

El Dorado County Western Slope SELPA | Allocation Plan



2010-11 Allocation Plan Amendments
Recommendations

Presented:

SELPA Program/Business Review January 27, 2011
SELPA Executive Committee February 2011
SELPA Superintendent Allocation Plan Task Force February 2011
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2010-11 Issues and Recommendations

The existing allocation plan agreement is in place for a period of three years (2010-11 through 2013-14). However, issues may arise during the year, which require revisiting certain elements of the plan. There are two issues in 2010-11 that need to be resolved:

- Insufficient funds to fully fund the allocation plan (declining enrollment guarantee)
- Mental Health AB 3632 Services provided by the County

1) Insufficient funds to fully fund the allocation plan

The allocation plan provides for an internal declining enrollment guarantee. In its' simplest form, the plan provides that each LEA is funded at prior year ADA times their unique rate. If an LEA is growing, they receive growth funding at the SELPA target rate. If there are not sufficient funds received to fund ADA growth, one-time funds are provided from special needs (year 1 of growth). If there are not sufficient funds to fund the prior year guarantee, one-time funds are provided from special needs (year 1 of the decline).

Funding coming to the SELPA is complex, but a simple explanation: We are funded on total SELPA ADA, the greater of current or prior year ADA. If the SELPA declines in ADA, we lose approximately \$631 per ADA. If the SELPA grows in ADA, we are funded at approximately \$465 per ADA. These rates fund regional programs and the district per ADA amount, \$334.69 target rate. Therefore, when funding for the SELPA declines as a result of ADA loss, we must either reduce regional programs, reduce the per ADA amount provided to districts, or use one-time funds to allow for transition.

El Dorado SELPA ADA losses/projected losses

2007-08 ADA		23,792.66			
2008-09 ADA	loss in 2009-10	23,613.71	(178.95)	\$ 631.84	(113,068)
2009-10 ADA	loss in 2010-11	23,086.45	(527.26)	\$ 631.84	(333,144)
2010-11 estimate ADA	loss in 2011-12	22,910.49	(175.96)	\$ 631.84	(111,179)

2010-11 Issues and Recommendations

SELPA funding declined in 2009-10 by \$113,000 (2008-09 ADA loss from 2007-08). Funds recaptured as a result of loss in ADA from 2007-08 to 2008-09 were \$63,000. (round numbers). The difference was a loss of \$50,000 (taken from special needs fund in year 1 per allocation plan language).

1	2009-10		
2	Beginning Balance (prior year)		7,677,066
3	2008-09 ADA x District Rate (new base)		7,614,395
4	Funds recaptured (2008-09 ADA less 2007-08 ADA)	line 2-3	62,671
5	Actual SELPA declining ADA loss (178.95 ADA x \$631.84)		(113,068)
6	One time funds from Special needs	line 4 +5	(50,397)

The plan states that a solution must be proposed in year 2 (2010-11) for this \$50,000 loss.

d) Insufficient funds for allocation plan

Whatever formula is provided to fund some level of growth and some level of declining enrollment guarantee, the possibility exists there may not be sufficient dollars to fund ongoing costs of the plan.

In the first year of the shortfall, special needs pool shall be used to fund the shortfall (Year 1). Year 2 (and ongoing shortfall) shall be accomplished by a percentage change in the declining enrollment guarantee. At the time the funding shortfall is identified (Year 1), a solution for Year 2 will be recommended to SELPA Superintendent Council for review and approval. If the special needs pool has sufficient funds available, the Year 2 solution may be spread over more than one year.

The issue is further complicated by the 2010-11 ADA decline as described below.

The SELPA declined in 2010-11 by \$334,000 (2009-10 ADA loss from 2008-09) and recaptured declining enrollment dollars of \$174,000, leaving a balance of \$160,000. The difference is a loss of \$160,000 (taken from special needs fund in year 1 per allocation plan language).

1	2010-11		
2	Beginning Balance (prior year base)	7,614,395	
3	Federal supplemental increase/growth (2009-10)	94,568	7,708,963
4	2009-10 ADA x District Rate (new base)		7,534,951
5	Funds recaptured (2009-10 ADA less 2008-09 ADA)	line 3-4	174,012
6	Actual SELPA declining ADA loss (527 ADA loss)		(334,200)
7	One time funds from Special needs	line 5+6	(160,188)

2010-11 Issues and Recommendations

\$160,000 problem in 2010-11 + \$50,000 from 2009-10 = \$210,000 problem

Pursuant to the allocation plan we need to do the following:

- We need to trigger a percentage reduction in the declining enrollment guarantee in **2010-11** to be consistent with the plan to recover \$50,000
- Allocate \$160,000 from special needs in 2010-11 to fully fund the base
- We need to trigger a percentage adjustment in the declining enrollment guarantee in **2011-12** to recover \$160,000
- The plan also provides for alternate solutions to be explored to extend the recovery over multiple years.

Note:

\$400,000 in special needs was set aside for one-time growth funding in 2009-10, 2010-11, 2011-12, 2012-13. Less than \$20,000 total is anticipated to be accessed in 2009-10 and 2010-11. Claims in the special needs fund are rising, but it still appears there will be the allocation plan required \$1M balance in the special needs fund at the end of 2010-11.

Recommendation

There are sufficient funds in the special needs pool to delay the \$50,000 recovery in 2010-11, therefore we recommend the declining enrolment percentage adjustment in 2010-11 NOT be triggered and delayed until 2011-12.

We would recommend using \$210,000 of special needs pool in 2010-11 to fully fund prior year base/declining enrollment guarantee.

We would recommend the prior year base guarantee in 2011-12, be adjusted by a percentage necessary to recover the \$210,000. For budgeting purposes, this translates to approximately \$9 per ADA.

	Shortfall	2010-11 ADA	Amount per ADA
2010-11 Cost	210,000	22,910.49	9.17

2) Mental Health

In 2004-05 the California Legislature decided to use increased federal special education monies to support the agreements between County Offices of Education and County Mental Health Departments to provide AB3632 or 26.5 mental health services to students with IEPs. The money (\$69 million) was divided up state-wide based on claims submitted by County Mental Health Departments. The El Dorado County share of the funding is passed through to the El Dorado County Mental Health department per a signed MOU between the County Superintendent of Schools and the El Dorado County Mental Health/Board of Supervisors.

The 2010-11 State of California budget suspended the mandate for counties to provide services and eliminated funding. The action to suspend the mandated and eliminate funding was done by veto by the Governor. There is legal action pending to determine if the Governor has the authority in the budget process to suspend a mandate. We are awaiting further court or legislative action to determine the final outcome of funding and services.

Meanwhile, in order to continue services through 2010-11, an MOU is proposed with the county to provide services from January 2011 to June 2011 and a further MOU may be proposed for 2011-12 pending legal action and/or legislation action.

What this means is a potential district liability for students served by the county, of approximately \$500,000 per year or \$750,000 over an 18 month period from January 1, 2011 to June 30, 2012.

Recommendation

In order to mitigate the impact on district budgets in 2010-11 and 2011-12, we would propose establishing a mental health reimbursement pool. Districts would bear the cost of mental health billings for their student, but would be reimbursed 40% from the pool. Estimated cost of 40% reimbursement over 18 months is \$300,000 (40% x \$750,000).

Source of funding would be the current NPS/NPA pool which is projected to have an ending balance of \$600,000 in 2010-11. This is a temporary solution until a long term solution can be provided by the legislature.