





EL DORADO  
**CHARTERSELPA**  
Special Education Local Plan Area

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# ***Allocation Plan***

# ***2020-21***

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# INTRODUCTION

## *Background*

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. 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*

**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
12. Cash-Flow Process Information



# CURRENT YEAR EXECUTIVE SUMMARY



| Allocation Plan Element         |  | Basis of Funding   | Gross Rate | Additional Description   |
|---------------------------------|--|--|------------|--|
| 1                               | State Funding  | Current Year ADA   | \$625      | 2020-21 P-2 ADA. Note: SB 98's ADA Hold Harmless provision establishes that 2020-21 ADA is equal to 2019-20 ADA.   |
| 2                               | Federal Funding                                      | Prior Year Enrollment  | \$125      | Must have operated in prior year and prior year enrollment count must be trackable to current year CDS code.   |
| <b>Total Gross Base Funding</b> |  |  | \$750      | Rate before administrative fee holdback, which is unique to each charter. First-year charters contribute one-time \$5 per current year ADA to set-aside risk pool. |
| 3                               | SpEd Deficit/Rate Smoothing Pool                     | Our understanding is that there will no longer be a deficit (proration factor) applied to special education funding. Therefore, no funds from this pool would be required.                     |            |  |
| 4                               | Partner Definition                                   | Single Partner - 1 charter in the Charter SELPA<br>Organization Partner = 2 or more charters in the Charter SELPA under one organization (CMO/Non-Profit)                                      |            | Year of entry of partner, determines Admin Fee %.  |
| 5                               | Charter SELPA Administration Fee                     | Funds SELPA services to partners; % of total gross base funding. Year 1 = 5.5% Year 2 = 4.5% Year 3 = 3.5% Year 5 = 3.0%   |            | Reduction in Years 3 & 5 contingent on good standing.  |
| 6                               | Set-Aside Risk Pool                                  | Reserve for unrecoverable funding. All Charters in first year of Charter SELPA membership contribute a one-time non-refundable \$5.00 per current year P-2 ADA.                                |            |  |
| 7                               | Unspent Funds  | If more than 25% of funding is unspent at year end, following year funding will be reimbursement based. Eligibility for federal revenue in following year may be impacted.                     |            |  |
| 8                               | Income Re-Allocation                                 | Income may be shifted from one charter to another, if the umbrella organization has the board/organization authority to re-allocate dollars.   |            |  |
| 9                               | Educationally Related Mental Health Services (ERMHS) | Level 2 = funding determined by formula. Level 3 = funding determined by budget submission (may include NPS ERMHS services, transportation, and room & board for residential placements).      |            |  |
| 10                              | <del>Legal Risk Pool</del>                           | Due to lack of a consistent funding source, this pool was suspended indefinitely by CEO Council beginning in 2020-21.  |            |  |
| 11                              | Low Incidence Funding                                | Low incidence services & materials reimbursements (\$600 minimum claim) are funded at a minimum of \$1,000 up to a calculated maximum based on available dollars.                              |            |  |
| 12                              | Cash Flow  | Special education funding is subject to the same deferrals as LCFF revenue. Specific policy guidance re: standard SELPA cash flow to charters is found in this section of the Allocation Plan. |            |  |



# 1. STATE SPECIAL EDUCATION FUNDING (Last revised October 2019)

## *Funding Definition*

The Charter SELPA receives state special education funding based on the statewide target 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 or may not be provided annually, depending upon legislative budget action. This funding from the state may also be impacted by application of a deficit factor (See Element 3/Rate-Smoothing Pool).

## *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 target rate per ADA. In addition, the SELPA receives a small portion per ADA for SELPA Program Specialist/Regionalized Services (PS/RS rate). Should this funding source ever be rolled into the base rate by legislative action, CEO Council action substantiates that the Charter SELPA continue to treat the PS/RS rate as a separate operational funding stream to the Charter SELPA. These rates are adjusted each year by any COLA applied to the rate.

Charter SELPA administration is responsible for setting the Charter Member Rate each year to account for the budgetary impact of any deficit and maintain a consistent level of funding from year to year (See Element 3/Rate-Smoothing Pool. In order to calculate an individual charter's funding rate, the Charter Member Rate is adjusted by the unique charter member administrative fee and for first year charters, the one-time Set-Aside Risk Pool contribution (See Element 5/Charter SELPA Administrative Fee).



## 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* (Last revised October 2018)

- 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 Element 5/Charter SELPA Administrative Fee) 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 Element 7/Unspent Funds).

### *Federal Grant Compliance* (Added October 2019)

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



### 3. SPECIAL EDUCATION DEFICIT/RATE SMOOTHING POOL

**Intent** (Last revised October 2019)

In 2013-14, there was a statewide deficit applied to special education state funding. In response, CEO Council created a Rate Smoothing Pool to address potential deficits that may occur going forward and to maintain a consistent level of funding from year to year. CEO Council action is required for the use of funds in this pool other than SELPA administration's use of pool funds in conjunction with setting the Charter Member Rate (state special education funding rate). Administration shall regularly inform CEO Council of the planned and actual expenditure of funds from the pool, as well as changes in the pool balance.

