



EL DORADO

**CHARTERSELVA**

*Fiscal Update*



## September 2020 Fiscal Update

### 2020-21 ADA Growth Funding

Governor Newsom's proposed 2020-21 state budget "clean-up" bill ([SB 820](#)) passed out of the Legislature and he is expected to sign it. The bill includes capping growth funding for nonclassroom-based schools and allowing only limited growth for classroom-based schools. The bill establishes enrollment and ADA eligibility tests for classroom-based charter schools to qualify for the limited growth funding. The basics of the eligibility test: An LEA's budget or interim report must "explicitly show growth" of either enrollment or ADA to qualify for growth funding.

If an LEA is qualified for growth funding under the eligibility test, 2020-21 funded ADA will be established as the lesser of:

- The LEA's actual Fall 2020 reported enrollment reduced by statewide average absence factors, or
- If the LEA is eligible based on enrollment growth: projected enrollment in either (1) its most recent budget adopted prior to June 30, 2020 or (2) reflected in its 2019-20 adopted second interim budget, also reduced by the statewide average absence factors.

If the LEA is eligible based on ADA growth: the 2020-21 ADA reflected in either (1) its most recent budget adopted prior to June 30, 2020 or (2) reflected in its 2019-20 adopted second interim budget.

Opponents argued that excluding nonclassroom-based charter schools is counter to parental choice in enrolling children in school, particularly in light of the COVID-19 distance learning realities. The Department of Finance responded that because the state is maintaining 2019-20 ADA levels for LEAs that may otherwise face significant enrollment declines, additional deferrals would likely result from the increased costs.



## Liquidity Options for Charters

The California School Finance Authority (CSFA) is preparing to launch a Tax and Revenue Anticipation Note (TRAN) program for charter schools and is offering a webinar to provide information on the TRAN program and other short-term borrowing options available to charter schools.

Also highlighted will be CSFA's Advances of State Aid Payments Program, which will provide charter schools with "lower cost, timely, and fully transparent access to the capital markets."

The webinar will be held on September 17, 2020, from 1:00 p.m. to 2:30 p.m. and registration information can be found by clicking [here](#).

## A Word on CALPADS

State-level data is generated from local data systems. As the state continues to build-out and increase its reliance on the California Longitudinal Pupil Achievement Data System (CALPADS) for educational data, the importance of effective CALPADS data management at your LEA is amplified. CALPADS data is used more and more to determine funding. Therefore, accurate data and the ability to meet certification deadlines are all relevant to the fiscal health of your charter school.

Referencing last year's Fall 1 submission, LEAs that built cross-departmental data teams with collaboration between CALPADS data coordinators and special education coordinators met deadlines earlier and had more time to ensure data accuracy than those that did not. Some LEAs were severely challenged to meet deadlines because siloed data teams worked against each other.

All of this points to the need for a focus from executive leadership on effective planning and management of your internal data functions. FCMAT recommends two benchmarks to strive for to assist with timely CALPADS submissions:

- Completing all data entry and clearing all input validations within 30 days of the submission start date.
- Clearing all certification errors at least three weeks prior to the deadline to give staff, both the CALPADS data coordinator and the special education coordinator, ample time for review and to work through any necessary corrections.

Leadership and action are needed at the LEA level to foster a local data culture that recognizes the importance of high-quality information for the benefit of students.

## 2020-21 State & Federal Budget Advice

We encourage all partners to review the recorded Q&A webinar on the 2020-21 budget



for important information on the state budget and its impact on special education funding. The [recording](#) is available on the [Charter SELPA Business page](#).

- 2020-21 Charter Member Rate (State) = **\$625.00** per 2020-21 P-2 ADA (before admin fee & set-aside for new charters). 2020-21 P-2 ADA will be equal to 2019-20 P-2 ADA plus any qualified growth funding, as defined in the final budget "clean up" language (See *2020-21 ADA Growth Funding* above).
- 2020-21 state cash flow reports are posted through January 2021, pending the P-1 certification and/or final determination of deferrals. We will update as additional information becomes available
- 2020-21 Federal Rate = \$125.00 per 2019-20 Enrollment/Fall 1 (before admin fee).

