



Chapter 24: Fiscal Allocation Plan

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Section A – AB 602 Background: A Change in the Way We Fund Special Education

In 1997, in response to the statewide need for a less complex and more equitable funding model for special education, AB 602 legislation was passed in the State of California. The “base year” for the new funding model was 1997/98. Essentially, the State moved from a unit-based funding model which relied upon the number of identified special education students, to a per ADA model, which created placement neutral funding for special education. Special Education Local Plan Areas (SELPA) were no longer funded based on the number of special education students within their member districts, but rather funded in line with the K-12 population of their districts. In addition to the per ADA rate, this legislation initially provided funding for COLA, growth, equalization (enabling low-funded SELPAs to be leveled up to the statewide average), and “high need” students (special disabilities adjustment).

For Desert/Mountain SELPA, like any other multi-agency SELPA, this model represented a major change in doing business. Previously, special education funding was allocated directly to each district and county office based on the Instructional Personnel Service (IPS) units that agency was allocated and operated. Per AB 602, funding is now calculated for the SELPA as a whole, and it is the SELPA’s responsibility to allocate funding among its member agencies based upon an allocation procedure approved by the SELPA Board of Directors.

The model developed at that time also included federal local assistance funds as part of the AB 602 funding formula. A statewide target rate (STR) for per ADA funding was established. For FY 2012/13 that amount was \$465.4404354505. This combined with federal local assistance funds brought most SELPAs to a per ADA average of about \$650. However, with federal local assistance funds disbursed one year in arrears, and with growth ADA being paid at the STR, an ever-widening gap was created for SELPAs that experience ADA growth each year.

In 2013, the Governor’s budget addressed this anomaly by separating federal funding from the AB 602 formula. State special education funding continues to be based on ADA. However, federal local assistance funds are allocated outside of the AB 602 formula.

Section B – Meeting the Challenge

The Desert/Mountain SELPA Board of Directors chose to be proactive in meeting the challenge of AB 602. A SELPA Funding Allocation Plan was developed using the following guidelines.

- Provide an incentive for developing and implementing cost-effective programs for special education students in public school programs;
- Provide no incentive for districts to over-identify students for special education services;
- Have a phase-in plan to hold districts at the 1997-98 level of funding for unit rates and support service ratios (at least) for the first year of implementation;

- Equalize per ADA funding among districts over time by leveling up;
- Acknowledge that the AB 602 Funding Allocation Model will not cover the total costs of special education services;
- Recognize that districts have been, and will need to continue, contributing revenue limit dollars earned by special education pupils and general fund contributions to cover special education costs, and;
- Keep program requirements in mind.

Section C – Revenues Included in the State AB 602 Model

1997/98 revenues that were included in a SELPA’s base include:

- Deficit State Aid for special education for both the ages 5-21 programs and the preschool programs (ages 3-5). These include revenue for IPSUs (units), support services (SSR), extended year, and non-LCH/FFH nonpublic school/agency placements;
- Federal Aid for the age 5-21 programs (PL 94-142 Local Assistance Entitlements);
- Property Tax for special education (excluding property tax for infant programs);
- 97/98 Equalization revenue at the funded level;
- Revenue for units transferred to another SELPA for regular year only;
- County Schools longer day/year funding; and
- County Schools supplemental funding for continuous year juvenile court school programs (effective 2004/05 fiscal year for D/M SELPA due to the opening of a new Juvenile Hall in the high desert region)

In FY 2013/14, Federal Aid (PL 94-142 Local Assistance Entitlement) is funded separately. The base also now includes funds that previously were excluded (i.e., State Aid for Regionalized Services/Program Specialists and funds previously provided for K-12 Staff Development). Additionally, funds for Low Incidence Equipment and Materials and Low Incidence Services have been consolidated into one award.

Section D – Revenues Excluded from the State AB 602 Model

1997/98 revenues that are excluded from a SELPA’s base include:

- Revenue Limits for special education ADA (SDC and NPS);
- J-50 Infant Units;

- Part C Federal Aid for Infants;
- State aid for Low Incidence materials and equipment;
- State aid for Regionalized Services/Program Specialists;
- NPS/NPA funding for pupils in Licensed Children’s’ Institutions/Foster Family Homes (LCI/FFH);
- Revenue for units transferred into a SELPA;
- Federal aid for preschool programs (both the PL 99-457 Federal Preschool entitlement and PL 94-142 Preschool Local Assistance entitlement);
- Federal aid for Low Incidence services; and
- Project Workability and other federally funded programs, including LCI emergency funds.

Although these programs are excluded from the base calculation, SELPAs/LEAs continue to be funded separately for them.

Section E – Components of the State AB 602 Exhibits

The 2013/14 State Exhibits include the following sections:

1. Section A - ADA and rates
2. Section B - Base (E.C. 56836.10)
3. Section C - COLA (E.C. 56836.08(d))
4. Section D - Growth (E.C. 56836.15)
5. Section E - Low Incidence Materials and Equipment and/or Services (E.C. 56836.22)
6. Section F - Out of Home Care (E.C. 56836.165)
7. Section G - Nonpublic Schools (NPS) Extraordinary Cost
8. Section H - Adjustment for Necessary Small SELPA (NSS) with Declining Enrollment
9. Section I - Apportionment Summary

The State Budget Act provides separate budget appropriations for each of these components. As a result of having separate appropriations, if funding of a component is insufficient, a separate deficit factor is calculated for that component.

ADA revenue for school district operations is calculated based upon the Local Control Funding Formula (LCFF) and accrues directly to the district of residence for students served in County programs. In order to properly attribute ADA revenue to the service provider, funds generated by students served in county-operated programs will be transferred from the district of residence to the County Office of Education based on the LCFF formula of the district of residence to include a proportionate share of the district concentration grants.

