

ASSEMBLY BILL (AB) 602

Funding Allocation Plan

Revised and Adopted by:  
Special Education Coordinating Agency (SECA)  
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## **PREFACE**

The Funding Allocation Plan reflects the most current information as of January 2019. If there are major legislative or fiscal changes, this plan will be revisited and reviewed accordingly with final approval from the Special Education Coordinating Agency (SECA) by February 1 of the current school year.

### **FUNDING ALLOCATION MODEL NOTES:**

By March SECA meeting of each year the funding allocation plan shall be evaluated and reviewed on an annual basis by Special Education Council (SEC) and the North Santa Cruz County Special Education Local Plan Area (SELPA) Director's Advisory Committee to AB 602. Any adjustment shall be brought forward to SECA and discussed for potential approval.

## GUIDING PRINCIPLES

The following guiding principles were utilized in the development of this proposal:

1. SELPA members agree that all children with exceptional needs residing in this SELPA should be appropriately served.
2. In order to deliver appropriate services to all students, the SELPA members believe in everyone working together as a team for the good of all. The cooperation of the business offices and program departments is critical. Where appropriate and cost effective to do so, efforts will be made to operate services in a SELPA-wide coordinated fashion.
3. Fairness and equity shall be the basis of the development of this Funding Allocation Plan.
4. Federal and state revenues will flow directly from the state to the SELPA Administrative Unit, which is currently the County Office of Education (COE). In turn, the SELPA Administrative Unit will allocate the funds to SELPA members according to this Funding Allocation Plan.
5. SELPA member local educational agencies (LEAs) will retain their own decision making on how to use their funds in serving special education students based on needs outlined in their Individualized Education Program (IEP).
6. This Funding Allocation Plan will be kept as simple as possible and yet be flexible and useful in serving students in special education.
7. The distribution of funding will be understandable, predictable, and timely.
8. SELPA members will commit to timely reporting and analysis of all relevant data necessary for the allocation and distribution of funds.
9. This Funding Allocation Plan will be in legal compliance with federal and state laws.
10. Disputes regarding this Funding Allocation Plan will be resolved at the lowest level as it pertains to the parties involved and/or with a SELPA Director's special advisory committee. If the dispute is not resolved, then a final appeal can be made to SECA.
11. Collaboration among SELPA, COE, and LEAs will ensure effective service delivery to students and families.
12. Provide cost-effective regional and district programs and services for students with IEPs without incentive to identify or place based on disability category.
13. Recognize that LEAs have been, and will need to make general fund contributions to cover special education costs.

## ALLOCATION PLAN FUNDING COMPONENTS

### 1. **Distribution of Funds**

All funds flow from the State directly to the North Santa Cruz County (NSCC) Special Education Plan (SELPA) Administrative Unit (AU), which is the Santa Cruz County Office of Education. The SELPA Administrative Unit, in turn, allocates the funds to SELPA-member Local Education Agencies (LEAs or districts) according to this SELPA Allocation Plan.

The NSCC SELPA's AB602 funding entitlement is based on the SELPA's prior year funded P-2 Average Daily Attendance (ADA) multiplied by the SELPA's prior year base rate. The actual State funding comes from two sources – Local Special Education Property Taxes and State Aid. The AB602 base entitlement is first funded by the Local Special Education Property Taxes. In addition, the SELPA receives the Federal Local Assistance Entitlement Grant. The Federal Local Assistance Grant is funded by October 1 pupil count, the relative number of children enrolled in public and private elementary and secondary schools within each SELPA's jurisdiction, and the relative number of children living in poverty using free and reduced price meal participation as the indicator of poverty. The State also provides AB602 funding per ADA for Growth/Declining ADA, a Cost of Living Allowance (COLA) on the Base entitlement, Low Incidence (LI) Materials, Services and Career Technical Education (funded on prior year October Pupil Count), Out-of-Home Care (FFH & LCI bed counts) and a NPS/LCI Extraordinary Cost Pool (for LEAs with placement costs that exceed the State base amount).

The SELPA AU will distribute to SELPA-member LEAs the total dollars earned based on the higher of current year or prior year P-2 K-12 ADA for both State funding and Federal funding. Should an LEA or Charter within a LEA leave the SELPA, the Federal funds will be distributed based on current year P2 ADA less the entities ADA that has left. The distribution of funds for the State funding shall be made in accordance with the same flow of funding that has been established by the California Department of Education (CDE). This amount will be adjusted annually based on an adjusted special education COLA, growth or a decline in revenue due to a loss of ADA, and will be allocated on the higher of current or prior year P-2 K-12 ADA. (Exhibit A)

### AB 602 Calculations

#### Revenue

- Step 1: Revenue is earned by using the higher of current year or prior year P-2 K-12 ADA (including charter schools).
- Step 2: Calculate each LEA earned special education AB602 base (Includes, Property Taxes, and AB602 State Aid such as Growth/Declining ADA, COLA, & supplements)  
(Example: 2010-2011 \$720.12 x P-2 K-12 ADA = each LEA's allocation)
- Calculate each LEA earned IDEA Basic Federal Local Assistance grant based on the criteria stated above.
- Step 3: Identify other revenues: Federal Preschool Grants, Infant Program funding, Low Incidence Funding

