FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
CSIS California School Information Services

San Joaquin County Office of Education

SELPA Review

December 20, 2013

Joel D. Montero
Chief Executive Officer

FCMAT
FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM
CSIS California School Information Services

December 20, 2013

Mick Founts, Ed.D.
Superintendent of Schools
San Joaquin County Office of Education
2901 Arch Airport Road
Stockton, CA 95206

Dear Superintendent Founts,

In December 2012, the San Joaquin County Office of Education and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for a SELPA review. Specifically, the agreement stated that FCMAT would perform the following:

1. Analyze the present AB 602 funding model and all funds used to provide service to special education students in the SELPA and make recommendations, if necessary, that would make the model more appropriate or equitable for all districts.
2. Provide an analysis of the fiscal impact on remaining districts if Lincoln Unified elects to withdraw from the SELPA.
3. Provide an analysis of the level of direct support and indirect costs charged by the COE to the special education programs for administrative support, including but not limited to payroll, finance and accounting, accounts payable, facilities management, human resources, workers compensation administration, collective bargaining, risk management and information technology.
4. Review the distribution of construction and deferred maintenance cost allocations and funding from the COE for special education facilities.
5. Provide a comparison of current administrative staffing ratios in the COE Special Education Regional Program relative to those in other like SELPAs, with consideration to the type of special education population served.
6. Review all class sizes operated by the COE in comparison to like class sizes maintained by other like SELPAs.
7. Analyze the COE Special Education Regional Program teacher and administrative salary and benefit costs relative to those of the districts that the SELPA serves and of like programs operated by other SELPAs/LEAs/COEs.

8. Compare the total costs of special education programs operated by the San Joaquin SELPA to the total costs of like programs operated by other SELPAs.
9. Define all the revenue sources for special education programs and services in San Joaquin COE that may not be included in the SELPA allocation plan.
10. Identify nonmandatory services that negatively impact COE Special Education Regional Program costs.
11. Compare historical legal expenses with those of other like SELPAs.

This FCMAT special education study was approved by vote of the San Joaquin County SELPA superintendent's council. The Escalon Unified School District voted against approval. The SELPA governance council requested FCMAT to conduct a review comparing fiscal and program operations that are provided by the county office.

Fieldwork was conducted February 12-15, 2013.

This final report contains the study team's findings and recommendations in the above areas of review. FCMAT appreciates the opportunity to serve the San Joaquin County Office of Education, and extends thanks to all the staff for their assistance during fieldwork.

Sincerely,

Joel D. Montero
Chief Executive Officer

Table of contents

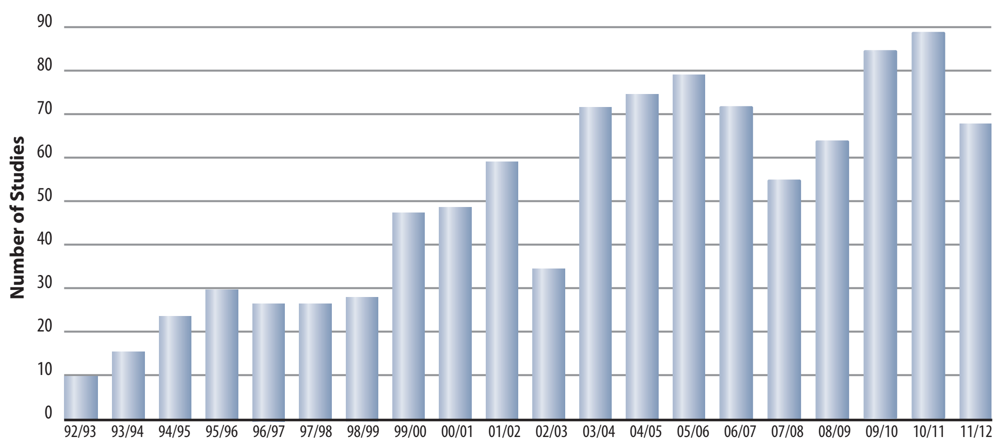
About FCMAT

FCMAT's primary mission is to assist California's local K-14 educational agencies to identify, prevent, and resolve financial and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices and efficient operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and share information.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state Superintendent of Public Instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the local education agency to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

Studies by Fiscal Year



FCMAT also develops and provides numerous publications, software tools, workshops and professional development opportunities to help local educational agencies operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) arm of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS) and also maintains DataGate, the FCMAT/CSIS software LEAs use for CSIS services. FCMAT was created by Assembly Bill 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. Assembly Bill 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. Assembly Bill 1115 in 1999 codified CSIS' mission.

AB 1200 is also a statewide plan for county office of education and school districts to work together locally to improve fiscal procedures and accountability standards. Assembly Bill 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, SB 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

Since 1992, FCMAT has been engaged to perform nearly 850 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Joel D. Montero, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

The San Joaquin County Special Education Local Plan Area (SELPA) consists of 10 districts and the county office of education. The county office is responsible for providing special education to students referred to it by the SELPA member districts. The programs provided include special day classes (SDC) for students from ages 0-22 with moderate/severe disabilities in the areas of autism, emotionally disturbed, other health impaired, speech or language impairment, traumatic brain injury, intellectual disability, multiple disability, orthopedic impairment, visually impaired, deaf/hard of hearing, established medical disability and, in limited cases, students with specific learning disabilities.

Related services in speech, occupational therapy, adaptive physical education and mental health counseling are available to students in the county office special day classes. Itinerant services for students who are deaf, hard of hearing, or visually impaired are provided to students in district programs. Districts may also individually contract for speech, occupational therapy and psychological services for students in district programs. The county office administrative structure is responsible for overseeing the SDCs, itinerant programs, direct service districts, speech and language services and psychological services.

The SELPA allocates the available resources to its districts by first funding the SELPA and all San Joaquin County Office of Education special education programs, with the remaining funds distributed to districts. This model is not clearly understood by all, and there are questions from the SELPA membership about overall operating costs for county programs.

Study Guidelines

In December 2012, the San Joaquin County Office of Education and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for management assistance. Specifically, the agreement states that FCMAT will perform the following:

FCMAT visited the San Joaquin COE on February 12-15, 2013 to conduct interviews, collect data and review documents. This report is the result of those activities and is divided into the following sections:

- Executive Summary
- Staffing, Caseloads and Efficiency
- Funding Model
- Fiscal Analysis
- Fiscal Effect if Lincoln USD Withdraws from SELPA

Study Team

The study team was composed of the following members:

William P. Gillaspie, Ed.D.
FCMAT Deputy Administrative Officer
Sacramento, California

Linda Grundhoffer
FCMAT Consultant
Danville, California

Anne Stone
FCMAT Consultant
Mission Viejo, California

Debbie Fry
FCMAT Consultant
Lake Almanor, California

Trina Frazier*
Administrator
Fresno County SELPA
Fresno, California

JoAnn Murphy
FCMAT Consultant
Santee, California

Laura Haywood
FCMAT Technical Writer
Bakersfield, California

*As a member of this study team, this consultant was not representing her employer but was working solely as an independent contractor for FCMAT.

Executive Summary

The San Joaquin County SELPA allocates resources to member districts and ensures that each district has a stable and reliable fiscal basis for financial planning. Fiscal documents are thorough and detailed, although member districts report that they are not easily understood. Allocations are made "off the top" to county operated programs, which means they are funded first, with the remaining funds distributed to districts.

Based on a historic method agreed on by SELPA members, districts receive varying base rates, which range from $96.72 to $199.33. The funding per average daily attendance (ADA) also varies. The SELPA and member districts should examine how these inequities have evolved, and may want to distribute funds to each district based on overall ADA because that is how state funding is allocated.

If Lincoln School District withdraws from the SELPA it will take with it a higher base rate, which will negatively affect all member districts. All AB 602 funding would be reduced, as would federal and state preschool funds. Regionalized services funds would also be reduced. The total estimated fiscal impact would be $6,045,323.

There is no clear distinction between the roles and responsibilities of the SELPA and the San Joaquin County Office of Education. The agencies are referred to interchangeably. There are programmatic differences in the roles; however, the SELPA distributes all funding, and the county office receives those funds just like other districts in the SELPA.

The salary costs of the San Joaquin COE are slightly higher than some other county offices and lower than others. The San Joaquin COE salary and benefit costs are slightly higher than the median average of the nine districts in the San Joaquin SELPA. San Joaquin COE salary and benefits are comparable to both the Lodi and Stockton Unified SELPAs in San Joaquin County.

The SELPA makes proportional reimbursement of tuition costs for students enrolled in nonpublic schools and agencies. Many requests for nonpublic schools and agencies are approved prior to exhausting all county-operated programs and resources. This can create an incentive for excessive use of nonpublic schools as a program option It should be noted that districts make these placements, not the county office. The SELPA should consider adopting a policy that states only claims for NPS/NPA costs for contracts that have been pre-approved by the SELPA will be considered for reimbursement.

The total cost of county operated programs is comparable with six other counties of similar size. The average number of administrators for special education programs in these county offices is 7.87 FTE. The number of administrators in the San Joaquin COE is 6.5. Its salary costs are slightly higher than other counties. The average number of administrators to students is 1:105, while the ratio in San Joaquin COE is 1:126.

The special day class sizes in the county office meet or exceed the industry standard established by School Services of California, Inc. and are comparable to both Fresno and Stanislaus county offices of education.

The county uses numerous codes to record program expenses and revenue. Identifying the positions charged to individual programs and standardizing the accounting would improve clarity.

The legal expenses of the county office are lower than the average range of other SELPAs of comparable size.

Findings and Recommendations

Staffing, Caseloads and Efficiency

The county office has no written policy or guidelines on class sizes but does have an established practice of maximizing resources while yielding educational benefit for each student in the least restrictive environment.

The Education Code does not indicate maximum caseloads for special day classes. The industry standards for SDC sizes and instructional aide support are defined in guidelines developed by School Services of California, Inc. (SSC) using data collected on standard practice throughout the state. The county office class sizes for SDC meet or exceed these guidelines. The average class size is 10-12 students with two instructional aides, while the SSC guidelines are 8-10 with additional aide support. In the 67 classes reviewed, 35 1:1 paraprofessional aides are assigned to individual students in addition to the designated class staffing.

The preschool autism program has a three-tiered level of paraprofessional aide support depending on the needs of the students, ranging from 1:1 to 1:3. Students requiring 1:1 support ratios during intensive behavior analysis and discrete trial training receive those services at school. Both part- and full-time aides are employed to maximize resources.

SDC Caseloads, San Joaquin County Office of Education

Program	Number of classes	SSC Guidelines	Total number of students	Average class size
Preschool	2	10-12	22	11
Pre-K Autism	9	9	76	8
Autism K-8	10	9	83	8
Autism 7-12	2	9	18	9
Severely Handicapped K-12	27	10-12	292	11
Emotionally Disturbed K-12	8	8-10	52	7
Deaf/Hard of Hearing	4	8-10	38	10
Orthopedically Handicapped	2	8-10	19	10

Source: SJCOE caseload distribution lists 2013

Special Day Class Loading in Comparative Size County Offices

FCMAT reviewed SDC caseload data submitted from the two county offices of comparable size (Fresno and Stanislaus) that responded to FCMAT's request for caseload data. Programs/classes are formed based on the needs of students and may not have the same title or program description. Despite this difference, all of the programs' class averages are close to or below the SSC guidelines.

SDC Class Caseloads, Fresno County Office of Education

Program	No. of Classes	SSC Guideline	Total No. of Students	Average No. of Students in Class
Pre-K	3	10-12	26	9
Pre-K Autism	3	8-10	24	8
Autism K-8	4	8-10	35	9
Severely Handicapped K-Adult	53	10-12	455	9
Emotionally Disturbed K-12	9	8-10	50	6

Note: Fresno USD serves Fresno COE's DHH and Fresno COE serves Fresno USD's ATP.

