

Issue

The EDCOE SELPA Allocation Plan needs to be fixed for two significant reasons:

- 1) The SELPA is **declining in enrollment**. This resulted in an on-going shortfall of over \$200,000 in 2010-11. Per the Allocation Plan, this was funded with one time dollars from the Special Needs Pool in 2010-11, with the understanding that a permanent solution for 2011-12 would be found. The fiscal impact for districts was approximately \$10 per K-12 ADA. Agreement could not be reached on a solution. EDCOE agreed to fund the \$200,000 in 2011-12, with the understanding a **solution would be sought for 2012-13**. The problem continues in 2011-12, with the dollar amount **growing to \$243,000**.
- 2) Fixing the declining enrollment problem is compounded, because districts in the SELPA have **unequal funding rates**. This has long been a source of conversation within the Allocation Plan, with the result being a “hold harmless” provision for those higher rates. This hold harmless provision started in 1998-99 and has continued over time.

Background

As the SELPA declines in enrollment, the funding declines by \$634 per ADA (2010-11). Our Allocation Plan provides for a recapture of declining enrollment funds at the district rate of \$343. That leaves a gap of \$291 (2010-11 data but each year approximately \$300 gap). To close the gap, our choices are to use one time funds, reduce regional program operations or develop some type of per ADA reduction. The Allocation Plan specifies that we use one time funds from Special Needs in the first year of the reduction and then seek an on-going solution. Note that SELPA prior year guarantee of current or prior year ADA, shifts the impact of the decline to the following year.

Chart #1

1		SELPA ADA	Gain/Loss	Year of Impact (delayed)	Est. Rate	State Recapture Est. Amount	District ADA recapture	\$ amount needing a Solution
2	a	b	c	d	e	f	g	h
3	2011-12			(195)	\$ (655)	127,741	(82,609)	45,132
4	2010-11	22,909	(195)	(509)	\$ (634)	322,804	(174,631)	148,173
5	2009-10	23,104	(509)	(179)	\$ (632)	113,068	(62,671)	50,397
6	2008-09	23,613	(179)					
7	2007-08	23,792	90					
8	2006-07	23,702						
9	2010-11 average district rate			\$ 174,631	509	\$ 343		
10	2010-11 state recapture			\$ 322,804	509	\$ 634		
11	Difference					\$ (291)		

Summary

- No consensus was reached in 2010-11 on a per ADA amount reduction (\$10 to \$11 per ADA).
- Districts were understandably concerned about a permanent reduction in funding.

Major Points of Discussion

- Why do some districts have higher rates? Is it time to consider removing the protection afforded many years ago when the plan was first implemented?
- Why aren't regional programs reduced as well – specifically those operated by EDCOE? EDCOE has maintained that EDCOE should not suffer a program funding shortfall for operating programs to serve districts' students. EDCOE has however historically absorbed the special education transportation shortfall. The gap between state funding (\$431,000) and costs is over \$1.1 million. If special education transportation funding is reduced by 50% in 2011-12, another \$215,000 shortfall will need to be addressed.

Proposal

We are proposing a solution for consideration that would do the following:

- Simplify the formula, by having all districts funded at the same rate.
- Recalculate rate each year based on SELPA base funding.
- *Base funding on prior year ADA with an adjustment for growth ADA in the current year.*
- Have a hold harmless provision of some kind for the previous high rate districts but computed as a flat dollar amount that is reduced over time.
- Reduce funding for districts for declining enrollment (@\$6 per ADA instead of \$11).
- Regional programs share in the declining enrollment adjustment as well.

Declining Enrollment Cumulative Adjustment

- Shared equally by each “pot” (Regional programs, district).
- To simplify, NPS “pot’ which typically receives a small share, will not be included in the reduction.
- As declining enrollment reductions occur in the future, the loss is paid first year by the special needs pool (if funds are available), then base funding reduced in future years.
- As growth funds occur, they will be adjusted over time back to the levels reduced.
- In future years, if EDCOE regional allocation is reduced as a result of declining enrollment, EDCOE will make a recommendation on program reductions. The SELPA may decide to accept the program reductions or decide to not pass along the revenue reduction.