- Step 4: Allocate other federal grant funds as follows: Federal Preschool Grant: (FPG): Prior to 2018-2019 the FPG was allocated under its own funding source. Beginning in 2018-19 the funding is consolidated into PL 94-142 funds. From 2018-19 forward the amount carved out for the FPG will be equal to the 2017-18 allocation of \$291,484. The initial allocation of \$291,484 will increase by COLA in each subsequent year starting in 2019-20. Allocation based on the average of prior year October 1<sup>st</sup> and April 1<sup>st</sup> LEA non-regional Preschool Special Day Class (SDC) and language and speech related services counts. Allocated only to those LEAs that operate non-severe preschool SDC programs.
- a. Preschool Local Entitlement Grant: Allocation based on average of prior year October 1<sup>st</sup> and April 1<sup>st</sup> LEA non-regional Preschool SDC and language and speech related services counts. Allocated only to those LEAs that operate non-severe preschool SDC programs.
  - b. Preschool Staff Development: The allocation of these funds is distributed 100% to the LEAs. The allocation to LEAs is based on each LEA's prior year special education unduplicated October 1<sup>st</sup> pupil count of students ages 3 through 5 years.
  - c. Infant Part C: Allocated to Santa Cruz County Office of Education
  - d. Infant State Entitlement: Allocated to Santa Cruz County Office of Education
- Step 5: Estimated and actual revenue will be reported to each local education agency using the report format in Exhibit B
- Step 6: Determines: Total available revenues SELPA-wide

## SPECIAL EDUCATION REVENUE SUMMARY REPORT

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DISTRICT: SELPA-WIDE

## EXHIBIT A

## AB602 REVENUE

AB602 REVENUE	Exhibit	Amount
AB602 Base	J-1	
COLA	J-2	
Growth or Declining ADA Adjustment	J-3	
		\$
Subtotal	J-4	-
Low Incidence Funding (SELPA)	J-6	
Out of Home Care	J-7	
	J-8	\$
Extraordinary Cost Pool		-
Total Apportionment per CDE Exhibit	J-10	
Local Special Education Property Taxes	B-10	
Total Deductions	B-11	
		\$
Subtotal		-
		\$
TOTAL REVENUE		-
LOCAL ADJUSTMENTS PRIOR TO DISTRIBUTION		
SELPA Operations		
Emergency Pool (if below \$50,000, see section 3h)		
LCI		
\$500,000 offset for Regional Programs (not including Autism Programs)		
30% Proportional Autism Program Costs		
70% Utilization Autism Program Costs		
100% Utilization All Other Regional Program and Service Costs		
Low Incidence Equipment Service Grant		
SELPA Professional Development		
Infant Program Excess Costs (not covered by 6510 & 6515)		
		\$
TOTAL ADJUSTMENTS		-
	Resource	
	3310	
TOTAL AB602 REVENUE & IDEA DISTRIBUTION		\$ -

## ADDITIONAL SPECIAL EDUCATION REVENUE

Grant Name	Resource	Amount
Preschool Grant	3315	
Preschool Local Entitlement (2018-19 Feds combined with 3310)		
Preschool Staff Development	3345	
Early Intervention, Part C (COE-run Program)	3385	
Early Education for Individuals with Exceptional Needs (COE-run Program)	6510	
Infant Discretionary Funds (COE-run Program)	6515	
TOTAL OTHER REVENUE		\$ -

## 2. **SELPA Funds and Services**

Funding for the SELPA administration and office services and regionalized services are funded first. Low Incidence Materials, Services and Career Technical Education will be divided between LI equipment and service based upon the 2013-14 funding allocation plus COLA. The distribution of LI service funds to LEAs will be based on the distribution in 2013-14 plus COLA. Remaining AB602 funds are then allocated to LEAs.

The SELPA office will provide both legally required services and those services designated by SECA. SELPA services include the following:

- Develop special education program procedures and policies
- Provide curriculum/staff development and program coordination
- Develop and implement interagency agreements
- Coordinate the management information systems, data collection, processing, and pupil count support
- Oversee Coordinated Compliance Reviews (CCRs) and other State-mandated reviews
- Facilitate the Community Advisory Committee (CAC)
- Collect and verify data for State-required budget reports, expenditure reports, pupil counts, outcome indicators, suspensions/expulsions, annual personnel reports and other reports as mandated
- Display a SELPA budget for special education and related services
- Conduct public hearings for Annual Budget and Annual Service Delivery Plan

## 3. **Allocation of Funds to Emergency Pool for the Small Non-Charter Districts for Nonpublic Schools (NPS) Placements and Regional SDC Placements**

In 2017-2018, the LEAs in this pool include: Bonny Doon, Pacific Elementary, Happy Valley and Mountain Elementary

At the end of fiscal year 2016-2017, the previously established emergency pool of \$150,000 will be funded as follows:

The ending balance remaining in the pool at the end of the 2016-17 fiscal year, will be the beginning balance for the 2017-2018 fiscal year.

Beginning with the 2017-2018 fiscal year, and thereafter annually, the emergency pool will be maintained by the members accessing the pool to fund NPS placements and regional SDC placements for contributing member LEAs of less than 200 ADA.

At the end of each fiscal year beginning in fiscal year 2016-2017, any remaining AB602 balance from the LEAs in the pool will be added to the emergency pool.

- a. Contributing member LEAs named in item 3 can access the pool for placements in excess of one (1) student. The placements will be funded as follows:

- 1<sup>st</sup> Student – District Pays
- 2<sup>nd</sup> Student – Pool Pays 100%
- 3<sup>rd</sup> Student – Pool Pays 50%
- 4<sup>th</sup> Student – Pools Pays 25%



First placement will be determined by enrollment date in program. This process will stay in place until the student(s) leaves the school.