SDC Class Caseloads, Stanislaus County Office of Education

Program	No. of Classes	SSC Guideline	Average. No. of Students in Class
Pre-K	4	10-12	4
Pre-Autism	5	9	9
Autism K-8	5	9	7
Autism 7-12	1	9	7
Severely Handicapped	1	10-12	7
Emotionally Disturbed	3	8-10	12
Deaf/Hard of Hearing	6	8-10	5
Orthopedically Impaired	1	8-10	6

The class sizes of the San Joaquin COE are higher than comparable classes in Fresno and Stanislaus counties.

Recommendation

The county office should:

1. Continue to staff SDC classes under current practice that follows SSC guidelines.

Designated Instruction Services (DIS)

Designated instruction services are support services designed to help a child benefit from his/her special education program and make progress in the general education curriculum.

Speech Pathologists

Caseloads for speech pathologists in the county office are based on a weighted caseload. A caseload of no more than 55 is designated in Education Code (EC) 56363.3 unless the local plan specifies a higher average caseload and the reasons for the higher caseload. The average San Joaquin County Office caseload for a speech pathologist in the 2012-13 school year is 53 students. The county office does not distinguish caseload distribution for preschool versus K-12 populations consistent with EC 56441.7, which specifies a caseload maximum of 40 for speech and language specialists serving the preschool population.

The total average caseload for all K-12 speech pathologists is 53.

AT Services	Sites	Preschool	Total No. of Students/ Caseload Weighted
	4	15	43.44
6	7	0	54
	6	20	62.4
	2	15	47.55
	4	0	46
	3	9	32.33
	3	12	38.7
33	5	0	70
	5	0	39
	3	39	66.43
1	7	0	61
2	4	15	54.85

Speech and Language Caseloads – San Joaquin COE

** Combined caseloads must be proportionately assigned consistent with EC 56363.3 and 56441.7.*

Source: Caseload data provided by SJCOE

Recommendations

The county office should:

1. Conduct an analysis to determine how to strategically decrease speech and language pathologist staffing while maintaining combined (preschool/K-12) caseloads within recommended guidelines.

School Psychologists

Contracts for individual psychologists in the county office can average 202 days per year. Psychologists play an integral role in the staff development provided by San Joaquin County SELPA.

Recommendations

The county office should:

1. Define the contract days necessary for psychologists to complete their Individuals with Disabilities Education Act (IDEA) responsibilities regarding the evaluation of disabled students.
2. Develop systems to monitor and support the accountability of non-traditional contract days.

Itinerant Services (VI, DHH, APE, OT)

Most itinerant service providers carry caseloads comparable to those recommended by School Services of California, Inc.

Itinerant Caseloads

Provider	SSC Ratio	FTE	Average Caseload
Adapted Physical Education (APE)	1:45-55	2.0	1:50
Visually Impaired (VI)	1:10-30	2.0	1:32
Deaf and Hard of Hearing (DHH)	1:10-30	1.0*	1:67
Occupational Therapy (OT)	1:20-35	3.8	1:60

Source: Caseload data provided by SJCOE

While the occupational therapy caseload exceeds the industry standard, this is fairly common for districts/SELPAs around the state. The caseload for deaf and hard of hearing itinerants exceeds the guidelines established by School Services of California, Inc.

Recommendations

The county office should:

1. Consider increasing staff for deaf and hard of hearing to align with SSC guidelines.

Administrative Staffing

FCMAT was asked to review the administrative staffing ratios in the SELPA/county office and compare them to other SELPAs/county offices of similar size. The review focused on the county office administrative structure because the SELPA administrators do not provide program services in the San Joaquin County SELPA or in any of the SELPAs contacted. FCMAT contacted six SELPAs/county offices of similar size that provide programs to several districts, offer moderate/severe programs for ages 0-22 and itinerant services similar to that of the San Joaquin COE, are geographically large and have a separate special education county administrator for those programs. Five of the SELPAs/county offices responded and are included in the data below.

SELPA/county office administrators have various titles. Therefore, a ratio of full time equivalent (FTE) administrative positions to the total number of students served by the county office was used. The total number of special education students served by a COE is not available on the California Special Education Management Information System (CASEMIS). The CASEMIS includes county office special day class students in the District of Residence reports, and in many cases the county office itinerant services are included in the CASEMIS District of Service reports. Therefore, the county offices provided both the administrative FTEs and the total number of SDC and itinerant students they serve. Adjustments were made for the one county office that also provides resource and mild/moderate programs.

The San Joaquin COE has three coordinators listed on the organizational chart; however, the county office reported that these coordinators are not administrators but are service providers in occupational therapy, behavior management and nursing. The job description for San Joaquin COE indicates that coordinators supervise and evaluate staff, which is an administrative function. The San Joaquin COE has indicated that this function of the coordinator position will be removed from the job description.

Ratio of Students Served to COE Administrators

County Office of Education	Number of Students Served	Full Time Equivalent Administrators	Administrator/ Student Ratio
San Joaquin	821	6.5	1:126
Stanislaus	768	5.5	1:140
Fresno	900*	8.5	1:106
Monterey	681	10	1:68
Sonoma	1012	6.92	1:146
Placer	570	6.5	1:88

* This includes itinerant services and students served in SD classrooms.

The average FTE of special education administrative positions is 7.87. The average ratio of administrators to students in the comparison counties is 1:108. San Joaquin has fewer administrators per students than three county offices and more than two county offices.

Several factors can increase or decrease the appropriate number of county office administrators. These include the level of oversight that county office administrators provide to county office programs on district sites, whether the county office operates separate schools, and the number of district programs for moderate/severe students. Therefore, this data is not meant to be interpreted that the San Joaquin COE is overstaffed, but it may be useful in discussions regarding administrative staffing.

Recommendation

The county office should:

1. Regularly review the data regarding administrator/student ratios with the SELPA member districts to determine the need for additional or fewer COE administrative support positions.

Funding Model

In January 1974, the California State Board of Education adopted the California Master Plan for Special Education. (See Appendix A, Distribution of Special Education Resources to LEAs.) While much has changed over the last 39 years, the fiscal model remains essentially intact and offers detailed guidance.

The essential objectives of an equitable finance plan for special education , as stated in the California Master Plan, are as follows:

1. Provide adequate resources to assure equality of educational opportunity for all individuals with exceptional needs.
2. Provide levels of support for special education programs which will promote programs and services of equal quality.
3. Provide encouragement for the development of comprehensive programs.
4. Promote both program and fiscal accountability.
5. Clarify fiscal relationships between state, county, and district.
6. Ensure equity in support levels among various program components.
7. Provide adjustments in support levels to reflect changing costs.
8. Provide support based on needs of pupils enrolled in special education-funding based on specified programs and services rather than on categorical disability groupings.
9. Ensure that reporting and auditing policies and procedures are meaningful for evaluation and program development.
10. Provide methods for monitoring and evaluating quality control in special education.

The California Master Plan for Special Education, California State Board of Education, January 10, 1974, pages 36-37, states:

> No two multiagency SELPAs are identical. Each SELPA uses its own demographic, socioeconomic, and political considerations to address concerns such as equality of educational opportunity, programs and services of equal quality, and equity in support levels. There is no single, correct way to construct a SELPA funding plan.

Equally important is the SELPA's responsibility to continually analyze its funding model to ensure that resources are used effectively, providing equal opportunity and quality and equitable support. Assembly Bill (AB) 602 was enacted in 1997 to provide SELPAs with a state funding model that permits flexibility in its application and allows for any needed changes.

FCMAT was asked to analyze the AB 602 funding model and all funds used to serve special education students in the SELPA and make recommendations, if necessary, that would make the model more appropriate or equitable for all districts. The San Joaquin County SELPA Local Plan for Special Education was revised in June 2007 and contains a section addressing the distribution of special education resources to its LEAs.

The SELPA allocation plan guides the distribution of resources and ensures that each LEA has a stable, reliable fiscal basis for financial planning. SELPAs receive funding from three sources to help districts pay the excess costs of providing special education programs and services to children with physical, emotional, or developmental disabilities: federal funds provided by the Individuals with Disabilities Education Act (IDEA), state funds provided per Part 30 of the Education Code (AB 602 funding), and local funds raised through property taxes.

Member districts in the San Joaquin County SELPA lack understanding of the funding allocation plan. The SELPA regularly provides detailed information to the member districts regarding the plan at council and fiscal meetings. The SELPA director is available to the member districts to review the plan and for consultation.

Some districts reported that when fiscal documents are shared at council meetings, each representative draws attention to their respective district data and does not take the time to determine how fiscal and programmatic decisions affect the SELPA as a whole. Each district should understand the global perspective and the intricacies of the funding allocation plan and how decisions affect each member. The SELPA may want to simplify the information provided to the member LEAs to increase understanding.

The fiscal documents and reports to the superintendent's council are thorough and detailed. These reports may be valuable for the fiscal staff, but the information included could be excessive for program staff. Although all reports should be available to both fiscal and program decision makers, they should be modified for the reader. The local plan clearly states the purpose of the SELPA's allocation plan; however, superintendents, special education administrators, and business staff members repeatedly indicated that the plan is not clearly understood.

It is not unusual for SELPAs to be subject to inquiries about their funding allocation plan, especially from new superintendents, special education directors and business staff. This is primarily why continuous education for member districts is crucial. This is particularly relevant given the high turnover rate experienced in SELPA members' top leadership positions over the last decade.

Member LEAs should have a full financial accounting of all funding sources, with amounts updated either quarterly, or at periods that allow each member LEA to use the data for its reporting requirements and deadlines (i.e., first interim, second interim, budget adoptions, unaudited actuals). Other helpful items may include the account code string and any notes that may help clarify calculations, deadline dates, etc.

ADA for AB 602 purposes, as provided by CDE, and the December unduplicated pupil count would also provide data that member LEAs frequently reference. If federal preschool funds are allocated based on pupil count, that data also would be useful.

Other services charged to member LEAs by the SELPA AU or county operated programs could also assist member LEAs in accurately budgeting expenditures. The estimated transportation bill back cost is provided to districts at Finance Advisory, Council of Directors and Special Education Finance Committee meetings and does provide essential data for budget planning, as this item is typically very expensive for member LEAs. A single fiscal summary sheet for each LEA would be more effective. Below is a sample fiscal summary sheet that could offer a comprehensive overview of each member LEA's allocations.

LEA Name
Fiscal Summary Sheet
2012-13 2nd Quarter Update

On-Going Funds

Funding Source	Account Code	Amount	Notes
State AB602	0100-65000-0-5001-0000-879200	$0.00	P-1 Certification, See AB602 Breakdown
AB602 PY Adjustments	0100-65000-0-5001-0000-879201	$0.00	TBD at P-2
Program Specialist	0100-65000-0-5060-0000-879200	$0.00	Estimate
Out-of-Home Care	0100-65000-0-5001-0000-879200	$0.00	Estimate
Legal/NPS/NPA Claims	0100-65000-0-5001-0000-879200	$0.00	Submit Claims by July 31, 2013
Other State	0100-65000-0-5001-0000-879200	$0.00	TBD
	Sub-Total for Resource 6500:	**$0.00**	
Federal Entitlement	0100-33100-0-5001-0000-818100	$0.00	2012-13 Allocation. See Federal Ent Breakdown.
Federal Priv School	0100-33110-0-5001-0000-818100	$0.00	n/a
Preschool Part B-619	0100-33150-0-5730-0000-818200	$0.00	2012-13 Allocation
Preschool Part B-611	0100-33200-0-5730-0000-818200	$0.00	2012-13 Allocation
J50 Infant	0100-65100-0-5710-0000-831100	$0.00	Estimate
WorkAbility	0100-65200-0-5770-0000-867700	$0.00	Estimate
Low Incidence Svcs	0100-65300-0-5750-0000-867700	$0.00	Estimate
Mental Health Claims	0100-65120-0-5755-0000-859000	$0.00	Submit Claims by July 31, 2013
	On-Going Grand Total:	**$0.00**	

Costs and Billbacks

2012-13 Transportation Billback Estimate	Billback	Notes
Estimated Rider Count Budget Estimate @ $6,400 per Rider		SELPA will transfer Billback charge to Member LEA using account code 0100-65000-0-5750-9200-714201
Other Charges, Fee-for-Service		
n/a	$0.00	SELPA will invoice Member LEA

Other Information

Maintenance-of-Effort Reports	SEMA with PCRA	SEMAI without PCRA	SEMB without PCRA	2011-12 SEMA with PCRA
2012-13 Federal Expenditures				
2012-13 State/Local Expenditures				
2012-13 Total Expenditures				

ADA for AB602 Purposes	2012-13 P-2	2012-13 P-1	2011-12 P-2
Served by District Member			
Served by County Operated Programs			

Pupil Count (by District of Service)	Dec 2012	Dec 2011	Dec 2010
Total Unduplicated Pupil Count			
Breakdown			
Preschool Only Pupil Count			
Infant Only Pupil Count			
Parentally-Placed Private School Pupils (Ages 6-21)			

Note: Also include any one-time funds, which may increase the document size to legal.

