



## **EL DORADO CHARTER SELPA** **Thursday, March 8, 2018**

Meeting to be held via Zoom on Thursday,  
March 8, 2018 at 10:00 a.m.

Registration for the Zoom teleconference  
will be available at least two days prior to the meeting  
and the link will be sent out electronically.

### **AGENDA – EXECUTIVE COMMITTEE MEETING**

#### **Charter SELPA:**

David M. Toston, Associate Superintendent  
Ginesa Quann, Charter SELPA Director  
Robert Steponovich, SELPA Business Services Director

Vicki L. Barber, Retired EDCOE Supt. of Schools  
Francie Heim, EDCOE/Charter SELPA Consultant  
Kathleen Hall, Administrative Assistant

#### **Executive Committee Members:**

Mary Searcy Bixby, Altus Schools  
Cindy Petersen, Gateway Community Charters  
Pat Hill, Learn4Life  
David Sciaretta, Einstein Academies  
Tim Wolf, King-Chavez Charter Schools  
Debi Gooding, The Learning Center  
Jean Hatch, Redding School of the Arts  
Jonathan Dean, The O'Farrell Charter School  
J.J. Lewis, Compass Charter Schools  
Lisa Freccero, Aspire Public Schools

Lynne Alipio, Altus Schools  
Paul Keefer, Pacific Charter Institute  
Josh Drake, Rocketship Education  
Julie Mattoon, KIPP Bay Area Schools  
Melissa Mora, ACE Charter School  
Karin Marsolais, Preuss School UCSD  
Dawn Evenson, iLead Schools  
DiAnne McClenahan, The Bay Group  
Patricia Dougherty, Phoenix Charter Academy

#### **1. Information Item**

##### **1.1 January 18, 2018 Executive Committee Meeting Minutes**

A copy of the draft Minutes from the January 18, 2018 Executive Committee Meeting is included as Attachment 1.1.

#### **2. Membership Update – Information/Discussion**

##### **2.1 Approved Applicants for 2018-19 – (Information Item)**

CEO Executive Committee will be updated on the current status of the Charter SELPA membership and applications for membership in 2018/19. Please see Attachment 2.1. for this update.

##### **2.2 Charters Who May Be Leaving or Closing for 2018-19 (Information Item)**

At this point in time, the following charters have submitted a notice to withdraw or other appropriate documentation to the Charter SELPA for the 2018-19 school year.

We have had one mid-year closure, Paramount Collegiate Academy, which closed February 8, 2018.

- Aspire Titan
- Aspire Junior Collegiate Academy
- New Day Academy - Shasta
- Aspire University Charter – Closing and re-opening with a new CDS code and new location.
- Diego Hills
- Crescent View South
- Crescent Valley
- Ambassador Sanchez
- Alta Vista South
- Diego Springs
- Diego Valley
- Kings Valley
- Laurel Preparatory Academy

**3. Educationally Related Mental Health Services (ERMHS) Budget Update**

CEO Executive Committee will be updated at regular intervals on the 2017-18 ERMHS budget to assure a transparent and predictable level of funding for Charter SELPA Partners. Please see Attachment 3, entitled 'ERMHS Update,' for details.

**4. Accountability Update/ Charter SELPA Oversight Benchmarks (Information/Discussion)**

**4.1 Partner Oversight Update (Information Item)**

The annual integrated oversight process of the SELPA is designed to identify areas of LEA support for both program and fiscal operations, as well as protect the SELPA as a whole from the loss of distributed funding. The oversight process consists of monitoring several metrics for all partners. They include:

1. Prior year unspent funds percentages
2. SpEd identification rates
3. Reviews of prior year independent audit reports
4. Complaints and compliance issues
5. SELPA meeting and professional learning participation
6. Other operational capacity measures

Throughout the year, the integrated oversight process involves Charter SELPA administration monitoring and analyzing these oversight metrics. CEO Executive Committee receives updates on the status of the integrated review process once prior year audit reports are filed and reviewed.

A document entitled "Partner Oversight Update" is included as Attachment 4.1.

**5. Budget Update**

Allocation Plan language requires CEO Council to review 2017-18 rates, set 2018-19 rates, and receive a report on the status of the rate-smoothing pool that was established in 2015-16. Details on the Budget Update are included in Attachment 5.

**6. SELPA CEO Council Meeting Format Review**

CEO Executive Committee will be asked for input on a review of the CEO Council meeting format. Please see Attachment 6 for details.

**7. SELPA Leadership Report**

**8. May 2018 Retreat Planning**

A discussion will take place on current topics of interest to be discussed at the Executive Committee's annual retreat dinner in San Diego on May 23, 2018.