Revenue for the provision of mandated Regionalized Services/Program Specialists (RS/PS) services will be allocated to the Desert/Mountain SELPA from state revenues (resource 6500) based on a five-year historical percentage of 3.52663% (See Exhibit C).

The various Funding Exhibits for each individual SELPA are available at the following website: <http://www.cde.ca.gov/fg/aa/se/ab602apptdat.asp>

Section F – ADA Defined for AB 602 Purposes

As contained in E.C. 56836.06 and E.C. 41601, the ADA used in the special education funding formula is the SELPA’s **TOTAL** K-12 ADA for all students within the SELPA districts and charter schools (not just special education ADA) from the sources listed below. P-1 ADA will be used at the First Principal Apportionment; P-2 ADA will be used at the Second Principal Apportionment. P-2 ADA, including corrections, and replacements of Annual ADA where indicated in **boldface** below, is used for the Annual Apportionment and any subsequent Annual Apportionment recertifications.

Definition of AB602 K-12 ADA **Fiscal Year 2012-13**

*AB602 ADA – Education Code (E.C.) Sections 41601 and 56836.05
The Special Education Funding Formula for 2012-13. Annual certifications use each SELPA’s total K-12 ADA from the sources below. ADA associated with ROC/P and Adult Education is not included.*

Attendance COE

COUNTY OFFICES OF EDUCATION	ENTRY FIELDS	PERIOD
County School Tuition Fund	A-1	Annual
Juvenile Hall, Homes and Camps	A-2	Annual
County Group Home and Institution Pupils	A-3	Annual
Community Schools Pupils – Probation referred or on probation or parole, expelled, homeless	A-4 + A-5 + A-6	Annual
Opportunity Schools and Full-day Opportunity Classes	A-7	Annual
Specialized Secondary Schools	A-8	Annual
Technical, Agricultural, and Natural Resource Conservation Schools	A-9	Annual
ADA for students in CalSafe	A-10	Annual
Community Day School Program	A-11 + A-12	Annual

Attendance County Operated Programs COE (credited to County of Attendance)

COUNTY OFFICES OF EDUCATION	ENTRY FIELDS	PERIOD
County Community Schools	A-1	P-2
Special Day Class	A-2	P-2
Special Education Students Extended Year	A-3	Annual
Special Ed – Nonpublic, Nonsectarian Schools	A-4	Annual
Special Ed – Nonpublic, Nonsectarian Schools Extended Year	A-5	Annual
Special Ed – Nonpublic School/Licensed Children’s Institution	A-6	Annual
Special Ed – Nonpublic School/Licensed Children’s Institution Extended Year	A-7	Annual

School Districts

SCHOOL DISTRICT	ENTRY FIELDS
School District of Attendance School District Attendance Supplement (credited to District of Attendance) Basic Aid “Choice”/Court Ordered Voluntary Pupil Transfer (credited to District of Attendance) Basic Aid Open Enrollment (credited to District of Attendance)	A-1 + A-2 + A-3 + A-4

School Districts

SCHOOL DISTRICT	ENTRY FIELDS	PERIOD
Kindergarten through Grade 12	A-5	P-2
Continuation Education	A-6	P-2
Opportunity Schools and Full-Day Opportunity Classes	A-7	P-2
Home and Hospital	A-8	P-2
Special Education – Special Day Class	A-9	P-2
Special Education – Nonpublic, Nonsectarian Schools	A-10	Annual
Special Education – Nonpublic, Nonsectarian Schools/Licensed Children’s Institution	A-11	Annual
Community Day School	A-12 + A-13	Annual

SCHOOL DISTRICT	ENTRY FIELDS	PERIOD
Extended Year ADA	A-14 + A-15 + A-16	Annual

***Charter Schools**

Attendance Charter School Block Grant EHS

CHARTER SCHOOLS	ENTRY FIELDS	PERIOD
Regular Elementary and High School	A-1, A-3, A-5, A-7, A-9, A-11, A-13, A-15, A-17, A-19	P-2
Extended Year Special Education Students	A-19	Annual
Extended Year Special Education, Nonpublic, Nonsectarian Schools [E.C. 563669a)(7)]	A-21, A-23, A-25, A-27, A-29	Annual
Extended Year Special Education, Nonpublic, Nonsectarian Schools/Licensed Children's Institutions	A-31, A-33, A-35, A-37, A-39	Annual
Special Education – Nonpublic, Nonsectarian Schools/Licensed Children's Institutions	A-41, A-43, A-45, A-47, A-49	Annual
Special Education – Nonpublic, Nonsectarian Schools ADA [E.C. 56366(a)(7)]	A-51, A-53, A-55, A-57, A-59	Annual

Attendance Charter School Block Grant Unified Resident

CHARTER SCHOOLS	ENTRY FIELDS	PERIOD
Regular Elementary and High School	A-1 + A-3 + A-5 + A-7 + A-9	P-2
Extended Year Special Education Special Day Class	A-11 + A-13 + A-15 + A-17 + A-19	Annual
Extended Year Special Education, Nonpublic, Nonsectarian Schools [E.C. 56366(a)(7)]	A-21 + A-23 + A-25 + A-27 + A-29	Annual
Extended Year Special Education, Nonpublic, Nonsectarian Schools/Licensed Children's Institutions	A-31 + A-33 + A-35 + A-37 + A-39	Annual
Special Education – Nonpublic, Nonsectarian Schools/Licensed Children's Institutions	A-41, A-43, A-45, A-47, A-49	Annual
Special Education – Nonpublic, Nonsectarian Schools ADA [E.C. 56366(a)(7)]	A-51, A-53, A-55, A-57, A-59	Annual

