



Special Education Finance and Budgets in Times of Change

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Disclaimer

The workshop materials and all discussions of these materials are for instructional purposes only and do not constitute legal advice. If you need legal advice, you should contact your local counsel.

New Teams and Partners

Statewide postings as of January 1, 2024

- **12 Chief Business Official or Assistant/Associate Superintendent of Business Services**
- **15 Certificated Management Fiscal Services**
 - **Director, Assistant Director, Manager**
- **224 Classified Fiscal Services positions**
 - **Director, Assistant Director, Senior Clerk, Clerk, Specialist, Analyst, Coordinator, Technician, Manager, Advisor, Accountant**

And more to come in the next months...

New Challenges and Opportunity for Change

- **Statewide declining enrollment leading to reduced revenue**
- **Statewide chronic absenteeism impacting services and revenue**
- **One-time funds ending or being shifted due to budget challenges**
- **Reduced funding opportunities means increased collaboration and communication**
- **Increased data collection and fiscal monitoring**
- **Increased program monitoring and compliance tracking with fiscal implications**

4 Crises in Special Education

Recruitment, Retention and Retirements

- Recruiting and retaining qualified staff to support sustainable programs and budgets
- Building qualified staff from within
- Long term planning for staff who are retirement eligible—creating sustainable staffing and budget building
- Impact of changes at the Special Education Local Plan Area (SELPA) level—
Superintendents and Business Officials can dramatically impact local discussions of allocation policy

Staffing Pressures and Contracted Agencies

- Programmatic challenges leading to an explosion of contracted services providers
- Employees want more support, more flexibility, and more resources to complete their work
- Local educational agencies (LEAs) are struggling to staff existing openings due to a variety of issues, including low unemployment, high minimum wage, challenges of work, internal barriers that schools create, maintain, or reinforce

5 Special Education Statistics

- Schools must serve students with disabilities (SWDs) ages 3-22, and some serve ages 0-3
- The number of SWDs in the US rose to 7.3 million, or 15% of students enrolled in public schools in 2021-22—the highest percentage ever
- There were 813,529 SWDs in California, or 13.9% of the student population in 2021-22
 - Enrollment is declining across the state while pupil count for SWDs is increasing
- Incidence of disabilities such as Autism and Other Health Impairment continue to rise
- Specific Learning Disability and Speech and Language Impairment are the most prevalent disability conditions in the U.S.
 - Boys outpace girls in eligibility for special education services
 - Black, Hispanic, and American Indian/Alaskan Native students are identified at much higher rates than their incidence of enrollment in the U.S.

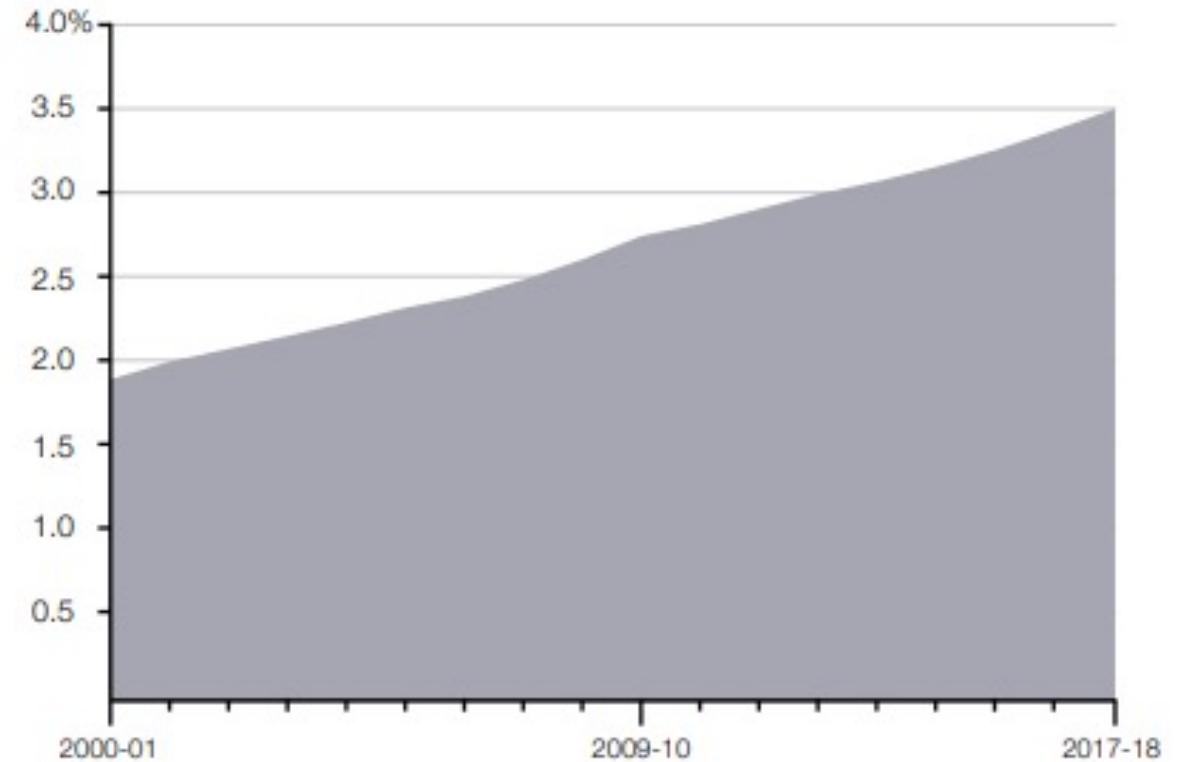
Reference material from National Center for Education Statistics: [Fast Facts \(ed.gov\)](#)

Changes in Students Served in Special Education

- Number of students with severe disabilities has doubled since 2000-01
- This increase is due to a notable rise in Autism, which affected about 1 in 600 students in 1997-98 compared to about 1 in 36 students in 2023
- Developmental delays, disorders, or disabilities are common among US children
- 1 in 6 children ages 3-17 has one or more developmental disabilities

Share of Students With Relatively Severe Disabilities Has Increased

Share of Overall Student Enrollment



LAO

[Increase in Developmental Disabilities Among Children in the United States | CDC](#)

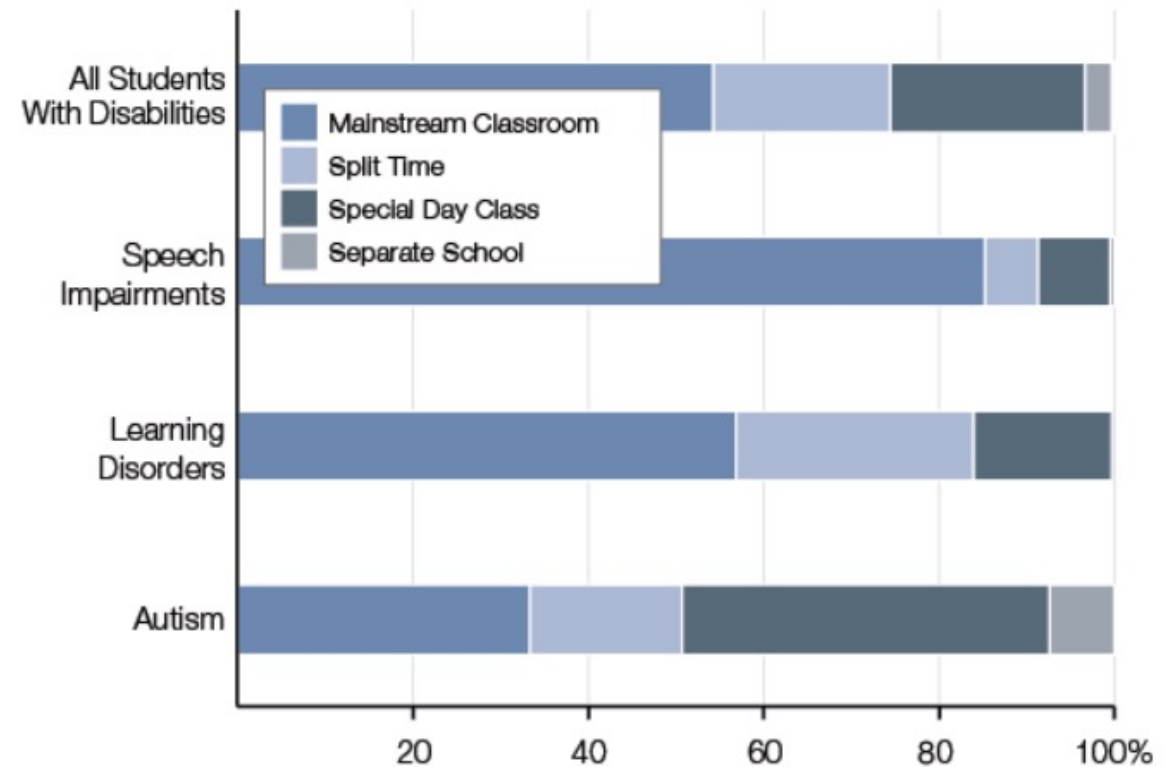
- **Find a partner**
- **Share your foundational knowledge of funding in California**
- **Share your foundational knowledge of special education funding**
- **What are your needs to improve your knowledge and capacity around these topics?**

