



# SELPA PROGRAM/BUSINESS REPORT

## September 2020

### October PLN Meeting

#### BACKGROUND

The El Dorado County SELPA Allocation Plan reflects the policy decisions of the SELPA Superintendents' Council regarding how special education funding received by the SELPA is to be allocated to its member LEAs. This Program/Business Report contains program summaries and current fiscal updates on the special education funding structures established by the Allocation Plan, including budget reports on the pools created by the plan. The Program/Business Report is presented three times during the year at both the EDCOE CFO and SELPA Professional Learning Network (formerly Steering Committee) meetings.

#### TABLE OF CONTENTS

September Report Summary.....	2
OT/PT Services – Regional Programs .....	3
Out of Home Care Pool .....	4
Shared Risk Pool.....	5
Educationally Related Mental Health Services (ERMHS) .....	7
Low Incidence Pool.....	8
2020-21 Base Funding Estimates .....	9

## SEPTEMBER REPORT SUMMARY

### Final State Budget

- No COLA
- SELPA Statewide Target Rate increased from \$557 to \$625
- No more special education deficit (proration factor) going forward
- Significant increase in Low Incidence funding from \$466 to \$2,950 per LI student
- Deferrals will apply to SpEd cash too – February through June
- SELPA funding calculated on highest of current, prior or prior-prior year ADA
- ADA Hold Harmless: 2020-21 ADA = 2019-20 ADA
- Limited ADA Growth for LEAs (requires a request of CDE)

An LEA's 19-20 2<sup>nd</sup> interim or 20-21 adopted budget must show growth of either enrollment or ADA to qualify for growth funding. If an LEA is qualified for growth funding under this 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 the budget reduced by the statewide average absence factors.
- If the LEA is eligible based on ADA growth: the 2020-21 ADA reflected in the budget.
- For the 2020–21 fiscal year and each fiscal year thereafter, ERMHS funding shall be available for all mental health-related services, services for pupils with or without an individualized education program, including, but not limited to, all of the following:
    - Out-of-home residential services for emotionally disturbed pupils.
    - Counseling and guidance services, including counseling, personal counseling, and parental counseling and training.
    - Psychological services.
    - Social work services.
    - Behavioral interventions.
    - Any other mental health-related service not necessarily required by the federal Individuals with Disabilities Education Act (20 U.S.C. Sec. 1400 et seq.).

### 2020-21 Overview

- Shared OT/PT cost estimate lower than last year
- Out of Home Care funding model unchanged – will generate surplus
- Small growth in Shared Risk Pool balance is projected
- ERMHS budget projected to break even
- Low Incidence materials & equipment reserve balance will be spent down to \$10K trigger point

## OT/PT SERVICES – REGIONAL PROGRAMS

OT/PT services costs for students in the EDCOE regional classrooms are proportionately shared based on prior year P-2 certified ADA.

### Budget Update

- a) EDCOE currently budgeting \$345K (≈\$17/ADA) for OT/PT services to regional program students.

	OT/PT	2017-18 Final	2018-19 Final	2019-20 Final	2020-21 Estimate June 2020
1	Cost	252,574	366,584	438,932	344,510

- b) Staffing costs reduced and fewer service hours anticipated.
- c) 50% of projected costs at first interim transferred in January; trued up to actual in June.

### Background on OT/PT Services and Funding

Effective 2016-17, the costs to support EDCOE regional classroom OT/PT services are shared on a per ADA basis and costs for services to students in district programs are paid in full by districts based on their individual usage.

### Additional Documentation

OT/PT Transfer Detail (see appendix).

## OUT OF HOME CARE POOL

Annual expenditures are traditionally less than the funding, which is based on the county bed count vs. students. The surplus funds the Shared Risk Pool. We are expecting changes in how the CDE allocates Out-of-Home-Care funds to SELPAs resulting from AB 403. At this point, there is still no information on the new distribution methodology. At this time no changes have been made to the funding formula for 2020-21.

### Budget Update

- a) 2019-20 final LCI costs were \$188K, down from 2018-19, delivering \$990K to Shared Risk Pool (line 8)
- b) Adopted 2020-21 budget for revenue reflects a 0% COLA (line 1).
- c) Expectation is more placements in 2020-21, so cost estimate is \$250K (line 3).
- d) The projected Out of Home Care surplus for 2020-21 is estimated at \$901K (line 8).