Thursday, February 28, 2013

As is the case with many SELPAs, San Joaquin SELPA's transition from the J-50 funding plan to the AB 602 funding plan appears to have exacerbated some ongoing inequalities and inequities. Federal IDEA basic local assistance is based on prior year pupil count. The San Joaquin County SELPA AB 602 funds are allocated to the LEAs using a method that is linked to the 1997-98 adjusted base funding for each district and county office. In addition, member LEAs receive (1) a per-ADA share of the COLA, (2) a proportionate share of growth, and (3) a per-ADA share of 75% of the supplement to base (which San Joaquin COE terms as "Phase III"), with the 25% balance used toward full funding (which San Joaquin COE terms as "Phase I"). After the amounts are added to the member LEA's base funding, the allocations are based on a funding factor derived from the balance of AB 602 funds available to districts divided by the total SELPA revenues, less the COE total base funding and less the total for maximizing the reserve. Using both the P-2 and Annual Certification data, in the 2011-12 fiscal year, this factor was 0.3651, or $9,427,526 of the $25,796,558 AB 602 exhibit amount (after deducting $2,902,374 for county program base funding and ongoing maximization reserves). Member LEAs receive AB 602 funding in a range between $96.72 per ADA and $199.33 per ADA.

Federal IDEA funds are allocated to SELPAs using a complex statewide formula involving base year allocation, poverty and CBEDS counts. Some SELPAs distribute these funds equally among all LEAs based on pupil count. Only the county office receives the revenue generated by property taxes, which is consistent with how many other SELPAs distribute these funds. County offices have a portion of their property taxes allocated to the SELPA of which they are a member, based on historical ratios. Since 1998-99, special education funding increases are based on each SELPA's K-12 growth ADA times the statewide target rate.

Comparison of Base Rates

Each SELPA is unique in terms of base rate funding levels, unlike the statewide target rate, which is the same for all SELPAs. The table below compares San Joaquin SELPA's AB 602 base rate to that of similar-size SELPAs.

2011-12 County ADA and AB 602 Base Rate Comparison

SELPA Name	SELPA Total ADA	AB 602 Base Rate
Fresno County	77,697.10	630.5336974560
Monterey County	68,995.47	640.3183505810
Placer County	64,990.16	629.2049360958
San Joaquin County	64,488.89	634.1812413171
Sonoma County	67,399.04	727.1327104489

Source: SELPA Special Education Funding Exhibits

Districts with increasing ADA receive growth dollars funded at the SELPA K-12 statewide average of $465 per ADA. However, if the SELPA has districts with declining ADA, adjustments to the funding utilize each SELPA's unique base rate. For San Joaquin County SELPA this is $634 per ADA, and the SELPA has a one-year hold harmless policy for districts with declining ADA. The decline is calculated at the base rate.

The table below shows the AB 602 funding each member LEA receives. Based on the SELPA's data, the AB 602 funding for the base, supplements to the base, COLA, and growth adjustments per ADA among the member LEAs ranges from $96.72 to $199.33. Each member LEA receives a different per-ADA rate based on the historical methodology.

Current Funding Allocations

Member	2011-12 P-2 ADA	AB602 Allocation	AB602 per ADA	Dec-2010 Pupil Count	Federal 3310 Allocation	Federal 3310 per Pupil Count	State Prop Tax	Current Total Allocation
	CDE AB602 Apportionment 28,698,932.00			Basic Local Assistance Entitlement 9,929,699.00			State Property Tax for Special Education 2,173,765.00	Total 40,802,396.00
Banta Elementary	310.02	44,035.00	142.04	17	24,181.00	1,422.41	0.00	68,216.00
Escalon Unified	2,742.54	270,221.00	98.53	244	347,063.00	1,422.39	0.00	617,284.00
Jefferson Elementary	2,452.34	371,617.00	151.54	249	354,175.00	1,422.39	0.00	725,792.00
Lammersville Joint	2,113.60	328,778.00	155.55	180	256,030.00	1,422.39	0.00	584,808.00
Lincoln Unified	8,539.94	1,106,778.00	129.60	928	1,319,977.00	1,422.39	0.00	2,426,755.00
Linden Unified	2,235.49	216,225.00	96.72	282	401,114.00	1,422.39	0.00	617,339.00
Manteca Unified	22,224.03	2,723,523.00	122.55	2,386	3,393,821.00	1,422.39	0.00	6,117,344.00
New Jerusalem	1,213.83	170,703.00	140.63	34	48,361.00	1,422.38	0.00	219,064.00
Ripon Elementary	2,980.69	383,003.00	128.49	275	391,157.00	1,422.39	0.00	774,160.00
Tracy Unified	16,653.25	2,411,745.00	144.82	1,604	2,281,512.00	1,422.39	0.00	4,693,257.00
Sub Total	61,465.73	8,026,628.00		6,199.00	8,817,391.00			16,844,019.00
SELPA and County Operated	2011-12 P-2 ADA	AB602 Allocation	AB602 per ADA	Dec-2010 Pupil Count	Federal 3310 Allocation	Federal 3310 per Pupil Count	Off-the-Top	Current Total Allocation
Venture Academy	1,256.11	250,377.00	199.33	86	0.00	0.00	0.00	250,377.00
Court/Community Schools	1,291.28	257,387.00	199.33	0	0.00	0.00	0.00	257,387.00
County Operated Programs	475.77	17,990,775.00	Off the Top	696	1,112,308.00	1,598.14	2,173,765.00	21,276,848.00
SELPA	0.00	2,173,765.00		0	0.00	0.00	0.00	2,173,765.00
Sub Total	3,023.16	20,672,304.00		782.00	1,112,308.00		2,173,765.00	23,958,377.00
Grand Total	64,488.89	28,698,932.00		6,981.00	9,929,699.00		2,173,765.00	40,802,396.00

There appear to be no significant discrepancies in the percentage of students in county programs versus the percentage that each district makes up of the SELPA. Each district makes up a proportional percentage of the students placed in county programs based on their overall ADA with the exception of early intensive behavioral treatment (EIBT). Banta Elementary, Jefferson Elementary, Lammersville Joint, and Tracy Unified have higher than their proportional share of EIBT/IBT contracts.

Percentage of Students in County-Operated Programs

District	District Annual ADA	% of SELPA ADA	Total County Placements	% of SJCOE Students	EIBT/IBT Contract	% EIBT
Banta	310.02	0.48%	2	0.31%	2	3.13%
Escalon	2,742.54	4.28%	25	3.89%	0	0.00%
Jefferson	2,452.34	3.82%	24	3.73%	6	9.38%
Lammersville	2,113.60	3.29%	25	3.89%	7	10.94%
Lincoln	8,541.07	13.31%	83	12.91%	7	10.94%
Linden	2,235.49	3.48%	22	3.42%	1	1.56%
Manteca	22,224.03	34.65%	247	38.41%	17	26.56%
New Jerusalem	1,213.83	1.89%	0	0.00%	1	1.56%
Ripon	2,980.69	4.65%	32	4.98%	2	3.13%
Tracy	16,653.98	25.96%	183	28.46%	21	32.81%
SJCOE-Other Programs	2,679.68	4.18%	0	0.00%	0	0.00%
Totals	64,147.27	100.00%	643	100.00%	64	100.00%

The SELPA member districts do not receive equal funding per ADA. Funding allocations to the San Joaquin SELPA and its member LEAs could be based on overall ADA to equitably distribute federal and state resources and services, as shown in the table below.

Proposed Funding Allocations

	CDE AB602 Apportionment 28,698,931.74						Basic Local Assistance Entitlement 9,929,699.00			State Property Tax for Special Education 2,173,765.00	Proposed Total 40,802,396.00
Member	2011-12 P-2 ADA	AB602 Allocation	AB602 per ADA	AB602 by ADA	Total by ADA	Difference	Dec-2010 Pupil Count	Federal 3310 Allocation	Federal 3310 per Pupil Count	State Prop Tax	Proposed Total Allocation
Banta Elementary	310.02	44,035.00	142.04	41,332.66	133.32	(2,702.34)	17	24,181.00	1,422.41	0.00	65,513.66
Escalon Unified	2,742.54	270,221.00	98.53	365,642.41	133.32	95,421.41	244	347,063.00	1,422.39	0.00	712,705.41
Jefferson Elementary	2,452.34	371,617.00	151.54	326,952.21	133.32	(44,664.79)	249	354,175.00	1,422.39	0.00	681,127.21
Lammersville Joint	2,113.60	328,778.00	155.55	281,790.53	133.32	(46,987.47)	180	256,030.00	1,422.39	0.00	537,820.53
Lincoln Unified	8,539.94	1,106,778.00	129.60	1,138,566.53	133.32	31,788.53	928	1,319,977.00	1,422.39	0.00	2,458,543.53
Linden Unified	2,235.49	216,225.00	96.72	298,041.21	133.32	81,816.21	282	401,114.00	1,422.39	0.00	699,155.21
Manteca Unified	22,224.03	2,723,523.00	122.55	2,962,964.21	133.32	239,441.21	2,386	3,393,821.00	1,422.39	0.00	6,356,785.21
New Jerusalem	1,213.83	170,703.00	140.63	161,830.90	133.32	(8,872.10)	34	48,361.00	1,422.38	0.00	210,191.90
Ripon Elementary	2,980.69	383,003.00	128.49	397,393.17	133.32	14,390.17	275	391,157.00	1,422.39	0.00	788,550.17
Tracy Unified	16,653.25	2,411,745.00	144.82	2,220,253.65	133.32	(191,491.35)	1,604	2,281,512.00	1,422.39	0.00	4,501,765.65
Sub Total	61,465.73	8,026,628.00		8,194,767.48		168,139.48	6,199.00	8,817,391.00			17,012,158.48
SELPA and County Operated	2011-12 P-2 ADA	AB602 Allocation	AB602 per ADA	Off-the-Top			Dec-2010 Pupil Count	Federal 3310 Allocation	Federal 3310 per Pupil Count	Off-the-Top	Proposed Total Allocation
Venture Academy	1,256.11	250,377.00	199.33	167,467.78		(82,909.22)	86	0.00	0.00	0.00	167,467.78
Court/Community Schools	1,291.28	257,387.00	199.33	172,156.73		(85,230.27)	0	0.00	0.00	0.00	172,156.73
County Operated Programs	475.77	17,990,775.00	Off the Top	17,990,775.00			696	1,112,308.00	1,598.14	2,173,765.00	21,276,848.00
SELPA	0.00	2,173,765.00		2,173,765.00			0	0.00	0.00	0.00	2,173,765.00
Sub Total	3,023.16	20,672,304.00		20,504,164.52			782.00	1,112,308.00		2,173,765.00	23,790,237.52
Grand Total	64,488.89	28,698,932.00					6,981.00	9,929,699.00		2,173,765.00	40,802,396.00

Using this method, Banta, Jefferson, Lammersville, New Jerusalem and Tracy are overfunded. The total calculated increase or decrease for a revised AB 602 allocation method could be applied by San Joaquin County SELPA over a two-to three-year period to allow the districts receiving a decrease to plan for the adjustment. This may be a more equitable distribution and would not increase the allocation to districts with a high pupil count or practice of overidentifying students for special education. AB 602 funds would be allocated to districts based on overall ADA. Any revised method should discourage overidentification of special education students.