Special Education Services in the General Education Environment

- Federal law requires students to be educated with general education peers in the least restrictive environment (LRE)
 - LRE is a main tenet of special education law and requirements
- The primary consideration for LRE must first be the general education environment for all
- Student outcomes have not been strong
 - Chronic absenteeism has increased
 - SWDs have high rates of suspension
 - SWDs have low standardized test scores
 - SWDs have the lowest graduation rates

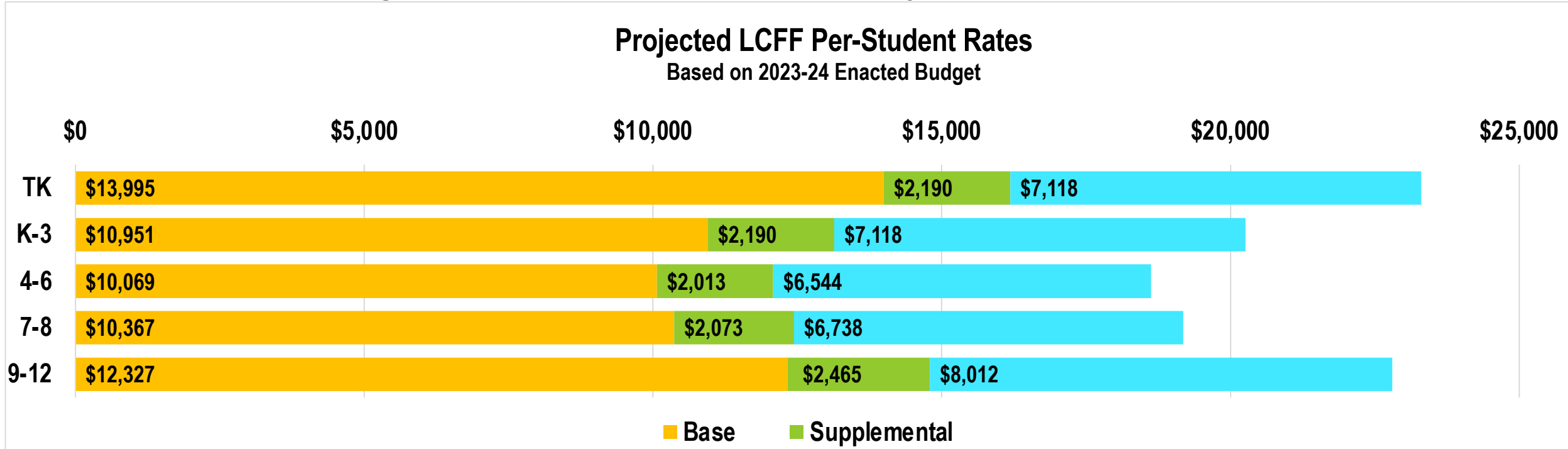
Majority of Students With Disabilities Are Educated in Mainstream Classrooms

Share of Students in Each Setting by Disability, 2016-17



9 LCFF for All Students

- Local Control Funding Formula (LCFF) revenues are generated by average daily attendance (ADA) and are meant for all student populations, including SWDs
 - Supplemental funding is 20% of base amount multiplied by total Unduplicated Pupil Percentage (UPP)
 - Concentration funding is 65% of base amount multiplied by UPP above 55%



Source: California Department of Education (CDE)

Additional Resources at: [The Local Control Funding Formula for School Districts and Charter Schools](#)

Leveraging Funds for Student Achievement

LCFF Funding and State Revenue Local General Fund contribution (Resource Code 0000)

- LCFF Base
 - For all students and basic operations of the LEA
- LCFF Supplemental/Concentration
 - For unduplicated pupils (socio-economically disadvantaged, English learners, foster youth)
- Other State Revenue
 - Lottery
 - Mandated Cost Reimbursement
 - Expanded Learning Opportunities Program (ELOP)
 - State Mental Health (Resource 6546)
 - Medi-Cal Administrative Activities
 - Universal Transitional Kindergarten (UTK)
 - Universal Preschool (UPK)



State Special Education Revenue Assembly Bill (AB) 602

State aid through the AB 602 formula allocation Standardized Account Code Structure (SACS) Resource Code 6500

Grants to Expand Inclusive Practices

- Supporting Inclusive Practices (Resource Code 3326)
- Inclusive Early Education Expansion Program (IEEEP) (Resource Code 6128)
- Early Intervention Preschool Grant (EIPG) (Resource Code 6547)

Local Contribution

- Most LEAs contribute from the local General Fund to special education
- LCFF per ADA revenues are the base funding for all students
- Federal and state revenues for special education are supplemental to the LCFF
 - Local contribution to special education is an intended part of the funding model
 - Federal underfunding of special education shifted \$24 billion nationwide to states and districts in 2020
 - California reality is only 9% of excess costs are covered by federal revenues

Special Education Is Relatively Costly

Average Expenditures Per Student, 2017-18

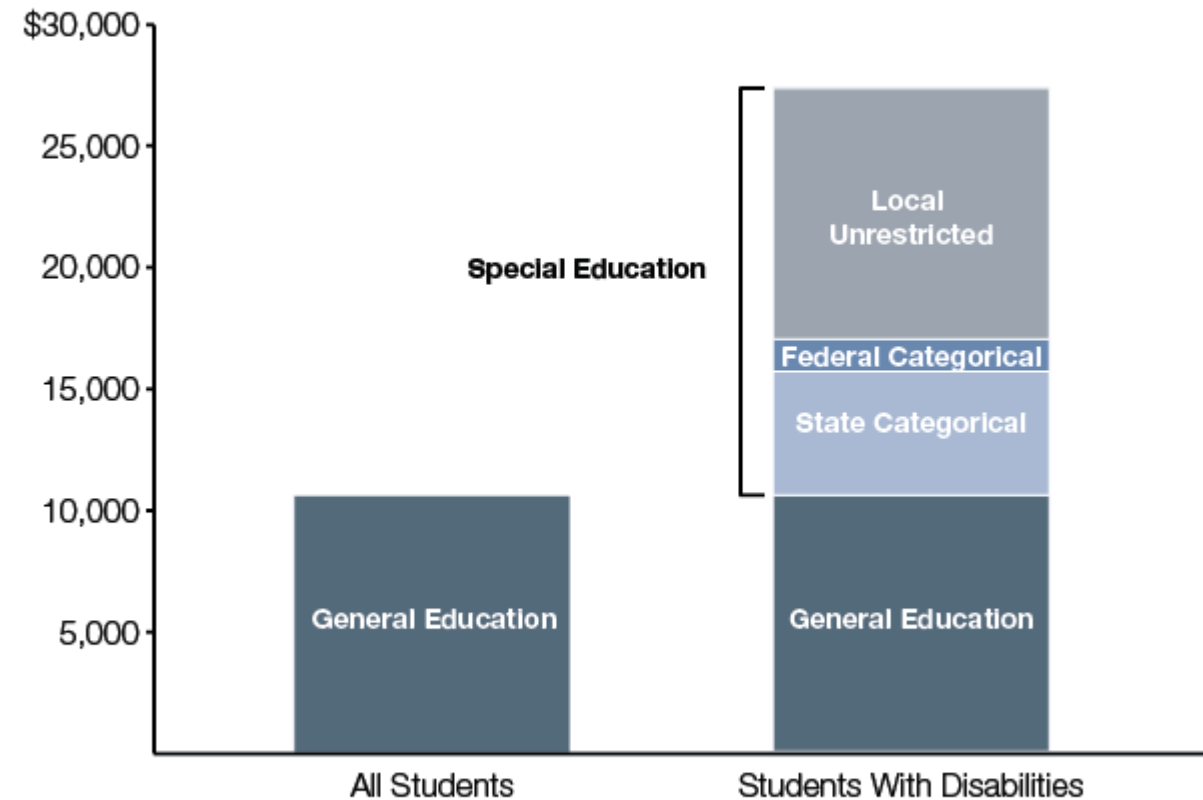


Image from Outcomes for Students with Disabilities, Legislative Analyst's Office (LAO) 2019

Special education means specially designed instruction, *at no cost to the parent*, to meet the unique needs of individuals with exceptional needs, including instruction conducted in the classroom, in the home, in hospitals and institutions, and other settings, and instruction in physical education—*Education Code Section (EC §) 56031(a)*