Attendance Charter School Block Grant Unified Non-Resident

CHARTER SCHOOLS	ENTRY FIELDS	PERIOD
Regular Elementary and High School	A-63, A-65, A-67, A-69, A-71	P-2
Extended Year Special Education Students	A-73, A-75, A-77, A-79, A-81	Annual
Extended Year Special Education, Nonpublic, Nonsectarian Schools [E.C. 56366(a)(7)]	A-83, A-85, A-87, A-89, A-91	Annual
Extended Year Special Education, Nonpublic, Nonsectarian Schools/Licensed Children’s Institution	A-93, A-95, A-97, A-99, A-101	Annual
Special Education – Nonpublic, Nonsectarian Schools ADA [E.C. 56366(a)(7)]	A-113, A-115, A-117, A-119, A-121	Annual

Attendance Charter School Block Grant – SBC

CHARTER SCHOOLS	ENTRY FIELDS	PERIOD
Regular Elementary and High School	A-1, A-3, A-5, A-7, A-9, A-11, A-13, A-15, A-17, A-19	P-2
Extended Year Special Education Students	A-19	Annual
Extended Year Special Education, Nonpublic, Nonsectarian Schools [E.C. 56366(a)(7)]	A-21, A-23, A-25, A-27, A-29	Annual
Extended Year Special Education, Nonpublic, Nonsectarian Schools/Licensed Children’s Institutions	A-31, A-33, A-35, A-37, A-39	Annual
Special Education – Nonpublic, Nonsectarian Schools/Licensed Children’s Institutions	A-41, A-43, A-45, A-47, A-49	Annual
Special Education – Nonpublic, Nonsectarian Schools ADA [E.C. 56366(a)(7)]	A-51, A-53, A-55, A-57, A-59	Annual

Attendance Charter School Block Grant COE

CHARTER SCHOOLS	ENTRY FIELDS	PERIOD
Regular Elementary and High School	A-1 + A-3 + A-5 + A-7 + A-9	P-2
Extended Year Special Education Special Day Class	A-11 + A-13 + A-15 + A-17 + A-19	Annual
Extended Year Special Education, Nonpublic, Nonsectarian Schools [E.C. 56366(a)(7)]	A-21 + A-23 + A-25 + A-27 + A-29	Annual

CHARTER SCHOOLS	ENTRY FIELDS	PERIOD
Extended Year Special Education, Nonpublic Nonsectarian Schools/Licensed Children's Institutions	A-31 + A-33 + A-35 + A-37 + A-39	Annual
Special Education – Nonpublic, Nonsectarian Schools ADA [E.C. 56366(a)(7)]	A-51 + A-53 + A-55 + A-57 + A-59	Annual

Attendance Charter School – Revenue Limit

CHARTER SCHOOLS	ENTRY FIELDS	PERIOD
Kindergarten through Grade 12 – Resident	A-1 + A-3 + A-5 + A-7 + A-9	P-2
Kindergarten through Grade 12 – Non-Resident	A-25 + A-27 + A-29 + A-31 + A-33	P-2
Special Education – Special Day Class	A-11 + A-35	P-2
Special Education – Nonpublic, Nonsectarian Schools	A-13 + A-15 + A-37 + A-39	Annual
Extended Year ADA	A-17 + A-19 + A-21 + A-41 + A-43 + A-45	Annual

Attendance COE Charter School – Revenue Limit

CHARTER SCHOOLS	ENTRY FIELDS	PERIOD
County School Tuition Fund	A-1	Annual
Juvenile Hall, Homes and Camps	A-3	Annual
County Group Home and Institution Pupils	A-5	Annual
Community Schools Pupils – Probation referred or on probation or parole	A-7	Annual
Community Schools Pupils – Expelled	A-9	Annual
Community Schools Pupils – Homeless	A-11	Annual
Opportunity Schools and Full-Day Opportunity Classes	A-13	Annual
Specialized Schools	A-15	Annual
Technical, Agricultural, and Natural Resource Conservation Schools	A-17	Annual
ADA for students in CalSafe	A-19	Annual
Community Day School Program	A-21 + A-23	Annual

Attendance County Operated Charter Schools Program COE

CHARTER SCHOOLS	ENTRY FIELDS	PERIOD
County Community Schools	A-1	P-2
Special Day Class	A-3	P-2
Special Day Class Extended Year	A-5	Annual
Special Education – Nonpublic, Nonsectarian Schools [E.C. 56366(a)(7)]	A-7	Annual
Special Education – Extended Year – Nonpublic, Nonsectarian Schools [E.C. 56366(a)(7)]	A-9	Annual
Special Education – Nonpublic School/Licensed Children’s Institution	A-11	Annual
Special Education – Nonpublic School/Licensed Children’s Institution Extended Year	A-13	Annual

****NOTE: Charter School ADA may be adjusted for a State Board of Education approved funding determination pursuant to Senate Bill 740 (Chapter 892, Statutes of 2001)***

Legend:

AB602: Assembly Bill 602; SELPA: Special Education Local Plan Area; ADA: Average Daily Attendance; ROC/P: Regional Occupational Center/Programs

Prepared by:
California Department of Education
School Fiscal Services Division
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The following is a summary of the primary features of the Desert/Mountain funding allocation model:

FEATURE	DESCRIPTION/INFORMATION
ADA Based	SELPA-wide ADA will be aggregated and used to calculate the SELPA AB602 apportionment. District ADA will include (1) district generated ADA (see ADA Defined for AB602 Purposes) and, (2) the county ADA generated by students from their district of residence. District ADA will be used to allocate the AB602 apportionment to each district.
Entitlements	All districts will be entitled to a “Base Allocation” that includes growth and/or decline.