- b. A placement is considered new when it is effective after June 30th.
- c. For NPS placements, at year-end, contributing member LEAs will submit their qualifying claims to the AU, which include a copy of the NPS/NPA master contract, individual services agreement (ISA), and paid invoices.
- d. The total number of claims for the current year will be determined.
- e. If the total amount of claims exceeds the amount in the pool, claims will be paid on a pro-rata basis using the total pool set aside divided by the total dollar amount of the eligible claims.
- f. Distribution of the pool will commence when all claims have been received, but no later than August 30 of the next fiscal year.
- g. If a district's claim for NPS costs exceeds the State threshold for an NPS placement, the district will submit an Extraordinary Cost Pool claim to the SELPA for reimbursement for the fiscal year in which the tuition was paid. When the Extraordinary Cost Pool reimbursement from the State is distributed to the SELPA, the funds received will be reallocated back to the pool.
- h. If the funds are not utilized in any given year, the funds will roll over to the next fiscal year. If the fund balance falls below \$50,000 at the end of the fiscal year, after the AB602 money from the contributing member districts has been applied, then the emergency pool will be replenished to \$50,000 by all SELPA member districts based on ADA.

#### 4. **Allocation of Funds for Regional Special Education Programs/Services**

AB602 Funding of Regional Special Education Services:

All Regional Services will be fully funded.

The Regional Services are:

- Visual Impairment (VI) - COE
- Orthopedic Impairment (OI) - COE
- Hard of Hearing (HH) – Santa Cruz City Schools (SCCS)
- Transition Services - SCCS (Students ages 16 and above, unless otherwise indicated on a student's IEP. (EC 56345 (8))

The total cost of each Regional Service will be divided by the average of the total October 1<sup>st</sup> and April 1<sup>st</sup> student enrollment. This per pupil cost will be multiplied by each LEA's actual average of the October 1<sup>st</sup> and April 1<sup>st</sup> enrollment counts for each Itinerant Regional Service.

Funding will be based on the projected operating costs, which will be based on an approved set of criteria, less other sources of revenue. The forms to report operating costs (Exhibit

B) will be used to budget for each new fiscal year and to report actual costs of the last fiscal year.

The committee-approved cost factors are used for facilities and operations.

LEA costs are used for teacher and instructional assistants' salaries including benefits, and administrative and pupil support costs.

Related services (Exhibit B Worksheet) such as Occupational Therapy (OT), Speech and Language (S&L), and Adapted Physical Education (APE) will be based on documented services in the IEP. The amount then claimed would be based on a percentage of specialist's caseload applied to the specialist's salary.

Specialized supplies and equipment identified and documented through the IEP process, that are not funded through insurance or low incidence funds, shall be purchased by the district of residence for the student and follow the student (i.e. iPad used for AAC).

Services not documented through an IEP shall be documented using time/log sheets for each staff member with students served clearly identified. If such time/log sheets are not submitted, there will be no reimbursement for these services. Examples of non-IEP documented services include nurse and psychologist.

Indirect costs are based on the SELPA average of the current school year member LEA approved indirect rates. Revenue from other sources is deducted from the total costs to calculate net costs to be funded.

Regional special education programs/services will operate within the funding allocation approved by SECA unless they choose to operate beyond the allocation and are funded within the LEA.

#### Revenues:

The revenues for the infant program and federally funded preschool program are excluded from the AB602 base, and those pupils are excluded from the ADA used to calculate the cost per pupil for purposes of allocating AB602 funds

All non-AB602 revenue sources attributable to Regional special education programs/services (grants, Medi-Cal Administrative Activities (MAA), LEA Medi-Cal Reimbursement, Federal Mental Health etc.) will be used to fund regional operations. The balance of the revenue needed for regional operations will be funded through the AB602 transfer contribution from each LEA.

#### AB602 Funding of Regional Special Education Programs:

The total cost of each Regional Program will be divided by the average of the total October 1<sup>st</sup> and April 1<sup>st</sup> student enrollment in the Regional Programs. This per pupil cost will be multiplied by each LEA's actual average of the October 1<sup>st</sup> and April 1<sup>st</sup> enrollment counts.

##### a. Regional Program Utilization

Starting in the 2017-2018 fiscal year, Regional Program Costs will be as follows:

Regional Autism Programs will be funded at a thirty percent proportional and seventy percent utilization cost. Each LEA will contribute proportionally based on ADA (30%). The remaining 70% will be charged to districts based on the utilization of Regional Autism Programs.

All other Regional Programs' costs will be reduced by a \$500,000 contribution by all LEAs based on ADA. The balance of these Regional Program costs will be charged to districts based on 100% utilization.

This funding model was developed based on a philosophy of shared investment to fund Autism and Non-Autism Programs across the SELPA for equitable student benefit.

#### Funding of Non-Regional Programs and Services:

The one hundred percent (100%) utilization charge for an individual special education service agreement between two SELPA-member LEAs (non-regional program) will be calculated using the program cost factors for LEA Billing. (Exhibit B)

Each Provider LEA shall outline the Individual Special Education Service Agreement in a Memorandum of Understanding (MOU) for the receiving LEA.

#### 5. **Special Education Revenue Generated by Students in Alternative Education Programs**

Alternative Education programs include court and community schools, pregnant minor programs, and homeless programs.

Special education services provided in the Alternative Education program will be funded as its own LEA and will be funded in the same manner as in Section 1 above.

#### 6. **Direct Service Districts (as defined by Educational Code)**

Direct service districts are encouraged to provide services through a group hiring of staff and/or by using multiple funding sources to fund a position within the site.

#### 7. **Maintenance of Effort**

In order to receive its grant of Part B funds, the composite budget for the education of children with disabilities by the LEAs within the SELPA is at least the same total or per-capita (child with a disability) amount from the combination of State and Local funds as the LEAs spent for that purpose from State and local funds the previous fiscal year. (34 CFR Sec. 300.231 (c) (1)).

