



## Los Angeles County Charter SELPA Allocation Plan (Revised for the 2019-2020 school year)

### Core Principles:

- Stable and predictable funding
- Timely and accurate projections
- Timely and accurate distribution of allocations
- Fairness and equity
- Transparency

### Basic Elements:

- Funding distribution is based on the LEA submitted data at P1 and P2
- *Administrative Services Fee* component for LAC Charter SELPA
- *Set Aside Pool* to protect against future instability
- *Regionalized Services/Program Specialist Funding*
- Recapture of unspent special education funds

### Detailed Description of Funding

Definition of Funding (Education Code): EC 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 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 EC 56195.7 or EC 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 EC 56195.1, the amount computed pursuant to EC 56836.11, as adjusted pursuant to the incidence multiplier set forth in EC 56836.155, shall be apportioned by the department [California Department of Education] for each unit of average daily attendance reported pursuant to subdivision (a) of EC 56836.06.

The major portion of funding for the Charter SELPA comes from state and federal sources. The Funding Allocation Plan is comprised of the following areas:

1. *AB 602 State Funding (including COLA, if any):*

Allocation of AB 602 funds is based on current year P2. Additionally, when the annual ADA certification is released by the CDE, the current year allocation will be adjusted accordingly.

A Cost of Living Adjustment (COLA) may be included in the Budget Act each year. The statewide average target rate is adjusted by the COLA and distributed on a per ADA basis to members.

2. *Federal Funding:*

a. The amount of funding for the Charter SELPA varies each year based on a complex formula of base amounts, plus special education student counts, plus poverty factors.

b. Distribution of federal funds will be based on prior year unduplicated P1 CASEMIS count. As a result, new Charter Schools will not receive federal funding in their first year with the LAC Charter SELPA.

c. Federal P194-142/IDEA Background

Each year the state of California receives a grant amount of IDEA/PL94142 funds. The state distributes this to SELPAs on a formula that is based on a historical amount per SELPA from 1999, adjusted by two other factors; special education students (population) and free and reduced count (poverty).

In order to determine the LAC Charter SELPA base rate, CDE goes back to the SELPA of origin (authorizing charter entity), and removes from their BASE an equivalent Special Education Pupil Count amount, and further adjusts by population and poverty. This calculation is done one year in arrears. Therefore, a charter school entering into the Charter SELPA in year one does not receive IDEA/PL94-142 funds until the next fiscal year.

3. *LAC Charter SELPA Administrative Services Fee:*

A percentage of the total funding is allocated to the LAC Charter SELPA for administrative services. This is a SELPA deduct prior to allocating funds to the charter schools. The fee is calculated based on AB 602 state funding sources only (with the exception of a 2.49% indirect of the federal Local Assistant Grant to LACOE). The administrative fee will be combined with the LAC Charter SELPA program specialist/regionalized services (now part of AB 602) to provide SELPA services as indicated in section 5 below.

The Administrative Services Fee will be determined by the ADA target rate beginning with each new fiscal year commencing with the 2019-2020 school year.

- a. Below 10,000 ADA target rate:
  - Tier 1, Year 1 to Year 4: 6%
  - Tier 2, Year 5 to Year 9: 5%
  - Tier 3, Year 10 and beyond: 4%
- b. 10,000 ADA target rate:
  - Tier 1, Year 1 to Year 4: 6%
  - Tier 2, Year 5 and beyond: 4%
- c. 15,000 ADA target rate:
  - Tier 1, Year 1 to Year 4: 6%
  - Tier 2, Year 5 and beyond: 3%
- d. Changes to the ADA target rate would bring changes on the Administrative Services Fees in the subsequent fiscal year.
- e. Reduction in the administrative fee will follow the progression as articulated above. Should a Charter School need continued intensive support of the SELPA with the CDE compliance and performance mandates, the Executive Directors Council may vote to hold the Administrative fees at the LEA's current rate.
- f. Should a current LEA Charter member open a new Charter School, the new Charter School, as supported by the established Charter School, would enter at the current rate of the existing member. A Charter School or group of Charter Schools applying to the SELPA would enter at the rate of their Tier of operation as indicated above.

4. *Reserve Pool:*

- a. LAC Charter SELPA will maintain an Annual Reserve Contribution per LEA. The Annual Reserve Contribution is for the protection of the Charter SELPA as a whole and will not be utilized for any shared cost.
- b. The Annual Reserve Contribution of 3% will be based on a percentage of the current year's AB602 entitlement per LEA.
- c. The Annual Reserve Contribution will be returned to the LEA at the end of the following fiscal year.
- d. Should the LEA choose to use this Annual Reserve Contribution as their own Risk Pool, the SELPA will hold the funds in reserve. To hold or access the Reserve Contribution beyond the annual requirement, the LEA must submit this request in writing.
- e. The Annual Reserve Contribution is not returnable should the LEA leave the LAC Charter SELPA in Tier 1 as reflected above in section 3 *LAC Charter SELPA Administrative Services Fee*. Any LEA leaving the LAC Charter SELPA after Tier 1 will have their Annual Reserve Contribution returned if there are no outstanding financial obligations to the LAC Charter SELPA. This two-year hold is necessary to ensure that no prior year ADA adjustment by the LEA will impact the LAC Charter SELPA budget.