San Joaquin County SELPA
Allocation Summary
2011-12

			Allocations from AB602 and Related Funds							
		Apportionment/ Entitlement	State Aid	Special Education Property Tax	IDEA Basic Local Assistance	AB602 Formula Sub Total	Program Specialist/ Regionalized Services	Out of Home Care	Low Incidence Materials and Equipment	CDE Exhibit Sub Total
		Resource	6500	6500	3310	xxxx	6500	6500	6500	xxxx
		Amount	28,698,932.00	2,173,765.00	9,929,699.00	40,802,396.00	934,983.08	2,146,537.00	99,837.76	43,983,753.84
Member	2011-12 P-2 ADA	Dec-2010 Pupil Count	State Aid	Special Education	IDEA Basic Local Assistance		Program Specialist/	Out of Home Care	Low Incidence	
Banta Elementary	310.02	17	44,035.00	0.00	24,181.00	68,216.00	0.00	0.00	0.00	68,216.00
Escalon Unified	2,742.54	244	270,221.00	0.00	347,063.00	617,284.00	0.00	0.00	0.00	617,284.00
Jefferson Elementary	2,452.34	249	371,617.00	0.00	354,175.00	725,792.00	0.00	0.00	0.00	725,792.00
Lammersville Joint	2,113.60	180	328,778.00	0.00	256,030.00	584,808.00	0.00	0.00	0.00	584,808.00
Lincoln Unified	8,539.94	928	1,106,778.00	0.00	1,319,977.00	2,426,755.00	0.00	0.00	0.00	2,426,755.00
Linden Unified	2,235.49	282	216,225.00	0.00	401,114.00	617,339.00	0.00	0.00	0.00	617,339.00
Manteca Unified	22,224.03	2,386	2,723,523.00	0.00	3,393,821.00	6,117,344.00	0.00	0.00	0.00	6,117,344.00
New Jerusalem	1,213.83	34	170,703.00	0.00	48,361.00	219,064.00	0.00	0.00	0.00	219,064.00
Ripon Elementary	2,980.69	275	383,003.00	0.00	391,157.00	774,160.00	0.00	0.00	0.00	774,160.00
Tracy Unified	16,653.25	1,604	2,411,745.00	0.00	2,281,512.00	4,693,257.00	0.00	0.00	0.00	4,693,257.00
Sub Total	61,465.73	6,199.00	8,026,628.00	0.00	8,817,391.00	16,844,019.00	0.00	0.00	0.00	16,844,019.00
Venture Academy	1,256.11	0	250,377.00	0	0.00	250,377	0.00	0.00	0.00	250,377.00
Court/Community Schools	1,291.28	0	257,387.00	0	0.00	257,387	0.00	0.00	0.00	257,387.00
County Operated Programs	475.77	782	17,990,775.00	2,173,765	1,112,308.00	21,276,848	0.00	0.00	0.00	21,276,848.00
SELPA	0.00	0	2,173,765.00	0	0.00	2,173,765	934,983.08	2,146,537.00	99,837.76	5,355,122.84
Sub Total	3,023.16	782.00	20,672,304.00	2,173,765.00	1,112,308.00	23,958,377.00	934,983.08	2,146,537.00	99,837.76	27,139,734.84
Grand Total	64,488.89	6,981.00	28,698,932.00	2,173,765.00	9,929,699.00	40,802,396.00	934,983.08	2,146,537.00	99,837.76	43,983,753.84
Difference*			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	COE and SELPA						
	Pupil Services	Head Start	Food Service	Stockton SELPA	Transfers Out	SDC Revenue Limit	Sub Total 1
	xxxx	xxxx	xxxx	xxxx	xxxx	6500	
County Operated Programs	137,626.00	42,680.16	40,788.93	126,090.00	(185,217.00)	2,459,480.00	2,621,448.09
SELPA	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub Total	137,626.00	42,680.16	40,788.93	126,090.00	(185,217.00)	2,459,480.00	2,621,448.09

*Differences are due to the unknown allocation for some funding sources.

San Joaquin County SELPA
Allocation Summary
2011-12

Allocations from Other Sources								COE/SELPA	
State J-50 Infant Entitlement	AB602 Prior Year Corrections	IDEA Preschool Grant	IDEA Preschool Entitlement	Federal Mental Health Services	State Mental Health Services	Personnel Development for SELPA	Legal/NPS Claims Paid	Other (See Below)	Total
6510	6500	3315	3320	3327	6512	6535	6500	xxxx	xxxx
228,767.00	108,827.00	296,445.00	743,431.00	785,926.00	2,695,840.00	23,993.00	0.00	3,382,625.09	52,249,607.93
State J-50 Infant	AB602 Prior Year	IDEA Preschool	IDEA Preschool	Federal Mental	State Mental Health	Personnel Development	Legal/NPS Claims Paid	Other (See Below)	Total
0.00	0.00	0.00	0.00	0.00	0.00	46.00	0.00	0.00	68,262.00
0.00	0.00	0.00	0.00	0.00	0.00	664.00	172,343.00	0.00	790,291.00
0.00	0.00	0.00	0.00	0.00	0.00	677.00	85,953.00	0.00	812,422.00
0.00	0.00	0.00	0.00	0.00	0.00	490.00	8,859.00	0.00	594,157.00
0.00	0.00	0.00	0.00	0.00	0.00	2,525.00	209,693.00	0.00	2,638,973.00
0.00	0.00	0.00	0.00	0.00	0.00	767.00	59,000.00	0.00	677,106.00
0.00	0.00	0.00	0.00	0.00	0.00	6,492.00	705,092.00	0.00	6,828,928.00
0.00	0.00	0.00	0.00	0.00	0.00	93.00	0.00	0.00	219,157.00
0.00	0.00	0.00	0.00	0.00	0.00	748.00	231,693.00	0.00	1,006,601.00
0.00	0.00	0.00	0.00	0.00	0.00	4,363.00	433,694.00	0.00	5,131,314.00
0.00	0.00	0.00	0.00	0.00	0.00	16,865.00	1,906,327.00	0.00	18,767,211.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	250,377.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	257,387.00
228,767.00	0.00	0.00	0.00	0.00	0.00	2,128.00	0.00	2,713,006.09	24,220,749.09
0.00	0.00	0.00	0.00	0.00	0.00	5,000.00	(1,906,327.00)	669,619.00	4,123,414.84
228,767.00	0.00	0.00	0.00	0.00	0.00	7,128.00	(1,906,327.00)	3,382,625.09	28,851,927.93
228,767.00	0.00	0.00	0.00	0.00	0.00	23,993.00	0.00	3,382,625.09	47,619,138.93
0.00	108,827.00	296,445.00	743,431.00	785,926.00	2,695,840.00	0.00	0.00	0.00	4,630,469.00

COE and SELPA						
Pre-K Staff Development Grant 3345	Infant Part C 3385	Alternative Dispute Resolution Grant 3395	Infant Discretionary Grant 6515	Low Incidence Services Grant 6530	Transportation 7240	Sub Total 2
0.00	91,558.00	0.00	0.00	0.00	0.00	91,558.00
3,654.00	0.00	15,000.00	3,760.00	12,075.00	635,130.00	669,619.00
3,654.00	91,558.00	15,000.00	3,760.00	12,075.00	635,130.00	761,177.00

The tables above offer a snapshot of the total funds allocated to each LEA, including the San Joaquin COE-operated programs and the SELPA. Although it is not part of the AB 602 funding calculation, the local assistance entitlement was included because it is part of the total fund. The state mental health allocation to the LEAs of $1,800,796 was provided; however, the information did not specify how it would be allocated to each of the member LEAs. Medi-Cal Administrative Activities funding was not included because it fluctuates from year to year.

Allocating resources based on reported ADA or numbers of pupils served in the prior year may not be equitable. Funding methods should ensure that programs and services are available to meet the needs of all students in the San Joaquin County SELPA. Demographic, geographic, and socioeconomic factors may warrant an increase to some districts to ensure equitability. One option is to set aside a small amount of funds to help any district, small or large, with extraordinary costs. However, extraordinary costs should be carefully defined and criteria developed to prevent overuse of this funding.

District staff reported that many requests for nonpublic school (NPS) funds are approved prior to exhausting all SELPA programs and resources. The SELPA reimburses districts for 70% of the costs for nonpublic school placements determined by the district. This creates an incentive for excessive placements and/or eliminates viable options in the least restrictive environment. The funds provided by the AB 602 funding plan for students placed in group homes, foster homes, and other similar facilities (out of home care funds) is used to pay for NPS placements. The districts reported concerns that not all NPS/NPA (nonpublic agency) placements are warranted and that some of these students may be appropriately served by county-operated programs.

A clear distinction is needed of the roles and responsibilities of the SELPA and of the San Joaquin COE special education department. The terms “county office program” and “SELPA program” are often used interchangeably. This often occurs when one administrator is responsible for both the SELPA and county-operated special education programs. Having a single administrator is efficient and effective, but it is important to continually reinforce that the SELPA and the special education department provide distinctly different programs, services, and supports. It also is important to distinguish that the SELPA receives and distributes funding, including AB 602 funds, and the special education department is an LEA and recipient of those funds similarly to the member LEAs.

Recommendations

The county SELPA should:

1. Consider modifying the fiscal information provided to program staff to increase understanding.
2. Continue to ensure that fiscal information is presented to member LEAs with a comprehensive explanation of the effect on individual districts and the SELPA as a whole.
3. Continue to ensure that member LEAs receive ongoing education regarding the SELPA funding allocation method.
4. Consider modifying the AB 602 funding allocation method to be based on ADA.
5. Consider a two- to three-year implementation phase-in if the funding allocation method is revised.
6. Develop a reporting mechanism for revenue sources that are not included in the allocation model so that SELPA member districts can clearly understand these sources and how they are used and expended.
7. Consider establishing a small fund to assist districts that may incur extraordinary costs because of demographic, geographic, or socioeconomic factors.

8. Ensure that all NPS/NPA placements are warranted and that districts have first exhausted all county-operated programs and resources. It should be noted that districts make these placements, not the county office.

9. The SELPA should consider adopting a policy that states only claims for NPS/NPA costs for contracts pre-approved by the SELPA will be considered for reimbursement.

10. Consider preparing and disseminating a packet in a format that distinguishes the SELPA from county-operated programs so it is easily understood by board members, superintendents, principals, district and county business offices, transportation departments and special education offices.

11. Develop new letterhead that identifies the San Joaquin COE and SELPA and includes the names of the county superintendent and the SELPA director to help clarify their respective roles.

Fiscal Analysis

Direct and Indirect Costs

The San Joaquin COE charges the state approved indirect cost rate for services that are not directly charged to individual programs. These services include payroll, personnel, workers' compensation, finance and accounting, accounts payable, facilities management, collective bargaining, and information technology. The 2012-13 maximum indirect cost rate allowable for the county office is 9.66% of total expenditures in any program that doesn't specifically limit the allowable indirect costs. (See Appendix B, Indirect Cost Rates).

The purpose of the indirect cost rate as described in the California School Accounting Manual, published by the California Department of Education is as follows:

> Indirect costs consist of agency wide business and administrative costs such as accounting, budgeting, personnel, purchasing, and centralized data processing. The standardized method for charging indirect costs to programs is the indirect cost rate (see Procedure 915 of the California School Accounting Manual).

Direct costs charged to special education are limited to only those costs directly associated with each program. Positions directly charged to special education include account specialist, administrative assistant, assistant superintendent, attendance technician, coordinator II (4), coordinator IV (3), director II, division director, executive assistant, food service program assistant, health care assistant, human resources tech II, licensed vocational nurse, maintenance worker, program manager I, program manager III, program support specialist, project liaison II, staff secretary, and technical support specialist.

A 2100 Standardized Account Code Structure (SACS) function code was used for these positions. As described in the excerpt from the California School Accounting Manual below, instructional supervision and administration is properly classified in that function.