Generally for the purposes of addressing this requirement, the SELPA may treat as local funds up to 50 percent of any increase in Part B funds it receives in excess of what it received the prior year.

- The Maintenance of Effort (MOE) will be conducted at the SELPA level on an annual basis and will include composite budget and expenditure figures for all LEAs within the SELPA.

There are two tests:

- a. Current year Budget to Prior year Actual
- b. Prior year Actual to second year Actual
  - Budget to actual establishes eligibility for funds
  - Actual to actual may lead to repayment of funds if MOE test is failed
  - Both tests are made at the SELPA level using composite information from the LEAs within the SELPA

#### Exceptions to Maintenance of Effort

An LEA may reduce the level of expenditures below the level of those expenditures for the previous fiscal year if the reduction is attributable to State-approved exceptions.

Failure to Meet Maintenance of Effort – When the North Santa Cruz County SELPA fails to meet either Test 1 or Test 2 of Maintenance of Effort in any given year, any fiscal penalty will be applied to those LEAs that individually failed the test.

If necessary in order to meet MOE at the close of the fiscal year, Federal Funds may be transferred between districts in exchange for State funds. The redistribution of State and Federal funds will have a net zero effect on the districts; budgets as a whole.

#### 8. **Children Residing in Licensed Children’s Institutions (LCIs) and Foster Family Homes (FFH)**

For children referred to as “LCI/FFH” students, the “LCI/FFH” designation refers to their living arrangements and not a school placement. The Santa Cruz County Office of Education serves as the district of residence for those students residing in LCIs within the SELPA’s physical boundaries.

Special education funds are used to support the education of LCI/FFH students:

- a. Students residing in an LCI within the SELPA are served in special education classes within the SELPA. Students may receive placement and services in a LEA-operated program, regional program, or NPS as determined by the student’s Individual Education Program (“IEP”). Funding for these students’ educational placements is paid by AB602 dollars prior to the distribution of funds to the districts.
- b. Students living in an FFH are served by the LEA where the FFH is located. Students living in an FFH are served by an LEA-operated program (RSP or SDCs) and/or receiving related services through the LEA’s AB602 base.

In addition, the SELPA office will take an active role in working with other agencies regarding the appropriate implementation of laws and regulations regarding notice for LCI students being placed within the SELPA.

#### 9. **Inter-SELPA Transfers and Services**

- a. Students on Intra-SELPA transfers (between North Santa Cruz County SELPA member LEAs), receiving services, or attending Special Education Programs, through SCCOE and/or other member LEAs will be charged program costs as outlined in a Memorandum of Understanding (MOU) and using Exhibit B in this Allocation Plan.

- b. Students from other SELPAs in Inter-SELPA transfers receiving services, or attending Special Education Programs, through SCCOE and/or other member LEAs will be charged *actual* program costs as outlined in a Memorandum of Understanding (MOU).

#### 10. **Inter-district Transfers within the SELPA**

The receiving district of a student with an IEP on an Inter-district transfer accepts responsibility for all costs of special education services for that student.

#### 11. **Charter Schools**

Students enrolled in charter schools are entitled to special education services in a manner similar to those enrolled in public school in the district, charter schools within the SELPA shall comply with all requirements of applicable state and federal law regarding provision of special education services (Education Code §56000 et seq., Individuals with Disabilities Education Act 20 U.S.C. Chapter 33). A charter school shall not discriminate against any pupil in its admission criteria, including on the basis of disability. The charter school's participation in the SELPA will be determined by whether it operates as a school of its chartering district or an LEA member of a SELPA. If the charter school is operating as an LEA member of the SELPA, the charter school shall be treated as all other SELPA-member LEAs by the administrative unit, SELPA Governing Board and the SELPA Administrator.

Charter schools that are categorized as dependent and not deemed a LEA for special education purposes are aligned with the chartering district. They will participate in the federal/state funding in the same manner as the other schools within the chartering district. The chartering district shall be responsible for ensuring that all children with disabilities enrolled in the charter school receive special education services in the same manner that is consistent with all applicable provisions of state and federal law.

A charter school may apply to become a LEA for special education purposes. The Special Education Coordinating Agency Governing Council shall determine whether the charter school has provided requisite assurances. Once approved as a LEA, the charter school shall participate in the governance of the SELPA in the same manner as other school districts within the SELPA.

LEA status will become effective on July 1 of the next school year. Prior to final approval and full acceptance as a member LEA, the charter school will continue to be deemed a public school of the chartering district. Once approved, the LEA charter school will choose a representative to the Governance Board, a representative to the Special Education Council, and the Finance Advisory Committee. The representative to the Governance Board must be the chief executive officer pursuant to the Governance Board bylaws. The representative to the Special Education Council and AB 602 Finance Committee must be an authorized agent designated by the governing board of the charter school.

If disapproved of LEA status, the SELPA administrator will provide the applicant with a written finding that delineates the reason(s) for disapproval.