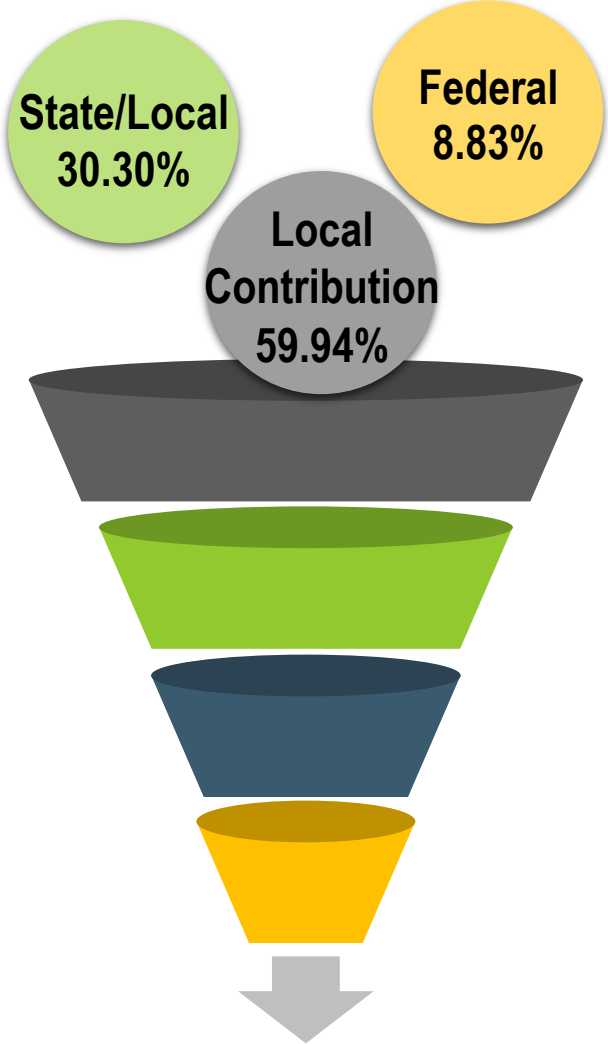
Special education programs require funding from federal, state, and local sources

***An excellent resource from the Congressional Research Service:
[IDEA Funding: A Primer \(2019\)](#)***

Special Education Funding Sources

AB 602
State aid through the AB 602
formula allocation

Other State Sources
Workability, Infant funds

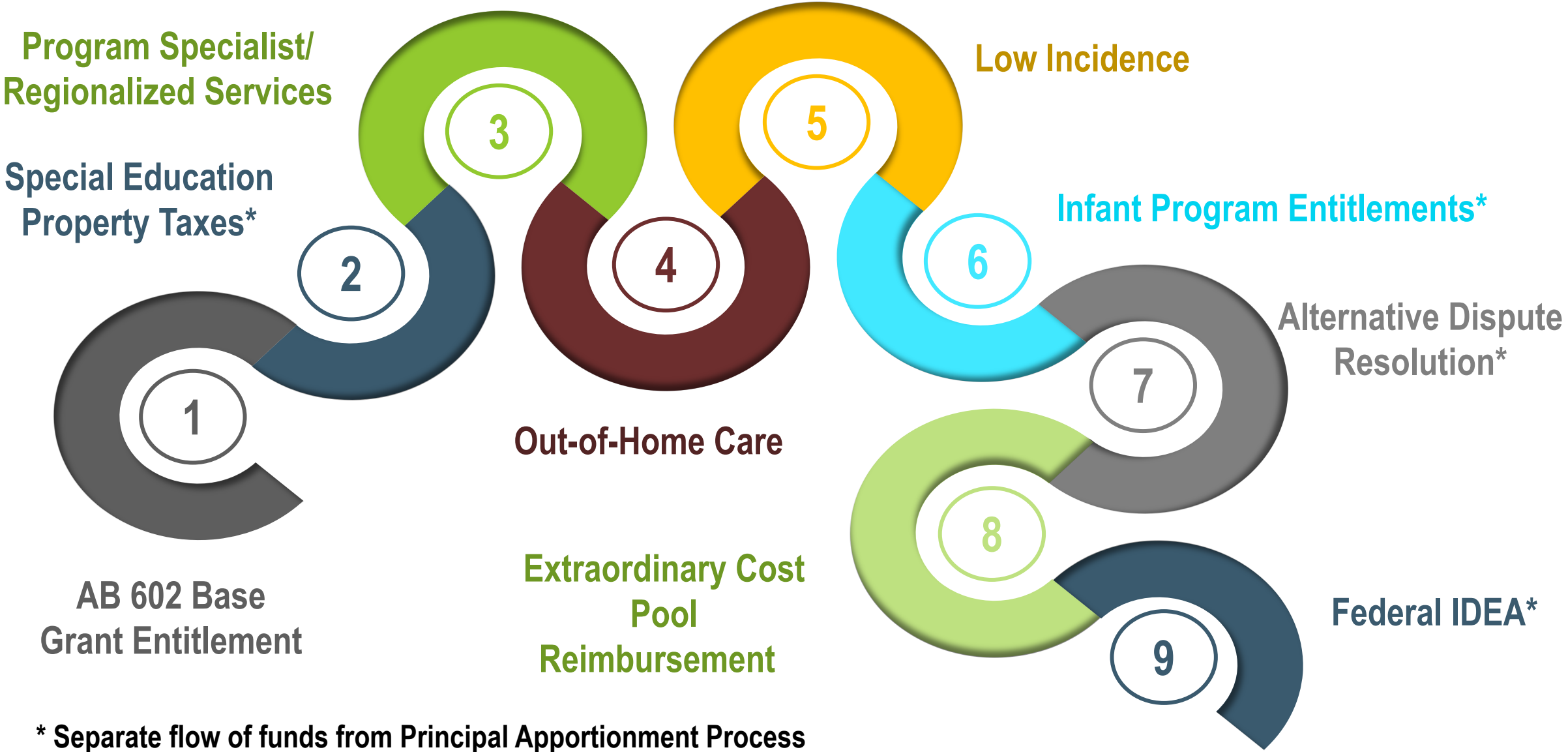


Local
Local General Fund contribution,
LCFF, other local funding for all
students, including SWDs

Federal
Federal aid from Individuals with
Disabilities Act (IDEA) sources

SPECIAL EDUCATION FUNDING

14 Revenue Components in Special Education



* Separate flow of funds from Principal Apportionment Process

Special Education Funding—Restricted Revenues

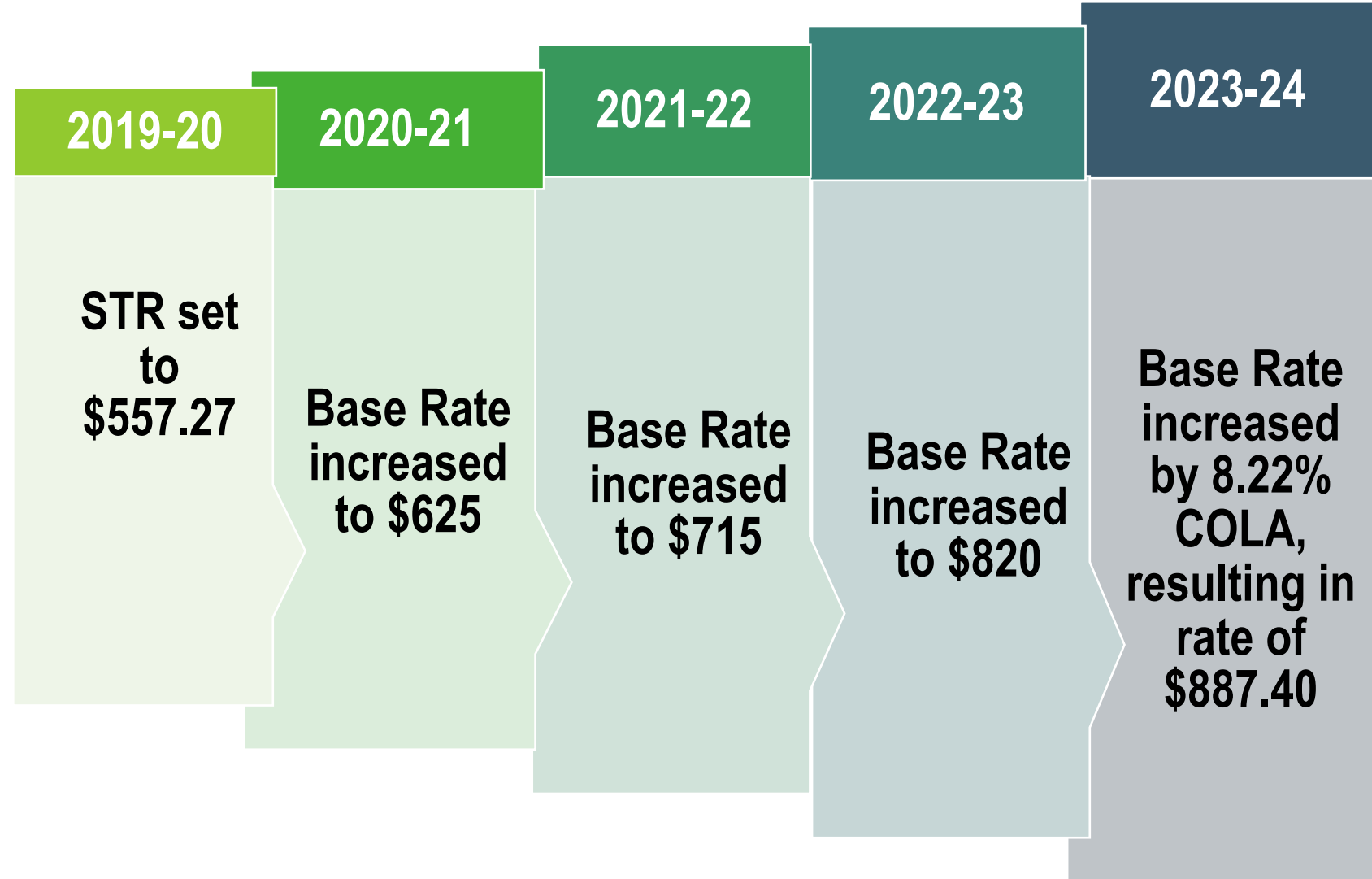
Federal Funding

- Federal aid from the IDEA (Resource Codes 3305-3395)
 - IDEA funds are based on prior-year ADA, with 15% based on free or reduced-price lunch pupil count
- IDEA Part C to B: Infant-Toddler funds
- IDEA Part B: Local assistance, including mental health
- IDEA Part B: Preschool funds—per-pupil count on Census Day
- IDEA alternative dispute resolution