Chart #2

1		2011-12	% of Total	243,702
2	EDCOE Regional/Speech	6,657,192	45.61%	111,153
3	EDUHS Regional	375,817	2.57%	6,263
4	Ppines Regional	74,038	0.51%	1,243
5	District Base	7,488,032	51.31%	125,043
	Total	14,595,079	100.00%	243,702

COLA/Supplemental funding

The current formula provides for COLA and supplemental funding to be split among the “pots” as noted above. This formula recommendation assumes that this process will continue in the future, should COLA funds ever be received in our lifetime.

Per ADA Calculation

If the SELPA is declining:

The district base amount is the prior year base, less the district portion of any declining enrollment adjustment in the current year + the pro-rated share of COLA/Supplemental funding as noted above.

If the SELPA is growing:

The district base amount is the prior year base (which would include prior year growth) + pro-rated share of COLA/Supplemental funding as noted above. Any growth funds received will be treated as noted below.

Growth

If a district ADA increases in the current year, they will receive funding for the increase in ADA. Funding will be a one-time allocation added to the district prior year per ADA calculation. The rate used will be the current year district per ADA rate.

Funding for growth will come from one of two sources:

- If the SELPA grows and growth funds are not used for regional program funding, these funds will be used first.
- If no growth funds are available, funds will be provided from the special needs pool.

Hold Harmless

If we divide the entire “pot” of district allocation (\$7.48 million in 2011-12, but only \$7.36 million is ongoing funding, 98%) by 2010-11 ADA (21,936 ADA but final formula would use 2011-12 ADA), the average rate is \$335.66. Using 2011-12 funding as a base and reducing all districts by 98% (shortfall), we then compare this amount to the rate computed based on the average of \$335.66. This computation results in a flat dollar amount “hold harmless provision”. *Note we are using 2010-11 ADA for simplicity, but would update with 2011-12 ADA.*

Chart #3

1	2011-12 District Allocation Amount				7,488,032				
2	Prior Year Cum Dec enrollment				(125,043)				
3	Subtotal	7,362,989	7,488,032	0.98330	7,362,989				
4	2010-11 P-2 ADA	(to be updated with 2011-12)			21,935.79				
5	Amount per ADA				\$ 335.66099				
6	HOLD HARMLESS AMOUNT CALCULATION	2011-12 Funding (May Estimate doesn't include growth)	Pro-Rated	2010-11 ADA P-2 (to be updated w 11-12)	2010-11 ADA x New Rate	2011-12 Funding less Recalc amount at New Rate	Increase or decrease per ADA	Hold Harmless ADA	Hold Harmless Amount
7	a	b	c	d	e	f	g	h	i
8			0.9833		\$ 335.66099	e-c			col f
9	Black Oak Mine	547,998	538,847	1,551.77	520,869	(17,978)	(11.59)	1,551.77	17,978
10	Buckeye	1,530,359	1,504,803	4,572.64	1,534,857	30,054	6.57	-	-
11	Camino	145,157	142,733	433.86	145,630	2,897	6.68	-	-
12	EDUHS	2,197,105	2,160,415	6,564.42	2,203,420	43,005	6.55	-	-
13	Gold Oak	182,335	179,290	503.18	168,898	(10,392)	(20.65)	503.18	10,392
14	Gold Trail	174,188	171,279	520.47	174,701	3,422	6.57	-	-
15	Indian Diggings	5,775	5,679	17.23	5,783	104	6.04	-	-
16	Latrobe	62,244	61,205	162.58	54,572	(6,633)	(40.80)	162.58	6,633
17	Mother Lode	398,507	391,852	1,175.49	394,566	2,714	2.31	-	-
18	Pioneer	127,970	125,833	369.76	124,114	(1,719)	(4.65)	369.76	1,719
19	Placerville	461,611	453,903	1,190.26	399,524	(54,379)	(45.69)	1,190.26	54,379
20	Pollock Pines	246,487	242,371	666.29	223,648	(18,723)	(28.10)	666.29	18,723
21	Rescue	1,323,282	1,301,184	3,953.78	1,327,130	25,946	6.56	-	-
22	COE Charter	81,128	79,773	242.46	81,384	1,611	6.64	-	-
23	Silver Fork	3,886	3,821	11.60	3,894	73	6.29	-	-
24	Rounding	-	-		(2)	(2)		-	2
25		7,488,032	7,362,988	21,935.79	7,362,988.00	-	-	4,443.84	109,826

The hold harmless provision would be phased out over time. We are proposing a five-year plan for consideration. The chart below shows the impact of this provision. In 2017-18, there will be no hold harmless.