1000–1999	INSTRUCTION
1000	Instruction
1001–1099	Instruction for Other Than Special Education—Locally defined (When reporting data to CDE, LEAs must roll up these functions to Function 1000.)
1100–1199	Special Education Instruction
1110	Special Education: Separate Classes
1120	Special Education: Resource Specialist Instruction
1130	Special Education: Supplemental Aids and Services in Regular Classrooms
1180	Special Education: Nonpublic Agencies/Schools (NPA/S)
1190	Special Education: Other Specialized Instructional Services
2000–2999	INSTRUCTION-RELATED SERVICES
2100	Instructional Supervision and Administration
2110	Instructional Supervision
2120	Instructional Research
2130	Curriculum Development
2140	In-house Instructional Staff Development
2150	Instructional Administration of Special Projects
2200	Administrative Unit (AU) of a Multidistrict SELPA
2420	Instructional Library, Media, and Technology

2490	Other Instructional Resources
2495	Parent Participation
2700	School Administration

Identifying costs associated with specific programs was difficult because several nonstandardized discretionary codes were used in the account code structure. The county office assigns management codes and school codes to identify various levels of each program on both the expense and revenue accounts. This makes it cumbersome for the lay person to become familiar with the structure and to understand the funding.

The county office reported that management code information is intended for internal use in operating its programs and is not distributed to the districts. Summary reports based on SACS data for revenues and expenditures are distributed to the districts and are reviewed with them throughout the year.

Recommendations

The county office should:

1. Identify the indirect costs charged to programs in each report provided to districts.
2. Identify the specific positions charged to individual programs and standardize the accounting.
3. Consider consolidating the use of the management and school codes in the account code structure for ease of understanding.

Construction and Deferred Maintenance

The SJCOE owns several facilities and has provided facilities to school district sites. Although the flexibility provisions of AB 825 allow the use of deferred maintenance funds for any educational purpose, the county office has elected to maintain the funds for their intended use. The county office was under no obligation to continue past practice once the funds were flexed. The county office also continues to fund the district match as it did prior to any flexibility. Funds are transferred to the resource code designated for this purpose from the unrestricted general fund. This helps to avoid large or unexpected expenditures in any one year.

Deferred maintenance funds are accounted for with an identifying resource code in the unrestricted general fund. Within the resource code, the county office uses its management code system to account for each program area that is allocated these funds.

The county office allocates these funds to county office needs, alternative education sites and special education sites. The beginning balance in this resource for 2012-13 was $514,486.50, and the anticipated ending balance for deferred maintenance is anticipated to be $510,386.50 on June 30, 2013, provided there are no emergency needs. The total resources available including current year apportionments are $828,469.50, and current year expenditures are budgeted to be $318,083.

The county office has accessed state financial hardship funds for several building projects that did not require any matching funds. On completion of these projects, the county office gained approval to use any excess funds for future projects. These funds were used for a recent 50% match requirement for the Colonial Heights School in the Lincoln USD. No charges were made to the districts for any of these building projects.

Salary Comparisons

FCMAT used the same county offices for the comparison in this section as were used in other sections of the report. The San Joaquin COE salary costs are somewhat higher than the other county offices. Because each county has a different work year for its teachers, a daily rate column was included in the comparison. This better represents the real cost than using the annual salary.

All county offices used in the comparison have health benefit caps of some type.

Salaries for Comparable Size County Offices

	BA + Cred. Step 1	Daily Rate	BA + Cred. + 45 Units Step 8	Daily Rate	BA + Cred. + 75 Units Last Step	Daily Rate	Masters Stipend	Health Benefits
Fresno COE (183 days)	42,441	231.92	52,942	289.30	70,764	386.69	600	$891.67/mo. cap
Monterey COE (183 days)	42,615	232.87	59,429	324.75	73,870	403.66	950	Caps at each plan level
Placer COE (185 days)	39,055	211.11	56,272	304.17	74,389	402.10	800	$730/mo. cap
San Joaquin COE (178 days)	40,308	226.45	54,458	305.94	76,068	427.35	1,500	$762.09/mo. cap
Sonoma COE (177 days)	40,232	227.30	53,864	304.32	74,297	419.76	500	COE pays 85% of premiums

Recommendation

The county office should:

1. Ensure that member districts know that the San Joaquin COE has competitive salaries and benefits. Make these comparisons annually to ensure that the county remains competitive.

Teacher Salary and Benefit Comparison

FCMAT was asked to review and analyze the San Joaquin COE teacher salary and benefits costs relative to the districts that the SELPA serves, except for Banta Elementary, New Hope and Oak View. Lodi and Stockton are not part of the San Joaquin County SELPA; however, they were included in the comparison because they are located in the same region as the San Joaquin COE. The table below is a summary of district/county office teacher salary/benefits and includes the teacher FTEs and total duty days for each.

Teacher Salary/Benefits Cost Comparison

District	Teacher FTE	Total Salary + Benefits	COST/FTE	No. of Duty Days
Lincoln	35.90	$3,294,930	$91,780	180/182
Manteca	107.30	$8,878,276	$82,742	180
Tracy	76.60	$6,099,980	$79,634	183
SJCOE	67.00	$5,232,908.87	$78,103	178
Escalon	15.02	$1,119,628	$74,542	177
Linden	10.00	$723,561	$72,356	178
Ripon	8.00	$577,158	$72,144	175
New Jerusalem	3.25	$229,673	$70,668	184
Lammersville	9.10	$632,108	$69,462	183
Jefferson	10.90	$688,080	$63,126	182
Lodi Area	172.87	$13,386,208	$77,435	175
Stockton Unified	195.60	$16,965,860	$86,737	183

Note: The data contained in this table was obtained directly from the respective districts and COE listed.

The number of teacher duty days ranges from a low of 175 in Ripon Unified to a high of 184 in New Jerusalem, with the average for all districts and the San Joaquin COE at 180. San Joaquin COE teachers are assigned 178 duty days, which is consistent with the average.

The lowest average cost of salary and benefits per FTE is $63,126 in Jefferson Elementary and the highest is $91,780 in Lincoln Unified. The average cost of salary and benefits for all districts in the San Joaquin County SELPA is $75,161, and the San Joaquin COE average is $78,103. The San Joaquin COE average is comparable to the districts in the SELPA. The median average cost of salary and benefits of the nine districts in the San Joaquin County SELPA is $72,356. San Joaquin COE average salary and benefits are slightly higher than the median average of the nine districts.

Lodi Area and Stockton Unified are not part of the San Joaquin County SELPA; each is a separate SELPA in San Joaquin County. The average salary and benefits costs per teacher in Lodi Area is $77,435; in Stockton Unified it is $86,737. San Joaquin COE average salary and benefits are comparable to that of both Lodi Area and Stockton Unified.

Teacher Salary Step and Column Comparison

FCMAT reviewed the San Joaquin COE teacher salary step and column relative to the districts that the SELPA serves, except for New Hope and Oak View. Lodi Unified, Stockton Unified, and Stanislaus County Office of Education are not part of the San Joaquin County SELPA; however, they were included in the comparison because they have similar demographics. The table below is a summary of district/county office teacher salary step and column for steps one, eight, 10, and the final step, and includes the number of work days for teachers in each district and county office and the daily rate for each step. It also includes the available stipends, where applicable, and health benefit caps.

District/COE Salary Step/Column Comparison

District/ COE	Days Worked	BA + 30, Step 1	Daily Rate	BA + 45, Step 8	Daily Rate	BA + 60, Step 10	Daily Rate	Final Step	Daily Rate	MA Stipend	Health Benefit Cap
Banta	183	$38,169	$209	$46,634.	$255	$57,910	$316	$71,569	$391	$800 < 75 units; $1,200 w/ 75 units	$10,008
Escalon * **	177	$40,049	$226	$50,904	$288	$55,968	$316	$75,820	$428	$0	$7,440
Jefferson	182	$40,843	$224	$54,159	$298	$59,456	$327	$72,778	$400	$1,200 MA before 75 units	$10,000
Lammersville	183	$40,751	$223	$52,892	$289	$58,107	$318	$71,634	$391	$1,800	$10,752
Lincoln	183	$41,390	$226	$52,168	$285	$58,245	$318	$77,393	$423	$1,000 MA; $1,000 Sp Ed	N/A
Linden	178	$40,413	$227	$50,177	$282	$56,460	$317	$71,575	$402	$1,700 MA; $1,584 Sp Ed	$7,163
Lodi	175	$40,301	$230	$50,932	$291	$56,008	$320	$76,129	$435	$1,000	$8,609 - $20,466
Manteca **	180	$42,685	$237	$53,876	$299	$60,950	$339	$79,027	$439	$0	$8,287
New Jerusalem	184	$39,772	$216	$46,988	$255	$51,355	$279	$74,735	$406	$500	$10,200
Ripon * **	177	$40,544	$229	$49,946	$282	$54,801	$310	$74,143	$419	$0	$5,934 - $9,078
Stockton	183	$40,532	$221	$52,456	$287	$59,951	$328	$75,526	$413	$1,456 MA; $1,237 Sp Ed	$13,770
Tracy	183	$43,975	$240	$55,874	$305	$61,913	$338	$81,401	$445	$1,623 MA; $1,623 Sp Ed	$8,482
San Joaquin COE	**178**	**$42,111**	**$237**	**$54,458**	**$306**	**$59,776**	**$336**	**$78,348**	**$440**	**$1,500 Sp Ed $1,700 LSH**	**$9,145**
Stanislaus COE	182	$44,639	$245	$60,876	$334	$67,963	$373	$94,672	$520	$1,000	$14,360
Average	**181**	**$41,155**	**$228**	**$52,310**	**$290**	**$58,490**	**$324**	**$76,768**	**$425**		

* BA = 36/48 not 30/45
** MA built into column
Source: District-provided data / EdData.org

In the comparison, the number of teacher work days ranges from a low of 175 in Lodi to a high of 184 in New Jerusalem, with the average across districts and county offices at 181. San Joaquin COE teachers work 178 days, which is three days less than the average.

A comparison within each salary step is made using the district-provided data and EdData.org data. For the Step 1 salary per full-time teacher, the lowest is $37,623 with a daily rate of $206 in Linden, and the highest is $44,639 with a daily rate of $245 in Stanislaus COE. The average Step 1 salary is $40,999 with an average daily rate of $224. The San Joaquin COE Step 1 salary is $41,876 with a daily rate of $229. The San Joaquin COE Step 1 salary is higher than the average salary and daily rate of districts and COEs used in this comparison.

New Jerusalem has the lowest Step 8 salary at $46,988 with a daily rate of $257. Stanislaus COE has the highest Step 8 salary at $60,876 with a daily rate of $334. The average Step 8 salary is

$52,806 with an average daily rate of $268. San Joaquin COE's Step 8 salary is $54,154 with a daily rate of $296, which is higher than the average salary and daily rate for districts and COEs in this comparison.

Salary data shows that New Jerusalem has the lowest Step 10 salary at $51,355 and a daily rate of $281. Stanislaus COE has the highest Step 10 salary at $66,963, with a daily rate of $368. The average Step 10 salary is $58,479 with an average daily rate of $320. San Joaquin COE's Step 10 salary is $59,442 and the daily rate is $325. The San Joaquin COE Step 10 salary is higher than the district and county office average salary and daily rate.

The final step salary comparison shows Linden has the lowest final salary of $71,575 with a daily rate of $391. Stanislaus COE has the highest final step salary of $94,672 with a daily rate of $520. The average final step salary is $76,843 with an average daily rate of $420. The San Joaquin COE final step salary is $77,910 with a daily rate of $426, which is higher than the average salary and daily rate.

Most districts and county offices provide a stipend for teachers who have a master's degree. Stipends range from a low of $500 in New Jerusalem to a high of $1,800 in Lammersville. San Joaquin COE provides a master's stipend of $1,500 and an additional stipend of $1,700 for special education teachers. The practice of providing special education teachers an additional stipend is common among county offices of education, whose teachers are required to serve the most severely disabled population of students and are often required to provide services at distant school sites. The average master's stipend for area districts and county offices is $1,278. The master's stipend provided by San Joaquin COE is higher than the average stipends provided by districts and COEs in this comparison.