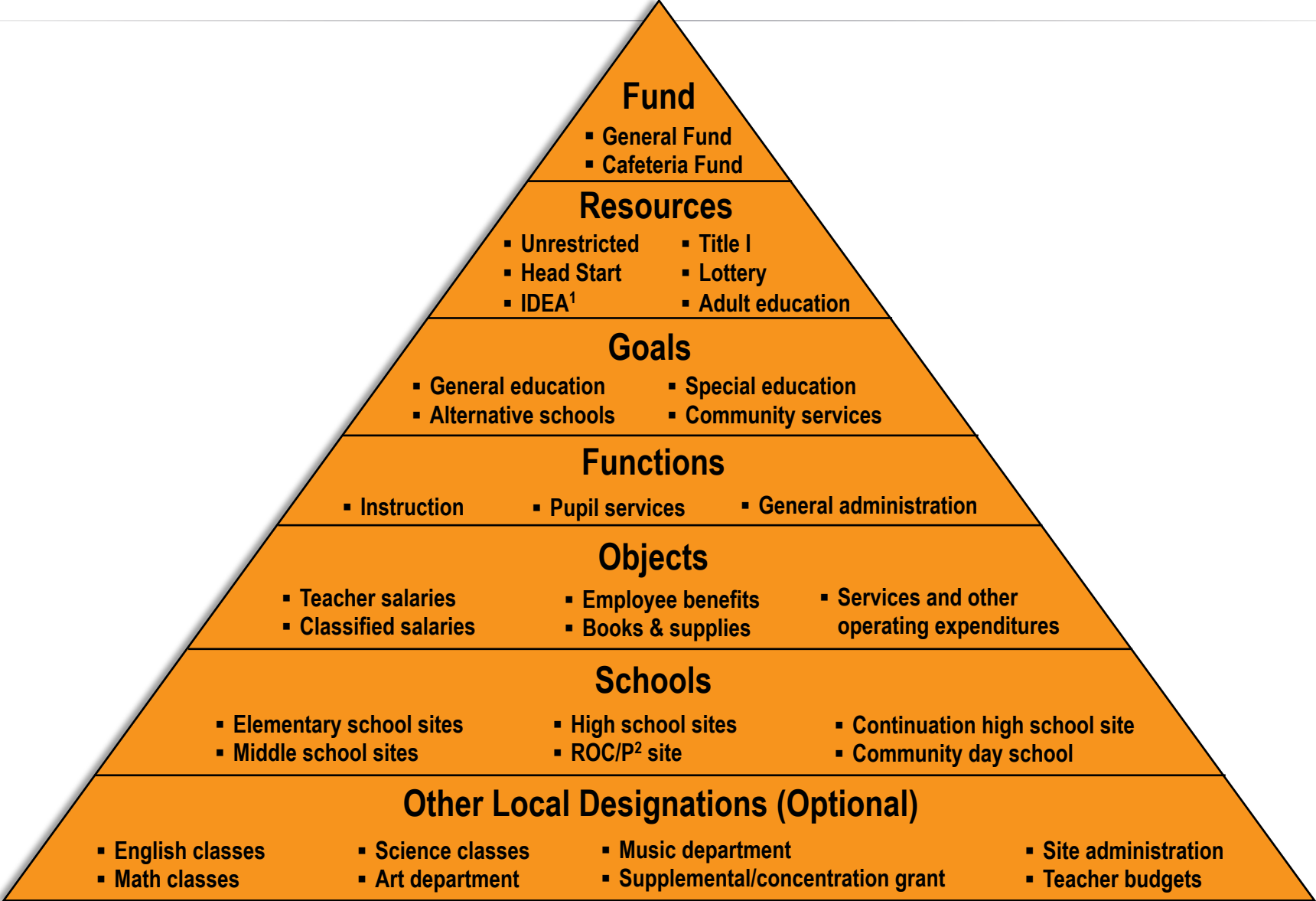
State Funding

- AB 602 Funding (Resource Code 6500)
 - Base funding entitlement
 - Special Education Property Taxes
 - Out-of-Home Care (OOHC)
 - Low incidence
 - Program Specialist/Regionalized Services (PS/RS)
- Medi-Cal LEA Billing Option Program (Resource Code 5640)
- State Infant Discretionary (Resource Code 6515)
- Workability (Resource Code 6520)

- 2018-19 Statewide Target Rate (STR) is equal to average SELPA funding in California
- In 2019-20 STR was set to \$557.27 for all SELPAs funded below the average rate
- Base rate replaced STR in 2020-21 and increased dramatically through 2022-23
- Current law states that AB 602 funding increases by cost-of-living adjustment (COLA)



School Services of California Inc.—SACS Budget Pyramid



¹Individuals with Disabilities Education Act ²Regional and Occupational Center/Program

How does the Money Flow?

Understanding the Principal Apportionment Process

- **The Advance Principal Apportionment (Advance) by July 20, is based primarily on PY funding and establishes the monthly payment amount for July to January**
- **The First Principal Apportionment (P-1) certified by February 20 is based on first period attendance data and establishes the monthly payments for February to May**
 - **P-1 supersedes the Advance calculation**
- **The Second Principal Apportionment (P-2) certified by June 25 is based on the second period attendance data and determines the final state aid payment for the fiscal year (FY)**
 - **P-2 supersedes P-1**
- **The Annual Apportionment (Annual), certified by February 20 the following year, is based on the annual data LEAs report to the CDE**
 - **Annual supersedes P-2**
- **Annual is recertified three times, known as Annual R1, R2, and R3, based on corrected data LEAs submit at specific times and data corrections are reflected in subsequent years' certifications**

Principal Apportionment Schedule

Month	Amount Monthly Payment Is Calculated On	EC Section 14041(a)(2) ¹ Type 1	EC Section 14041(a)(6) ² Type 2	EC Section 14041(a)(7) ³ Type 3
July	Advance Apportionment Total	5%	15%	15%
August	Advance Apportionment Total	5%	15%	30%
September	Advance Apportionment Total	9%	15%	30%
October	Advance Apportionment Total	9%	15%	15%
November	Advance Apportionment Total	9%	0%	0%
December	Advance Apportionment Total	9%	0%	0%
January	Advance Apportionment Total	9%	6%	6%
February	Balance due - difference between P-1 and payments through January	20% or 1/5 of balance due	20% or 1/5 of balance due	No payments in P-1 Period
March	Balance due - difference between P-1 and payments through January	20% or 1/5 of balance due	20% or 1/5 of balance due	No payments in P-1 Period
April	Balance due - difference between P-1 and payments through January	20% or 1/5 of balance due	20% or 1/5 of balance due	No payments in P-1 Period
May	Balance due - difference between P-1 and payments through January	20% or 1/5 of balance due	20% or 1/5 of balance due	No payments in P-1 Period
June	Balance due - difference between P-2 and payments through May	Balance due	Balance due	Balance due

¹School districts other than the districts that meet the criteria for payment types 2 and 3 are paid pursuant to this schedule.

²School districts with less than 5,000 average daily attendance (ADA) in 1979-80 and which received between 39% and 74% of their total revenue limit from local taxes in 1979-80 are paid pursuant to this schedule.

³School districts with less than 5,000 ADA in 1979-80 and which received 75 percent or more of their total revenue limit from local taxes in 1979 are paid pursuant to this schedule.

What are the Revenue Sources?