FEATURE	DESCRIPTION/INFORMATION
	The first source of funding for special education will be those received by the district/charter in support of education as generated by students with special needs (received directly by each district or charter school as part of the K-12 funds for education). The second source of revenue will be the AB602 apportionment. Each SELPA Member District must spend an equal amount of general fund dollars for students with special needs equivalent to average general fund expenditures for nondisabled students prior to spending any federal IDEA funds (as determined via the “Excess Cost” reporting tool.
Equalization	This model equalizes each SELPA Member’s/District’s per-ADA rate.
Small School District Protection	Funding for Small School Districts, defined as districting having ADA of 1500 or less (currently Baker Valley, Helendale, Needles, and Trona) will be protected at the 1997-98 level subject to adjustments for program transfers and/or at the amount of revenue generated by their current actual ADA calculation (whichever is less).
NPS/NPA Costs	By approval of the SELPA Local Plan, the governing board of each participating member/district authorizes the SELPA to process NPS/NPA contracts and invoices on their behalf. Contract invoices will be paid by the SELPA and billed back to the districts per the Board approved X-Pot procedure.
Due Process/Dispute Resolution Pool	To protect member/districts from the potentially high cost of due process litigation and other expenses approved by the SELPA Board, SELPA member/districts agree to maintain a self-insurance pool (X-Pot) with an annual targeted reserve level of \$500,000.
State Special School Costs	All districts and County Operations will be 100% responsible for State Special School service costs provided for their students. These costs will be reimbursed via the X-Pot per the Board approved X-Pot procedure.
Due Process and NPS Processing Costs	Each district and County Operations will make an X-Pot contribution on a per-pupil basis, based on current year’s December P-1 Pupil Count. The per-pupil contribution rate is recalculated and Board approved each year.

FEATURE	DESCRIPTION/INFORMATION
Regional Services – Students Served Outside District of Residence	<p>“Regional Service Rates” (aka Fee-for-Service) will be established for each placement or type of service provided outside of a student’s district of residence. Based upon the established Regional Service Rates, each district of residence will be charted for the regional services that are provided. For students received duplicate services, the district will be charged for each service separately. The SELPA will calculate these charges for each district based upon duplicated Pupil Counts.</p> <p>Regional Service Rates will be presented to the Board at the time of budget adoption for approval for use in the upcoming fiscal year. Rates may also be added or adjusted during the year with Board approval.</p>
Deficit “Excess” Costs Bill Back Procedure	<p>The need for an Excess Cost Bill Back Procedure to bill districts for excess costs in the County Operated programs, should be eliminated with the establishment of the “Regional Service” fee procedure. In the event, however, that an unexpected deficit is incurred by County Operated programs, an Excess Cost Report will be presented to the SELPA Board for approval.</p>
Dependent Charter School	<p>A Charter School is considered “Dependent” if they have not applied and been accepted into a SELPA as a Local Education Agency (LEA) member. As such, the charter is considered a school of the sponsoring district. Revenue generated/earned by a “dependent” charter is passed to the sponsoring district for distribution per their district policies or MOU between the district and the charter school. A calculation to determine recommended funding levels for each is prepared as delineated in Section J.</p> <p>NOTE: Not all “Directly Funded” charter schools are considered “Independent LEAs” for special education purposes.</p>
Independent Charter School	<p>A Charter School is considered “Independent” if their charter identifies them as a Local Education Agency (LEA); and they have applied for SELPA membership to the SELPA Board of Directors and been accepted as an Independent LEA Charter School. Revenue is paid directly to an Independent Charter School and not passed through to the sponsoring district.</p>

Section G – Base Allocation Principles

- Equitable distribution of special education revenues to all districts is the primary fiscal goal of AB602. To accomplish this purpose, all districts share equally in the allocation and apportionment of AB602 revenues. The SELPA-wide per ADA rates (base, COLA, equalization, growth (if applicable) and other) as reflected on the State AB602 Exhibit (subject to the deficit), along with the federal IDEA funds for age 5-21 programs (PL 94-142 Local Assistance Entitlements), will be used to calculate revenue distributions for all districts. It should be noted that Federal IDEA Local Assistance funds are included in the calculation to establish the “blended” per ADA rate. However, they are distributed to SELPA members/districts based on current year December Pupil Count.
- It is the intent that no district entitlement will be lower than the revenues received for their 1997-98 units from State Aid under the J-50 process. However, this entitlement is subject to adjustment as a result of declining enrollment and/or if special education programs are no longer operated within the district.
- Regionalized Services/Program Specialist (RS/PS) funds will be deducted from the State portion of AB602 funds at an historical average five-year rate of 3.52663% (See Exhibit C) prior to the calculation of district total special education per-ADA rates.
- District total special education per-ADA rates will be recalculated annually. Additional recalculations will follow each CDE certified AB602 Funding Exhibit (P-1, P-2, Annual, Annual R-1, Annual R-2, and Annual R-3).
- The primary source of funding for district special education services is the equitable share of general fund revenues generated by the proportionate amount of time that students with disabilities spend in special education classes.
- AB602 revenue is intended to supplement general fund revenues to cover the excess costs of providing special education services to students with disabilities.

AB 602 Fiscal Allocation Plan

The Desert/Mountain SELPA AB602 Fiscal Allocation plan consists of the following elements:

ADA used for the SELPA Fiscal Allocation Plan is described in the previous section entitled “ADA Defined for AB 602 Purposes” and is based on actual current year SELPA-wide ADA, ADA for students in Regional placements, other than Juvenile Hall, accrues to the student’s district of residence for the SELPA revenue calculations. For students enrolled in Charter Schools, the ‘district of residence’ is regarded as being either the independent LEA charter or the district that authorized the dependent charter. This will be referred to as “*district of residence ADA.*” ADA will be the **Funded** ADA in any given fiscal year. Funded ADA for school districts and independent LEA charter schools is P-2 ADA, with the exception of Nonpublic School and Community Day School, which is Annual (ADA source documents J-18/19, J-18/19B, J-18/19S, and J-18/19CH). Funded ADA for County-operated programs is Annual, with the exception of County Community School and Master Plan Special Day Class, which is P-2 (ADA source documents J-27/28 and J-18/19C Supplement).