**9. Next Meeting Date**

The next regularly scheduled meeting of the Charter SELPA Executive Committee will take place Thursday, May 17<sup>th</sup>, 2018 at 10:00 a.m. via a teleconferencing platform.



## **EL DORADO CHARTER SELPA**

### **Thursday, January 18, 2018**

Meeting was held via Adobe Connect  
on Thursday, January 18, 2018 at 10:00 a.m.

### **MINUTES – EXECUTIVE COMMITTEE MEETING**

\*Indicates Participation

#### **Charter SELPA:**

*David M. Toston, Associate Superintendent	*Vicki L. Barber, Retired EDCOE Supt. of Schools
*Ginese Quann, Charter SELPA Director	*Francie Heim, EDCOE/Charter SELPA Consultant
*Robert Steponovich, SELPA Business Services Director	*Kathleen Hall, Administrative Assistant

#### **Executive Committee Members:**

*Mary Searcy Bixby, Altus Schools	*Lynne Alipio, Altus Schools
*Cindy Petersen, Gateway Community Charters	*Paul Keefer, Pacific Charter Institute
*Pat Hill, Learn4Life	*Josh Drake, Rocketship Education
David Sciaretta, Einstein Academies	*Julie Mattoon, KIPP Bay Area Schools
*Tim Wolf, King-Chavez Charter Schools	Melissa Mora, ACE Charter School
Debi Gooding, The Learning Center	*Karin Marsolais, Preuss School UCSD
*Jean Hatch, Redding School of the Arts	*Dawn Evenson, iLead Schools
Jonathan Dean, The O'Farrell Charter School	*DiAnne McClenahan, The Bay Group
*J.J. Lewis, Compass Charter Schools	*Patricia Dougherty, Phoenix Charter Academy

Guests: \*Paul MacGregor, Epic Charter School; \*Susan Park, The O'Farrell Charter School; \*Lauryn Fullerton, Ednovate; \*Jason Watts, Scholarship Prep Charter School; \*Kelly Mannion, River Montessori Charter School; Soo Park, Leadership Public Schools; \*Drew Lawton, Charter SELPA

#### **1. Membership Report**

CEO Executive Committee was updated on the current status of the Charter SELPA membership and applications for membership for 2018/19. Please see Attachment 1 for this update.

- *David reviewed the Charter SELPA Membership Report as of January 2018.*
  - *Of the 28 non-expansion applications in Cohort 1, 24 have been recommended for consideration by the Selection Committee.*
  - *Next year's application process may be revised; dashboard information and LCAP may be included in the application process to help us get a deeper understanding of the school.*

#### **2. Educationally Related Mental Health Services (ERMHS) Budget Update**

CEO Executive Committee was updated on the 2017-18 ERMHS budget to assure a transparent and predictable level of funding for Charter SELPA Partners. Attachment 2, entitled 'ERMHS Update,' included details on the budget update.

*Bob Steponovich reviewed the ERMHS Budget Update and shared that we are still reviewing mid year data and plan to share the Determination of Sufficiency and potentially adjusting distribution based on current year data. The funding system is working as intended.*

### **3. Governor's Proposed Budget**

CEO Executive Committee was updated on the status of the California state budget and implications for special education funding. Please see Attachment 3 for details.

*Vicki Barber reviewed notable areas of the governor's budget. Some of the highlights include:*

- *The governor has committed to full funding of LCFF. However, even with full funding, California is still in 45<sup>th</sup> position in per student funding - well below average.*
- *Special education is fully prepared to be transparent. SELPAs will align local plans, budgets, etc. with LCAP. We anticipate that SELPAs will help frame the conversation on what local plans and LCAPs need to include to help support our students with disabilities.*
- *Preschool – SELPAs are pleased that the governor has put some money in early childhood education. We believe the preschool numbers are growing exponentially - Staggering growth we need to address.*
- *Provides \$10M for SELPAs and county offices to work with LEAs to help mitigate and provide support.*
- *Retaining and attracting special education teachers – teacher shortage reaching critical stages for both special education and general education. Ginese Quann shared information on the related grants – they are looking at supporting and expanding residency and local grant solutions – our charters may be especially interested - Individually or collaboratively to bring teachers into the field. Will help to ensure that general education and special education teachers, regardless of direction, will have a common trunk in working with students with disabilities. Focusing on sectioning off specialty areas, early childhood, VI, etc. There is a February meeting at commission and we're expecting more information on direction after that time.*

*SELPA Leadership shared that we are actively engaged in the budget conversations. Given the recommendations in the budget – we are excited and realize our work will be changing in order to align with statewide systems of support.*

### **4. SELPA Meeting Format Review**

CEO Executive Committee was asked for input on a review of the current governance meeting format. Please see Attachment 4 for details.