Once deemed a member LEA, the charter school, like other member LEAs shall:

- a. Fully participate in governance of the SELPA in the manner outlined in the local plan and shall choose a representative to the SELPA Governance Council and to the SELPA Special Education Council;

- b. Accept all responsibilities of an LEA in the implementation of the local plan;
- c. Fully comply with policies and procedures outlined in the local plan and procedural handbooks;
- d. Contribute to, participate in, and receive the benefits of regionalized services;
- e. Receive state and federal funding for special education in accordance with the SELPA AB 602 Funding Allocation Plan;
- f. Be responsible for all costs incurred in the provision of special education and related services, including but not limited to instruction, services, transportation, nonpublic school/agency placements, inter/intra SELPA placements, due process proceedings, complaints and attorney fees, without regard for the location in which the student may reside;
- g. Document that all state and federal special education funds apportioned to the charter school are used for the sole purpose of providing special education instruction and/or related services to identified students with disabilities; and
- h. Return any special education apportionment not used solely for the purpose of providing special education instruction and/or related services to identified students with disabilities, if recaptured by the SELPA for reallocation to other LEAs.
- i. Annually collect data and submit to the SELPA by June 30 of each year, the total number of students who submitted an application and were accepted into the charter school in the previous school year (i.e., submit June 30, 2013 for the 2012-2013 school year):
  - 1. the number of general education and special education student (students with either Individualized Education Plan (IEP) or Section 504 Plan) who applied for admission to the charter school; and
  - 2. the number of general education and special education students who were admitted to the charter school during the previous school year.

Following approval by the Governance Board, the SELPA local plan must be amended, the governing boards of all participating LEAs must approve the amendment, and the amended local plan must be submitted to CDE for final approval. If the approval of a charter school as an LEA requires a change in the SELPA AB 602 Funding Allocation Plan, such change shall be adopted pursuant to the policy-making process outlined in the local plan.

The terms of this policy are severable. In the event that any of the provisions are determined to be unenforceable or invalid for any reason, the remainder of the policy shall remain in effect, unless mutually agreed otherwise by the members of the SELPA Governing Board after review by the Special Education Council. The SELPA Governing Board members agree to meet to discuss and resolve any issues or differences relating to invalidated provisions in a timely and proactive fashion.

## 12. **Private Schools**

All member LEAs of the North Santa Cruz County SELPA will comply with federal and State laws regarding the identification, assessment, and program development for all students suspected of

having disabilities. This includes students eligible for special education and related services who are unilaterally placed by their parents in private schools, including children enrolled in parochial schools, residing in one of the NSCC SELPA’s LEAs. A child eligible for special education and related services who is voluntarily enrolled by his/her parents in a private school has no individual right to receive some or all of the special education and related services that the child would receive if enrolled in a public school.

Each district shall assist private schools in child find activities, accept referrals from private schools, and conduct appropriate assessments. If a district determines that a student is eligible to receive special education and related services, an offer of a free appropriate public education (FAPE) will be made through the individualized education program (IEP) process when the parents indicate in writing that they intend to enroll their child in the public school. Upon an offer of FAPE, a parentally-placed private school student must be enrolled in a public school program in order for the IEP to be implemented. In the event the parents elect to forego a public school placement and continue the enrollment of their child in a private school, an individual services plan (ISP) will be developed, if appropriate, and in accordance with this policy and federal and State law and regulations.

LEA staff shall consult with appropriate representatives of private schools located within their physical boundaries regarding how to locate, identify, and evaluate all private school children with disabilities including religious schools. In cooperation with the NSCC SELPA, districts shall ensure that private schools within NSCC SELPA receive an annual notice regarding policies and procedures related to parentally placed private school students who may be eligible for special education and related services. After meaningful consultation with the private schools, each LEA shall send a notice that includes a description of services available. In conjunction with the NSCC SELPA, private school staff shall be invited to participate in staff development opportunities and /or provided information on child find and other appropriate topics related to educating children with disabilities

The proportionate share of federal funds that must be expended by each LEA is calculated annually based upon the percentage of all children with disabilities within the district, ages 3 through 21 years, enrolled in elementary and secondary schools. These funds are restricted to services provided to private schools in supporting students who have ISPs. Funds not expended in a fiscal year can be carried over into the next fiscal year. (20 U.S.C. § 1412(a)(10)(A))

The chart below details how the proportionate share is calculated.

Line	Eligible Children
1	Number of eligible children with disabilities in public school in the LEA (from previous year’s CALPADS (October student count)
2	Number of parentally-placed eligible children with disabilities in private elementary and secondary schools located within the LEA (CALPADS Plan Type 200 or 700; ages 6-21 from previous year’s CALPADS October student count)
3	Total number of eligible children (line 1 plus line 2)
4	Federal Local Assistance funds (611 Grant) allocated to LEA
	Calculation of Proportionate Share
5	Average allocation per eligible child (line 4 divided by line 3)
6	Amount to be expended on parentally-placed private school children (line 5 multiplied by line 2)

Tracking Expenditures

Each LEA is responsible for tracking its expenditures for serving students enrolled in private schools. These expenditure reports are collected at the SELPA level and must be submitted to the state as part of the annual expenditure report for federal IDEA funds.

The following expenses shall be used in calculating the proportionate share of federal funds for students with disabilities in private schools:

- Direct staff costs, i.e., salary and benefits, for those staff providing consultation and direct services for students with disabilities in private schools.
- Mileage reimbursement for staff to and from the private school for provision of services.
- Cost of materials, e.g., consumables, copying
- Costs of staff development programs provided specifically for private school personnel.
- Transportation costs, i.e., bus expenses or mileage reimbursement to parent to transport child to receive the special education or related services.

The SELPA Office will calculate the SELPA-wide proportionate share and distribute to the member districts on an annual basis.

### 13. **Declining ADA Adjustment**

LEAs are funded based on the higher of current year or prior year ADA.

### 14. **Program Transfers**

A new provision in EC Section 56207(b) under AB 602 is that a program transfer may take place as of July 1 at the start of the first fiscal year after the process is initiated if the transfer is unanimously approved by SECA or individuals identified in EC Section 56205(B)(1). The operating cost forms (Exhibits B and C) approved by the Financial Advisory Committee will be used as a budget planning tool to determine the estimated cost of the program to be transferred and the estimated cost for the remaining program, if applicable. A plan must be developed, pursuant to EC Section 56207(A)(1-7) that addresses pupil needs, availability of a full continuum of services, maintenance of all current services provided in the student's IEP provision of services in the least restrictive environment, adherence to all federal and State laws, as well as SELPA policies, and involvement of parents and staff in the final process.