Special Education Funding Exhibits

Current exhibits: [Special Education—Allocations & Apportionments](#)

- Select the report for review: SELPA LEA AB 602, OOHC, Mental Health, Infant, etc.
- Select 2022-23 P-2 Special Education Exhibits
- Select Period: 2022-23 P-2
 - Select Entity
 - Select Program
 - Select SELPA or LEA
 - Preview Report
 - Save as PDF/Excel

Second Principal Apportionment (P-2)
Fiscal Year 2022-23

Period:

Entity:

Program:

- Infant Entitlement
- Mental Health Services
- Out-of-Home Care Funding
- SELPA Base Grant Funding
- SELPA LEA AB602 ADA
- SELPA Special Education Funding Exhibit
- SELPA Special Education Funding Exhibit - Charter SELPA
- SELPA Special Education Funding Exhibit - LA Court
- SELPA Special Education Local Revenue
- SELPA TOTAL AB602 ADA

California Department of
1430 N Street
Sacramento, CA 95814

ment Section |

23 Low Incidence Funds—EC § 56836.22

- Low incidence disability includes hearing impairments, vision impairments, and severe orthopedic impairments—EC § 56026.5
- The CDE calculates funding by dividing the total number of pupils with low incidence disabilities as reported on the prior-year (PY) low incidence pupil count via CALPADS on Census Day
- SELPA allocation policy determines use of funds and distribution of resources for equipment, materials, and/or specialized services



- Prior to 2020, low incidence apportionments were very low
 - Allocation policies may include regionalized cost pools for equipment, materials, or services
 - When revenue was below \$500 per eligible SWD, this made sense
- 2023-24 apportionments at \$3688 per eligible SWD
 - LEAs may wish to have more local control over use of funds for services and staff salaries

OOHC Program—EC § 56836.168

- Prior to 2021-22, funding was based on the bed count data for group homes and foster pupil count data captured in the 2016-17 census
- A new methodology for calculating the OOHC allocation was implemented in 2021-22
 - Funding for community care, intermediate care, and skilled nursing facilities is based on pupil count data collected by the California Department of Social Services as of April 1 every year
 - Foster youth count is captured via CALPADS throughout the school year
 - For system-served youth in Short-Term Residential Treatment Programs, an average daily population calculation is computed
 - Charter-only SELPAs receive an allocation for foster youth only
 - Rates receive a COLA increase annually
 - Adjustments will occur at Annual Certification each following February
 - When funds exceed entitlements, funds shall be proportionally allocated to SELPAs

Please refer to the 2020-21 LAO report—[Updating the Special Education Out-of-Home Care Funding](#)

Extraordinary Cost Pool—EC § 56836.20

One pool with
\$20 million available
for reimbursement for
high-cost programs
for a single SWD

Threshold is updated
annually by COLA
and all claims must
be submitted for the
PY by October 30th

Claims prorated if
claims exceed the
amount appropriated



SELPA's are eligible to submit
claims for costs exceeding the
threshold amount on the
Principal Apportionment Data
Collection (PADC) web
application

Costs for mental health, room
and board, residential care
services, legal expenses, and
parent travel are not eligible
for reimbursement under the
program

EC § 56836.20; Budget Item 6100-161-0001(1)(16)(b)

LEA Billing Option Program

- Billing for certain services
- Logs record keeping
- New reporting, new flexibility, new funds
- Collaborative required
- Money must be reinvested in program that generated
- Audits
- New opportunities may exist with the enacted laws about insurance funding school provided services

Medi-Cal Administrative Activities

- Reimbursement for activities which connect students/families to services
- Unrestricted—does not have to be used on those who generated funds
- Training
- Recordkeeping
- Audits



Collaborative Expenditure Conversations

- Expenditures in unrestricted resources
 - Should they be in special education?
 - Charging the PCRA factors for special education? →
- Legal costs
 - Consultation with lawyers, training, and support
 - Due process filings and compliant defense
 - Settlement agreements for services to specific student
- Potential non-special education costs
 - Nurses, psychologists, counselors, behavior support
 - Management
 - Supplies
 - Professional development
 - Technology

PCRAF = Program Cost Report Allocation
This is a calculation for the distribution of general administration costs amongst LEA categorical programs



Early Intervention Preschool Grant—EC § 56836.40

- SACS Resource/Revenue Code 6547/8590
- PCA 24462
- Legal authority
 - EC § 56836.40 Budget Item 6100-161-0001(2), Provision 23
- Total grant award of \$260 million, apportioned to LEAs based on current-year first grade SWDs identified in CALPADS on Census Day
 - [Early Intervention Preschool Grant](#)
 - LEAs can view entitlements via the [Principal Apportionment Funding Exhibits](#)
- Funding to ensure provision of appropriate interventions and services before the pupil falls behind academically
- Focus on evidence-based services and resources that directly support the school readiness of infants, toddlers, and preschoolers with a targeted focus on providing services in inclusive settings
- LEAs are combining efforts with Supporting Inclusive Practices Grants, TK and UPK resources, and the ELOP to enhance inclusive access, materials, and facilities

State Mental Health Funding—EC § 56836.07

- **State SACS Resource Code 6546**
- **Advance rate is \$80.9163599137 for state mental health in 2023-24**
- **Will be updated as ADA information comes in at P-1 and P-2**
- **Census will be current-year Census Day ADA**
- **Unrestricted revenue for any mental or behavioral health purpose**
 - **In 2023-24, funds shifted to LEAs**
 - **Amounts will be updated at P-1 in February 2024**
- **Any goal code allowed if it is related to mental or behavioral health services**
- **Commonly used to support SWDs**
- **Not required to use a 5XXX goal**



Home-to-School Transportation—EC § 39800.1

- **State SACS Resource and Revenue Codes 0000 / 8590**
 - **Must use Function Code 3600**
 - **Do not have to use a Goal Code 5xxx**
- **Home-to-School (HTS) Transportation Reimbursement provides funding for school districts and COEs based on the PY eligible transportation expenditures and PY LCFF transportation related add-on funding**
 - **School districts and COEs are required to develop a HTS transportation plan and describe how transportation services are accessible for SWDs**
- **Increased funding intended to support expansion of HTS transportation services for certain grades and pupils**
 - **Special education transportation under IDEA is an entitlement**
 - **HTS transportation for all students includes SWDs**



Policy and Monitoring Implications

Education Funding Policy

- Funding based on funded ADA versus enrollment
- One-time funds used for long-term needs
- New funds for inclusive practice available
- Alignment of special and general education plans and funding not yet achieved
- Investments in early education and intervention
- Investments in literacy, including universal screening for dyslexia and reading difficulties separate from special education

Special Education Funding Policy

- EC § 56836.148

For the 2023-24 FY, each SELPA shall, at a minimum, allocate special education funding to all of its member LEAs equal to the total sum of base grant funding, calculated pursuant to this section, allocated to all of its member LEAs in the 2022-23 FY multiplied by the sum of (COLA), as defined in paragraph (1) of subdivision (b) of Section 56836.142 for the 2023-24 FY, and then multiplied by the sum of one plus the percent change in funded ADA of its member LEAs from the 2022-23 FY to the 2023-24 FY pursuant to Section 56836.144.

**SELPA base rate
is \$887.40
per ADA**

- Each LEA's highest ADA for current, prior, or second prior-year results in SELPA base grant total

Policy Adjustments

**CDE required to
post all Local
Plans**

- Continues efforts to improve transparency
- Local Plans will now be posted on SELPA, LEA, and CDE websites

**Single-district
SELPA
moratorium
extended**

- Prohibits new single-district SELPA Local Plans through July 1, 2026
- EC § 56195.3(b) provides requirements and timelines for potential new single-district SELPAs

Compliance Monitoring of all Types

- **Compliance and Improvement Monitoring (CIM) extends beyond special education**
- **LEAs are monitored on multiple sources of data, activities, and student outcomes**
- **Overlap of monitoring systems and lack of alignment mean teams may attempt to cover many topics or are working at cross purposes**
- **Many CIM activities have unfunded LEA costs, such as training, time, and resources to complete activities and reporting**
- **Local Control Accountability Plan and COE monitoring activities should be aligned for maximum impact**

Comprehensive Coordinated Early Intervening Services (CCEIS)

- **Federal regulations require identified LEAs to reserve 15% of IDEA funds to provide prevention and early intervention to students aged 3 to grade 12**
- **Increases local contribution and shifts precious federal resources**
- **LEAs must track students who receive CCEIS up to two years after the services are received**
- **LEAs must report quarterly to the CDE their progress and expenditures for CCEIS**
- **All CCEIS funds must be expended by the end of the 27-month period**

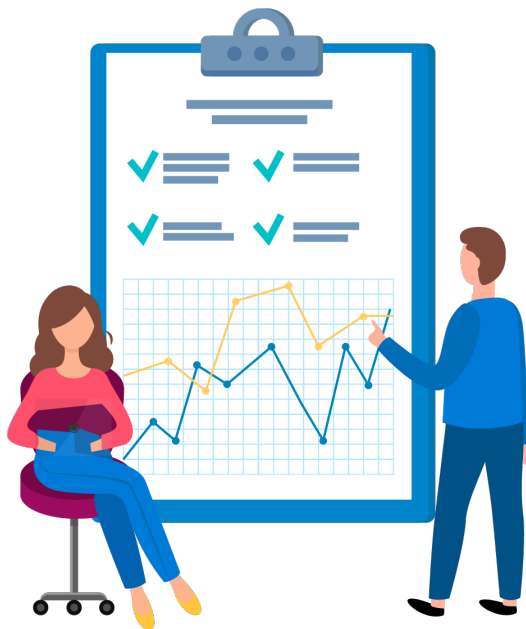


Budget Planning and Fiscal Monitoring

Planning an Annual Cycle of Monitoring

Ask the following questions:

- What can you do to monitor the impact of special education budgets locally?
- How does your team document any changes to budget or expenditures?
- How often should you track changes?
- What practices would improve local collaborative conversations?



