



## Annual Fiscal Report

### Governor’s Budget Update

There were no significant proposed changes to Special Education funding, or fiscal oversight, included in the initial draft of the 2024-25 state budget. The Legislature has until June 15, 2024 to adopt the budget.

### Statutory COLA

The 2024-25 Statutory Cost-of-Living Adjustment (COLA) of 1.07% was released on April 25, 2024. Due to economic concerns, the SELPA is estimating zero COLA until the state budget is adopted, as it is still unclear as to whether the Statutory COLA will be applied to the AB 602 Special Education funding.

### Administrative Fee Cap

The 2023-24 state budget included language requiring SELPAs to distribute at least as much (per ADA) in 2023-24 as they had in 2022-23, including an adjustment for COLA and ADA Growth or Decline. Please see the table below, showing the calculation for meeting this requirement. This information will be verified after 2023-24 P2 ADA is certified.

Funded 22-23 P-2 Certified ADA:	262,955
Funded 23-24 P-2 Estimated ADA:	277,651
23-24 Growth/Decline Funded ADA:	14,695
23-24 ADA Change %:	5.59%
23-24 COLA:	8.22%
22-23 State Base Funding	\$ 215,623,346
23-24 State Base Funding Estimate	\$ 246,387,071
22-23 State Base Funding	\$ 215,623,346
22-23 Admin Fee	\$ (7,932,099)
22-23 Net Base Funding	\$ 207,691,247
23-24 State Base Funding Estimate	\$ 246,387,071
23-24 Admin Fee Estimate	\$ (8,941,770)
23-24 Net Base Funding Estimate	\$ 237,445,301
22-23 Net Base x COLA x ADA Change %	\$ 237,324,342
23-24 Net State Base Funding Estimate	\$ 237,445,301
<b>Increase/(Decrease) CY from PY</b>	<b>\$ 120,959</b>

## Mental Health Funding Shift

In 2023-24, all Educationally-Related Mental Health Services (ERMHS) funding is bypassing the SELPA and being allocated directly to LEAs. It is critical that Maintenance of Effort (MOE) is taken into consideration when considering ERMHS expenditures. State ERMHS Funds, Resource 6546, may be utilized for services for students **with or without** an Individualized Education Program (IEP). Federal ERMHS Funds, Resource 3327, may **only** be utilized for services for students **with** an IEP.

## ERMHS Update

Due to the shift in ERMHS funding, this is the first year partner-LEAs will be contributing to the Non-Public School (NPS) / Residential Treatment Center (RTC) / Site-Based Therapeutic (SBT) ERMHS Level 3 Pool.

Please see the table below outlining the projected revenue and expenditures to this pool. Please note that some of the 'comparison' information appears to be skewed – this is due to the changes in the ERMHS funding, and allowable reimbursements as a result of those changes. There was a significant increase in NPS claims in 2023-24.

Charter SELPA ERMHS	2021-22	2022-23	2023-24 Projected (May 2024)
<i>Funded ADA (Held at 2019-20)</i>		211,175	
COLA		6.56%	8.22%
<i>Annual Rate</i>	\$ 67.18	\$ 71.58	
State	14,186,023	15,116,644	
<i>PY ADA</i>	211,175	211,175	
<i>Annual Rate</i>	\$ 11.70	\$ 11.70	
Federal	2,469,723	2,469,723	
Prior Year Adjustments	78,487		
Out of Home Care (PY Adj)		2,958,933	
Out of Home Care (CY Allocation)			3,331,727
Contribution from Partners			3,389,136
<b>Total Revenue</b>	<b>\$ 16,734,233</b>	<b>\$ 20,545,300</b>	<b>\$ 6,720,863</b>
Level 1 (2020-21 One-Time)	-	-	-
Level 2	11,673,526	18,147,216	-
Level 3 Therapeutic	373,979	492,221	211,455
Level 3 NPS	1,038,978	123,309	3,181,538
Level 3 Residential	2,353,468	2,759,742	2,339,587
Prior Year Adjustments		93,376	
SELPA ERMHS Administration	501,000	533,866	577,749
<b>Total Expenditures</b>	<b>\$ 15,940,951</b>	<b>\$ 22,149,730</b>	<b>\$ 6,310,329</b>
<b>Revenue less Expenditures</b>	<b>\$ 793,282</b>	<b>\$ (1,604,430)</b>	<b>\$ 410,533</b>
Beginning Balance	\$ 2,106,565	\$ 2,899,847	\$ 1,295,417
Ending Balance	\$ 2,899,847	\$ 1,295,417	\$ 1,705,950
Reserve (% of Revenue)	17.3%	6.3%	25.4%