*Ginese Quann and David Toston reported on and requested additional feedback on the structure of our Steering Committee meetings. SELPA has seen a significant increase in members participating online. This change is reflective of the day-to-day challenges to attend statewide*

*meetings in person, especially if overnight travel is involved. The feedback touched on the difficulty of being away from a school site.*

*The input from our partners for a regional Steering Committee meeting format has been strong and supports our efforts to maintain the relational aspects of our meetings. A regional Steering structure for 2018-19, as set forth in Attachment 4, will help us support and encourage local collaboration, smaller groups and affords the opportunity for more people to be able to participate in conversations. The regional meeting model will also help develop professional learning networks among our partners.*

*SELPA would also like to continue this review process by looking into fiscal committee meetings, CEO Council meetings and Executive Committee meetings to make sure the meeting structure meets everyone's needs and that we maintain the cultural values currently in place. SELPA will survey the field and continue the conversation at our next meeting.*

#### 5. SELPA Leadership Report

David Toston and Ginese Quann shared a SELPA Leadership Report with the following items of note:

- *Statewide Accountability Systems – The SELPA is involved in conversations in what the supports will look like for charter schools. We are gathering/reviewing data from our partners and this data shows us that support is needed. Our focus will be to analyze data and develop a set of recommendations for Executive Committee for developing additional layers of support for dashboard indicators and special education indicators.*
- *Local Plan and Policies – SELPA is in the process of revising and updating our Local Plan and policies and is working with legal counsel to review any potential changes that will be presented at May CEO Council.*
- *Partners were reminded about submission of the Participation Agreements – they must be submitted to the SELPA by April 2, 2018.*
- *Symposium – Friday February 23 in San Diego. Partners were invited to attend our 4<sup>th</sup> annual Inspiration to Action Symposium which will feature Dr. Ed Manansala, Superintendent of Schools, El Dorado County; LeDerick Horne, speaker, author and consultant for students with disabilities; Ben Marcovitz of Collegiate Academies of New Orleans, Megan Gross, California's 2017 Teacher of the Year and Dr. Gregory Peters – director of an organization closing the achievement gap.*

#### 6. Next Meeting Date

The next regularly scheduled meeting of the Charter SELPA Executive Committee will take place Thursday, March 8, 2018 at 10:00 a.m. via a teleconferencing platform.

*The SELPA is currently looking at other means of technological support for meetings. We are currently beta testing other software to make a determination for next year. If any of our partners are using products they like, please let us know.*


**EXECUTIVE COMMITTEE MEETING – MARCH 8, 2018**
**CHARTER SELPA MEMBERSHIP REPORT****Current Members per our Local Plan (as of July 1, 2017)**

- 154 Charter Partners
- 328 Charter Schools – Local Plan
- 323 Charter Schools - Operating

**Current Active Members**

- 323 Charter Schools (Since submitting our Local Plan Revision to the board, the four Olive Grove expansions and Pacific Valley Charter Academy notified us they would not open. This will be captured in Local Plan Revision #1)

**Effective July 1, 2018 the following changes will be made to our Local Plan****Cohort 1:**

- 29 schools added for a total of 352
  - Schools marked with \* indicate an expansion of a current partner
- 9 partners added
- 5 schools closed/exited the SELPA (reflecting the above mentioned Olive Grove & Pacific Valley Schools)
- These changes increased our partner count by 9 for a total of 163
- These changes decreased our partner count by 0 for a total of 163

**Cohort 2:**

- 30 applications submitted.
  - 14 are Non-Expansion applications
    - 12 new organizations
      - 9 moving to Capacity Interviews on March 7<sup>th</sup>.
  - 1 is a deferred approved school from 2017/18 applications
    - 1 new organization
  - 15 are Expansion applications
    - One is representative of a current school closing and re-opening due to the Shasta ruling.
- Selection Committee meets March 13, 2018

**Cohort 3:**

- Application Deadline March 27, 2018
- Selection Committee meets May 8, 2018

We are aware of 14 school exits or closures of current partners. These are not reflected in the total partner count above. They will be captured in Local Plan Revision #2 after March 13<sup>th</sup>.



**ERMHS UPDATE**

**BACKGROUND**

The September 2017 finding of sufficiency resulted in the following 2017-18 ERMHS funding parameters:

- **Level 2 (80% of the lesser of):**
  - \$3,300 per eligible ERMHS SEIS count based on the December 1 count; or
  - January 2018 Budget request (updated with final expenditures July 2018); or
  - \$250 per current year P-2 ADA.