1. AB 602 Revenue for district operated programs and LEA Charter Schools will be distributed as follows, to establish the overall rate per ADA, per the model contained in **Exhibit A**:
 - A. **BASE REVENUE**: Total amount per K-12 ADA is distributed equally to LEAs based initially on prior year **district of residence** ADA and subsequently revised at P-1 and P-2 for current year actual;
 - B. **PROPERTY TAX**: Total amount per K-12 ADA is distributed equally to LEAs based initially on prior year **district of residence** ADA. Revised at P-1 and P-2 for current year actual.
 - C. **LOCAL ASSISTANCE (K-12 Part B, Federal IDEA, PL 94-142)**: Total amount per K-12 ADA is distributed equally to LEAs based initially on prior year **district of residence** ADA. Revised at P-1 and P-2 for current year actual. These funds are included to arrive at the per ADA amount of funding for all SELPA member/districts. The amount each entity receives for each grant award period is ultimately distributed based on current year December pupil count and is also subject to federal and state spending requirements.
 - D. **COLA**: Per K-12 ADA distributed equally to LEAs based initially on prior year **district of residence** ADA. Revised at P-1 and P-2 for current year actual.
 - E. **EQUALIZATION (if applicable)**: Per K-12 ADA distributed equally based initially on prior year **district of residence** ADA. Revised at P-1 and P-2.
 - F. **GROWTH**: Per K-12 ADA distributed equally to districts based initially on current year district of residence ADA. Revised at P-1 and P-2 for current year actual.
 - G. **REGIONAL PROGRAMS**: Funded as a revenue deduct expense, based upon the Regional Services fee-for-service schedule, from the **district of residence** per K-12 Apportionment revenue.
 - H. **INDEPENDENT CHARTER SCHOOLS**: Funded based upon the Fee for Service Schedule from those revenues generated by the Charter's K-12 ADA. With the exception of seat-time Independent Charter Schools which are fully funded.
2. For regional program operators (e.g., County programs) the revenue distribution is based on Fee for Service methodology.

(See Exhibit A for AB 602 Revenue Distribution)

Section H – Regional Programs

The “Regional Program” concept has been developed by the Desert/Mountain SELPA to address very specialized student program needs. Regional program funding is determined using the Fee for Service schedule and distributed to Regional Program operators from the AB 602 K-12 revenue after the per ADA distribution to LEAs (i.e., as a revenue deduct to the district of residence).

These programs are designed by the program operator based on requested services, reviewed by the Steering Committee and approved by the Board of Directors. Any LEA may be a Regional Program operator, but must adhere to the approved budget, program design, including staff: student ratio, daily/annual length of operation, curriculum, support systems/support staff, and staff development as prescribed under the Desert/Mountain SELPA Local Plan.

Any Regional Program proposed modification by the program operator must be reported to the Steering Committee and presented to the Board of Directors for approval.

Regional Programs must be reviewed annually by December 15 by the Steering Committee. Any recommended changes in Regional Programs for the next fiscal year (e.g., addition or deletion of classes), shall be presented to the Board of Directors for approval.

Regional Program revenue projections are based on one of two methodologies, with revenue being distributed to Regional Program operators from the SELPA-wide AB 602 K-12 revenue PRIOR TO any per ADA distribution to LEAs (i.e., “off the top”) (NOTE: Regional Programs are funded from Fee for Service revenue for specialized programs based on fees established to fund these programs at 100% of the cost of operation):

- 1) ***Existing Regional Programs*** approved for the next fiscal year, prior year actuals adjusted by current year COLA and any program design changes (expansion, reduction, etc.);
- 2) ***New Regional Programs*** will be initially funded based on cost projections, then adjusted to actuals as the year progresses.

All revenue and expenditures for Regional Programs MUST be tracked in a program (management code) separate from any other special education programs.

Regional Program operators must provide Revenue and Expenditure Reports for each program operated to the SELPA Finance Committee, Steering Committee, and Board of Directors identifying the following:

- Prior Year Actuals, including ending balance and FTE;
- Current Year Budget, including beginning balance and FTE;
- Current Year Expenditures, including FTE;
- Current Year Ending Balance

The Revenue and Expenditure Report schedule is as follows:

1st INTERIM, no later than DECEMBER 15 - current year from July 1 – October 31, including revised annual projections

2nd INTERIM, no later than MARCH 15 – current year from July 1 – January 31, including revised annual projections

No later than MARCH 15 – budget for following fiscal year

FINAL, no later than SEPTEMBER 15 – prior year actual from July 1- June 30

Regional Program operators **MUST** report deficits or surpluses to the Finance Committee, Steering Committee, and Board of Directors **as soon as evident**. This report shall include justification for the deficit or surplus. Any modifications to the approved budget shall be reviewed by the Finance and Steering Committees, and presented to the Board of Directors for final approval.

After the close of each fiscal year, Regional Program surpluses or deficits **may be** adjusted to zero (\$0) by the SELPA through the following fiscal year's Annual AB 602 Apportionment cycle. Adjustments shall be made via the same ADA methodology in which the original revenue was generated through the "off the top" model; **or may be** used to reduce the need for increases in the fee for services rates in the following fiscal year.

If an LEA is no longer the program operator, revenue shall be transferred to the new program operator. If the program is discontinued, existing revenue may be used to fund other existing, or new, Regional Programs as recommended by the Finance and Steering Committees, and presented to the Board of Directors for approval. Excess revenue shall be returned to the SELPA member districts via the same ADA methodology under which the Regional Program revenue was generated.