The estimated per-ADA partner contribution for 2024-25 will be \$12.50.



## Low Incidence Update

Due to a recent increase in Low Incidence funding, we began the year with a reserve balance. We received more claims this year than we ever have before! Requests will be reviewed in May, and payments will be processed after year-end. We do expect to carry over a balance into next year.

Low Incidence Pool	2021-22	2022-23	2023-24 Projected
PY Pupil Count	692	726	738
Low Incidence Rate	\$ 3,301	\$ 3,408	\$ 3,649
Revenue	\$ 2,284,287	\$ 2,474,393	\$ 2,693,013
PY Pending Claims Closed			
<b>Total Revenue</b>	<b>\$ 2,284,287</b>	<b>\$ 2,474,393</b>	<b>\$ 2,693,013</b>
Awards (estimated)	\$ 1,249,840	\$ 1,539,027	\$ 4,120,615
Pending Claims	\$ 23,803		
<b>Total Expenditures</b>	<b>\$ 1,273,643</b>	<b>\$ 1,539,027</b>	<b>\$ 4,120,615</b>
<b>Income less Expenditures</b>	<b>\$ 1,010,644</b>	<b>\$ 935,366</b>	<b>\$ (1,427,602)</b>
Beginning Balance	\$ 935,086	\$ 1,945,730	\$ 1,881,096
Ending Balance	\$ 1,945,730	\$ 2,881,096	\$ 1,453,494

## Rate Protection Update

Funds recovered from A3 were split between the Legal Risk Pool and the Rate Protection Pool, at the direction of the CEO Council. There has been no other activity in this pool in 2023-24.

Rate Protection Pool	2021-22	2022-23	2023-24 Projected (May 2024)
Transfer from Legal Risk Pool	-		
Transfer from Rate Smoothing Pool	-		
Contributions from New Charters	34,770	21,227	91,011
AB602 Contribution-CY	1,065,341	-	
AB602 Contribution-PY	-	(106,821)	
AB602 Contribution-PPY	(1,083)	-	
A3 Recovery		6,259,294	
Forfeited Unspent Funds	-	-	
<b>Total Revenue</b>	<b>\$ 1,099,028</b>	<b>\$ 6,173,700</b>	<b>\$ 91,011</b>
A3 Redistribution		967,893	
Transfer to Legal Risk Pool		3,100,000	
PY Adjustments	14,660		
<b>Total Expenditures</b>	<b>\$ 14,660</b>	<b>\$ 4,067,893</b>	<b>\$ -</b>
<b>Income less Expenditures</b>	<b>\$ 1,084,368</b>	<b>\$ 2,105,807</b>	<b>\$ 91,011</b>
Beginning Balance	\$ 2,129,020	\$ 3,213,388	\$ 5,319,195
Ending Balance	\$ 3,213,388	\$ 5,319,195	\$ 5,410,206



## Legal Risk Pool Update

The Legal Risk Pool was reestablished in 2023-24 with the aforementioned A3 funds. This was a one-time transaction, and will not be replenished.

Legal Risk Pool	2024-25 Projected (May 2024)
Beginning Balance	3,100,000
Additions to pool	-
Estimated Reimbursements (57 requests)	478,730
Other adjustments	-
Ending Balance (estimated)	2,621,270