Out of Home Care	2017-18 Final	2018-19 Final	2019-20 Final	2020-21 Estimate June 2020
1 Base Funding	1,091,894	1,118,336	1,158,015	1,158,015
2 Total Income	1,091,894	1,118,336	1,180,974	1,158,015
3 LCI Costs	174,432	242,615	187,849	250,000
4 PY LCI Adj	(14,456)	(6,481)	-	-
5 Adjusted Claims	159,976	236,134	187,849	250,000
6 <i>Income less Expense</i>	931,918	882,203	993,125	908,015
Distributions				
7 Assessment	6,540	5,520	3,600	7,500
8 <i>Balance to Shared Risk</i>	925,378	876,683	989,525	900,515

### Background on Out of Home Care

Out of Home Care funds are used for educational costs associated with students placed in LCIs (Licensed Children's Institutions) located in the SELPA. Changes to the funding for LCI and FFH (Foster Family Home) placements were enacted by the Legislature for 2004. As a result, the SELPA was no longer funded based on actual costs, but has received an allocation based on the number of LCI/FFH beds in the county.

The SELPA pays for LCI placement costs (net of LCFF revenue generated by the LCI ADA reported by the district of residence). LEAs are reimbursed for case management and assessment of the LCI/FFH students who live in their districts and attend NPS programs.

Out-of-Home Care funding has historically exceeded the costs incurred for placement and assessment/case management. Funds in excess costs are moved to the Shared Risk Pool at the close of the fiscal year.

## SHARED RISK POOL

The 2020-21 budget report for the Shared Risk Pool is shown below.

### Budget Update

- a) The Shared Risk Pool balance is projected to grow to \$4.6M in 2020-21 (line 17).
- b) On-going pool revenue consists of the Out of Home Care surplus, AB602 “off-the-top” funds, COLA and interest. (lines 3-6).
- c) In anticipation of increased NPS placements and legal challenges resulting from COVID closure, costs are conservatively estimated at \$750K and \$150K (lines 11 & 12).

	Shared Risk Pool	2017-18 Final	2018-19 Final	2019-20 Final	2020-21 Estimate June 2020
1	PY Adjustments	4,768	133,109	2,976	
2	Beg Balance	2,347,636	3,041,351	3,556,668	4,134,735
3	AB 602 (off the top)	367,900	375,467	385,816	401,335
4	Out of Home Care	925,378	876,683	989,525	900,515
5	COLA/Base Rate Adjustments	7,560	7,373	15,519	36,462
6	Interest	26,164	63,181	72,631	75,000
7	Total Income	1,327,002	1,322,704	1,463,491	1,413,312
8	1st Yr District ADA Growth	34,742	39,454	46,508	-
9	SELPA ADA Loss	14,203	-	37,923	-
10	NPS Infant Reserve	-	6,629	5,579	4,500
11	NPS Placements	605,671	537,850	653,097	750,000
12	Legal	49,206	105,369	78,427	150,000
13	Special Circumstance Students	62,575	61,339	63,890	75,000
14	Contribution to ERMHS (Residential)		59,721	-	-
15	Total Expenditures	766,397	810,362	885,424	979,500
16	Income - Expense	560,605	512,341	578,067	433,812
17	Ending Balance	2,908,242	3,553,692	4,134,735	4,568,547

### Funding Set-Asides

In the past, amounts were set aside from the two pools that were consolidated into the Shared Risk Pool for specific purposes: providing one-time growth funds for districts which increased in ADA from year to year and covering the cost of infant NPS/NPA placements. The running totals for these set asides are shown below.