Section I – Fee for Service (FFS)

The Fee for Service mechanism has been developed to provide revenue for students in Regional Program placements (e.g., a Snowline student in an SDC class operated by Hesperia or San Bernardino County). The **Fee for Service Rates** range from the less intense placements/cost to the more intense placements/cost (i.e., from DIS to SH/SDC). The Fee Schedule shall be reviewed annually by the Finance and Steering Committees to determine future year's cost factors. Annually, by March 15, statewide fiscal changes that may impact the current year's Fee Schedule Cost Factors shall be identified and addressed by the Finance and Steering Committees. Recommendations to alter the annual Fee Schedule cost factors shall be submitted to the Board of Directors for approval. (*Refer to the Desert/Mountain SELPA Fee for Service Procedure for the detailed procedure.*)

Section J – Charter Schools

Special Education Funding

Special Education funding is calculated at the SELPA level per AB 602 via the state prepared Special Education Funding Exhibit. The Special Education Exhibit calculates the revenue, generated on a per ADA basis by multiplying the SELPA-wide ADA by the current Statewide Target Rate(s). The funding calculation includes separate rates for Base, COLA, Growth, NPS/NPA and Equalization (if applicable). These rates are combined by the SELPA to form a blended rate and is distributed equally to the member Districts on a per ADA basis.

A. LEA Charter Schools

Special Education funding for LEA Charter School(s) operating “seat time” special education programs shall be the special education revenue generated by the current period Charter ADA according to the base allocation principles of Section G.

Special Education funding for LEA Charter School(s) operating “non-seat-time” special education programs is limited to the lesser of (1) the special education revenue generated by the current period Charter ADA, or (2) the SELPA’s ‘Charter Base plus Fee’ revenue calculation. This revenue calculation is a combination of two components (1) the Base, calculated for the current fiscal year at 18% of the special education revenue generated by the Charter’s total ADA at P-2, plus (2) the SELPA Fee-for-service calculated for all special education services provided by the Charter to students at P-1 and P-2.

This revenue is estimated at P-1 and finalized at P-2. Prior to 2004/05 payments were made at P-1, and P-2 with an annual adjustment. Effective in 2004/05, payments of revenue are made monthly via the purchase order process. Apportionments are distributed on the same apportionment cycle as all other member districts. (*See Apportionment Distribution*). Initial payments for July through January are made based on actual service levels from the prior fiscal year adjusted for the estimated services levels or new programs. Payments for March through June are based on the official P-1 and P-2 ADA reported on the School J18/19 CH report. A revenue adjustment may be made in May and June and again following year-end closing due to any corrections or adjustments in subsequent state certifications of ADA or special education revenues.

B. Dependent Charter Schools (for special education purposes)

The District (who sponsored the dependent charter) is allocated special education revenue based on the total District ADA, including the ADA generated by the dependent Charter School(s). The District shall transfer to the Charter School, for those services provided by the Charter School at the School’s expense, an amount of funding equal to the lesser of either (1) special education revenue generated by the current period Charter ADA, or (2) the SELPA’s ‘Charter Base plus Fee’ revenue calculation. This revenue calculation is a combination of two components; (1) the Base, calculated for the current fiscal year at 18% of the special education revenue generated by the Charter School’s total ADA at P-2, plus; (2) the SELPA Fee-for-service calculated for all special education services provided to students at P-1 and P-2.

- C. This revenue is estimated at P-1 and finalized at P-2. The District receives revenue apportionments throughout the year per the state apportionment schedule. This monthly apportionment includes the portion earned/generated by the dependent Charter School. The revenue may be passed-through from the District to the School. This may be on a monthly, P-1/P-2, annual or any other basis deemed appropriate by both parties and in conformance with SELPA policy. A revenue adjustment may be made following year-end closing for corrections or adjustments to the P-2 ADA.

The School and District agree that the School’s assumption of responsibility for all students with exceptional needs who are enrolled in the charter school constitutes a contribution of an equitable share of the school’s block grant funding as defined in Education Code Section 47646(c). The

School and District further agree that the provision of funding specified within this Article constitutes an equitable share of special education funding and services as defined in Education Code Section 47646(b).

Section K – Small District Protection

Funding levels for small school districts with 1500 ADA or less (Baker Valley, Helendale, Lucerne Valley, Needles, Oro Grande, and Trona) will be supported at the 1997-98 revenue level subject to adjustments for program transfers.

As a result of the equalized funding allocation described in the sections above, and the small amount of ADA generated by a small district, it is possible that a small district's net revenue may be less than the 1997/98 funding level. In order to protect the small district from this funding shortfall and provide sufficient revenues to operate their special education programs, the following calculations will be employed as part of the allocation model.

Calculation:

1. Subtract the small districts current year revenue, after the deduct for regional service costs, from the 1997/98 revenue to determine the shortfall;
2. Add all of the small district shortfalls together to determine the total need to be covered by the large districts (or other funding source available for such use);

Divide each large district's total current revenue, after deducting the regional service costs, into the sum of all large district revenues. This will result in the ratio of each large district to the total. Multiply the ratio for each large district by the total shortfall from step 2. Deduct the resulting prorated share from each relevant large district's revenue. The result is the final revenue amount for each large district.

Section L – X-Pot Insurance Fund Contribution

The Desert/Mountain SELPA X-Pot Insurance Fund has been developed by the member districts to provide revenue for costs in designated areas. Those areas are:

1. **Legal/Due Process/Fair Hearing** expenditures for both SELPA and district legal counsel related to compliance findings and due process hearings when approved procedures have been followed (**See Exhibit B**);
2. **NPS/NPA Indemnification** for each LEA voting member of the SELPA Board as protection against the first \$30,000 in NPS/NPA costs;
3. **NPS/NPA expenditures** are brokered through the SELPA office to ensure consistent service, support, usage and rates. These costs are not charged against the X-pot contribution but are billed back to the district of residence at 100% of the expenditure incurred;

4. **State School Placements** and related expense;
5. **Independent educational evaluations**;
6. **Out of district/out of SELPA** expenses;
7. Education Code mandated support for **California Children Services (CCS)**, annually including limited office materials and supplies, and, after construction is completed, furnishing a new facility.
8. Other expenditure priorities as determined by the Board.

