



# *Allocation Plan*

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**El Dorado County Office of Education**  
Ed Manansala, Ed.D., County Superintendent of Schools  
Ginese Quann, Executive Director - Charter SELPA

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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

## *Allocation Plan Elements*

1. State Special Education Funding
2. Federal Special Education Funding
3. Rate Protection Pool
4. Partner Definition
5. Charter SELPA Administration
6. Unspent Funds
7. Income Re-Allocation
8. NPS/RTC/SBT (ERMHS) Pool & Out of Home Care (OOHC) Funding
9. Legal Risk Pool
10. Low Incidence Materials and Services
11. Cash Flow

# CURRENT YEAR EXECUTIVE SUMMARY

## Fiscal Year 2022-23 Allocation Plan At-A-Glance

Allocation Plan Element		Basis of Funding	Gross Rate	Additional Description
1	State Funding	Current Year ADA	\$820.00	Greatest of 2020-21, 2021-22, or 2022-23 P-2 ADA.
2	Federal Funding	Prior Year Enrollment	\$125.00	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>			\$945.00	Rate before administrative fee holdback. Administrative fee % is unique to each charter based on years of membership. First-year charters make a one-time contribution of \$5/ADA to the Rate Protection Pool.
3	Rate Protection Pool	Reserve for contingencies to protect SELPA members from funding reductions/losses. All Charters in first year of Charter SELPA membership contribute a one-time non-refundable \$5.00 per 2022-23 P-2 ADA.		
4	Partner Definition	Single Partner - 1 charter in the Charter SELPA 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	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.		
7	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.		
8	Mental Health Services Funding	Level 2 = direct funding to partners (monthly) estimated at ≈\$58/ADA based on 2022-23 P-2 ADA. Level 3 (NPS, RTC, and site-based therapeutic placements) = paid from prorated pool estimated to pay 100% of RTC room and board costs, 90% of NPS mental health services, transportation, and 80% of eligible site-based program expenditures.		
9	Legal Risk Pool	Beginning July 1, 2023, up to \$15,000 reimbursement for legal claims related to due process filing until pool funding is extinguished. 50% funding/50% match.		
10	Low Incidence Funding	Low incidence services and material reimbursements (\$600 minimum claim). Initial reimbursement level is \$1,000/student, which may increase based on claims filed during the year and available dollars.		
11	Cash Flow	Specific policy guidance re: standard SELPA cash flow to charters is found in this section of the Allocation Plan.		

Revised 03/01/23

# 1. STATE SPECIAL EDUCATION FUNDING (Last revised October 2020)

## *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.

## *State Aid - Charter SELPA Funding Formula*

The Charter SELPA funds each LEA member based on the greatest of current year, prior year or prior prior year P-2 ADA for the LEA per the current funding model.

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, based on 2019-20 ADA). 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 anomalies and maintain a consistent level of funding from year to year. In order to calculate an individual charter's funding rate, the Charter Member Rate is adjusted by the CEO Council's established unique charter member administrative fee and, for first year charters, the one-time Rate Protection Pool contribution (See Element 3/Rate Protection Pool).

## 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 prorated 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 student enrollment (Fall 1 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 CEO Council's established 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 6/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. RATE PROTECTION POOL** (Added October 2020)

#### ***Intent***

The intent of the Rate Protection Pool is to provide a reserve fund against unforeseen losses to the SELPA that would otherwise cause a reduction in the state or federal funding rate. These losses may involve the action of a partner or an outside agency or other legal authority. It is recognized that, in some cases, a means to recover funds from a partner may no longer exist. However, when a partner is involved, Charter SELPA administration will exercise all due diligence in attempting to recover funds from the partner.

#### ***Use of Pool Funds***

The Rate Protection Pool is a shared risk pool in place to protect the entire SELPA membership. As such, the only limitation on the size of a single charge to the pool is the available balance in the pool at the time. Regardless, CEO Council approval is required when any individual situation would result in a charge of more than \$250,000. In addition, Charter SELPA administration will report at least annually to CEO Council on the use of funds and the balance available.

#### ***Pool Funding*** (Last revised May 2022)

2019-20 year-end balances in the Set-Aside Risk Pool and the Rate Smoothing Pool were consolidated to originally fund the Rate Protection Pool. Ongoing funding for the pool will consist of a one-time \$5.00/ADA payment from all new charters (including charter school expansions of current Partners), defined by CDS code, in the first year of membership. The \$5.00 payment will be based on P-2 ADA in the first year. This \$5.00/ADA payment is a non-refundable contribution to the shared risk pool.