The average health benefit cap is $10,259. The health benefit cap for San Joaquin COE is $9,145.

Recommendation

The county office should:

1. Continue to utilize this data to support future budgetary planning and decision-making.

Comparative Analysis of COE Programs

FCMAT was asked to compare the total costs of special education programs operated by the San Joaquin COE to the total costs of like programs operated by other SELPAs. FCMAT asked each of the identified counties to provide their total costs to operate programs. Lincoln USD is concerned that an excessive amount of state aid may be used to support programs that are not entirely efficient. All of the funding from state aid and federal assistance used to operate these programs goes to the San Joaquin COE before allocation to the districts (off the top), which precludes any excess funding from being available for the districts to help pay the excess costs of special education programs they operate. The district and COE should meet annually to discuss this concept and potential funding plans that would benefit the districts if any excess funds exist.

Lincoln USD has 87 students placed in county-operated programs. Of these, 31 are in autism, three are in deaf and hard of hearing, one is in an autism spectrum class, 12 are in emotionally disturbed, and 40 are in orthopedically handicapped or severely handicapped programs. San

Joaquin COE operates five classes in Lincoln USD. The county office serves students with more severe and pervasive needs, requiring labor-intensive services. The total cost of these programs is comparable to other counties of similar size. The district should analyze the potential cost of delivering those services to determine if it can deliver the same quality of service in a more cost-efficient model.

The table below indicates the counties that are similar in size to San Joaquin County SELPA and provides their approximate total costs to operate special education programs.

County Program Cost Comparison

County Office of Education	Total Cost to Operate County Programs
Fresno County	$22,757,000
Monterey County	$35,000,000
Placer County	$20,000,000
San Joaquin County	$22,468,815
Sonoma County	$22,332,600

Note: Costs to operate county programs provided by COEs are approximations.

Recommendations

The county SELPA should:

1. Analyze the costs to operate specific special education programs as compared to other county offices.
2. Determine whether increased efficiencies could be gained in any of its programs.

Revenue Resources

FCMAT was asked to review the revenue sources for special education programs and services that are not included in the SELPA Allocation Plan. An allocation plan is required for all multidistrict SELPAs. The member districts determine the specifics of the plan based on the SELPA's unique needs. For example, some SELPAs include the out-of-home and mental health funding in their base allocations to districts, and others do not.

The revenue streams that are not in the base allocation include (1) revenues received to operate the SELPA such as regionalized services and program specialist funds; (2) revenues received by the SELPA and distributed to districts such as low incidence, out-of-home and preschool; and (3) revenues received by the San Joaquin COE for county office programs such as infant and Medi-Cal.

A county office document titled Special Education Analysis Restricted and Designated Program 2012-13 First Interim Financial Report includes all three types of funding streams, specifying where the funds originate and how they are allocated. The document does not clearly differentiate the three types of revenue streams described above. This may lead to confusion and misunderstandings about the funding received by the SELPA, the districts and the county office, and why certain funds are not included in the SELPA's allocation to the districts.

The following tables show how funding is distributed. The data is from the interim financial report and the Fund 10 report, with clarification provided by SELPA and county office staff. The resource amounts are estimates from projected revenues. The tables demonstrate one way to distribute this information to the member districts that may help clarify why certain funds are not included in the allocation.

SELPA Funding that Stays in the SELPA

Fund Description	Source	How Funds Expended	Amount
Program Specialist	Federal Grant	Salaries/Benefits	$24,665
Program Specialist	Based on ADA	Retiree Contracts/Salaries/ Benefits/Office Expenses	$727,335
Regionalized Services	Based on ADA	Salaries/Benefits/Office Expenses	$788,079
In-service Administration	Workshop Generated	Presenters/Materials	$107,591
Positive Environment Network of Trainers (PENT)	Workshop Generated	Presenters/Materials	$24,730
Winter Symposium	Workshop Generated	Presenters/Materials	$43,353
Autism Forum	Workshop Generated	Presenters/Materials	$13,677
Positive Behavioral Supports	Workshop Generated	Presenters/Materials	$2,400
WorkAbility	State WorkAbility Committee	Travel/Conference	$3,398
Alternative Dispute Resolution Conference	One time money from State ADR	Presenters/Materials	$20,158
Preschool 94-142	Federal Grant	Travel/Conferences	$3,654
Alternative Dispute Resolution (ADR)	Federal Grant	Retiree Contracts/ADR Conference	$15,000
Medi-Cal Administrative Activities (MAA)	SELPA generated	Assistive Technology Supplies	$32,479

Funds Received by SELPA and Distributed to Districts and County Office

Fund Description	Source	How Funds Expended	Amount
Preschool Non-Rise	Federal Grant	Salaries/Benefits	$743,431
Preschool Non-Rise	Federal Grant	Salaries/Benefits	$271,780
Mental Health Part B	Federal Grant	Regional Mental Health Services	$785,926
Mental Health Part B Carryover	Federal Grant	Board and Care	$350,116
Low Incidence	State Specific Funding	Low Incidence Equipment	$141,420
Out-Of-Home	State Specific Funding	70/30 split for Nonpublic Schools and Agencies	$3,608,163
Mental Health	State Apportionment based on ADA	Contracts for Services and staff development	$2,676,744
Mental Health Charter School (Venture)	State Apportionment	Mental Health Services	$19,345
WorkAbility	State Grant	Salaries/Materials	$290,018
Low Incidence	State Grant	Low Incidence Services	$12,401
Staff Development 94-142	State Grant	Conferences	$23,993

Funds Received by County Office for County Office Programs

Fund Description	Source	How Funds Expended	Amount
Infant Part C	State Allocation	Salaries/Materials	$91,558
Language Acquisition	SJCOE Multilingual Department	Training/Materials	$5,655
Lottery - Restricted	State Funding	Instructional Materials	$107,682
Designated Instructional Services	Contracts with Districts	Occupational Therapist Salaries	$129,267
Infant Discretionary	State Grant	Materials/Supplies	$3,760
Medi-Cal	SJCOE Reimbursement	Salaries/Materials	$347,544
Medi-Cal Administrative Activities	SJCOE Reimbursement	Salaries/Benefits/Materials	$153,507
Tire Grant	Grant	Repairs	$115,470
Seratoma Grant	Grant	Materials/Supplies	$1,195
PG&E Grant	Grant	Materials/Supplies	$9,934
Oral Health Assessment	State Categorical	Materials/Supplies	$328
Peer Assistance Review	State Categorical	Materials/Supplies	$5,451
Math/Reading Professional Development	State Categorical	Materials/Supplies	$7,383
State Development Buyback	State Categorical	Materials/Supplies	$56,185
Library Act	State Categorical	Materials/Supplies	$277
Carl Washington	State Categorical	Materials/Supplies	$3,219

Fund Description	Source	How Funds Expended	Amount
California High School Exit Exam	State Categorical	Materials/Supplies	$4,821
Instructional Materials	State Categorical	Materials/Supplies	$96,151
Arts and Music Block Grant	State Categorical	Materials/Supplies	$6,007
Lottery - Unrestricted	State Funds	Materials/Supplies	$95,656

Recommendations

The county SELPA should:

1. Develop a method of providing separate information for all funding streams to clarify why some funds are not included in the LEA allocation.

Nonmandated Services

SELPA, county office and district staff have varying perceptions regarding the nonmandated services provided to students in county office programs. Some staff stated a belief that students may receive services not included in Education Code 56363. FCMAT reviewed the services provided to San Joaquin COE students as shown in the Special Education Information System (SEIS). All related services provided to San Joaquin COE students are included in this code.

A perception was expressed by both district and San Joaquin COE staff that some students in San Joaquin COE special day classes from smaller districts would not be in those classes if they were from one of the larger districts. The concerns were that the students did not qualify for San Joaquin COE services but received them because the smaller district did not have an appropriate program, and that these students took slots that should be filled by students from the larger districts.

FCMAT reviewed the document Students Served in County Program by District and Disability, dated 9-14-12, which is distributed to the SELPA member districts yearly. This document shows the percentage of each district's ADA in the SELPA compared to the percentage of students in the San Joaquin COE classes. It does not include speech and hearing students.

Percentage ADA vs. Percentage of Students in SJCOE Programs

District	Percentage ADA	Percentage in SJCOE
One	0.48	0.31
Two	4.28	3.89
Three	3.82	3.73
Four	13.31	12.91
Five	3.48	3.42
Six	34.65	38.41
Seven	1.89	0.00
Eight	4.65	4.98

District	Percentage ADA	Percentage in SJCOE
Nine	25.96	28.46
Ten	4.28	0.00

Two of the three largest districts have a higher percentage of students in the San Joaquin COE programs than in the SELPA. Only one of the seven smaller districts has a higher percentage of students in the SJCOE programs than in the SELPA. Although a few students from the smaller districts in the SJCOE program might not have been referred by the larger districts, the data does not support the perception that the smaller districts are taking places that would be available to the larger districts.

Another perception of nonmandated services is that the staffing provided in the San Joaquin COE classes, teacher and aides, and the related services caseloads is above the required or recommended level. However, the San Joaquin COE classes and related services are within the required or recommended levels, as discussed earlier in this report.

The last perception is that even though staffing levels are appropriate, more students receive related services than would be expected. All related services that students receive are listed on their individualized education program (IEP). However, both district and San Joaquin COE staff reported that although districts are regularly invited to all of their students' IEPs, district staff do not regularly attend. In some cases, the district staff may not have observed the student in several years and therefore is unable to determine if the related services are needed. They may assume the services are excessive or may not even realize that their students are receiving related services.

No state standards or best practices exist to measure the level of related services provided in the San Joaquin COE classes. However, to better understand why this may be of concern to the districts, the most common related services provided to the students in 61 SDC classes, preschool through adult, were reviewed in the SEIS. There are 589 students in these 61 classes. Of these, 464 (78.8%) receive speech and language services, 211 (35.8%) receive occupational therapy services, and 71 (12%) receive adaptive physical education.

Recommendations

The county office should:

1. Continue providing each district's percentage of students in the SELPA with their percentage in SJCOE classes on a yearly basis.
2. Continue to invite and encourage district staff to attend IEP meetings and to visit their students' classes to increase their understanding of San Joaquin COE programs and services.
3. Develop a format to provide each district with a list, by class, of their students that attend San Joaquin COE programs, including the related services that each student receives.

Legal Expenses

Education Code 56501 covers due process hearing procedures. The San Joaquin County SELPA's legal costs for due process were compared to SELPAs of similar size: Monterey, Placer and Sonoma. The average expense for due process for these SELPAs in 2011-12 was $41,600. The average expense for San Joaquin County during 2011-12 was $11,000. In any given year, one due process filing can significantly affect these expenditures.

Due Process in Comparable Size SELPAs

SELPA	Legal Costs 2011-12
Monterey	$125,000
Placer	$10,000
SJCOE	$11,000
Sonoma	$60,000

The San Joaquin SELPA has successfully contained legal costs for due process through proactive use of alternative dispute resolution strategies to facilitate contentious IEP meetings. FCMAT found a strong commitment to staff development for the facilitated IEP process, which has proved highly successful for resolving disputes at the lowest level. In addition, administrators are trained in defensible IEPs, random file reviews to determine training needs, and filing for mediation.

Recommendation

The SELPA should:

1. Maintain proactive efforts to institute alternative dispute resolution strategies to resolve due process differences.

Fiscal Effect if Lincoln USD Withdraws from SELPA

Lincoln Unified had 86 students in county-operated programs at the time of this study. The table below indicates the disability type and grade level of students served by San Joaquin COE. Also included are the itinerant deaf and hard of hearing and visually impaired designated instructional services (DIS).