\$100K is allocated for Level 2 transportation, and indirect costs for Level 2 are allowed.
- **Level 3 Site Based Structured Therapeutic Program (80% funded)**
- **Level 3 NPS ERMHS (90% funded)**
- **Level 3 NPS Residential Room and Board (100% funded)**

**UPDATE**

**1) Revenue**

Revenue estimates have been updated based on February 2018 P-1 certification. See Table 1/Cell C3 of the budget table.

**2) Level 2**

The final component of determining Level 2 funding is the collection of budget requests, which were submitted on January 16<sup>th</sup>. Working with our partners, the SELPA reconciled the details of these budget submissions with student IEPs. The total Level 2 budget based on the September finding of sufficiency appears in Table 1/Cell C4.

**3) Level 3**

To date, 63 claims have been submitted 17 of which are residential. Four additional claims, including one residential, are known at this point and may be submitted, pending the outcome of the IEP process. In 2016-17, a total of 58 NPS claims were paid 8 of which were residential.

Driven by the significant difference between budgeted and actual expenditures last year, 2017-18 placements and budget requests have been very closely examined. In 2016-17, actual reimbursement was 80% of the original budget request. This year, a smaller variance between budget and actual expenses is expected. Updated budget totals for NPS ERMHS costs and NPS residential costs are reflected in Table 1/Cells C7 & C8.

**4) Finding of Sufficiency**

The determination called for in the Allocation Plan by May each year involves managing to a 5-10% mental health reserve requirement by modeling changes in the percentage reimbursement levels of the mental health funding formula set in September.

The Allocation Plan details a priority order for allocating amounts in excess of the established reserve:

- 1) Increase Level 2 reimbursement, Level 2 transportation, and Level 3 site based structured therapeutic program from 80% to 90%.
- 2) Increase Level 3 NPS ERMHS from 90% to 95%.
- 3) Increase Level 2, Level 2 transportation, and Level 3 site based structured therapeutic program from 90% to 95%.





**ERMHS UPDATE**

- 4) Increase Level 2, Level 2 transportation, Level 3 site based structured therapeutic program, and Level 3 NPS ERMHS from 95% to 100%.

Reimbursement rates established as a result of the September 2017 finding of sufficiency are reflected in Table 1/Column D.

Table 1/Column E models the budget impact from the allocation of reserve amounts in order of priority, constrained by the 5-10% reserve requirement.

**Table 1**

	Charter SELPA ERMHS 2016-17	2016-17 Final	2017-18 Projected (Sept 17)	2017-18 Projected (March 18)	%	2017-18 Projected (March 18) AUGMENTED	%
		A	B	C	D	E	F
1	State	8,634,623	9,517,370	10,253,854		10,253,854	
2	Federal	1,390,903	1,647,005	1,653,927		1,653,927	
3	<b>Total Income</b>	<b>10,025,526</b>	<b>11,164,375</b>	<b>11,907,781</b>		<b>11,907,781</b>	
4	Level 2	7,057,826	8,500,000	8,079,878	80%	9,578,967	95%
5	Level 2 Transportation		100,000	73,285	80%	87,026	95%
6	Level 3 Therapeutic	368,801	465,000	426,617	80%	506,607	95%
7	Level 3 NPS	1,267,870	1,775,000	1,902,661	90%	2,020,715	95%
8	Level 3 Residential	906,222	1,270,000	1,154,215	100%	1,194,215	100%
9	SELPA Indirect	288,000	365,000	302,743		401,626	
10	<b>Total Expenditures</b>	<b>9,888,719</b>	<b>12,475,000</b>	<b>11,939,399</b>		<b>13,789,156</b>	
11	<b>Income less Expenditures</b>	<b>136,807</b>	<b>(1,310,625)</b>	<b>(31,618)</b>		<b>(1,881,375)</b>	
12	Beginning Balance	2,588,806	2,760,846	2,725,613		2,725,613	
13	Ending Balance	2,725,613	1,450,222	2,693,995		844,239	
14	Reserve % of Revenue	27.2%	13.0%	22.6%		7.1%	

**FINDING OF SUFFICIENCY**

Reimbursement rates established as a result of the final finding of sufficiency for 2016-17 (reflected in Table 1/Column F) are as follows:

- **Level 2 (increase from 80% to 95% of the lesser of):**
  - \$3,300 per eligible ERMHS SEIS count based on the December 1 count; or
  - January 2018 Budget request (updated with final expenditures July 2018); or
  - \$250 per current year P-2 ADA.