The following standards are to be met when a SELPA-member LEA takes back Regional special education programs/services.

- a. LEAs planning to take back Regional special education programs/services must notify, in writing, the Santa Cruz County Superintendent of Schools and the SECA chair no later than February 1<sup>st</sup> of the year prior to implementation. However, by mutual agreement of both the County Superintendent of Schools and SECA, notification can be made after the February deadline.
- b. Program transfers shall be on a class-by-class basis. The related services must be provided by the receiving LEA.
- c. If the LEA is running a non-regional program, the receiving LEA shall serve all resident and non-resident students in the particular class to be taken back. In other words, the LEA may



not remove out-of-district students and serve only in-district students. Out-of-district students may be phased out as they graduate from the program or move.

If the LEA is running a non-regional program and pursuant to Ed Code Section 56207, the SELPA Director and Special Education Council (SEC) will review impact to the availability of the full continuum of program and service options to students within the SELPA, as well as the provision of services in the least restrictive environment from which students can benefit. Based on this information, SEC will advise SECA to any potential impacts to students.

- d. A one-year mitigation or high-cost factor shall be developed for those LEAs taking back programs that result in increased costs to the remaining SELPA-member LEAs participating in the Regional special education programs/services.

Procedures and a formula to determine the program transfer revenue, including a potential one-year mitigation or high cost factor, need to be considered and developed by the Financial Advisory Committee. This formula will take into consideration Section 4 (Allocation of Funds for Regional Special Education Programs/Services) of this plan.

- e. When the LEA chooses to serve its own resident students in the LEA that were previously served by a Regional program, the LEA's contribution to Regional programs is reduced by the utilization portion in Section 4 (Allocation of Funds for Regional Special Education Programs/Services) of this plan.

#### 15. **Distribution of Mental Health/Counseling Funds**

The mental health ADA allocation grants are state and federal funds provided in the Budget Act of 2011-12 for educationally related mental health services. Grant funds shall be available only for the purpose of providing educationally-related mental health services, including out-of-home residential services for students with mental health needs, required by an Individualized Education Plan (IEP) pursuant to the federal IDEA of 2004 (20 USC Sec. 1400 et seq.) and as described in Section 56363 of the *Education Code (EC)*. The SELPA AU will distribute to SELPA-member LEAs a mental health allocation based on the higher of current year or prior year P-2 K-12 ADA. The distribution of funds shall be made in accordance with the same flow of funding that has been established by the California Department of Education (CDE).

In 2013-2014, a hold harmless agreement was created for Santa Cruz City High School District, DELTA Charter and SCCOE Alternative Education that is ongoing if certain criteria are met. The criteria are:

- the funding in the current year does not exceed the allocation from 2013-14
- the district (LEA) has fully expended the funds made available to them for the current fiscal year and all carryover.

State and Federal Grant awards allocated to each SELPA are based on P-2 ADA. Annually, a \$450,000 residential mental health pool will be established to fund residential treatment center (RTC) placements and services as specified in the IEPs. In order to reduce the impact of reporting, Federal Mental Health Funds will be used to fund the Mental Health services as described above for students in Regional Programs. The remaining funds will be placed in the Residential Placements pool with the balance of the Residential Pool coming from State mental health funds. Should the Federal Funds be greater than the balance needed to replenish the pool, State funds will be replaced with the Federal Funds in the pool and the State funds will be distributed to the districts based on the adopted

methodology above. This residential pool will be funded prior to distribution of LEAs' mental health allocation as described in the paragraph above. When necessary, the funds will be replenished to a maximum of \$450,000 at the beginning of each fiscal year. Any Federal carry over and carry over from the Hold Harmless Pool will be placed into the residential mental health pool first to replenish the pool. After exhaustion of these two funding sources the replenishment will be from the SELPA's current year mental health allocation prior to distribution of the revenue to LEAs based on the ADA criteria stated above. Should the carryover of Federal funding or the Hold Harmless set aside exceed the amount needed to replenish the pool, the balance of the funds will then be distributed to LEAs. The first excess fund to be distributed back will be the Hold Harmless funds. The Federal Funds used to replenish the pool will be the first funds used for qualifying cost in the following fiscal year. The LEA receiving the Federal funds will be fully responsible for properly posting and reporting the usage of the Federal Funds to the SELPA following CDE's reporting guidelines. If the pool funds are not utilized in any given year, the funds will roll over to the next fiscal year.

In order to access the residential mental health pool:

- a. LEAs will submit their qualifying claims, which include a copy of the NPS/NPA master contract, individual services agreement (ISA), and paid invoices.
- b. The total number of claims for the current year will be determined.
- c. LEA's submitting for reimbursement of the \$450,000 Residential Mental Health Pool will have their first student (most expensive) reimbursed by the pool; the remaining claims will be paid on a pro-rata basis using the total pool set aside divided by the total dollar amount of the eligible claims. In the rare event that the first student placement(s) exceed the \$450,000 then the pool will be divided by the number of LEAs applying.  
  
(For example, 6 districts have 1 student that costs 100,000 each. The \$450,000 will be divided by 6 and each district will receive \$75,000.)
- d. Distribution of the pool will commence when all claims have been received, but no later than August 30 of the next fiscal year.