Lincoln USD Students Served in County Program

Program	Level	# LUSD Students	1:1 Support	Extra Support
Autism	Pre-K	15		2
	K-3	13		1
	4-8	2		1
	9-12	1		
Autism Total		31		4
Deaf & Hard of Hearing (DHH)	K-3	2		
	9-12	1		
DHH Total		3		
ASC	7-12	1		1
Emotionally Disturbed (ED)	K-3	4		1
	4-6	2		
	7-12	6		
ED Total		12		1
Orthopedically Handicapped/ Severely Handicapped (OH/ SH)	K-8	1		
	9-12	1		
OH/SH Total		2		
Severely Handicapped (SH)	K-8	2		
	K-4	9	1	
	4-8	13	1	1
	9-12	3		1
	Young Adult	11	1	
SH Total		38	3	2
Total Placement		86	3	8
Note: Itinerant Designated Instructional Services (DIS): Teacher of Visually Impaired (5 students), Teacher of Deaf and Hard of Hearing (11 students)				

If Lincoln decides to withdraw from the SELPA it will pull away a higher base rate and all districts will lose funding. All funding the other districts receive from AB 602 will decrease. The table below demonstrates the negative effect on the other member districts.

Funding loss is estimated at $6.05 million, mostly from AB 602. The acquiring SELPA may not be funded at the same rate. If ADA from all other member LEAs remained the same, the ADA loss of approximately 8,539.94 from Lincoln Unified would create a declining ADA adjustment of $5,402,368. This is the base rate of $632.60 times the ADA loss. CDE calculates declining ADA using the SELPA's total ADA for (a) current year, (b) prior year, and (c) *prior* prior year (two years ago). The CDE Exhibit formula subtracts the greater of either the prior or *prior* prior year ADA from the greater of either the prior or current year ADA.

All three federal funding sources for basic local assistance and preschool would also decrease, because the 1999 base funding, the enrollment, and the free and reduced price meal counts attributed to Lincoln Unified would go to the new SELPA. However, the inverse funding relationship with AB 602 and the federal IDEA basic local assistance and special education property tax funds means any loss in federal or property tax amounts will increase AB 602 funding. However, this will not occur with the two federal preschool funding sources.

Program specialist/regionalized services funding also is estimated to decrease. The 2012-13 funding was $14.50 per ADA, which totals $123,815.12 for Lincoln Unified. Low incidence materials and equipment is funded by the prior year pupil count for low incidence. At a rate of $327.09, the estimated loss is over $11,000.

County-operated special education programs would also experience a loss in the SDC revenue limit transfer. The amount received in 2011-12 for Lincoln ADA was $372,330.46.

Out of home care is funded based on an April bed count. San Joaquin County SELPA received at least $67,950 in out of home care funds from bed counts for Lincoln Unified. However, this does not include beds at foster family homes, small family homes, and foster family agencies, because the data is not available on the CDE website.

Mental health funds will decrease because of the loss of ADA and CASEMIS count. The state mental health allocation for 2012-13 was based on $29.13575239 per ADA. Lincoln's ADA of 8,539.94 provides $248,817.58 of the total funding. In 2012-13, CDE divided the federal IDEA mental health funds into two grant awards: one based on CASEMIS data and one based on ADA. The ADA-based federal mental health funding for 2012-13 was at a rate of $2.88, with $24,595.03 due to Lincoln Unified.

Grants such as low incidence services, personnel development, infant discretionary and pre-kindergarten staff development will be affected by the loss of either ADA or pupil count. The table below indicates the estimated losses if Lincoln Unified withdraws from the SELPA.

Funding Loss if Lincoln USD Withdraws from SELPA

Entitlement or Grant	Funded by	2012-13 Rate	Lincoln 2011-12 Data	Estimated Funding Drop
AB602 for Declining ADA Adjustment	ADA Formula	632.6002200870	8,539.94	($5,402,367.92)
Program Specialist/Regionalized Services	ADA Formula	14.4983590751	8,539.94	($123,815.12)
Low Incidence Materials and Equipment	PY Dec Pupil Count	327.0926201090	34	($11,121.15)
SDC Revenue Limit Transfer	ADA Formula	4,977.68	74.80	($372,330.46)
Out of Home Care	Bed Count	Varies	8 identified beds	($67,950.00)
State Mental Health	ADA Formula	29.13575239	8,539.94	($248,817.58)
Federal Mental Health-1	CASEMIS Formula	Varies	Not Available	Unknown, To be determined
Federal Mental Health-2	ADA Formula	2.88	8,539.94	($24,595.03)
IDEA Basic	1999 Base Funding with 85%/15% from enrollment and free/reduced counts	Unknown	Not Available	Unknown, To be determined
IDEA Preschool Grant	1999 Base Funding with 85%/15% from enrollment and free/reduced counts	Unknown	Not Available	Unknown, To be determined
IDEA Preschool Entitlement	1999 Base Funding with 85%/15% from enrollment and free/reduced counts	Unknown	Not Available	Unknown, To be determined
Sp Ed Property Tax	Formula	Unknown	Unknown	Unknown, To be determined
J-50 Infant	IPS Units	0	No IPS Units	$0.00
Prior Year Corrections	R3 less R1, and R1 less P2	0	Not Available	Unknown, To be determined
Legal/NPS Claims	Approved Claims from Members	Claims	Claims	$209,693.00
Pre-K Staff Dev	PY Dec Pup Count 3-5	Not listed on CDE website	Unknown	Unknown, To be determined
Infant Part C	Specific Cost Impacts	Unknown	Unknown	Unknown, To be determined
Alternative Dispute Resolution	flat amount	n/a	n/a	n/a
Infant Discretionary	Unanticipated direct service impacts of transitioning to the new Part C	Unknown	Unknown	Unknown, To be determined
Low Incidence Services	Base plus per student	Unknown	Unknown	Unknown, To be determined
Personnel Development	PY Dec Pupil Count 6-21	4.33	928	($4,018.24)
Transportation	Base Funding plus COLA, etc.	Unknown	Unknown	Unknown, To be determined
				($6,045,322.50)

[1]Does not include Foster Family Home, Small Family Home, and Foster Family Agency. Data not available on CDE website.

[2]Claim paid in 2011-12

The classes that Lincoln students are placed in are regionalized and include students from other districts in the SELPA. If Lincoln withdraws from the SELPA and removes its students from county-operated classes, some of those classes will need to be collapsed. A lower number of students in many county-operated classes will increase the per pupil cost to districts, and the remaining SELPA districts will be required to pay the increased cost. As indicated in the above table, the estimated fiscal impact is $6,045,322.50. However, if the county is able to reduce staff and collapse classes at an estimated $1,042,553; the overall loss is expected to be $5,002,769.50.

The San Joaquin COE provided the following information on the impact to districts if Lincoln withdraws from the SELPA, including the staff reductions and their respective approximate cost to county-operated programs.

Staff Reduction if Lincoln Unified Withdraws from SELPA

Staff Position	FTE	Annual Salary & Benefits
Teacher	3.0	$243,942
Instructional Assistant	7	$218,268
Speech Therapist	.40	$33,203
Behavior Intervention Specialist (BIS)	.20	$21,101
Occupational Therapist	.20	$23,047
Extra Support 1:1 Instructional Assistant	8 3	$342,992
EIBT	5	$160,000
TOTAL		$1,042,553

The county office owns several facilities and has provided some sites for school district use. Although the flexibility provisions of AB 825 allow the use of deferred maintenance funds for "any educational purpose," the county office has elected to maintain the intended use of these funds. Deferred maintenance funds are accounted for with a resource code in the unrestricted general fund. The county office allocates these funds to county office needs, alternative education sites, special education sites, and special education. However, there is no obligation to do so with current flexibility provisions. The table below indicates the impact to facilities if the withdrawal occurs; i.e., they will no longer be supported by deferred maintenance funds.

Facilities Impact

Facility Type	Quantity
960 sq. ft. classrooms including kitchen/bathroom/office	3
1440 sq. ft. portable @ Sierra Middle	1
960 sq. ft. portable @ Sierra Middle	1

Recommendations

The county SELPA should:

1. Ensure that Lincoln USD understands the number and severity of the students served by the San Joaquin COE.
2. Ensure that all member LEAs clearly understand the fiscal impact on the SELPA if Lincoln USD decides to withdraw.
3. Determine how the SELPA will adjust to the decreased funding if Lincoln USD withdraws from the SELPA.
4. Meet with the member districts to discuss the fiscal impact on services and programs.
5. Determine how the county office facilities located in Lincoln USD will be handled.

Appendices

Appendix A

DISTRIBUTION OF SPECIAL EDUCATION RESOURCES TO LEAs

[Education Code 56205(b)(1)(A-G), 56836.05(b)

1. a. As a result of changes allowed by the passage of AB 602, Special Education funding will be allocated by the State Department of Education to the Administrative Unit of the San Joaquin County SELPA. Funding will then be allocated by the Responsible Local Agency (RLA) directly to the Districts based on decisions made pursuant to the process described herein. The Council of Directors shall recommend the distribution of funding based on dollars available, utilization of dollars in each of the districts, and requests for any LEA to operate programs. This process allows for the reallocation of funding when necessary and for addressing recapture of funding should the SELPA experience declining enrollment. The final decision regarding the allocation plan shall be made by the Council of Superintendents.

   Preliminary data gathering will take place after the December Pupil Count. Priorities for additional regionalized classes will be set in February. All fiscal recommendations will be sent to the Council of Superintendents for review and action.
   The Annual Budget Plan shall be adopted at a public hearing held by the Council of Superintendents.
   b. The Council of Directors shall recommend the allocation of funding for instructional personnel.

2. The district of residence has the financial responsibility for transporting all its students. Should a student be transported by an agency other than the district of residence, and should the cost exceed the apportionments and other funds received for such services by the providing agency, the district of residence shall reimburse the providing agency its prorated share of the excess costs.

3. Regionalized service funds shall be allocated to the RLA for operation of regionalized services specified in Education Code 56220 (c). Should the cost for regionalized services exceed the apportionments and other funds received for such services, such excess costs will be prorated to each district on the basis of its most recent unduplicated special education pupil count.

4. The audit trail of utilization of federal flow-through funds shall be maintained by setting up a separate budget. The SELPA Director prepares the annual reports based on budget expenditure information.

5. The staff development committee of the SELPA shall prepare the annual plan for staff development based on yearly needs assessments. The SELPA staff shall prepare the staff development budget based on recommendations from the Council of Directors regarding the distribution and utilization of state personnel development funds.

6. Low incidence funds shall be maintained in two separate budgets of the RLA.

    a. Based on IEP justification that the equipment requested will promote the least restrictive environment for the student and minimize the necessity for services on an isolated site, a district may request an expenditure of funds for equipment with a written request presented to a Low Incidence Committee for approval. Upon approval, the equipment is purchased by the SELPA office.

    b. Specialized services funds are generated and allocated to districts based on prior December pupil count. Reimbursement for specialized services shall be based on IEP documented needs.

7. Changes in funding distribution shall be recommended by the Council of Directors to the Council of Superintendents. Changes in budget allocation will be reflected on the reporting documents required by the California Department of Education of the appropriate district(s). All budgets, district and county, are approved at public meetings.

8. Proposed changes by an LEA that would impact another LEA's budget or program(s) shall be presented to the Council of Directors for discussion in accordance with the "Changes Calendar" developed by the Council of Directors. Items on this calendar shall include, but need not be limited to, (1) changes in service being provided by an LEA, (2) changes in facility needs, (3) programming requests, and (4) proposed excess costs. The calendar shall also delineate when recommendations from the Council of Directors shall be presented to the Business Advisory Group as an informational item and to the Council of Superintendents for action.

9. The district of residence has the financial responsibility for program costs for all its students. Should a student be educated by an agency other than the district of residence, and should the programming costs exceed the apportionments and other funds received for such services by the providing agency, the district of residence shall reimburse the providing agency its prorated share of the excess costs.

In 1997-98 San Joaquin SELPA's Model for Distribution of Funds established an adjusted base from each district and the county office. COLA, growth and supplements to base are then added to the base of each member LEA each year.

