admin fee & set-aside for new charters)
- 19-20 Federal Rate = **\$125.00** per 2018-19 Enrollment/CBEDS (before admin fee)

2020-21 State & Federal Budget Advice

A confluence of factors has added a level of complication in budgeting for 2020-21 unseen in recent years. To summarize:

- January: The Governor's January proposed budget included a projected 2.29% COLA and increasing the SELPA Statewide Target Rate from \$557/ADA to \$660/ADA based on a 3-year rolling average of ADA for each LEA in a SELPA.
- February: Proposed trailer bill language sunsets AB 602 as of July 1, 2020. This would eliminate the special education deficit by curing a conflict between Ed Code and Appropriations language.
- Early March: To account for CDE's decision to zero-out all ADA associated with A3 Education schools, the Charter SELPA CEO Council approved using all funds in the Rate Smoothing Pool to minimize the size of the forced current year per-ADA rate reduction (\$538 from \$543).
- Mid-March: The significant impacts on the state's fiscal condition from the COVID-19 dilemma compelled the Department of Finance to issue an advisory that 2020-21 budgeting will occur in the context of a workload budget. The announcement stated that there should be no expectation of full funding for either new or existing proposals.
- Late March: Preliminary advice was that the \$645M needed for the \$660/ADA proposal was now part of the state's MOE base and, therefore, somewhat protected. Later, it was clarified that only a portion (\$152M) was part of the state's MOE base, and the workload budget could redistribute the other \$493M in any way deemed necessary.
- April: The only sure thing is that the May revised budget will be substantially different from the January proposed budget. However, exactly how different is impossible to ascertain, given the unknown final impact of the fight against COVID-19. And, the unfortunate reality is that details of the May revised budget are too late to incorporate into our 2020-21 adopted budgets.

These conditions demand caution in projecting the state revenue rate for next year. Taking all the above factors into account, we believe that a cautious approach will incorporate four elements:

1. the 2.29% COLA proposed in January;
2. an assumption of a continued special education deficit;
3. a projection of the size and movement of the deficit consistent with the past; and
4. the use of no dollars (\$0) from the Rate Smoothing Pool.

Accounting for these four elements results in preliminary budget advice for the 2020-21 fiscal year as follows:

- 20-21 State Rate = **\$552.00** per 2020-21 P-2 ADA (before admin fee & set-aside for new charters).
- 20-21 Federal Rate = **\$125.00** per 2019-20 Enrollment/CBEDS (before admin fee)

2020-21 Administrative Fees

The 2020-21 Administrative Fee rate for each Charter SELPA partner is posted to the website (see “Handy Links” below). As a reminder, beginning 2019-20, the Administrative Fee schedule in the Allocation Plan was reduced. The table below captures these reductions for partners in good standing with the SELPA.

	Year 1	Year 2	Year 3	Year 5
2019-20 and beyond	5.5%	4.5%	3.5%	3.0%
Prior to 2019-20	6.0%	5.0%	4.0%	4.0%

2019-20 Maintenance of Effort (MOE) Pre-Test

The 2019-20 Maintenance of Effort (MOE) Pre-Test will remain open until April 6, 2020 for all partners. **All SELPA members must complete this report**, regardless of whether federal funding is expected in 2019-20. Refer to the March 17, 2020 email update for details on how to complete the MOE Pre-Test. We will be reviewing the reports and sending emails next week with any questions or concerns.

Federal Revenue Update

The second federal expenditure reporting will be available on April 1, 2020 and is due on April 22, 2020. **This second report is optional.** If you have expenditures to report, we recommend doing so, as final expenditure reports (reported in July) often take several months to be funded by CDE. Federal grants are a reimbursement-based funding stream. Once our partners submit their expenditures, the SELPA compiles and reports to CDE. When funds are release to the SELPA, we then release funds to our partners. This process can take time, so the sooner you report, the better.

The SELPA has not yet received the grant award notice from CDE for the 2019-20 year. However, CDE has assured us that the award notice should be issued soon. Expenses reported in January have not been reported to CDE, as they are dependent upon the grant award. Once the grant award is received, we will submit expenditure reports. Per CDE, we should expect to receive

funds within 6 weeks after they receive the expenditure report, though it often takes several months.

As a reminder, charters in the first year of operation are not eligible for federal revenue because no prior year enrollment count exists upon which to base the funding.

2019-20 Mental Health Funding

Funding Determination

As of the March funding determination, all funding levels will remain:

- Level 2: 80% of the lesser of the Preliminary Funding (\$3300 x December 1 SEIS mental health service count OR actual budget) or the final actual expenditures
- Level 3 Site Based: 80% of approved budget request or final actual expenditures
- Level 3 NPS: 90% of approved budget request or final actual expenditures
- Level 3 Residential: 100% of approved budget request or final actual expenditures

ERMHS Level 3

Throughout the year, there are four available expenditure reporting windows for Level 3 NPS and NPS/Residential placements. The next expenditure reporting is due April 21, 2020.

Low Incidence and Legal Risk Pool

For Low Incidence and Legal Risk Pool reimbursements, please submit claims as soon as you are aware of them. There is no need to wait until you have actually incurred the expenditure. The sooner we are aware of claims, the better we are able to finalize claims and manage the overall budget. The [Fiscal Portal](#) is available now for claim submissions. Additional information on the [Low Incidence Guidelines](#) and the [Legal Risk Pool Guidelines](#) are available on the [Charter SELPA website](#).

Fiscal Workshop

Our Year-End Fiscal Workshop will be April 28, 2020 from 10am to 11am. This workshop will cover current budget updates as well as topics related to end-of-year processes. Registration available [here](#).

Important Upcoming Dates

- **4/6/2020** – MOE Pre-Test Due (Extended date)
- **4/21/2020** – ERMHS Level 3 Expenditures Due
- **4/22/2020** – Federal Expenditure Report #2/Projected 2020-21 P-2 ADA Due
- **4/28/2020** – Year-End Fiscal Workshop
- **5/1/2020** – Legal Risk Pool Reimbursement Requests Due
- **5/1/2020** – Low Incidence Pool Reimbursement Requests Due



Handy Links

- [Fiscal Portal](#)

2019-20

- [Funding Detail](#)
- [State Cash Flow Projection](#)
- [Federal Cash Flow Projection](#)
- [Admin Fee Rates](#)
- [Fiscal Calendar](#)

2020-21

- [Funding Detail](#)
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- [Admin Fee Rates](#)