## **BUDGET PROCESS**

1. An Annual SELPA Budget Resource Allocation Plan shall be developed and displayed at a public hearing. The hearing shall be posted in each school in the SELPA at least 15 days prior to the hearing. The SELPA Plan shall include allocation projections for all SELPA-member LEAs. Based on those projections, budget plans shall be developed by each LEA to include budget year expenditures for all federal, State, SELPA, and LEA funds provided for special education. The plan must show the expenditures for students with non-severe, severe, and low incidence disabilities. The LEA budget plans also shall be shared at a public hearing. The SELPA office budget will also be presented as part of this budget plan, including the administrative costs, regionalized operations and direct instructional support by program specialists and the use of property taxes. Aggregated SELPA information shall be presented in a form that is understandable to the general public.
2. An Annual Service Delivery Plan shall be developed to display at a public hearing. The hearing notice shall be posted in each school district in the SELPA at least 15 days prior to the hearing. The Plan shall include a description of services, number of personnel, number of students served, the physical site locations including alternative schools, charter schools, opportunity school and classes,

community day schools, community schools, juvenile court schools and private schools. Aggregated SELPA and LEA information shall be presented in a form that is understandable by the general public.

### **Procedures for Making Changes in AB602 Allocations**

SECA may take actions to change budgetary allocations as needed. The following procedure is adhered to in making changes to the AB602 allocations:

1. First Step -

SEC reviews proposed AB602 allocation changes to determine positive or adverse effect on program operations.

2. Second Step -

SELPA, LEA and COE chief business officials review AB602 allocation changes to determine positive or adverse effect on fiscal operations, taking into consideration programmatic recommendations from SEC. There will be a standing agenda item on the Financial Advisory Committee to give input on any proposals and recommendations from SEC that have fiscal implications prior to going to SECA for approval.

3. Third Step -

SECA reviews recommendations and formally takes action on the proposed AB602 allocation changes at a regularly scheduled meeting.

<b>SPECIAL EDUCATION PROGRAM COST FACTORS for LEA Billing</b>			
<b>EXHIBIT B</b>			
<i>Estimated/Actual Prog Est. Cost Worksheet</i>			<b>Estimate</b>
<i>Fiscal Year:</i>			
		Number of Students	
<b>EXPENDITURES</b>	<b>NOTES</b>	Total Cost	Per Student
<b>REGIONAL PROGRAM</b>			
PROGRAM SPECIALIST SALARY (if applicable <sup>1</sup> )	LEA FTE COST		#DIV/0!
TEACHER SALARY	LEA FTE COST		#DIV/0!
SUBSTITUTE TEACHER SALARY	ACTUAL COSTS		#DIV/0!
INSTRUCTIONAL AIDE SALARY	LEA FTE COST		#DIV/0!
SUBSTITUTE AIDE SALARY	ACTUAL COSTS		#DIV/0!
INSERVICE	Professional Development for Teacher and Instructional Aides		#DIV/0!
MILEAGE	ACTUAL COST (miles * IRS approved Rate)		#DIV/0!
EMPLOYEE BENEFITS	LEA Cost/Statutory/Health and Welfare	0	#DIV/0!
<b>SUBTOTAL</b>		<b>0</b>	<b>#DIV/0!</b>
<b>FACILITIES</b>			
CUSTODIAN	\$1,000 annually per classroom (adjusted by COLA/PERS annually)	\$1,000	#DIV/0!
<b>SUBTOTAL</b>		<b>1,000</b>	<b>#DIV/0!</b>
<b>OPERATIONS</b>			
Classroom SUPPLIES	\$200 / Classroom	200	#DIV/0!
Classroom COMPUTER SUPPLIES (i.e. ink cartridge, copier costs, software)	\$1,000 / Classroom	1,000	#DIV/0!
OTHER CONSUMABLE SUPPLIES (not to exceed \$1,500)	ACTUAL COSTS		#DIV/0!
EQUIPMENT/Equipment Replacement (if applicable) <sup>2</sup>	\$300 PER CLASS WITH APPROVAL OVER \$500		#DIV/0!
<b>SUBTOTAL</b>		<b>1,200</b>	<b>#DIV/0!</b>
<b>PUPIL SUPPORT</b>			
DOCUMENTED STAFF <sup>1</sup>			
Pupil Support For All Students in Program			
MENTAL HEALTH SPECIALISTS	LEA FTE COST		#DIV/0!
PSYCHOLOGIST	LEA FTE COST		#DIV/0!
INCLUSION BEHAVIOR SPECIALIST	LEA FTE COST		#DIV/0!
SITE TRAVEL MILEAGE (if applicable)	ACTUAL COST (miles * IRS approved Rate or Stipend)		#DIV/0!
Pupil Support - As Needed Per Student Per IEP			
NURSE	LEA FTE COST		#DIV/0!
OCCUPATIONAL THERAPIST	LEA FTE COST		#DIV/0!
SPEECH & LANGUAGE	LEA FTE COST		#DIV/0!
COUNSELING	LEA FTE COST		#DIV/0!
PHYSICAL THERAPIST	LEA FTE COST		#DIV/0!
ADAPTED PHYSICAL EDUCATION	LEA FTE COST		#DIV/0!
OTHER RELATED SERVICE PROVIDER	LEA FTE COST or ACTUAL COST		#DIV/0!
<b>SUBTOTAL</b>		<b>0</b>	<b>#DIV/0!</b>
<b>ADMINISTRATIVE DIRECT SUPPORT</b>			
PROGRAM ADMINISTRATOR (Director)	\$600 annually per student (adjusted by COLA/PERS annually)	n/a	600
<b>SUBTOTAL</b>		<b>600</b>	<b>600</b>
<b>INDIRECT COSTS (district approved rate)</b>		#REF!	#REF!
<b>SUBTOTAL</b>		<b>#REF!</b>	<b>#REF!</b>
<b>TOTAL PROGRAM EXPENSE PER STUDENT</b>			<b>#DIV/0!</b>
<b>EXP. TOTAL LESS REVENUE TOTAL</b>			
<b>REVENUE (NON-BASIC AID TO NON-BASIC AID ONLY)</b>			
<b>LCFF AVERAGE ADA REVENUE (per student)</b>			0
<b>SUBTOTAL</b>			
<b>EXP. TOTAL LESS REVENUE TOTAL</b>			#DIV/0!
1 - If program specialist is assigned directly to program include portion of FTE			
2 - Specialized supplies and equipment for individual students (refer to Section 4 of the AB602 Allocation Plan)			
1/30/17 REV			