\$100K is allocated for Level 2 transportation, and indirect costs for Level 2 are allowed.
- **Level 3 Site Based Structured Therapeutic Program (increase from 80% to 95% funded)**
- **Level 3 NPS ERMHS (increase from 90% to 95% funded)**
- **Level 3 NPS Residential Room and Board (100% funded)**

**RECOMMENDATION - NONE**

This report is provided for information only. No action is required. Changes to the funding parameters resulting from this finding of sufficiency will be communicated to the field.

**2017-18 PARTNER OVERSIGHT UPDATE****BACKGROUND**

The integrated oversight process of the SELPA is designed to identify areas of LEA support for both program and fiscal operations, as well as protect the SELPA as a whole from the loss of distributed funding. The oversight process consists of monitoring several metrics for all partners. They include:

1. Prior year unspent funds percentages
2. SpEd identification rates
3. Reviews of prior year independent audit reports
4. Complaints and compliance issues
5. SELPA meeting and professional learning participation
6. Other operational capacity measures

Throughout the year, the integrated oversight process involves Charter SELPA leadership monitoring and analyzing all oversight metrics. Once all the data is gathered for a given year, determinations are made about whether Integrated Review Team (IRT) contacts are warranted. SELPA leadership is currently engaged in scheduling and completing IRT contacts driven by review of 2016-17 metrics.

The IRT contacts consist of a SELPA program/business team meeting with the program/business leadership of the charter. The goals of the contacts are to gain a deeper understanding of the factors driving the SELPA decision to conduct the IRT contact, to review the delivery of special education services to measure the extent to which student needs are being met and to gain understanding of any fiscal issues.

Past IRT contacts have resulted in follow-up contact with the charter by program specialists, agreed upon action plans for improvement, or even a decision to forgo federal funding for the following year, as well as making us aware of unique population characteristics that have and will likely continue to result in particular levels of SpEd identification rates.

**UNSPENT FUNDS**

Statewide, LEA local contributions from general education funds to cover total special education expenses during 2016-17 averaged in excess of 60%. For SELPA partners, the average is just over 20%. To see unspent special education funding in a charter is therefore an exceptional situation calling for further analysis. The Allocation Plan provides the following with regard to special education funding that remains unspent at the close of any fiscal year:

- Charters with unspent funds less than 25% of total annual funding must provide budget justification to be eligible for federal funding in the following year.
- Charters with unspent funds greater than 25% are automatically not eligible for federal funds in the following year.
- Charters with unspent funds greater than 25% will be moved to a reimbursement based state funding cash flow, with the intent that the charter shall spend the prior year unspent funds first.
- If need is not demonstrated, the funds will be allocated the next year to the Charter SELPA Legal Risk Pool.

**2017-18 PARTNER OVERSIGHT UPDATE**

At the close of 2016-17, a total of 19 charters had unspent funds:

- 4 had unspent funds equal to or greater than 25%, and are ineligible for federal funding this year. Per the Allocation Plan, these charters have been placed on reimbursement based funding for 2017-18.
- 15 had less than 25% unspent funds, and current year budgets were requested. Budgets were then assessed to determine the extent to which the unspent carryover balance will be expended in 2017-18. Based on this review, all 15 of these charters remain eligible for federal funding this year.

Based on final 2016-17 expenditure reporting, \$111,371 of unspent funds remained at the SELPA and will be transferred to the Legal Risk Pool as revenue in the current year.

**IDENTIFICATION RATES**

The statewide percent of students served in special education (2016-17 K-12) is approximately 11%.

- The Charter SELPA average for 2016-17 was 9.92%.
- The Charter SELPA average for 2017-18 (based on P-1 ADA and December 2017 counts) is 10%.

The first year a charter school is open, the focus is often on building programs and seeking students so the special education numbers may be lower. The numbers in the Charter SELPA reflect that first-year charters are serving approximately 9% of their students in special education. The second and subsequent years a charter school is open, special education numbers typically increase (10% for 2016-17).

2017-18 Charter SELPA Preliminary % of Students Served	Charter SELPA P-1 ADA	Charter SELPA Pupil Count Dec 2017	SpEd Count as % of ADA
Partners - First Year in SELPA	12,728	1,253	9.84%
Partners - 2 or more Years	158,555	15,882	10.02%
Total	171,283	17,135	10.00%

If a charter is above 14% or below 4% it may suggest that a greater analysis and review should be conducted. If a charter continues to be under 4% in the second year that may be a sign of concern; perhaps identification or program issues. Low identification rates often coincide with charters that have unspent funds.