Chart #4

1	Phase in # hold harmless over five years					
2						
3						
4	a	b	c	d	e	
5	2012-13	2013-14	2014-15	2015-16	2016-17	
6	HOLD HARMLESS	100%	0.80	0.60	0.40	0.20
7		hold	col I	col I	col I	col I
8		harmless	pro-rated	pro-rated	pro-rated	pro-rated
9	Black Oak Mine	17,978	14,382	10,787	7,191	3,596
10	Buckeye	-	-	-	-	-
11	Camino	-	-	-	-	-
12	EDUHS	-	-	-	-	-
13	Gold Oak	10,392	8,314	6,235	4,157	2,078
14	Gold Trail	-	-	-	-	-
15	Indian Diggings	-	-	-	-	-
16	Latrobe	6,633	5,306	3,980	2,653	1,327
17	Mother Lode	-	-	-	-	-
18	Pioneer	1,719	1,375	1,031	688	344
19	Placerville	54,379	43,503	32,627	21,752	10,876
20	Pollock Pines	18,723	14,978	11,234	7,489	3,745
21	Rescue	-	-	-	-	-
22	COE Charter	-	-	-	-	-
23	Silver Fork	-	-	-	-	-
24	Rounding	2	2	1	1	-
25	Total	109,826	87,860	65,895	43,931	21,966
26		Cum Total	197,686	263,581	307,512	329,478

For those districts below the average rate, they will be increased proportionately over time. See chart below. In 2017-18, they will be fully funded.

Chart #5

1	Phase In - Increases over five years						
2							
3							
4	f	g	h	i	j	k	
5	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
6	Increase	0%	0.20	0.40	0.60	0.80	100%
7						col l	
8	Increase	pro-rated	pro-rated	pro-rated	pro-rated	pro-rated	
9	Black Oak M	-	-	-	-	-	-
10	Buckeye	-	6,011	12,022	18,032	24,043	30,054
11	Camino	-	579	1,159	1,738	2,318	2,897
12	EDUHS	-	8,601	17,202	25,803	34,404	43,005
13	Gold Oak	-	-	-	-	-	-
14	Gold Trail	-	684	1,369	2,053	2,738	3,422
15	Indian Digg	-	21	42	62	83	104
16	Latrobe	-	-	-	-	-	-
17	Mother Lod	-	543	1,086	1,628	2,171	2,714
18	Pioneer	-	-	-	-	-	-
19	Placerville	-	-	-	-	-	-
20	Pollock Pine	-	-	-	-	-	-
21	Rescue	-	5,189	10,378	15,568	20,757	25,946
22	COE Charter	-	322	644	967	1,289	1,611
23	Silver Fork	-	15	29	44	58	73
24	Rounding	-	-	-	-	-	-
25	Total	-	21,965	43,931	65,895	87,861	109,826
26	Cum Total			65,896	109,826	153,756	197,687

Recommendation for 2012-13

- Cumulative declining enrollment shortfall is shared on a percentage basis between regional programs and district base amount.
- All districts funded at one rate in 2012-13 and into the future. The rate is computed by taking the current year district base amount, less pro-rated share of declining enrollment + any pro-rated share of COLA/Supplemental funding, and dividing by prior year ADA.
- Growth ADA funded as one time allocation, using special needs pool or any growth funds received by the SELPA, if the SELPA is growing.
- A hold harmless flat dollar amount is computed for those districts receiving lower funding. The hold harmless dollar amount will be phased out over time. A five-year (20% per year) phase out plan is proposed for consideration.
- The hold harmless provision would be funded by adjusting rates of non-hold harmless districts (shown below).
- In the example below, Column J shows the impact if the \$125,000 was distributed on a per ADA basis of \$5.70. District impacts range from \$5.50 to \$6.50 because we calculated the hold harmless based on a pro-ration of the shortfall (not per ADA basis). Therefore, districts with a higher rate per ADA ultimately take a slightly higher share of the shortfall as a result of this calculation.
- There may be additional mental health funds distributed in 2011-12 and 2012-13 but this will be approved by a separate allocation plan action item. The recommendation is still under review and will be brought back in December/January for final approval.