Worksheet For Exhibit B		ESTIMATE/ACTUAL	
Program Pupil Support Costs Worksheet			
<b>INPUT CELLS ONLY</b>		Fiscal Year: _____	
PROGRAM: _____		DISTRICT: _____	
CATEGORY - PUPIL SUPPORT		DIRECT COSTS	NOTES
<b>A.P.E STAFF</b>	FTE	-	
	SALARY	\$ -	
	BENEFITS	\$ -	
	OTHER EXPENSES	\$ -	Document these costs on separate sheet
	TOTAL	\$ -	
	CASELOAD	\$ -	
	COST PER STUDENT	#DIV/0!	
	# OF STUDENTS IN PROGRAM	\$ -	Attach Names of students
	COST PER STUDENT IN PRG	#DIV/0!	
<b>NURSE</b>	FTE	-	
	SALARY	\$ -	
	BENEFITS	\$ -	
	OTHER EXPENSES	\$ -	Document these costs on separate sheet
	TOTAL	\$ -	
	CASELOAD	-	
	COST PER STUDENT	#DIV/0!	
	# OF STUDENTS IN PROGRAM	-	Attach Names of students
	COST PER STUDENT IN PRG	#DIV/0!	
<b>PSYCHOLOGIST</b>	FTE	-	
	SALARY	\$ -	
	BENEFITS	\$ -	
	OTHER EXPENSES	\$ -	Document these costs on separate sheet
	TOTAL	\$ -	
	CASELOAD	-	
	COST PER STUDENT	#DIV/0!	
	# OF STUDENTS IN PROGRAM	-	Attach Names of students
	COST PER STUDENT IN PRG	#DIV/0!	
<b>SPEECH</b>	FTE	-	
	SALARY	\$ -	
	BENEFITS	\$ -	
	OTHER EXPENSES	\$ -	Document these costs on separate sheet
	TOTAL	\$ -	
	CASELOAD	-	
	COST PER STUDENT	#DIV/0!	
	# OF STUDENTS IN PROGRAM	-	Attach Names of students
	COST PER STUDENT IN PRG	#DIV/0!	
<b>OCCUPATIONAL THERAPIST</b>	FTE	-	
	SALARY	\$ -	
	BENEFITS	\$ -	
	OTHER EXPENSES	\$ -	Document these costs on separate sheet
	TOTAL	\$ -	
	CASELOAD	-	
	COST PER STUDENT	#DIV/0!	
	# OF STUDENTS IN PROGRAM	-	Attach Names of students
	COST PER STUDENT IN PRG	#DIV/0!	
<b>OTHER SERVICES</b>	FTE	-	

## EXHIBIT C

## APPROVED REGIONAL PROGRAM COSTS AND REQUIRED REVENUE SOURCES

Funds distributed to contracted regional special education programs and services will pay for the following regional direct and support services for direct, allocated and indirect costs.

- Special Day Class (SDC) operation, including teacher and classroom instructional assistant(s).
- Related Services for regional programs
- Visually Handicapped and DEAF/Hard of Hearing (DEAF/HOH /VH) operation and VH Repository
- Benefits
- Psychologists that serve the program
- Administrators - Special Education Administrator and allocated site administration
- Clerical
- Nurses
- Facilities operating costs, including rent, purchase and maintenance and operations
- Instructional supplies & equipment
- Administrative supplies
- Substitute costs
- Travel and conferences
- Staff development
- Other contract costs (i.e., instructional assistants/related services)

For indirect costs, the SELPA average of the current school year member LEA's approved indirect rates will be used by the COE and LEAs to determine the indirect cost charged for the Regional program.

Note 1: The cost of fair hearings is the responsibility of the District of Residence, as is the outcome if it results in unfunded costs to the program.

REVENUES - Required sources of revenue are to be used prior to determining costs assigned to regional programs that will be reimbursed from AB 602 funds.

- AB 602 state entitlement funds
- Federal IDEA Local Assistance Grant funds
- County property taxes
- Special education federal grant funds.
- LEA Medi-Cal reimbursement – availability based on expenditure rules
- MAA funds - availability based on expenditure rules
- School meal funds generated by students
- Lottery generated by students

Note 2: In the interest of sharing regional programs across the county, a district that houses a regional program shall be compensated annually per classroom. The district receives compensation to offset the costs associated with housing that regional program, based on the following:

Utilities/ Custodian \$1,500 Classroom Rental \$4,000  
 Maintenance/ Building \$500 Site Administration  
 \$1,500 Site Clerical \$500

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Total compensation per classroom \$8,000

In the event that a site houses three or more classrooms, they will receive an additional \$3,000 stipend for the third classroom, and each additional classroom thereafter.

# of Classrooms	Compensation per Classroom	Stipend	Total Compensation
1	\$8,000	0	\$8,000
2	\$8,000	0	\$16,000
3	\$8,000	\$3,000	\$27,000
4	\$8,000	\$3,000	\$38,000