It is the intent of the member districts that the X-Pot Insurance Fund has sufficient revenue to cover the annual costs (i.e., no fund deficit). This fund will include a 5% (or more, up to \$500,000) contingency reserve for unforeseen expenses. The X-Pot Insurance Fund revenue will be generated from SELPA member districts' contribution. Each year's contribution will be calculated per the Board of Directors approved rate. This contribution will be determined for each fiscal period per the X-pot Insurance Fund Contribution Procedures.

The Desert/Mountain SELPA shall report X-Pot revenue and expenditures to the Finance and Steering Committees and the Board of Directors per the annual budget process.

Section M – X-Pot Revenue Transfer

Insurance Fund X-Pot Transfer

Revenue for the Insurance Fund shall be transferred from the SELPA member districts based on the Contribution calculation. The SELPA shall provide a worksheet for each district detailing the transfer calculation. The worksheet will be forwarded to SBCSS Internal Business to facilitate the transfer.

(See X-pot Insurance Fund Contribution Procedures)

Section N – Apportionment Distribution

With the implementation of the AB 602 model, funding has been established on a SELPA-wide ADA formula basis. The Desert/Mountain SELPA Local Plan has been amended to allow the SELPA to define the distribution model.

Revenue will be distributed from the State directly to the San Bernardino County Treasurer on a monthly basis with the Special Education apportionment cycle. The State provides documentation to SBCSS identifying the amount of the monthly special education apportionment to be deposited to the Desert/Mountain SELPA — it does not identify amounts for the member districts. Schedules detailing these SELPA level amounts are received at each certification period from the CDE identified as the Advance Apportionment (July-January), First Principal Apportionment (February-May), Second Principal Apportionment (June), and the Annual Apportionment

(following February with adjustments applied to prior year June). The manner of distribution of the funds conforms to EC 14041(a) (2), which provides for the following schedule:

MONTH	DISTRIBUTION PERCENTAGE
July	6%
August	12%
September	8%
October	8%
November	8%
December	8%
January	8%
February	Reconciled with P-1 certification; revenue adjusted accordingly at 2/6 th
March	1/6 th of balance due per P-1 certification
April	1/6 th of balance due per P-1 certification
May	1/6 th of balance due per P-1 certification
June	Reconciled with P-2 certification; revenue adjusted accordingly to actual

For each apportionment period, the Desert/Mountain SELPA must submit a worksheet to SBCSS, which calculates each district's share of the State special education apportionment. The data shall include the SELPA total AB 602 revenue, each district's total, and each district's percentage of the SELPA total. At each apportionment certification, the totals must reconcile to the total posted on the SELPA's AB 602 State Exhibit. This worksheet will be used by SBCSS as the distribution model, with funds being distributed on a percentage share basis as provided on the worksheet up through May, and adjusted to actual totals based on the P-2 certification in June. If the distribution calculation is to be modified, the SELPA has until the 15th of the following month to provide the modifications to SBCSS. Any modifications will be used to calculate future revenue distribution percentages. All distributions will be reported by SBCSS to the SELPA, and by the SELPA to each member district.

Revenues affected by the SELPA Apportionment Distribution are any revenues generated under the State's AB 602 model. All revenues detailed in this procedure are apportioned to the member districts per the above schedule, with the exception of the X-Pot revenue, which is transferred to the SELPA (*see X-Pot Revenue Transfer section*).

Section O – Account Codes

County Schools shall use the following account codes to record receipt of the AB 602 State Apportionment revenue:

DESCRIPTION	FUND	RSRC	YR	GOAL	FUNC	OBJ	SCHL	MGMT
AB 602 Current Year	01	6500	0	5001	0000	8311	xxx	xxxx
AB 602 Prior Year	01	6500	0	59xx	0000	8319	xxx	xxxx

County Schools shall use the following account codes to record pass-thru of the AB 602 State Apportionment revenue from SELPA to Districts:

DESCRIPTION	FUND	RSRC	YR	GOAL	FUNC	OBJ	SCHL	MGMT
AB 602 Current Year	01	6500	0	5001	0000	8792	xxx	xxxx
AB 602 Current Year	01	6500	0	5001	0000	7221	xxx	xxxx
AB 602 Prior Year	01	6500	0	59xx	0000	8792	xxx	xxxx
AB 602 Prior Year	01	6500	0	59xx	0000	7221	Xxx	xxxx

Goal 59xx – the xx in goal denotes the appropriate prior fiscal year (i.e., 02/03 is coded as 5903)

Districts shall use the following account codes to record receipt of the AB 602 State Apportionment revenue:

DESCRIPTION	FUND	RSRC	YR	GOAL	FUNC	OBJ	SCHL	MGMT
AB 602 Current Year	01	6500	0	5001	0000	8792	xxx	xxxx
AB 602 Prior Year	01	6500	0	59xx	0000	8792	xxx	xxxx

Goal 59xx – the xx in goal denotes the appropriate prior fiscal year (i.e., 02/03 is coded as 5903)

Section P – Regional Facilities Acquisition Transfer

In response to the growth in pupils served in regional programs and the corresponding need for additional regional facilities the Desert/Mountain SELPA has developed the Regional Facilities Acquisition Process. Each district or county regional provider may request regional facilities to support the operation of a new or existing regionally operated class or program. This request is to be approved by the SELPA Board of Directors.