#### **Operation of the Pool**

In setting the Charter Member Rate to SELPA Partners, administration shall use due diligence in establishing a projection for the movement of any state deficit percentage during the relevant fiscal years. Based on these projections, SELPA administration will manage funds in this pool directed by the goals of:

1. Mitigating fluctuations in current year state funding due to movements in the state deficit.
2. Maintaining a consistent level of state special education funding to Partners from year to year.

Sources of funds for the Rate Smoothing Pool:

- All deficit restorations received from the state by the SELPA; and
- Any other additions to the pool approved by the CEO Council.





## 4. PARTNER DEFINITION (Last revised October 2018)

### *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*

|                               |   |
|-------------------------------|---|
| <b>Single Charter Partner</b> | Charter SELPA LEA member with one school (CDS code) in the Charter SELPA            |
| <b>Organization Partner</b>   | 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 that is structured to include one Chief Executive Officer position that has defined responsibilities related to multiple charters. The title of CEO may differ by organization, but the intent is that the "CEO for the umbrella organization" has specific decision-making authority related to the multiple charters in matters involving special education programs and services.

Member charter LEAs within the Organization Partner "network" are afforded the same benefits as those that are available to the Organization Partner. 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. Another example would include, if the Organization Partner is put on a reimbursement basis for funding, all members of the Organization Partner's network may also be funded through a reimbursement mechanism. To ensure accurate considerations of an Organization Partner's member charters within their network, each Organization Partner would be asked to identify their member charters annually and the member charter school LEAs would be asked to affirm the relationship.

An Organization Partner would be asked to assist in the event of a member charter school closing and/or causing a financial impact on the Charter SELPA. CEO Policy 27, addressing when a charter within an Organization Partner's network closes, includes the following language:

"The Organization Partner has certified that funds were spent appropriately for special education and should issues arise at a later date; the Organization Partner will honor any obligations owing by the closing charter."

In the event where the Organization Partner is not able to mitigate a negative impact on the Charter SELPA caused by a member charter school(s), it is understood that actions would be taken to protect the Charter SELPA, including the Organization Partner may be placed in a reimbursement funding



position. In addition, the administrative fee sliding scale is predicated on a member being in good standing and increasing capacity over time. If a member is not in good standing and has a lower administrative fee based on years of participation in the SELPA, the administrative fee may be recalibrated and returned to a level reflective of a lower capacity and to cover increased costs created by the heightened monitoring required.



## 5. CHARTER SELPA ADMINISTRATIVE FEE (Last revised May 2019)

### *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. The formula was again revised for 2019-20 with reductions to the administrative fee rate for all current and new Charter SELPA Partners. These funds, along with funds from the PS/RS rate, are used to cover the operational costs of providing the wide range of SELPA services offered to members, including professional development.

### *Charter SELPA Formula*

A charter's administrative fee is calculated by multiplying total annual state and federal funding for the charter by the applicable administrative fee percentage for the charter. Prior to distribution of state and federal funding, the applicable administrative fee is withheld. Date of entry for purposes of the administrative fee is based on the date of entry of the **Organization Partner**. For example, if the Organization Partner qualifies for a 3% fee based on five years of membership, the expansion charter would be treated the same and receive the 3% 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***

|      |  |
|------|--|
| 5.5% | Year One Partner   |
| 4.5% | Year Two Partner   |
| 3.5% | Year Three Partner – successfully completing the first two years with the Charter SELPA and a SELPA member in good standing. |
| 3.0% | Year Five Partner – successfully completing the first four years with the Charter SELPA and a SELPA member in good standing. |

#### ***Specified Criteria for Administrative Fee in Year 3 and Year 5:***

##### ***Member in good standing:***

- Meets minimum CEO Council and Steering Committee participation requirements
- Timely submission of program reporting: e.g. IEP reporting, Pupil Count
- Timely submission of financial reports
- Meets Maintenance of Effort requirements
- No significant outstanding program compliance issues



### ***Notification of fee eligibility***

By March 1, prior to the start of a fiscal year, Charter SELPA shall notify Partners entering their 3rd year or 5th year if they are deemed to be eligible for the reduced administrative fee for the following fiscal year. Once a Partner receives approval for the administrative fee in accordance with the schedule noted above, the fee continues unless changed by a failure to maintain good standing. 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, Charter SELPA shall notify Partners if they are no longer in good standing or no longer eligible for the administrative fee rate previously established 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 members. 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 (Last revised May 2016)

### *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 entire SELPA membership.

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 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:

- a. Funding adjustments as a result of disallowed ADA with no ability to recover from the member.
- b. Funding adjustments as a result of disallowed expenditures at the state/federal level with no ability to recover from the member.
- c. 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 joining 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* (Last revised May 2020)

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

A charter may also opt out of 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% may not be eligible for federal funds in the following year. If need is demonstrated, based on an understanding of the charter's plans and submitted budgets, the Charter SELPA may establish eligibility for federal funding.
- 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, Charter SELPA administration will make a recommendation to CEO Council on the use of the funds.