**AUDIT REPORTS**

The following procedure was adopted by Charter SELPA CEO Council:

Charter SELPA will review annual audit reports and respond in writing if the following conditions occur:

- The audit report contains material findings relative to internal control.
- The audit report contains material findings relative to state and federal program compliance.
- The audit report provides data that would lead Charter SELPA to believe the charter is in danger of closure due to fiscal failure because of high debt ratios, significantly low reserves, and minimal cash balances.

The audit review focuses on going concern determinations, the qualified/unqualified opinion of the auditor, audit findings of a material nature that could impact state/federal compliance or future fiscal solvency, prior year net asset, cash sufficiency and operating surplus/deficit positions, and year-over-year trends.

**2017-18 PARTNER OVERSIGHT UPDATE**

Many CMO/Non-Profit Partner organizations submit a single audit report that encompasses all charters under the umbrella of the partner. As of March 1<sup>st</sup>, we have received audit reports from all but one partner representing 3 LEAs.

Following is a summary of the results of the 2016-17 audit review. The counts are reported on an unduplicated basis.

- 3 partners (11 LEAs) received a **negative going concern** designation
- 2 partners (3 LEAs) were issued **qualified** audit reports
- 1 partner (3 LEAs) had **material findings**
- 10 partners (19 LEAs) had **negative net asset** positions

**COMPLAINTS/COMPLIANCE ISSUES**

There were 12 state complaints in 2016-17. This compares to 8 complaints in 2015-16. All complaints were resolved within the required timeline.

**PARTICIPATION**

Building effective special education programs as a SELPA partner requires active engagement in governance and educational opportunities, as well as networking with peers for best practice information. Therefore, participation in Charter SELPA governance and steering meetings, as well as professional learning offerings, is tracked throughout the year.

If a partner has not been active from July through December, a formal letter is sent in January. Last month, 23 charters received letters detailing low participation rates and encouraging increased participation for the remainder of 2017-18. In 2016-17, 9 charters received low participation letters.

**RECOMMENDATION - NONE**

This report is provided for information only. SELPA administration is currently scheduling IRT contacts. An update on oversight determinations and outcomes will be presented at the May CEO Council meeting.



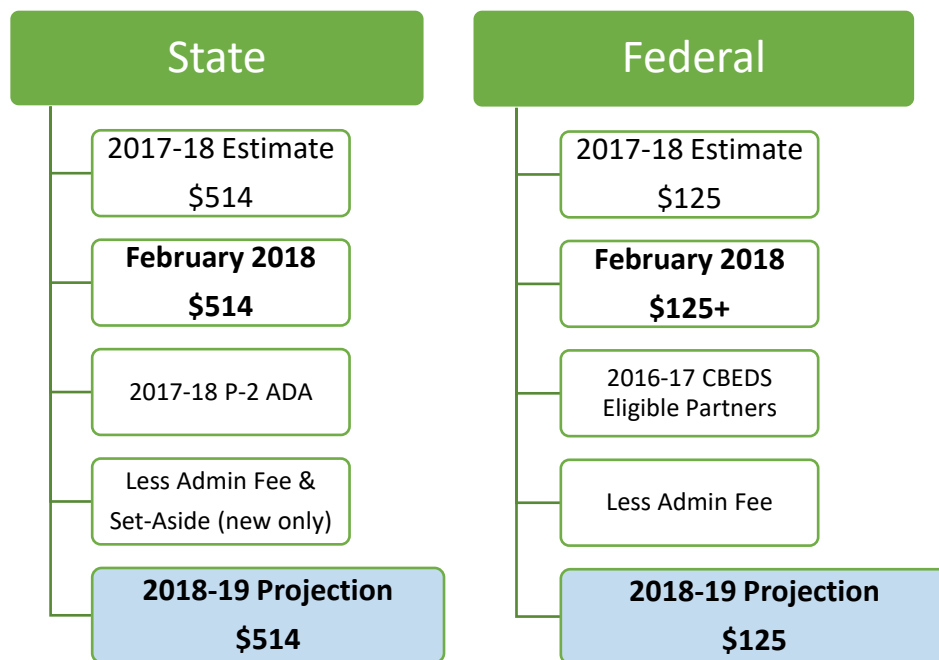
**BACKGROUND**

Allocation Plan language requires CEO Council to review 2017-18 funding rates, set 2018-19 rates, and receive a report on the impact of these rates on the Rate Smoothing Pool.