Other funding sources to the pool include, but are not limited to:

- Positive prior year adjustments for schools no longer with the SELPA.
- Unspent funds where need is not demonstrated in the following year.
- Funding held from Partners that close operations and fail to submit documentation that would allow for release of funds being held.
- Recoveries from Partners/former Partners in excess of the loss.
- Extraordinary payments, positive funding adjustments or recoveries.
- Any other additions to the pool approved by the CEO Council.



## 4. PARTNER DEFINITION (Last revised October 2021)

### *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. This adjustment will also take

effect when an Organization Partner dissolves their relationships with member charter schools and/or their network, and thus after the dissolution action, the remaining member charter schools are Single Charter Partners within the SELPA.

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

### *Intent*

The CEO Council established an administrative fee in order for the Charter SELPA to provide the services required by the participating members. 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 program capacity-building support and case consultation from SELPA Program Specialists, technical assistance, professional development, SEIS system usage and training, data and compliance monitoring/reporting assistance, business office support, and Administrative Unit Fees.

### *Charter SELPA Formula*

As established by the CEO Council, 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. 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 60% 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 October 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.

## **7. 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 may reallocate state and federal funds to the LEAs within their authority, if the Organization Partner 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 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).

## 8. NPS/RTC/SBT (ERMHS) Pool & OUT OF HOME CARE (OOHC) Funding

(Last revised May 2023)

### *Intent*

Over time, the CEO Council has taken 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. Beginning 2023-24, ERMHS funding will no longer be passed through SELPAs. All LEAs in the state will be directly funded for this revenue.

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* (Last revised May 2023)

#### **1. Out of Home Care Funding** (Added May 2023)

Out-of-Home Care Funding is provided to SELPAs to serve foster youth, pupils placed in California's short-term residential therapeutic program, and three other types of facilities located within a SELPA's geographic boundaries. In 2022-23, the Charter SELPA began receiving this annual revenue based on aggregate foster youth enrollment for all partner charter schools. In the first annual revenue calculation, the Charter SELPA received funding for 2021-22 and 2022-23. The CEO Council has determined that each year, OOHC funding will be used to defray the cost to partners of administering the mental health reimbursement pool.

Annual OOHC funding will be held by the SELPA. Beginning in 2023-24, each year's revenue will be used to reduce the corresponding year's partner contribution to the NPS/RTC/SBT Pool, as established later in this section. The funding received for 2021-22 and 2022-23 will be used as follows:

- a. Use 2021-22 revenue to increase the 2022-23 per-ADA distribution to partners.
- b. Divide the amount of funding received for 2022-23 by three.
- c. Combine the result of this calculation with the amount of OOHC funding received for 2023-24, 2024-25, and 2025-26, respectively.
- d. For each of these three years, use the combined amount to reduce the corresponding year's annual partner contribution required for the NPS/RTC/SBT Pool.

#### **2. Administration Charge**

Partners in the Charter SELPA pay a fee for services for the Charter SELPA to deliver CPI training and certification, support partner mental health programs, and administer the mental health-related provisions of the Allocation Plan. This amount was fixed at \$533,866 for 2022-23 and shall be adjusted each year with the final state budget COLA.

#### **3. Description of 2022-23 Funding**

For 2022-23:

- a. Combine 2022-23 mental health revenue with the mental health reserve carried over from 2021-22.
- b. Subtract \$533,866 (\$501,000 + 6.56% COLA) for the mental health administration charge to fund mental health support for partners and CPI behavior training/certification in 2022-23.

- c. Set aside \$480K to fund approved 2022-23 Site-Based Therapeutic programs at 80% of eligible expenditures. If this amount is not sufficient, the reimbursements will be prorated.
- d. Set aside \$4.3M to fund NPS mental health services at 90% and RTC room and board at 100% of eligible expenditures. If this amount is not sufficient, the reimbursements will be prorated.
- e. Distribute the remaining revenue (\$/ADA) monthly to partners based on 2022-23 P-2 ADA.

#### **4. Description of Funding After 2022-23**

Beginning in the 2023-24 fiscal year, SELPA partners are directly funded and have sole responsibility and discretion for meeting the mental health needs of their student populations, including but not limited to services previously identified under mental health Levels 1 and 2 in the allocation plan. The state has granted greater flexibility for the use of mental health dollars, including spending on preventative services for the entire student population. Partners will account for their specific use of mental health dollars through expenditure reporting.