## 8. INCOME REALLOCATION (Last revised May 2020)

### *Intent*

Organization Partners (See Element 4/Partner Definition) 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.

### *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. EDUCATIONALLY RELATED MENTAL HEALTH SERVICES (ERMHS)

### *Intent*

CEO Council took a series of actions to implement Allocation Plan language to govern eligibility for and the allocation of the ERMHS funding consistent with the AB 114 guidance from CDE 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 available on the Charter SELPA website for complete information.

### *Charter SELPA Formula*

#### **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. ERMHS Funding Shortfalls**

If there is a Level 3 shortfall, 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 funding increases beyond the original budget as a result of COLA or other increases, the amount of increase will be considered as part of the May finding of sufficiency. If funding decreases beyond the original budget, 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. ERMHS Extraordinary Cost Pool**

The ERMHS Extraordinary Cost Pool (ECP) is NOT currently funded. 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. Other Costs

The Charter SELPA receives funds to administer the ERMHS Allocation Plan, up to the EDCOE approved indirect rate.

#### 5. Description of Level 2 Funding Formula (Last revised October 2018)

The Level 2 formula provides 80% of the lesser of A) \$3,000 (or alternate approved rate) per eligible ERMHS service based on the December 1 count; or B) the charter's budget request.

- a. The lesser amount of the two becomes the maximum budget request. Charters are required to match (co-pay) 20% of the budget request. No facility/rent costs, direct support, or administrative costs are allowable for the 80% reimbursement or 20% match.
- b. 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.
- c. 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.

- d. By November 1 of each year, LEAs 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.
- e. 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+ and Minimum rate = \$2,000.



- f. Level 2 budget request submission date is January 15.
- g. 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.
- h. 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.
- i. By May of each fiscal year:3
  - 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%.

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%.

## **6. Description of Level 3 Funding Formula**

### **6.1- 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.

### **6.2 - 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.

### **6.3 - 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 the California School Accounting Manual (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.
  - Prior to any new placements, SELPA must be consulted, and a preliminary budget request submitted.
  - Immediately after execution of a contract, a copy of the contract, Individual Service Agreement (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.
  - 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.

### **6.4 - 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.
- Prior to any new placements, SELPA must be consulted, and a preliminary budget request submitted.
  - 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.
  - 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 (Suspended May 2020)

### *Intent* (Last revised May 2020)

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 and 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 Risk Pool.

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

CEO Council (May 2020) approved suspension of the Legal Risk Pool beginning in 2020-21 and directed that any remaining balance at the end of 2019-20 be directed to the Set-Aside Risk Pool.

### *Charter SELPA Formula* (Last revised October 2019)

Reimbursement parameters from the Legal Risk Pool for legal costs:

**Eligible Reimbursements:** Attorney costs associated with a due process filing

**Match Requirement:** 50% charter/50% risk pool

**Maximum Reimbursement:** Up to \$15,000 (\$30,000 in eligible/approved costs, 50% 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.



## 11. LOW INCIDENCE MATERIALS AND SERVICES (Last revised May 2016)

### *Intent*

Low incidence (LI) funds are available for reimbursing the cost of low incidence services and materials. Annually, the SELPA receives approximately \$435 per student with an LI disability based on the December pupil count report.

### *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.



## 12. CASH FLOW

### *Intent*

SELPA funding is sent by CDE/State Controller to the Charter SELPA/EDCOE. Charter SELPA in a timely fashion will request that the Administrative Unit (EDCOE) issue electronic payments/warrants to Charter SELPA members. Cash flow policies of the Charter SELPA follow.

### *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 (P-1) and 25% in June (P-2).

### *Cash Flow/Administrative Fee*

The administrative fee is a percentage of each charter's total state and federal funding for a fiscal year. Prior to distribution of state and federal funding, the applicable administrative fee is applied and held back. (see Element 5/Charter SELPA Administrative Fee). While the fee is calculated on both state and federal funding, the total administrative fee is held back from state cash flow only. The administrative fee is adjusted when federal revenue is updated and at each state certification period (see below) and accounted for in the published cash flow schedules.

### *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 the 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. Cash distribution is adjusted based on any CDE cash-flow deferral schedule.

The Charter SELPA publishes an updated state cash flow schedule for charters in the SELPA after each certification period. Please see these detailed documents on the Charter SELPA website.





## ***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.

## ***State Re-Certification Process***

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

Below is the certification schedule for each fiscal year:

- July Advance Apportionment (based on Prior are 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).