5. *Other Additional Funding:*

- a. Program Specialist/Regionalized Services:

- i. The Program Specialist/Regionalized Services dollars are allocated on the AB602 Funding Exhibit as of 7/1/2018. This funding is required by education code to provide SELPA services (outlined below). LAC Charter SELPA will use these dollars (along with the administrative service fee) to pay for SELPA staffing and expenditures.
- ii. Pursuant to Education Code (56836.23 & 56836.24), the SELPA shall ensure that all functions listed below are performed in accordance with the description set forth in its approved local plan:

1. Coordination of the special education local plan area and the implementation of the local plan
2. Coordinated system of identification and assessment
3. Coordinated system of procedural safeguards
4. Coordinated system of staff development and parent and guardian education
5. Coordinated system of curriculum development and alignment with the core curriculum
6. Coordinated system of internal program review, evaluation of the effectiveness of the local plan, and implementation of a local plan accountability mechanism
7. Coordinated system of data collection and management
8. Coordination of interagency agreements
9. Coordination of services to medical facilities
10. Coordination of services to licensed children's institutions and foster family home
11. Preparation and transmission of required special education local plan area reports
12. Fiscal and logistical support of the community advisory committee
13. Coordination of transportation services for individuals with exceptional needs
14. Coordination of career and vocational education and transition services
15. Assurance of full educational opportunity
16. Fiscal administration and the allocation of state and federal funds pursuant to Section 56836.01
17. Direct instructional program support that may be provided by program specialists in accordance with Section 56368

b. Low Incidence Materials and Equipment (EC 56026.5):

- i. Low incidence disabilities funding is based on the prior year December Pupil Count of the LAC Charter SELPA for students with specific disabilities (hearing impairments, vision impairments, and severe orthopedic impairments, or any combination thereof) times a rate determined by the CDE.
- ii. Pursuant to education code, these funds are for specialized books, materials, and equipment as required under the individualized education program for each pupil with low incidence disabilities, as defined in EC 56026.5.
- iii. The LAC Charter SELPA shall ensure that the appropriate books, materials and equipment are purchased; that the use of the equipment is coordinated as necessary, and that the books, materials and equipment are reassigned to local educational agencies within the LAC Charter SELPA once the agency that originally received the books, materials and equipment no longer needs them.

- iv. Charter LEAs may submit to the LAC Charter SELPA a request for books, materials, and equipment for any students who qualify for these funds.
- c. Educationally Related Mental Health Services (ERMHS) Allocation Plan:
  - i. The charter schools must comply with the requirements of the Individuals with Disabilities Education Act (IDEA) to provide related services to students with a disability.
  - ii. Mental Health may include any/all of the following services as defined in the annual service plan:
    - Counseling
    - Counseling and Guidance
    - Parent Counseling and Training (related to the student's disability)
    - Psychological Services
    - Social Work Services in Schools
    - Behavioral Intervention – pertaining to the mental health needs
    - Day Treatment
    - Residential Placement
  - iii. ERMHS funds are distributed to the SELPA based on the Second Principal (P2) Average Daily Attendance (ADA). These funds are to be used to support the mental health services included in the special education student's IEP.
  - iv. Allowable uses of the ERMHS dollars are as follows:
    - Cost of direct services to students
    - Salaries & Benefits
    - Rental or lease of space to provide professional and counseling services to students due to mental health needs
    - Books & supplies to provide mental health services
    - Transportation cost for students to receive mental health services or mileage to staff providing such services
  - v. The LAC Charter SELPA will reimburse charter school members for ERMHS cost based on the allowable usage of the ERMHS dollars up to their charter school allocation and appropriate documentation.