To provide greater predictability of funding, the Charter SELPA CEO Council established Allocation Plan language that does the following:

- Establishes a per-ADA rate for budgeting that incorporates a reasonable deficit projection.
- When funds are restored at subsequent certifications periods, the restored funds are placed in The Rate Smoothing Pool, with the primary intention being to use those funds to cover any deficit shortfalls in the following year.

**FUNDING PROJECTION SUMMARY**



**BUDGET UPDATE**

**DEFICIT UPDATE FOR 2016-17**

CDE recently released the final calculation of 2016-17 deficit. The deficit @ 2.63% was higher than the budgeted 2.00% (Table 1/Row 4). The results of 2016-17 highlight the need to proceed cautiously in making future projections about how the state will address the restoration of funding deficits in the future.

**Table 1**

				Actual	Funded
	<b>2016-17 Deficit Progression</b>			\$ 516.93	
2	Feb-17	96.7027%	3.30%	\$ 499.89	
3	Jun-17	97.3259%	2.67%	\$ 503.11	
4	Feb-18	97.3730%	2.63%	\$ 503.35	\$ 507.00
5					
6	<b>2017-18 Estimated</b>			\$ 524.99	Funded
7	Feb-18	96.8435%	3.16%	\$ 508.42	\$ 514.00
8	Estimated Jun-18	97.3259%	2.67%	\$ 510.95	
9	Estimated Feb-19	97.3730%	2.63%	\$ 511.20	

**DEFICIT UPDATE FOR 2017-18**

The 2017-18 deficit as of February 2018 is 3.16% resulted in a rate of \$508 (Table 1/Row 7). Applying the same deficit levels as seen in 2016-17, it is projected that the deficit as of June 2018 will decrease and result in a rate of \$511 (Table 1/Row 8), with very little change at P-1 in February 2019 (Table 1/Row 9).

**2017-18 BUDGET ASSUMPTIONS:**

- State \$514/CY P-2 ADA. The Rate Smoothing Pool has a sufficient balance to deliver the originally budgeted rate of \$514.
- Federal \$125/PY Enrollment. CDE’s grant calculations have been delayed. When received, adjustments for eligible partners will be made (e.g. LEAs with unspent funds in the prior year greater than 25% are not eligible, and some LEAs may opt out voluntarily). Those adjustments will lead to a final rate above the \$125.

The Rate Smoothing Pool was budgeted to end the current year with a balance of \$940K based on a 2.00% final deficit for 2016-17 (Table 3/Cell B10). However, the 2016-17 deficit was finalized at 2.63%. As a result, the pool is now expected to end the year at a balance of \$492K (Table 3/Cell C10).

**2018-19 BUDGET ASSUMPTIONS:**

- State Given rising inconsistency in the restoration of the deficit, SELPA leadership recommends holding constant the state rate of \$514 per P-2 ADA, based on a 2.51% COLA (Table 2/Row 2) and a deficit projection within a range of 3.00% to 2.60% (see Table 2/Rows 4-6).
- Federal Projecting a \$125 rate. Assumes no significant changes to federal grant dollars – base rate of \$120 + \$5 per CBEDS from partners not eligible to receive federal dollars due to unspent funds.

Assuming the 2016-17 deficit trends for 2017-18, a 2.63% final deficit would bring an additional \$42,600 to the pool in February 2019 (Table 3/Cell D2). Applying those same deficit assumptions in 2018-19, the pool would need to provide \$200,000 (Table 3/Cell D6) in order to deliver the \$514/ADA rate. This

**BUDGET UPDATE**

would leave an anticipated balance in the pool of \$334K at the end of 2018-19 (Table 3/Cell D10).

**Table 2**

	2018-19 Projected Rate		Charter SELPA Member Rate	SELPA PS/RS Portion	Statewide Target Rate
1	State Rate/Charter Rate		\$ 516.93	\$ 15.75	\$ 532.68
2	COLA (2.51%)		\$ 12.97	\$ 0.40	\$ 13.37
3	2018-19 Estimated Rate		\$ 529.90		
4	2018-19 Estimated Deficit	3.16%	\$ 513.00		
5	2018-19 Estimated Deficit	2.67%	\$ 516.00		
6	2018-19 Estimated Deficit	2.63%	\$ 516.00		

**Table 3**

	Charter SELPA Rate Smoothing Pool	2016-17	2017-18 Projected (October)	2017-18 Projected (March)	2018-19 Projected
		A	B	C	D
1	Prior Prior Year Deficit Restoration			255	
2	Prior Year Deficit Restoration	625,917	564,000	31,849	42,600
3	Total Revenue	625,917	564,000	32,104	42,600
4	Prior Prior Year Rate Guarantee	1,210			
5	Prior Year Rate Guarantee				
6	Current Year Rate Guarantee	554,458	600,000	516,709	200,000
7	Total Expenditures	555,668	600,000	516,709	200,000
8	Income less Expenditures	70,249	(36,000)	(484,605)	(157,400)
9	Beginning Balance	906,099	976,348	976,348	491,743
10	Ending Balance	976,348	940,348	491,743	334,343

**RECOMMENDATION**

CEO Executive Committee is asked to review the recommendation to CEO Council to set rates as follows:

**2017-18**

The state funding rate is set at \$514 before admin fee & set-aside for new charters.