Things to consider . . .

- Ensure flexibility to respond to increased student needs
- Ensure programs are designed for current and future needs
- Right size budgets to take advantage of opportunities to plan for shifts in the future
- Include monitoring practices in year-round budgeting activities

Communication Is Key

Opportunities for Collaboration

- Regular meetings between departments ensure shared understanding of revenues, expenditures, and adjustments to budgets

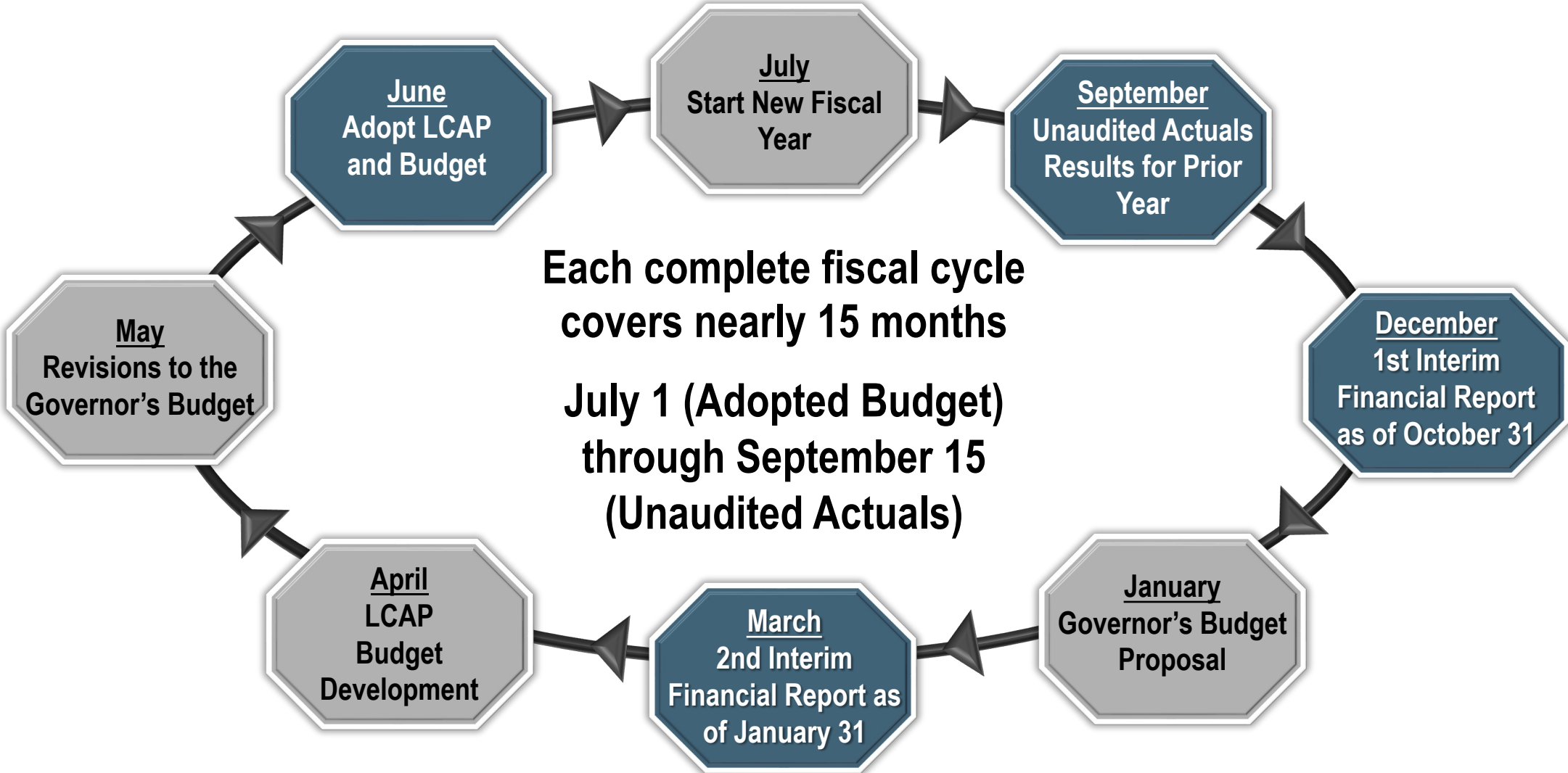
Align Planning with Requirements

- Alignment of compliance monitoring and LEA strategic plans, including the LCAP, increases effectiveness and efficiency of programs



<u>Fiscal Timelines and Dates</u>	
Budget Adopted	July 1
First Interim due to COE <i>For the period ending Oct. 31</i>	December 15
Second Interim due to COE <i>For the period ending Jan. 31</i>	March 15
End-of-Year Closing Activities	July 1 – Sept 15
Final Close of Books	September 15
MOE Submission to CDE	November 15

Budget/Financial Cycle



Calendar of Important Events—Budget Update and Planning Process

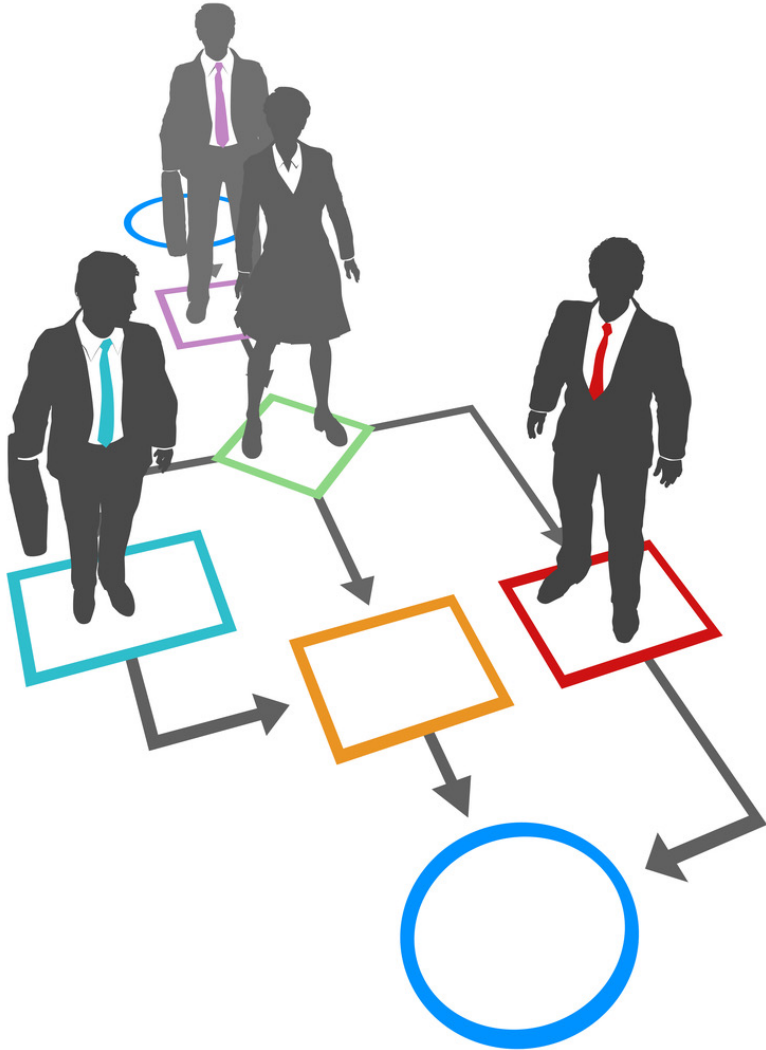
July- August	<ul style="list-style-type: none"> ➤ 45-Day Budget Revision* ➤ Update revenue and expenditure projections based on the Enacted Budget ➤ Document maintenance of effort exemptions from June 2023 for future use
September	<ul style="list-style-type: none"> ➤ Update enrollment, average daily attendance, and unduplicated pupil percentage projections ➤ Review position control reports ➤ Update salary and benefits projections ➤ Update/finalize service agreements ➤ Review out-of-district placements ➤ Review annual equipment purchases
October	<ul style="list-style-type: none"> ➤ California Longitudinal Pupil Achievement Data System (CALPADS) Fall reporting: October 4-December 15* ➤ Federal grant expenditure reports: PY Report 4, Prior PY (PPY) Report 7, Prior PPY Final Report* ➤ Nonpublic school (NPS) Extraordinary Cost Pool Reimbursement by October 31*
December	<ul style="list-style-type: none"> ➤ Presentation and adoption of First Interim budget to the governing board* ➤ First Interim budget submitted to county office of education by December 15* ➤ Review special education maintenance of effort actuals interim (SEMAI) and adjust as necessary <p style="text-align: right;">*Legal deadlines and/or requirements</p>