MODEL FOR DISTRIBUTION OF FUNDS (Used 2011-12 Annual Accrual August 2012)

Part I – SELPA Special Education Programs

1. Establish 1997-98 adjusted funding base for each district and county office:

a.	1997-98 J50	$40,522,361
b.	94-142 & specific federal grants	-$9,929,699

c. Phase I equity

d. County Special Education Taxes -$2,169,760

e. Total 1997-98 Adjusted Funding Base $28,422,902

2. Determine total SELPA revenues:

    a. Total Prior Year Funding Base
    $28,422,902

    b. Total Estimated COLA $0

    c. Total Estimated Growth $297,998

    d. Total Estimated Phase III Equity $4,605

    e. Total SELPA Revenues $28,725,505

3. Allocated estimated COLA (line 2.b.) to COE and districts on a per K-12 ADA basis.

4. Allocated estimated SELPA growth funds (line 2.c.) to COE and districts that actually grew, based on those growth districts' proportionate share of growth ADA.

5. Allocated Phase III [Supplement to Base] equity funding (line 2.d.) as follows:

    a. 25% toward full funding of Phase I Equity. Continue each year until Phase I fully funded.

    b. 75% balance distributed to COE and districts on a per K-12 basis.

    c. After Phase I Equity is fully funded, 100% of Phase III Equity to be distributed on per K-12 ADA basis.

6. Subtract COE total base funding from total SELPA revenues to determine funding factor denominator.

    a. Total SELPA Revenues (line2.e.) $28,725,505

    b. Minus COE total base funding -$2,500,180

    c. [Minus Ongoing Maximization to SELPA Reserve] -$402,194

    d. Funding factor denominator $25,823,131

7. Determine the unfunded County Program Costs:

    a. COE funding base (line 6.b.) $2,500,180

    b. Plus additional revenues $ 6,132,283

    c. Plus prior year program carryover $0

   d. Minus total estimated county program costs -$22,456,181

   e. Equals unfunded county program costs -$13,823,718

8. Adjustments for revenue targets (+ or -)

   a. Replenish NPS Pool (Prior year district reimbursement) $1,300,000

   b. Replenish SELPA Reserve (Not less than 3%) $402,194

   c. [Reimburse 70% NPS/A Districts] $1,406,327

   d. [Replenish Mid-Year Class Reserve $180,000

   e. Total reserve adjustments $3,288,521

9. Determine the amount of SELPA revenues available which establishes the funding factor numerator:

   a. Total SELPA Reserve (line 2.e.) $28,725,505

   b. Minus COE base total base funding (line 6.b.) -$2,500,180

   c. Minus Unfunded adjustments (line 7.e.) -$13,509,278

   d. Minus reserve adjustments (line 8.c.) -$ 3,288,521

   e. Balance of funds available to districts $9,427,526

10. Determine funding factor: Divide line 9.e by line 6.c 0.36508

    a. If less than or equal to 1.0, the funding factor used to prorate allocated funds from/to districts.

    b. If greater than 1.0, the factor becomes 1.0 and SELPA must decide how to use surplus dollars, i.e. distribute or put in reserve.

Appendix B

California Department of Education (CDE) - School Fiscal Services Division

2012–13 Restricted Indirect Cost Rates for K–12 Local Educational Agencies (LEAs) – Five Year Listing

Rates approved based on standardized account code structure expenditure data

Address questions to sacsinfo@cde.ca.gov, or call 916-322-1770.

As of April 11, 2012

* C = County CA= Common Administration
D = District J = Joint Powers Agency

County Code	LEA Code	Type*	LEA Name	APPROVED RATES For use with state and federal programs, as allowable, in: 2008–09 (based on 2006–07 expenditure data)	2009–10 (based on 2007–08 expenditure data)	2010–11 (based on 2008–09 expenditure data)	2011–12 (based on 2009–10 expenditure data)	2012–13 (based on 2010–11 expenditure data)
39	10397	C	San Joaquin Co. Superintendent	9.61%	9.43%	9.57%	9.67%	9.66%
39	40386	J	San Joaquin Data Processing JPA	0.00%	0.00%	0.00%	0.00%	0.00%
39	68486	D	Banta Elementary	7.75%	7.54%	11.53%	11.40%	7.13%
39	68502	D	Escalon Unified	6.52%	4.04%	4.14%	3.48%	4.16%
39	68544	D	Jefferson Elementary	8.13%	5.91%	5.60%	6.54%	6.41%
39	68551	D	Lammersville Elementary (reorg. 07/11)	7.45%	5.74%	3.66%	see 39-76760	See 39-76760
39	68569	D	Lincoln Unified	7.55%	6.87%	5.42%	6.56%	6.71%
39	68577	D	Linden Unified	6.42%	4.01%	3.51%	4.09%	4.19%
39	68585	D	Lodi Unified	5.39%	4.97%	5.48%	6.70%	6.64%
39	68593	D	Manteca Unified	4.36%	6.03%	4.80%	3.80%	4.31%
39	68619	D	New Hope Elementary	4.27%	5.47%	3.07%	3.44%	4.14%
39	68627	D	New Jerusalem Elementary	8.09%	2.99%	1.36%	3.53%	7.44%
39	68635	D	Oak View Union Elementary	5.22%	2.95%	3.84%	4.38%	4.45%
39	68650	D	Ripon Unified	7.33%	6.22%	5.45%	6.90%	7.06%
39	68676	D	Stockton Unified	4.01%	3.79%	3.65%	4.45%	5.28%
39	75499	D	Tracy Joint Unified	4.20%	4.20%	4.02%	3.36%	3.29%
39	76760	D	Lammersville Joint Unified (effective 7/11)	--	--	--	4.80%	3.87%

Appendix C

FCMAT
FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
CSIS California School Information Services

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM
STUDY AGREEMENT
December 11, 2012

The FISCAL CRISIS AND MANAGEMENT ASSISTANCE TEAM (FCMAT), hereinafter referred to as the Team, and the San Joaquin County Office of Education hereinafter referred to as the COE, mutually agree as follows:

1. BASIS OF AGREEMENT

The Team provides a variety of services to school districts and county offices of education upon request. The COE has requested that the Team provide for the assignment of professionals to study specific aspects of the County operations. These professionals may include staff of the Team, County Offices of Education, the California State Department of Education, school districts, or private contractors. All work shall be performed in accordance with the terms and conditions of this Agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

1. Analyze the present AB602 funding model and all funds used to provide service to special education students in the SELPA and make recommendations, if necessary, that would make the model more appropriate or equitable for all districts.

2. Provide an analysis of the fiscal impact on remaining districts if Lincoln Unified elects to withdraw from the SELPA.

3. Provide an analysis of the level of direct support and indirect costs charged by the COE to the special education programs for administrative support services to special education programs, including but not limited to payroll, finance and accounting, accounts payable, facilities management, human resources, workers compensation administration, collective bargaining, risk management and information technology.

4. Review the distribution of construction and deferred maintenance cost allocations and funding from the COE for special education facilities.

5. Provide a comparison of current administrative staffing ratios in the COE Special Education Regional Program, relative to those in other like SELPAs with consideration to the type of special education population served.

6. Review all class sizes operated by the COE in comparison to like class sizes maintained by other like SELPAs.

7. Analyze review of the COE Special Education Regional Program teacher and administrative salary and benefit costs, relative to those of the districts that the SELPA serves and of like programs operated by other SELPAs/LEAs/COEs.

8. Compare the total costs of special education programs operated by the San Joaquin SELPA to the total costs of like programs operated by other SELPAs.

9. Define all the revenue sources for special education programs and services in SJCOE that may not be included in the SELPA allocation plan.

10. Identify non-mandatory services that negatively impact COE Special Education Regional Program costs.

11. Compare historical legal expenses with those of other like SELPAs.

B. Services and Products to be Provided

1. Orientation Meeting - The Team will conduct an orientation session at the COE to brief COE management, supervisory personnel and committee on the procedures of the Team and on the purpose and schedule of the study and the history and culture of the San Joaquin SELPA.

2. On-site Review - The Team will conduct an on-site review at the COE office, Lincoln Unified, Manteca Unified, Ripon Unified, Linden Unified, Escalon Unified, Tracy Unified, and any school sites as needed.

3. Progress Reports - The Team will hold an exit meeting at the conclusion of the on-site review to inform the COE and committee of significant findings and recommendations to that point.

4. Exit Letter - The Team will issue an exit letter approximately 10 days after the exit meeting detailing significant findings and recommendations to date and memorializing the topics discussed in the exit meeting.

2

5. Draft Reports - Electronic copies of a preliminary draft report will be delivered to the COE administration and the committee for review and comment.

6. Final Report - Electronic copies of the final study report will be delivered to the COE and committee following completion of the review. The final report will be published on the FCMAT website. Written copies are available upon request by contacting the FCMAT office.

7. Follow-Up Support – Six months after the completion of the study, FCMAT will return to the COE, if requested, to confirm the COE's progress in implementing the recommendations included in the report, at no cost. Status of the recommendations will be documented to the COE in a FCMAT Management Letter.

3. PROJECT PERSONNEL

The study team will be supervised by Anthony L. Bridges, CFE, Deputy Executive Officer Fiscal Crisis and Management Assistance Team, Kern County Superintendent of Schools Office. The study team may also include:

A. Dr. William Gillaspie	FCMAT Deputy Administrative Officer, Project Lead
B. James Kennedy	FCMAT Consultant
C. JoAnn Murphy	FCMAT Consultant
D. Trina Frazier	FCMAT Consultant
E. Anne Stone	FCMAT Consultant
F. Debbie Fry	FCMAT Consultant

Other equally qualified consultants will be substituted in the event one of the above noted individuals is unable to participate in the study.

4. PROJECT COSTS

The cost for studies requested pursuant to E.C. 42127.8(d)(1) shall be:

A. $500.00 per day for each Team Member while on site, conducting fieldwork at other locations, preparing and presenting reports, or participating in meetings. The cost of independent consultants will be billed at the actual daily rate based on the provisions of Education Code section 84041.

B. All out-of-pocket expenses, including travel, meals, lodging, etc. The COE will be invoiced at actual costs, with 50% of the estimated cost due following the completion of the on-site review and the remaining amount due upon acceptance of the final report by the COE.

3

Based on the scope of work identified in section 2 A, estimated total cost is not to exceed $31,300.

C. Any change to the scope will affect the estimate of total cost. Payments for FCMAT services are payable to Kern County Superintendent of Schools - Administrative Agent.

5. **RESPONSIBILITIES OF THE COE**

A. The COE will provide office and conference room space while on-site reviews are in progress.

B. The COE will provide the following (if requested):

1. A map of the local area
2. Existing policies, regulations and prior reports addressing the study request
3. Current or proposed organizational charts
4. Current and two (2) prior years' audit reports
5. Any documents requested on a supplemental listing. Documents requested on the supplemental listing should be provided to FCMAT in electronic format.
6. Documents that are only available in hard copy should be scanned by the district and sent to FCMAT in electronic format.
7. All documents should be provided in advance of field work and any delay in the receipt of the requested documentation may affect the start date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's SharePoint document repository and all requested documents shall be uploaded by the district.

C. The COE Administration will review a preliminary draft copy of the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the Team prior to completion of the final report. The final report will be posted on the FCMAT website.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with pupils. The COE shall take appropriate steps to comply with EC 45125.1(c).

4

6. **PROJECT SCHEDULE**

The following schedule outlines the planned completion dates for key study milestones:

Orientation:	***February 12, 2013***
Staff Interviews:	***February 12–15, 2013***
Exit Interviews:	***February 15, 2013***
Preliminary Report Submitted:	***to be determined***
Final Report Submitted:	***to be determined***
Board Presentation:	***to be determined, if requested***
Follow-Up Support:	***if requested***

7. **CONTACT PERSON**

Name of contact person: James Thomas, Deputy Superintendent, Business Services

Telephone: (209) 464-4807 FAX: (209) 468-9076

E-mail: jthomas@sjcoe.net

12/20/12

Mick Founts, Superintendent
San Joaquin County Office of Education

Date

December 11, 2012

Anthony Bridges, CFE
Deputy Executive Officer
Fiscal Crisis and Management Assistance Team

Date

5