**Cash-flow Process:**

- a. The cash-flow model is intended to ensure that estimates of cash flow for special education are as accurate as possible. The cash will be deposited in the administrative unit's general fund and warrants will be issued and sent out to Charter LEAs in a timely fashion, within a 5 business days after the cash has been received by the LAC Charter SELPA.
- b. During the months of July through January, cash flow to the LAC Charter SELPA members will be based on the CDE Apportionment payment schedules and Charter LEAs prior year P2 ADA. This method of funding means that new Charter LEAs entering the LAC Charter SELPA will not receive any cash until the P1 Apportionment, certified in February. Any State deferrals applied to the LAC Charter SELPA will be applied to the LAC Charter SELPA members. The CDE will not flow cash to the SELPAs until the California State Budget has passed. Should there be a delay in funding from the CDE due to the State budget, there will be a delay in the cash flow to the Charter SELPA members
- c. In February, the CDE certifies the P1 Apportionment based on the current year P1 ADA. Each Charter LEA's P1 ADA will be used to calculate its estimated entitlement and distribution of cash flow for the months of February through May.
- d. In June, the CDE certifies the P2 Apportionment based on the current year P2 ADA. Each Charter LEA's P2 ADA will be used to recalculate its entitlement and the distribution of cash flow based on the CDE's deferral schedule.

e. State Funding Recertification is certified each February and June for the previous two years, the CDE will continue to certify funding based on any changes to the ADA. The certification schedule for each fiscal year is as follows:

i. July – Advance Apportionment

ii. February:

Current Year P1 Certification

Prior Year Annual Certification (Annual R1)

2<sup>nd</sup> Year prior Annual Certification (Annual R3)

iii. June:

Current Year P2 Certification

Prior Year Annual Certification (Annual R1)

2<sup>nd</sup> Year prior Annual Certification (Annual R3)

iv. As re-certifications occur, funding may change based on any ADA or rate changes. These changes in funding will be allocated to Charter LEAs in July after the P2 Apportionment Certification in June.

v. If an LEA does not report any special education students in their CASEMIS data submissions, they will not be legible to receive any funds through LAC Charter SELPA for the appropriate period.

f. Federal Funding is usually received in February of the current year. In March an expenditure report is due to the CDE from the LAC Charter SELPA. Once the CDE receives the expenditure report a second payment of 25% of the grant award will be distributed to the LAC Charter SELPA, typically by June. A final expenditure report is due to the CDE in October and the remaining 25% amount of the grant award will be received in December. Although the final cash will not be received until December, the grant award must be fully expended by June.

### **Unspent Special Education Revenue**

#### *Reallocation of Unspent funds for Charter LEAs:*

If a Charter LEA does not spend all of their allocation of state or federal funds, the following will apply:

The allocation of state funds for the next year will be reduced by the unspent funds from the previous year.

Prior to allocation of federal funds in the next year, the Charter LEA must submit a proposed budget for Year 2 clearly identifying how all special education funds will be spent in the next year. If the Charter LEA is unable to report expenditures of all funds in the following year, the federal grant allocation may be modified accordingly.

If a Charter LEA has unspent funds for two consecutive years, their level of funding will be modified permanently. The modification shall start with a permanent reduction of federal funds to match the level of expenditures in the prior year.

Procedure will be developed to ensure an “early warning” monitoring system so there are no surprises.

#### *Reallocation of Unspent Funds for CMOs:*

The allocation plan distributes special education funding to each Charter LEA within a CMO, based on each Charter LEA’s data. At the close of the fiscal year, the CMO may reallocate state and federal funds among the Charter LEAs in the CMO, within the LAC Charter SELPA. A process and procedures for the reallocation of funding will need to be developed.

Reallocation of Unspent Funds for First Year Charter LEA:

If a Charter LEA, in their first year with the LAC Charter SELPA, does not spend all of their special education funding (state), the following will apply:

1. Before federal funds are allocated in Year 2, the Charter LEA must submit a proposed budget for Year 2 clearly identifying how all special education funds will be spent in Year

2. If the Charter LEA is unable to report expenditures of all funds in Year 2, the federal grant allocation may be modified accordingly.

The allocation of state funds for Year 2 will be reduced by the unspent special education funds in Year 1. At the close of Year 2 and Year 3 operations, if the Charter LEA has expended beyond the level of state and federal funds received, the unspent Year 1 funds may be returned up to the level of expenses incurred

### **Maintenance of Effort:**

The Maintenance of Effort (MOE) is a federal requirement that the Charter LEA spend each year at least what the Charter LEA spent last year in the area of special education (with specific allowable exceptions). All special education funds are subject to maintenance of effort (MOE) requirement. This is stipulated in Section 1413 of Title 20 of United States Code, Title 34, Section 300.203 of the Code of Federal Regulations, and Education Code Section 56205.

The MOE requirement is that special education funds shall not be used, except in specified situations, to reduce the level of expenditures for the education of children with disabilities made by the Charter LEA from state and local funds or from local funds only, below the prior year's level. This test must be met on either an aggregate or a per capita basis.