Calendar of Important Events—Budget Update and Planning Process

January - February	<ul style="list-style-type: none"> ➤ Governor's State Budget proposal ➤ Federal grant expenditure report Current Year Report 1 due 30 days after the end of the quarter ➤ LCAP interest holder meetings and plan development ➤ Preparations for necessary reductions in force
March	<ul style="list-style-type: none"> ➤ Reductions in force notice and board adoption by March 15* ➤ Budget development for special education aligned with program projections
April	<ul style="list-style-type: none"> ➤ Governor's State Budget proposal ➤ Federal grant expenditure report Current Year Report 1 due 30 days after the end of the quarter ➤ LCAP interest holder meetings and plan development ➤ Preparations for necessary reductions in force
May-June	<ul style="list-style-type: none"> ➤ Reductions in force notice and board adoption by March 15* ➤ Budget development for special education aligned with program projections

*Legal deadlines and/or requirements

Review Position Control Reports



- **Confirm:**
 - **Employee name**
 - **Title/job description/classification**
 - **Location: site and classroom if appropriate**
 - **Number of hours/full-time equivalency - could monitor start and end times, calendar days, etc.**
 - **Assigned role – i.e., classroom or 1:1 instructional assistant, special day class, learning center, resource specialist program**
 - **Funding Source/Account Code**
 - **Vacancy**
 - **Will vacancy be filled with sub?**
 - **Will vacancy be filled by a contracted provider?**

Review Out of District Placements

- Review students placed in regionalized programs
 - Track by disability and grade
 - Review new placements and students who may have exited
 - Review transportation arrangements
- Review students under interdistrict transfer or memorandum of understanding agreements
 - Track by disability and grade
 - Review new placements and students who may have exited
 - Review terms of the agreements
 - Review transportation arrangements
- Review students placed in NPSs and residential placements
 - Track by disability and grade
 - Review new placements and students who may have exited
 - Review transportation arrangements



43 Update/Finalize Service Agreements

- Board approval of agreements
 - Who is responsible
 - Timing and posting to board agendas
- Terms of the agreement
 - Who monitors for accuracy
- Services to be provided
 - Who is monitoring
- Not to exceed amount
 - Who is monitoring
- Process for invoicing and vendor payments
 - Define responsibilities
 - Reasonable timelines
- Process for ending services

INDIVIDUAL SERVICES AGREEMENT (ISA) FOR NONPUBLIC, NONSECTARIAN SCHOOL SERVICES (Education Code Sections 56365 et seq.)

This agreement is effective on July 1, 2023 or the date student begins attending a nonpublic school or receiving services from a nonpublic agency, if after the date identified, and terminates at 5:00 P.M. on June 30, 2023, unless sooner terminated as provided in the Master Contract and by applicable law.

Local Education Agency _____ Nonpublic School _____

LEA Case Manager: Name _____ Phone Number _____

Pupil Name _____ Sex: M F Grade: _____
 (Last) (First) (M.I.)

Address _____ City _____ State/Zip _____

DOB _____ Residential Setting: Home Foster LCI # _____ OTHER _____

Parent/Guardian _____ Phone (_____) _____ (_____) _____
 (Residence) (Business)

Address _____ City _____ State/Zip _____
 (If different from student)

AGREEMENT TERMS:

1. Nonpublic School: The average number of minutes in the instructional day will be: _____ during the regular school year
 _____ during the extended school year
2. Nonpublic School: The number of school days in the calendar of the school year are: _____ during the regular school year
 _____ during the extended school year
3. Educational services as specified in the IEP shall be provided by the CONTRACTOR and paid at the rates specified below.
 - A. INCLUSIVE AND/OR BASIC EDUCATION PROGRAM RATE: (Applies to nonpublic schools only): Daily Rate: _____
 Estimated Number of Days _____ x Daily Rate _____ = PROJECTED BASIC EDUCATION COSTS _____
 - B. RELATED SERVICES:

SERVICE	Provider			# of Times per wk/mo/yr., Duration: or per IEP, or as needed	Cost per session	Maximum Number of Sessions	Estimated Maximum Total Cost for Contracted Period
	LEA	NPS	OTHER Specify				

Review Annual Equipment Purchases and Repairs

- Review current equipment inventory
 - Confirm location of equipment
- Identify reason for equipment purchase either because:
 - Needs are new
 - Equipment is damaged or obsolete
- Identify equipment that needs to be repaired
- Process for getting equipment repaired
 - Who is responsible
- Process for discarding obsolete equipment
 - Who is responsible
- Use of equipment agreements



Special Education Director

- **Monitoring high-cost placements and services**
- **Tracking student numbers and needs**
- **Monitoring instructional assistants**
- **Monitoring consultant services**
- **Monitoring departed and departing staff**
- **Monitoring shifts in encumbrance**
- **Monitoring needs and program shifts in present and coming years**

Fiscal Staff

- **Monitoring budget, expenditures, and encumbrances**
- **Monitoring position control**
- **Monitoring allocation of expenditures**
- **Monitoring impact of local revenues and philosophy**
- **Monitoring communication with board and superintendent**
- **Ensuring alignment of expenditures across the system, including the LCAP and other plans**

State Budget Impact

- **The State Budget can have a large impact on special education revenues and expenditures**
- **One-time funds can impact MOE**
- **Mandated programs for all students may present opportunities for alignment, inclusive practice, and braiding resources to benefit all students**
- **Shifting allocation of funds, increasing base rates, and offering incentives for LEAs provide opportunities to align special education and general education programs**

Updates to Local Allocation Policy

- **The Local Allocation Policy may need review and revising to update education code, base rates, funding sources, and allocations**
- **Local Allocation Policy should be nimble to allow the SELPA and LEAs to meet their local needs and the needs of their students**
- **Annual updating of the Budget Allocation Plan goes hand in hand with MOE monitoring**

Budget Development

- **Opportunity to monitor revenues and expenditures and plan for the year ahead**
- **Opportunity to align mandated activities such as ELOP, UPK, UTK, CIM, and the LCAP**
- **Include analysis of student and program needs, enrollment projections, placements, contracted services, recruitment, hiring, and retention, assignment monitoring, and implementation of inclusive practices**

Second Interim Report and Adjustments

- **Prior to or near Second Interim, business and special education program staff should review position control, changes to encumbered funds, placements and services, projected needs for service providers, equipment, and classrooms**
- **Run SEMAI to monitor MOE trajectory**
- **Monitor use of one-time funds and unexpected expenditures**
- **Review PCRA factors**
- **Journal transfer balances as needed**

End-of-Year Closing

- Prior to submission of closing paperwork, the LEA should run MOE forms, complete Excess Cost Calculation, and SYT forms
- Adjustments and movement of expenditures should be completed prior to close of books
- Review qualifying MOE exemptions from prior year in all areas
- Ensure data points are accurate—pupil count, comparison year, full-time equivalents
- Ensure accurate CALPADS submissions
- Begin and complete reviews prior to Second Principal Apportionment

New Fiscal Year Activities

- Document all qualifying MOE exemptions from end of FY to new FY
- Review program projections and staffing
- Review position control
- Monitor enrollment and changes to students, placements, and services
- Complete planning, implement professional development, and obtain needed materials, supplies, or curriculum

49 Monitoring Maintenance of Effort?

- Federal eligibility requirement for IDEA Part B funding—Title 34, Code of Federal Regulations Sections (CFR §) 300.203(a), 300.204(b), and 300.205
- To ensure a continuation of at least a certain level of non-federal expenditures for the education of SWDs
- Compares Unaudited Actuals (Actuals) and Adopted Budget (Budget) from the current year to Actuals from a prior year (not necessarily the most immediate prior year)



Special Education Maintenance of Effort



LEAs are required to maintain adequate spending on programs and services for SWDs each year



The compliance requirement is completed each year and measures comparable prior-year and current-year spending (SEMA¹)



The eligibility requirement is measured by comparing budget to comparable prior-year Actuals (SEMB²)

¹Special Education Maintenance of Effort—Actuals (SEMA)

²Special Education Maintenance of Effort—Budget (SEMB)

Failure of Special Education MOE

Compliance Standard SEMA

If the LEA has spent less—in state and/or local resources—on special education in total or on a per-student basis

The LEA will pay dollar-for-dollar penalty out of local resources

Eligibility Standard SEMB

If the LEA cannot meet the MOE obligation when adopting the budget

The SELPA will not issue any federal funds until the LEA can demonstrate that it expects to meet the MOE requirement

There are limited exemptions available for not meeting the MOE requirement

MOE Challenges

- **Enacted Budget**
 - **Changes to revenues can impact general fund contribution**
- **Federal funding increases**
 - **Expenditures funded from federal revenues are removed from the MOE expenditure calculation**
- **Changes to enrollment and attendance**
 - **Declining enrollment and increasing SWD pupil counts can impact per capita calculations**
 - **Shifting costs for service delivery, especially if there is a need for contracted services, can raise special education expenditures**

Local Decisions that Impact MOE

- **Negotiated salary agreements, including COLA, off-schedule increases, or stipends**
- **Benefit increases**
- **Utilization of contracted services**
- **Allocation of settlement costs and legal fees**
- **Charge for services to SWDs that are not required in according to the SACS (e.g., transportation, indirect charges, PCRA factors)**

Federal Requirement—Subsequent Year Comparison

Federal Subsequent Years rule requires the level of effort an LEA must meet in the year after it fails to maintain effort is the level of effort that would have been required in the absence of that failure and not the LEA's actual reduced level of expenditures in *the year in which it failed to maintain effort*.