Chart #6

1	2011-12 District Allocation Amount				7,488,032	\$ 341.36						
2	Prior Year Cum Dec en	7,362,989	7,488,032	0.98	(125,043)	\$ (5.70)						
3	Hold Harmless (HH)				(109,826)	\$ (5.01)						
4	Add back hold harmless (adjust separately)				109,826	-						
5	2012-13 dec enrollment adjustment	unknown										
6	Subtotal				7,362,989							
7	2010-11 P-2 ADA	(to be updated with 2012-13)			21,935.79							
8	Amount per ADA	\$ 341.36	\$ 335.66099	\$ 5.70	\$335.66099							
9		2010-11 ADA P-2 (to be updated w 12-13)	ADA x New Rate	Hold harmless	Amount above base in 2011-12	amount above base x ADA	New Entitlement + Hold Harmless	Prior Year Amount	Loss on per ADA for shortfall	Actual Loss in 2012-13	Difference between Pro-rated Loss and per ADA loss	Adjust Loss on Per ADA (after pro-ration)
10									\$ (5.70)			
11	b	c	d	e	f	g	h	i	j	k	l	m
12			\$ 335.66									
13	Black Oak Mine	1,551.77	520,869	17,978	-	-	538,847	547,998	(8,846)	(9,151)	(305)	\$ (5.90)
14	Buckeye	4,572.64	1,534,857	-	6.57	(30,042)	1,504,815	1,530,359	(26,066)	(25,544)	522	\$ (5.59)
15	Camino	433.86	145,630	-	6.68	(2,898)	142,732	145,157	(2,473)	(2,425)	48	\$ (5.59)
16	EDUHS	6,564.42	2,203,421	-	6.55	(42,997)	2,160,424	2,197,105	(37,420)	(36,681)	739	\$ (5.59)
17	Gold Oak	503.18	168,898	10,392	-	-	179,290	182,335	(2,868)	(3,045)	(177)	\$ (6.05)
18	Gold Trail	520.47	174,701	-	6.57	(3,419)	171,282	174,188	(2,967)	(2,906)	61	\$ (5.58)
19	Indian Diggings	17.23	5,783	-	6.04	(104)	5,679	5,775	(98)	(96)	2	\$ (5.57)
20	Latrobe	162.58	54,572	6,633	-	-	61,205	62,244	(927)	(1,039)	(112)	\$ (6.39)
21	Mother Lode	1,175.49	394,566	-	2.31	(2,715)	391,851	398,507	(6,701)	(6,656)	45	\$ (5.66)
22	Pioneer	369.76	124,114	1,719	-	-	125,833	127,970	(2,108)	(2,137)	(29)	\$ (5.78)
23	Placerville	1,190.26	399,524	54,379	-	-	453,903	461,611	(6,785)	(7,708)	(923)	\$ (6.48)
24	Pollock Pines	666.29	223,648	18,723	-	-	242,371	246,487	(3,798)	(4,116)	(318)	\$ (6.18)
25	Rescue	3,953.78	1,327,130	-	6.56	(25,937)	1,301,193	1,323,282	(22,538)	(22,089)	449	\$ (5.59)
26	COE Charter	242.46	81,384	-	6.64	(1,610)	79,774	81,128	(1,382)	(1,354)	28	\$ (5.58)
27	Silver Fork	11.60	3,894	-	6.29	(73)	3,821	3,886	(66)	(65)	1	\$ (5.60)
28	rounding				-	(29)	(29)		2	(29)	(31)	
29	Total	21,935.79	7,362,991	109,824.00		(109,824)	7,362,991	7,488,032	(125,041)	(125,041)	-	