Shared Risk One-time Growth		NPS/NPA Infant Reserve	
Beginning Balance 2009-2010	400,000	Beginning Balance 2013-14	150,000
09-10 through 16-17	192,746	13-14 through 17-18	17,201
2017-18 Final	34,742	2014-15 Final	7,539
2018-19 Final	39,454	2018-19 Final	6,629
2019-20 Final	46,508	2019-20 Final	5,579
2020-21 June 20 Estimate	-	2020-21 June 2020 Estimate	4,500
Projected Usage thru 2020-21	313,450	Projected Usage thru 2020-21	41,448
Projected Available	86,550	Projected Available	108,552

### Background on Shared Risk Pool

The EL Dorado County SELPA Superintendents approved the final plan to consolidate the NPS and Special Needs pools into one Shared Risk Pool, which provides partial reimbursement for three types of claims: qualifying NPS costs, legal costs, and costs associated with serving an extraordinarily high-need student. All approved claims to the pool are reimbursed at 50%.

## Summary

- NPS Claims
  - Education & transportation costs
  - LCFF revenue recovery from placing district
  - ERMHS and other related service costs are not reimbursable
- Legal Claims
  - Legal costs for OCR/due process/compliance complaints
  - Settlement agreement costs (legal and comp ed)
  - Costs for personnel, transportation and assessments excluded
  - Minimum claim tiered by district ADA
  - Max reimbursement period of 6 months per claim
  - Maximum of \$50,000 per claim
  - Exceptional requests outside limits may be acted on by Superintendents
- Special Circumstances Student Claims
  - Minimum claim of \$100,000 (\$50,000 reimbursement)
  - Total reimbursement limit of \$75,000/student
  - Same district may reapply annually
- Residential placement costs are paid from federal ERMHS grant. Any amount over that is covered by the Shared Risk pool.

## EDUCATIONALLY RELATED MENTAL HEALTH SERVICES (ERMHS)

The updated 2020-21 budget report for ERMHS is shown below.

### Budget Update

- a) 1.0 FTE of Behavior Analyst cost to serve regional program students is covered by ERMHS revenue (line 8). A reduction in cost is expected in 2019-20 due to newly hired staff that is lower on the salary schedule than the previous behaviorist.
- b) The amount of our federal mental health grant (line 2) is set as the budget for residential

	ERMHS Budget	2017-18 Final	2018-19 Final	2019-20 Final	2020-21 Estimate June 2020
1	ERMHS State RS6512	1,326,759	1,358,026	1,399,857	1,399,857
2	ERMHS Federal Grant 3327	251,544	250,563	250,389	250,389
3	PPY Adjustments			4,123	-
4	Contribution from Shared Risk (Residential)		59,721	-	-
5	<b>Total Available Funding</b>	<b>1,578,303</b>	<b>1,668,310</b>	<b>1,654,369</b>	<b>1,650,246</b>
6	Level 3 - Residential	255,667	310,284	224,229	250,389
7	EDCOE Regional Program	230,000	230,000	230,000	230,000
8	Behavior Analyst	214,445	176,876	112,046	180,472
9	Professional Development	20,000	20,000	-	-
10	District Allocation (PY P-2)	992,772	987,956	980,147	979,925
11	COE Charter (PY P-2)	11,199	9,199	10,770	10,167
12	<b>Total expenditures</b>	<b>1,724,083</b>	<b>1,734,315</b>	<b>1,557,192</b>	<b>1,650,953</b>
13	Beginning Balance (PY Ending Balance)	377,120	185,340	119,335	216,512
14	Income less expenditures	(191,781)	(66,005)	97,177	(707)
15	<b>Ending Balance</b>	<b>185,340</b>	<b>119,335</b>	<b>216,512</b>	<b>215,805</b>

placements. A contribution from the shared risk pool is used if actual costs exceed that amount.

### Additional Documentation

District ERMHS Allocations Estimate (see appendix).

### Background on ERMHS Funding

In 2011, AB 114 ended the state mandate on county mental health agencies to provide mental health services to students with disabilities. School districts became solely responsible for ensuring that students with disabilities receive special education and related services, including some services previously arranged for or provided by county mental health agencies. The scope and content of an LEA's assessment process now includes the need to directly assess students with suspected mental health needs, and to assist IEP teams in selecting appropriate services and goals to serve identified students with mental health issues.

Guidance from CDE on this transition can be found here:

[AB 114 Transition Guidance](#)    [AB 114 Use of Funds](#)

## LOW INCIDENCE POOL

Low Incidence funding received by the SELPA is based on pupil counts for students identified for special education with a primary or secondary Low Incidence (LI) eligibility.