(34 CFR § 300.203[c])



In English: If you fail a test, you must compare to last passed year of that test. We will call this the comparable year.

Subsequent Year Tracking Worksheet

- The worksheet (SYT) provides the comparison year data and valuable information on MOE trends for the LEA
- Find and access your prior year worksheet
- LEAs must have a green pass to comply with federal IDEA requirements
- Use as a foundation for conversations about multi-year trends and budget planning into 2024-25

Subsequent Year Tracking Worksheet											
LOCAL EDUCATIONAL AGENCY (LEA):						SELPA Code and SELPA Name:					
Fiscal Year		2022-2023									
School Year		A	B	C	D	E	F	G	H	I	J
		State and Local Total Amount	State and Local Total MOE Result	State and Local Per Capita Amount	State and Local Per Capita MOE Result	Local Only Total Amount	Local Only Total MOE Result	Local Only Per Capita Amount	Local Only Per Capita MOE Result	Enrollment	Result for Fiscal Year
2011-2012	Expenditures (Compliance) SEMA SACS2012ALL	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		0	Pass
2012-2013	Expenditures (Compliance) SEMA SACS2013ALL	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		0	Pass
2018-2019	Expenditures (Compliance) SEMA SACS2019ALL	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		0	Pass
2019-2020	Expenditures (Compliance) SEMA SACS2020ALL	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		0	Pass
2020-2021	Expenditures (Compliance) SEMA SACS2021ALL	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		0	Pass
2021-2022	Expenditures (Compliance) SEMA SACS2022ALL	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		0	Pass
2022-2023	Expenditures (Compliance) SEMA SACS Web 2022/23	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		0	Pass
	Expenditures (Eligibility No PCRA) SEMB - SACS Web 2022/23 (Expenditures less PCRA for	\$ -	Comparison Year	\$ -	Comparison Year	\$ -	Comparison Year	\$ -	Comparison Year		
		\$ -	2022-2023	\$ -	2022-2023	\$ -	2022-2023	\$ -	2022-2023		
2023-2024	Budget (Eligibility) SEMB - SACS Web 2022/23										Pass

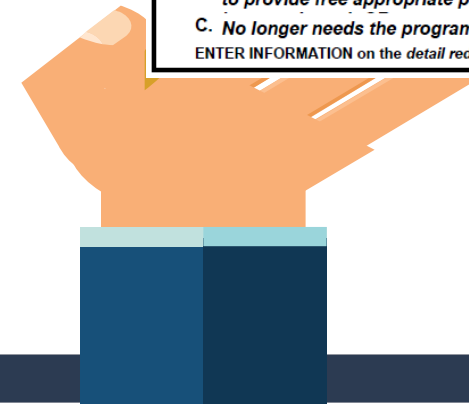
The signature of authorized agent conveys agreement with and accuracy of the information provided.

Signature of Authorized Agent	Date Signed
Printed Name and Title of Authorized Agent	Contact Person's Name, E-Mail, and Telephone Number

What Exactly Is an Exemption?

- An exemption is an expenditure the LEA had in the previous year that it no longer has in the current year
 - The exemptible expenditure lowers the dollar amount from the comparison year to which the LEA is comparing current-year expenditures or the budget
- The federal government provides specific justifiable reasons to reduce the MOE requirement
- Keep track of possible exemptions quarterly (Make a copy of the [exemptions form](#) and keep in a folder to update throughout the year)
 - Tracking of expenditures takes fiscal and program staff collaboration

EXEMPT REDUCTIONS TO MAINTENANCE OF EFFORT		
IDEA Regulations 34 Code of Federal Regulations § 300.204		
Local Education Agency (LEA) Name	Special Education Local Plan Area (SELPA)	
Name of Person Completing Report	Telephone & Fax Numbers	
Maintenance of Effort (MOE) Shortfall from LEA MOE Calculation (LMC-A or LMC-B) Worksheet	\$0.00	FY 2020/2021
<p><i>The LEA may reduce the level of expenditures below the level of the preceding fiscal year if the reduction is attributable to any of the following reasons. Provide specific details and dollar amounts. If the total justifications equal/exceed the MOE shortfall, fiscal effort has been maintained for the reporting year.</i></p>		
1. The voluntary departure, by retirement or otherwise, or departure for just cause, of certificated and/or classified special education or related services personnel (does not include contract non-renewal or staff lay-off due to budget shortfall).	\$0.00	
ENTER INFORMATION on the <i>detail reduction 1</i> tab; totals will carry forward to this section		
2. A decrease in enrollment of children with disabilities.	\$0.00	
ENTER INFORMATION on the <i>detail reduction 2</i> tab; totals will carry forward to this section		
3. The termination of the obligation to provide a program of special education to a particular child with a disability that is an exceptionally costly program because:	\$0.00	
<p>A. Child has left the jurisdiction of the agency; OR B. Child has reached the age at which the obligation of the agency to provide free appropriate public education (FAPE) to the child C. No longer needs the program of special education</p>		
ENTER INFORMATION on the <i>detail reduction 3</i> tab; totals will carry forward to this section		



Allowable Exemptions to Monitor Throughout the Year

Allowable Exemptions

1. The voluntary departure, by retirement or otherwise, or departure for just cause, of certificated and/or classified special education or related services personnel (does not include contract non-renewal or staff layoff due to budget shortfall)
2. A decrease in enrollment of children with disabilities
3. The termination of the obligation to provide a program of special education to a particular child with a disability that is an exceptionally costly program because:
 - a) Child has left the jurisdiction of the agency; OR
 - b) Child has reached the age at which the obligation of the agency to provide free appropriate public education to the child has terminated; OR
 - c) No longer needs the program of special education
4. The termination of costly expenditures for long-term purchases, such as the acquisition of equipment or the construction of school facilities (must have per-unit cost of \$5,000 or more)

EXEMPT REDUCTIONS TO MAINTENANCE OF EFFORT		
IDEA Regulations 34 Code of Federal Regulations § 300.204		
Local Education Agency (LEA) Name	Special Education Local Plan Area (SELPA)	
Name of Person Completing Report	Telephone & Fax Numbers	
Maintenance of Effort (MOE) Shortfall from LEA MOE Calculation (LMC-A or LMC-B) Worksheet	\$0.00	FY 2020/2021
<p><i>The LEA may reduce the level of expenditures below the level of the preceding fiscal year if the reduction is attributable to any of the following reasons. Provide specific details and dollar amounts. If the total justifications equal/exceed the MOE shortfall, fiscal effort has been maintained for the reporting year.</i></p>		
1. The voluntary departure, by retirement or otherwise, or departure for just cause, of certificated and/or classified special education or related services personnel (does not include contract non-renewal or staff lay-off due to budget shortfall).		\$0.00
ENTER INFORMATION on the <i>detail reduction 1</i> tab; totals will carry forward to this section		

Helpful Web Links

- **CDE—Federal Awards:**
 - [Federal Awards - Local Education Agency Audit Guidelines](#)
- **CDE—Master List of SACS Resource Codes and Program Cost Accounts and Associated Resources:**
 - [SACS Resource Spreadsheets - Standardized Account Code Structure](#)
- **CDE—LEA Grants:**
 - [Local Educational Agency Grants - Administration & Support](#)
- **CDE—SACS:**
 - [Standardized Account Code Structure \(SACS\) - Accounting](#)
- **CDE—Dashboard:**
 - [California School Dashboard](#)
- **CDE—PADC Manual 2022**
 - [PADC Manual 2022](#)
- **CDE—Principal Apportionment:**
 - [Principal Apportionment - Allocations & Apportionments \(CA Dept of Education\)](#)
- **CDE—Data and Statistics:**
 - [Data & Statistics \(CA Dept of Education\)](#)
- **CDE—DataQuest:** For information by state, county, district, school, SELPA, other and includes school performance, demographics, testing, student misconduct and interventions, other:
 - [DataQuest \(CA Dept of Education\)](#)
- **Ed-Data:** For a variety of financial, enrollment, assessment, and demographics information by county, district, school, SELPA, and charter school
 - [EdData - Home Page \(ed-data.org\)](#)
- **SELPA Finance Committee Reports:** The State SELPA Finance Committee produces updates from the field on a monthly basis.
 - [Historical Committee Reports](#)

Special Education Fiscal Collaborative

- The Collaborative is an information-sharing and capacity-building resource focused on school finance and special education fiscal literacy.
- The Collaborative is for LEA, COE, and SELPA fiscal staff and leaders to engage with a team of experts for high-quality, timely, and relevant information and resource sharing related to special education fiscal planning, implementation monitoring, and alignment with mandated plans and reporting requirements for special education



The Collaborative provides the following:

- Ten one-hour webinars per year with an additional 30 minutes of questions and consultation with every session
- Access to special education finance experts and networking with job-alike peers
- A resource hub to support the needs of special education programs
- Interactive roundtables and small group engagements, support for MOE monitoring, and annual review of end-of-year reporting

[Join the Collaborative](#)



Thank you!

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