As established by the CEO Council, the SELPA will administer a reimbursement pool for RTC room and board, NPS mental health services, transportation, and site-based therapeutic programs within the parameters established by the SELPA mental health guidelines. This pool will be funded, in accordance with the CEO Council direction, by the SELPA retaining from state special education revenue disbursements to partners a dollar amount per current year P-2 ADA sufficient to provide:

- a. For the SELPA, an amount equal to the previous year’s mental health administration charge plus (+)/minus (-) the finalized COLA for the year.
- b. For the reimbursement pool, an amount projected to fund (in priority order):
  - i. Eligible RTC expenditures for room & board and transportation at 100% for the year. If the estimated is insufficient, funds from the Rate Protection Pool will be used.
  - ii. NPS mental health services and transportation at 90%. If the estimated amount is not sufficient, reimbursements will be prorated.
  - iii. Approved site-based therapeutic programs at 80% of eligible expenditures. If the estimated amount is insufficient, reimbursements will be prorated.

Prior to calculating the per-ADA amount to be retained from state special education revenue disbursements to partners, the total dollar amount determined by a. and b. above will be reduced by the applicable year’s annual OOH funding amount.

SELPA administration will manage the reimbursement pool funding first to meet the specified target reimbursement percentages (90% NPS services & 80% site-based programs), then to increase those percentages if possible. Any remaining funding will be carried over into the following year and factored into SELPA administration’s projections. At the spring meeting, SELPA administration will inform the CEO Council of:

- the projected final pool reimbursements for the current year and any carryover;
- the projected administration charge based on the state budget COLA information available;
- the projected pool amounts needed for the following year; and
- the rate per ADA for the upcoming year based on these projections.

#### **5. Mental Health Costs Eligible for Reimbursement**

##### **5.1 - Site-Based Structured Therapeutic Program**

- a. Costs that may be claimed are restricted to services that are required to be performed by



- b. certificated staff. Staff may be contracted through an NPA or hired by the charter. Books and supplies may be claimed.
- c. Eligible students must meet ED eligibility criteria and be identified in SEIS with ED as the primary or secondary disability.
- d. 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.
- e. A budget request for site-based structured therapeutic program reimbursement must be filed with the Charter SELPA by November 1 for the current fiscal year and annually if the program operates into subsequent years.
- f. In order to provide a predictable ERMHS funding stream for all charter members, a site-based structured therapeutic program established after November 1 may not be guaranteed funding in the current year.

### **5.2 - NPS Mental Health Services**

- a. Costs that may be claimed are the mental health services for a student in an NPS placement as specified in the student's IEP. The educational costs are the responsibility of the partner 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. Prior to July 1, 2023, eligible students must meet ED eligibility criteria and be identified in SEIS with ED as the primary or secondary disability. As of July 1, 2023, a student with any disability is eligible.
- 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 are 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 must be submitted.
  - Immediately after execution of a contract, a copy of the master 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 NPS ERMHS reimbursement funding must be filed with the Charter SELPA and submitted within 30 days of contract signing.

### **5.3 - Residential Room and Board (RTC)**

- 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 also be claimed (NPS Mental Health Services).
- b. Prior to July 1, 2023, eligible students must meet ED eligibility criteria and be identified in SEIS with ED as the primary or secondary disability. As of July 1, 2023, a student with any disability is eligible.

- 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 room and board 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. Effective October 15, 2021, the maximum daily room and board reimbursement is limited to the current monthly revenue rate for short-term residential therapeutic programs published by the State of California multiplied by 12 then divided by 365.
- f. 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 NPS ERMHS reimbursement funding must be filed with the Charter SELPA and submitted within 30 days of contract signing.

## 9. LEGAL RISK POOL (Reinstated October 2022)

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. In October 2022, CEO Council resumed the pool as of July 1, 2023 with a transfer from the Rate Protection Pool.

### *Background*

CEO Council (May 2013) established a risk pool with the primary intent to fund legal costs associated with a due process filing.

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 (October 2022) approved a transfer of \$3.1 million from the Rate-Protection Pool to resume the pool as of July 1, 2023.

### *Charter SELPA Formula*

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.

## 10. LOW INCIDENCE MATERIALS AND SERVICES (Last revised October 2020)

### *Intent*

Low incidence (LI) funds are available for reimbursing the cost of low incidence services and materials. Annually, the SELPA receives a state-determined rate 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 Fall 1 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 at or above the current year state low-incidence per-pupil funding rate. 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.CEO Council will be informed of the established level at the spring meeting.
2. A minimum request is \$600. This will direct available funding toward higher-cost materials and services.
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. By May of each year, a finding will be made regarding the ability to fund beyond the established minimum with the intent of expending all current year revenue and any carryover from previous years.

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.

## 11. 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.

### *Rate Protection 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, as approved by CEO Council, 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).