### Budget Update

- a) Significantly higher Low Incidence revenue was approved in the final 2020-21 state budget. Estimated to grow from \$60K to \$378K (line 2).
- b) Each year, total LI revenue received is directed to EDCOE regional programs to offset the cost of LI services provided.

	Low Incidence Funding	2017-18 Final	2018-19 Final	2019-20 Final	2020-21 Estimate June 2020
1	Beg Balance	59,773	45,780	30,344	15,311
2	Income	61,670	58,213	59,671	377,600
3	Regional Programs	61,670	58,213	59,671	377,600
4	Low Incidence	13,993	15,435	15,034	15,000
6	Income-Expense	(13,993)	(15,435)	(15,034)	(15,000)
7	Ending Balance	45,780	30,344	15,311	311

- AB602 base funding to regional programs is reduced by an equal amount, which in turn increases the districts' base funding by the amount of LI revenue received.
- c) The pool balance (line 7) is reserved for 50% reimbursement to districts for eligible LI materials and/or equipment.
- d) This year, the reserve will likely drop below the \$10,000 threshold set by SELPA Superintendents Council. Per the allocation plan, that would trigger the council to reevaluate the viability of this pool.

### Background on Low Incidence Materials/Services

The SELPA receives this revenue to offset costs related to the provision of LI services, materials, and equipment for students with LI disabilities (Visually Impaired, Deaf, Hard of Hearing, and Orthopedically Impaired).

In June 2016, the Superintendents' Council decided to direct the annual LI revenue to offset the cost of LI services in regional programs (DHH, VI, OI teachers). This offset reduces the amount of AB 602 base funding allocated to regional programs and in turn increases the districts' allocation by the corresponding amount. A further decision was made to utilize the LI reserve to reimburse costs associated with the LI materials and equipment.

The following parameters were put in place for the materials/equipment reserve:

- a. A minimum claim amount of \$2,000.
- b. 50% reimbursement criteria.
- c. When the materials and equipment reserve drops below \$10,000, SELPA Superintendent's Council will take action to establish an ongoing funding source in order to continue the pool or discontinue LI materials and equipment reimbursement.

## 2020-21 BASE FUNDING ESTIMATES

### Budget Update

At the September CFO meeting, your CFO/CBO received current year estimates of special education revenue and allocations updated to reflect the final 2020-21 state budget and the addition of two regional program classrooms approved by the Superintendents' Council. The two new classrooms for 2020-21 are a fourth moderate-severe high school class and a fifth autism class.

### Background on AB 602 Base Funding within the Allocation Plan

AB 602 special education base funding consists of state and federal dollars. The Allocation Plan apportions this base funding first to the regional programs operated by EDCOE and El Dorado Union High School district. The remainder goes to help fund the special education programs operated by each district. EDCOE regional programs typically serve students in the SELPA with more severe disabilities. El Dorado Union High School district also operates three severely disabled special day classes. Regional programs serve students throughout the SELPA. Regional programs also include speech and language programs operated by EDCOE.

AB 602 base funding to the SELPA is adjusted for SELPA-wide ADA growth or decline and any COLA included in the state budget. Regional programs and districts share proportionally in these adjustments. In years where there is ADA growth, any accumulated losses in regional program funding resulting from declining enrollment reductions in prior years is restored to the extent possible.

Regional programs are funded based on rates established in the Allocation Plan for the certificated and classified units required to operate the programs (see table below). All districts are funded based on prior year ADA at the same rate, which is recalculated each year. ADA growth experienced by any district in the current year is also funded.

Classroom Unit Rates:		DHOH = Deaf and Hard of Hearing SH = Severely Handicapped							
		2017-18		2018-19		2019-20		2020-21	
COLA		1.56%		2.71%		3.26%		0.00%	
		COE	LEA	COE	LEA	COE	LEA	COE	LEA
NSH Class/No Aide		87,620	78,002	89,995	80,116	92,929	82,728	92,929	82,728
NH Aide		35,764	31,630	36,733	32,487	37,930	33,546	37,930	33,546
SH Class/No aide	OI Teachers	95,695	80,072	98,288	82,242	101,492	84,923	101,492	84,923
SH Aide		40,855	36,550	41,962	37,541	43,330	38,765	43,330	38,765