A Charter School may reduce the level of expenditures below the level of those expenditures for the preceding fiscal year if the reduction is attributable to the following:

- Voluntary departure, or departure for just cause, of special education or related service personnel, who are replaced by qualified, lower-salaried staff
- A decrease in the enrollment of children with disabilities. Termination of an obligation of an agency to provide a program of special education to a particular child with a disability that is an exceptionally costly program because the child:
  - Has left the jurisdiction of the agency
  - Has reached the age at which the obligation of the agency to provide free appropriate public education (FAPE) to the child has terminated
  - No longer needs the program of special education
- The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities (34 CFR 300.232)

Each Charter School member of the LAC Charter SELPA is considered an independent LEA. As an LEA, each individual Charter School must meet the MOE requirement. At the close of each fiscal year, should an individual LEA not meet the required MOE, the LEA may have their total apportionment funds adjusted for that fiscal year in order to ensure that maintenance of effort is met and they will not be eligible for special education funding the following year. Once the LEA has met the MOE, the LEA will be eligible the following fiscal year. If an LEA is able to show mitigating circumstance and demonstrate the ability to fully meet MOE the following year, they may receive an allocation of special education funds.

### **School Closures**

Prior to releasing State and/or Federal Funds to a Charter School that has closed; all of the following must apply:

- ❖ *CMO Charter School Closure:*
  - CMO Charter School has confirmed special education expenditures have exceeded income
  - CMO Charter School has met the MOE requirement
  - CMO Charter School has confirmed a receivable has been recorded at the end of the fiscal year
  - The Charter School closure occurred after the end of the fiscal year
  - All required data requested from the CMO Charter School has been received by the Charter SELPA
  
- ❖ *Non-CMO Charter School Closure:*
  - Charter School has sent documentation approved by their auditor confirming special education expenditures have exceeded income
  - Charter School has met the MOE requirement

- Charter School has sent documentation approved by their auditor confirming a receivable has been recorded at the end of the fiscal year
- The Charter School closure occurred after the end of the fiscal year
- All required data requested from the Charter School has been received by the Charter SELPA

### **Reporting Requirements**

- *CASEMIS*

CASEMIS reports are due to the LAC Charter SELPA administrative staff two times a year for SELPA reporting to the California Department of Education (CDE). These counts are reported by each charter to the SELPA office in order to meet CDE established timelines in December and June.

Personnel Data Reporting

FTE reporting is due to the Charter SELPA administrative staff annually. This data is to be reported by charter, by teacher category. Personnel data report is due on the requested date, usually in February, so the Charter SELPA can file this report by the due date, usually in March, to the CDE.

- *Maintenance of Effort (MOE)*

Federal funding requires that each LEA (Charter School) have at least the amount of expenditures in the current year as it did in the prior year as either a total amount of expenditures or as a per pupil amount. MOE reporting is due to the Charter SELPA administrative staff annually. The Charter SELPA is required to report this data to the CDE in two formats:

- Actual current year expenditures vs. actual prior year expenditures
- Budget expenditures for the next fiscal year vs. actual current year expenditures

The Maintenance of Effort reports are due to the LAC Charter SELPA administrative staff on October 15th and due to the CDE by November 15th.

- *Excess Cost Calculation*

IDEA regulations require recipients of these funds to compute an excess cost calculation annually. IDEA funds may only be used to pay for the excess cost of providing special education and related services to children with a disability. Excess costs are the costs to educate elementary school or secondary school student with a disability that are in excess of the average annual per student cost in an LEA during the prior school year, as appropriate.

The Excess Cost Calculation is due annually to the Charter SELPA on September 15th.

### **Annual Budget and Service Delivery Plans**

In accordance with E.C. 56195.7(h), a budget for special education and related services that shall be maintained by the special education local plan and to be open to the public covering the entities providing programs or services within the special education local plan area. The budget language shall be presented in a form that is understandable by the general public. For each local education agency or other entity providing a program or service, the budget, at minimum, shall display the following:

Expenditures by object code and classification for the previous fiscal year and the budget by the same object code classification for the current fiscal year.

The number and type of certificated instructional and support personnel, including the type of class setting to which they are assigned, if appropriate.

The number of instructional aides and other qualified classified personnel.

The number of enrolled individuals with exceptional needs receiving each type of service provided. In accordance with E.C. 56205(1), an annual budget plan shall be adopted at a public hearing held by the special education local plan area. Notice of this hearing shall be posted in each school in the local plan area at least 15 days prior to the hearing. The annual budget plan may be revised during any fiscal year according to the policymaking process established pursuant to E.C. 56001 and 56195.9. The annual budget plan shall identify expected expenditures for all items required by this part, which shall include, but not be limited to the following:

- A. Total funds received (commencing with E.C. 56836)
- B. Administrative costs of the plan.
- C. Special education services to pupils with severe disabilities and low incidence disabilities.
- D. Special education services to pupils with non-severe disabilities.
- E. Supplemental aids and services to meet the individual needs of pupils placed in regular education classrooms and environments.
- F. Regionalized operations and services and direct instructional support by program specialists.
- G. The use of property taxes allocated to the special education local plan area.