**2018-19**

The state funding rate is set at \$514 before admin fee & set-aside for new charters (will be updated with Governor’s May revise and final COLA).

Deficit restoration for the past three years has been relatively consistent because of statewide property tax growth. Based on 2016-17, it appears that this consistency may not continue. Further, an economic recession impacting real property values and in turn tax revenues would negatively impact deficit restoration. As a result, SELPA leadership recommends a cautious approach to rate setting in the near term and building back up the balance in the Rate Smoothing Pool.

This projection will be shared with the field as budgeting advice, discussed at the May CEO Executive Committee meeting, and updated prior to the May CEO Council Meeting with the final budget.



**Issue**

Report CEO Council survey results for 2018-19 CEO Council meeting structure.

**CEO Council Survey Results**

The Charter SELPA CEO Council meets in October (Oakland) and May (San Diego) of each year. All official voting is done by CEO Council on issues of policy and funding distributions, with each charter LEA having one vote.

We are conscious of the many demands on charter leaders’ time as CEOs of their organizations. As such, we have organized the governance meetings to hold only two meetings of the full CEO Council annually. We recently requested input, via an online survey, regarding our CEO Council meeting structure.

We received 25 responses and the results of the survey question are as follows:

**CEO Council Meeting Survey**

**As CEO, what is your preferred method to attend CEO Council meetings?**

In Person:	15
Online:	9
No Preference	1

**Please rank your preferences for the following three options:**

	<u>1<sup>st</sup></u> <u>Choice</u>	<u>2<sup>nd</sup></u> <u>Choice</u>	<u>3<sup>rd</sup></u> <u>Choice</u>
<b>Option A: Two in-person CEO Council meetings (per year)</b>	11	5	9
<b>Option B: One on-line CEO Council meeting and one in-person CEO Council meeting (per year)</b>	11	14	0
<b>Option C: Two on-line CEO Council meetings (per year)</b>	3	6	16

**Comments for In Person Preference:**

- Ability to ask question and have deeper conversations with the SELPA staff is important.
- It is easier for me to hold attention for the entire session in person. When I am online, inevitably people at school interrupt the session or I end up multi-tasking. I also like networking with other charter leaders and seeing what similar issues they are facing, which isn't really possible in person.
- It is preferable to meet and engage with others in person.
- More personalized and able to connect with peers.
- Staying connected.
- Ability to network, discuss issues with colleagues, and connect with staff in person.
- My preference is in person, but those times that my schedule will not allow to travel having an on-line option will be convenient.
- Connections/relationships/partnership.
- Networking.
- It's inconvenient to travel (I'm site-based and my preference is always to stay on site or as close to on site as possible!).
- Like to see and talk with other Charter leaders.



- To connect with others.
- Have a chance to meet and talk with other charter leaders.
- It is good to come together and twice annually with other CEO Council members, both for networking/best practice ensure we are all actively engaged in the business of the organization.

***Comments for Online Preference:***

- Less travel and time. I don't mind going to the one Nor Cal meeting to meet people, but I'd prefer to do the San Diego one online.
- I work remotely for my schools and the meetings don't always line up with when I'm in town.
- Unless the meetings are in San Diego I prefer to spend a couple of hours online rather than a whole day traveling & meeting.
- I do not have to leave my site.
- Most of us wear many hats and can't be away for a day or more. Even one sick day sets you back two or three....
- I miss seeing everyone in person and the collegiality that affords, but I can easily commit to a 1 or 2 hour phone conference vs. a half-day or whole-day meeting."
- Decreased travel costs.
- Time saving
- I have difficulty taking time off to travel. It works to have the meeting online.
- I have done both and get a lot out of the online meeting without having to miss a whole day of work to attend in person. Also, we do so many of our organizational meetings online, that I feel that it is effective since I am so used to it.

**Recommendation - None**

This information has been gathered to assist in a conversation with Executive Committee regarding the meeting structure of our CEO Council meetings.