## 2019-20 Year-End Maintenance of Effort (MOE) Report

Maintenance of Effort compliance is required to receive federal revenues, but the information collected in the Year-End/MOE report serves multiple purposes within the SELPA. **ALL** 2019-20 SELPA partners must submit this report, regardless of receipt of federal funding. **This does not apply to partners new to the SELPA in 2020-21.** The MOE has four components for complete reporting:

1. 2019-20 Actual-Actual: This is a comparison of your 2019-20 final expenditures to your prior year expenditures. The MOE requires each LEA to spend more in State/Local expenditures than were spent in the prior year. There are four tests (State/Local, State/Local per capita, Local Only, Local Only per capita), but only one test must be met. We encourage each LEA to pass as many tests as possible by utilizing eligible exemptions. The SELPA also utilizes this data for additional reporting throughout the year, so all LEA's are required to report.
2. 2020-20 Actual-Budget: This is a comparison of your budgeted 2020-21 expenditures to your 2019-20 Actuals. This report should be completed once your 2019-20 Actual-Actual is final and submitted. Again, the SELPA utilizes this data for additional reporting, so all LEA's are required to report.
3. Excess Cost: This report is a pre-populated report that will require the signature of your CFO (or equivalent) and your Special Ed Director (or equivalent). The Federal Excess Cost requires that the LEA spend from state and local sources at least as much on the education of children with disabilities as it spends on non-disabled children before spending IDEA funds. Although it is pre-populated, it is important to verify the accuracy of this data.
4. Subsequent Year Tracking: This is also a pre-populated report that will require the signature of the CFO (or equivalent). The Subsequent Year Tracking is a history of your Maintenance of Effort reporting. Although it is pre-populated, it is important to verify the accuracy of this data.

The [MOE reporting template](#) is currently available in the Fiscal Portal and is due to the SELPA office **NO LATER than September 4, 2020**. Please be aware that late reporting

impacts the SELPA's ability to report on time to the CDE and may have a negative impact on overall SELPA funding. Should you encounter any issues with meeting the MOE requirements, please contact the SELPA office as soon as possible so we may assist.

## 2020-21 ERMHS Funding

### LEVEL 2

One component of the 2-part ERMHS Level 2 funding formula is a count of eligible mental health services recorded in SEIS for your LEA on December 1. Three preliminary service counts are sent to your Program Representative so the data can be reviewed for accuracy prior to the December 1 data pull.

The first of these counts will arrive shortly. Then, the counts will be pulled and sent again in October and November. The final pull in December determines the service counts for the Level 2 funding formula. It's important that you monitor these counts closely to ensure maximum funding for your program. Fiscal contacts will be notified each time the preliminary counts are sent to trigger review with your program team.

### LEVEL 3

The process should be underway to execute new Master Contracts and ISAs for all 2020-21 continuing NPS & NPS/Residential placements. We have made updates to the Level 3 Budget Request and will have it available in the first week of September to submit your request for funding. **Please have requests for continuing placements submitted by October 1, 2020.** Requests for new placements should be submitted within 30 days of placement, per the ERMHS Guidelines. 2020-21 Master Contract and ISA templates are available on the [Charter SELPA Business page](#).

## Low Incidence

Low incidence funds are available for use on behalf of students certified as having a Low Incidence primary or secondary disability through the assessment and IEP process. The 2020-21 state budget provides for an increase in Low Incidence revenue to the SELPA, which allows for greater reimbursements to our partners.

The following criteria must exist for reimbursement:

- Student must have a Low Incidence disability.
- The request must meet a minimum of \$600.
- The services and/or materials must be necessary for the student to meet their Individualized Education Plan (IEP) goals and objectives; for the student to access general education; be specialized as it relates to a need or the needs of the Low Incidence disability; and be indicated in a comprehensive evaluation which is completed by staff or a provider who is credentialed/knowledgeable of the Low Incidence disability area(s).



The minimum reimbursement amount per Low Incidence claim has been set at \$1,000 for 2020-21. The Low Incidence Reimbursement Request template is not yet available in the Fiscal Portal as we continue to wrap up the 2019-20 reimbursements. You can find additional information on reimbursement requirements in the [Low Incidence Guidelines](#).

## 2019-20 Final Expenditure reporting

Final expenditure reports for federal, ERMHS, Low Incidence, and Legal Risk were due to the SELPA on July 13, 2020. Once all late reports have been received, the SELPA can submit the final reimbursement request for federal funding to the CDE. From the date the SELPA submits the report, we expect a minimum of 6 weeks for the funds to arrive.

[Final revenues and accruals](#) have been posted to the Charter SELPA website for you to wrap up your final accruals for the year. If your revenues and accruals are blacked out, that means your school has incomplete expenditure reports. We would appreciate your prompt attention to submitting them, as this also impacts your ability to accurately complete your MOE reporting.

## Important Upcoming Dates

- **9/4/20** – Year-End/MOE Report, Excess Cost & Subsequent Year Tracking Due

## Handy Links

- [Fiscal Portal](#)

### 2019-20

- [Funding Detail](#)
- [State Cash Flow Projection](#)
- [Federal Cash Flow Projection](#)
- [Final Revenues & Accruals](#)
- [Fiscal Calendar](#)

### 2020-21

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