Upon approval of the SELPA Board of Directors, authorized costs of the portable facilities, including the costs of installation, site preparation, and necessary furniture and equipment, will be approved by the SELPA Administrator and funded from the Regional Facilities account. All

authorized expenditures from the Regional Facilities account will be billed back to the districts on a per pupil basis. Site preparation and furniture & equipment spent in year one will be billed to districts in year one. Lease/Purchase costs will be amortized over a five-year period.

Regional Facilities transfer schedule is:

- 50% of the amount due, based on the prior year December unduplicated count, shall be transferred in October;

The balance shall be adjusted based on the current year P-1 pupil count and transferred at year-end.

Section Q – Regional Facility Acquisition Process

1. Requests for the acquisition of facilities to house regionally operated programs will be presented to the SELPA Issues Committee/Steering Committee for recommendation to the SELPA Board of Directors.
2. Upon approval of the SELPA Board of Directors, authorization will be given to the Administrative Services Division of SBCSS to negotiate the purchase of appropriate portable classroom facilities. The purchase of additional facilities will be authorized only after all attempts have been made to locate existing facilities available within the geographic area of need.
3. Authorized costs of portable regional facilities, including the cost of installation and site preparation, will be funded from current year SELPA X-POT reserves.
4. Authorized expenditures from the SELPA X-POT reserves will be amortized for reimbursement through an augmentation to the RLA Services Account based upon the process specified in Section III of the Agreement for Participation in the Desert/Mountain Special Education Local Plan Area. The specific amortization schedule shall be determined by the SELPA Board of Directors.
5. Title to the Desert/Mountain SELPA regional facility shall be held by the office of the San Bernardino County Superintendent of Schools. SBCSS shall maintain the responsibility for the ongoing maintenance and operation of the facility according to the policies specified in the SELPA Local Plan.
6. The Desert/Mountain SELPA will maintain an inventory of regionally acquired facilities including their location and year of purchase. The inventory shall be verified by the SELPA Issues Committee and SELPA Steering Committee on an annual basis.
7. The location, use and disposition of regional facilities purchased through this process shall be the decision of the SELPA Board of Directors. The use of the facilities for other educational purposes during non-school hours shall be coordinated between the school site principal and the principal of SBCSS Desert/Mountain Operations.

EXHIBIT A: AB 602 Revenue Distribution

Exhibit A contains the following schedules which comprise the revenue distribution process:

- **AB 602 At-A-Glance: *NEW*** Single-Page Summary by District. Includes all AB 602 special education related revenues, deducts/expenses on one page;
- **Schedule A - SELPA State Exhibit Summary:** this form summarizes the State AB 602 Exhibit and identifies the SELPA level apportionment and rate per ADA. The amount that is passed directly through to the districts is highlighted and carries forward to Schedule C;
- **Schedule B - ADA Summary:** reflects the ADA allocated to each district. It includes the district earned ADA and the county ADA redistributed to the district of residence;
- **Schedule C - Distribution of COLA, Growth, and Equalization:** distributes each component of AB 602 to districts based on district ADA;
- **Schedule D - Allocation of Regional Service Fees, Cost to Purchase Outside Services:** calculates the total cost of special education services provided by an agency outside the district of residence (e.g. County Operations, SELPA, itinerant services, by & for other districts);
- **Schedule E - Small District Protection:** calculates the cost of protecting the revenue level of small/sparse districts. Also reflects charter school service payments and adjustments. Deducts the cost from the large district revenues to result in net revenue to all districts;
- **Schedule F-1 - AB 602 Revenue Apportionment and LEA Percentages (Revenue Sources):** breaks out the apportionment by revenue source. Column G reconciles to the AB 602 Certification Exhibit, Column H reflects the district percentage of the total AB 602 Exhibit apportionment. This schedule also includes the resource and object codes for each revenue category;
- **Schedule F-2 - Special Education Revenue Summary (AB 602 + Other Special Education related Revenue Sources):** summarizes all revenue sources that pass through the SELPA to the districts and County. This schedule also includes the resource and object codes for each revenue category;
- **Schedule F-3 - CSSF Apportionment Distribution:** distributes funds, deposited in the County School Service Fund, between the County Operations programs and the SELPA programs;
- **Schedule G - SELPA Related LEA Expenditures Summary (Due to SELPA):** estimates the district costs for special education related services;

- **Schedule H - Base Revenue Limit Transfer Calculations:** estimates the BRL transfer for (1) the intra-district transfer from regular education to special education based on district SDC ADA; (2) the BRL pass through for County served students, via the K-12 Form;
- **Schedule I - Federal Funds Allocation (Local Asst., K12 Personnel Development & Preschool Staff Development):** estimates the distribution of Local Assistance, K-12 Staff Development, and Preschool Staff Development grants based on prior year P-1 pupil count;
- **Schedule J - X-Pot Contribution:** calculates each district's X-Pot contribution based on current year P-1 pupil count.
- **Schedule K - Charter Revenue Schedule:** calculates the maximum earned revenue for Independent Charter Schools based on the Fee-For-Service plus an 18% base allowance. Provides a comparison of this calculation to the actual earned revenue of the Charter School based on ADA. NOTE: A Charter School may earn up to, but not more than, the revenue generated by their ADA less their calculated X-pot contribution. (see the Charter School Funding Allocation Procedure)

Additional Schedules

- **Special Education Revenue Pool Expenditure Proposal Summary:** Schedule of planned sources and uses of funds within the Special Education Revenue Pool;
- **AB 602 State Exhibit:** Current State Exhibit;
- **Regional Service Reports:** Regional Service Reports completed Year-to-Date. Includes Service Levels and Service Costs. 1) Regional Service Monthly Pupil Count, 2) County Itinerant DIS Only, 3) Charter School Service Report, 4) Preschool Revenue Distribution.

EXHIBIT B: Attorneys' Fees Policy

Attorney Fees: Policy Exhibit B

