



## ERMHS Funding Parameters

### Issues

SELPA proposes revised Allocation Plan language regarding Educationally Related Mental Health Services (ERMHS) to achieve better alignment between funding and allocation and to streamline administration.

- 1) Current language in the Allocation Plan about the amount of ERMHS revenue reserved to pay for residential NPS placements needs to be clarified and simplified.
- 2) The current allocation of state apportioned ERMHS funding is \$48 per ADA based on prior year P-2 ADA. However, state funding to the SELPA is based on current year P-2 ADA.

### Background

	ERMHS Budget	FINAL 2015-16	FINAL 2016-17	FINAL 2017-18	Estimate 2018-19	Estimate 2019-20
		June 2016	June 2017	June 2018	Jan 19 EST	Jan 19 EST
1	ERMHS State	1,312,981	1,313,229	1,326,759	1,353,382	1,350,856
2	ERMHS Federal	252,410	250,327	251,544	250,563	249,512
3	14/15 Carryover	8,099				
<b>4</b>	<b>Total Available Funding</b>	<b>1,573,490</b>	<b>1,563,556</b>	<b>1,578,303</b>	<b>1,603,945</b>	<b>1,600,368</b>
<b>5</b>	<b>Level 3 - Residential</b>	<b>141,520</b>	<b>189,218</b>	<b>255,667</b>	<b>251,544</b>	<b>251,544</b>
6	EDCOE Regional Program	230,000	230,000	230,000	230,000	230,000
7	Behavior Analyst	187,191	353,035	214,445	195,727	206,000
8	Professional Development	20,000	20,000	20,000	20,000	
9	District Allocation	933,377	946,510	1,049,972	1,001,688	993,772
10	Hold Harmless	111,931	106,105	-	-	-
<b>11</b>	<b>Total expenditures</b>	<b>1,624,018</b>	<b>1,844,868</b>	<b>1,770,084</b>	<b>1,698,958</b>	<b>1,681,316</b>
12	Beginning Balance	721,656	671,128	377,120	185,339	90,326
13	Income less expenditures	(50,528)	(281,312)	(191,781)	(95,013)	(80,948)
14	PY Adjustments		(12,696)			
<b>15</b>	<b>Ending Balance</b>	<b>671,128</b>	<b>377,120</b>	<b>185,339</b>	<b>90,326</b>	<b>9,378</b>

### Residential Placements

The underlying intent of the Allocation Plan is that 100% of a district's costs for a residential NPS placement will be covered. Current Allocation Plan language:

#### Residential Placements

Separate from the LEA allocations, funding to pay for 100 percent of room and board costs for mental health residential placements will be available. ERMHS federal revenue will be the primary and initial source of funding for these placements. Each year, the SELPA will budget a reasonable amount of ERMHS funding that will be available to reimburse these placements. Residential placements are unpredictable; in the unlikely event that costs exceed the established budget, Shared Risk Pool funding will be requested. Any unused funds from the residential budget will be held as ERMHS reserves for future use.

To administer the dual requirement to set a budget and use federal revenue as the primary funding source, the annual fiscal year budget has historically been set at the estimated federal ERMHS grant amount. The fact is that this number may or may not reflect a solid estimate of residential placement expenses in a given year, and requiring federal revenue to be used first adds to the administration of ERMHS funding when actual expenditures are below the federal grant amount. Federal grants have restrictions on the period within which they must be spent. Therefore, to preserve the entire grant amount for any given year, year by year tracking of the grant amount awarded vs. spent is required.

The language regarding any budget overage becoming a Shared Risk Pool request does not specify if that request is to be funded at 100% or at the 50% Shared Risk Pool reimbursement amount. Finally, the past few years we are deficit spending ERMHS revenue. It does not seem reasonable to maintain a reserve considering that fiscal reality, particularly when funding is also guaranteed by the Shared Risk Pool.

**ERMHS Per ADA Funding Allocation**

State funding apportionments for ERMHS are funded to SELPAs based on current year ADA for the second principal apportionment (P-2). The initial apportionment of 50% of the appropriated funds is calculated based on prior year P-2 statewide SELPA ADA. A second apportionment of 25% of the appropriated funds, also based on prior year ADA, is made in the spring. Funding is then adjusted to reflect current year P-2 certified ADA, and the remaining funds will be apportioned in the summer.

To provide a stable funding stream, the SELPA pass-through of ERMHS funding has been based on prior year P-2 ADA. Although this eliminates budget variances, it also has the potential to provide funding to districts for ADA no longer with the SELPA. For instance, if a charter schools leaves the El Dorado SELPA to join another SELPA. In general, the actual ADA changes countywide from year to year would not cause significant budget variances. The table below uses 2017-18 funding as an example and shows the impact of using current year ADA rather than prior year ADA.

<b>ERMHS 2017-18 Revenue Summary Allocation</b>					
	2016-17 P-2 ADA	2017-18 P-2 ADA	Current Allocation Model (based on PY P-2 ADA)	Proposed Allocation Model (current year P-2 ADA)	Variance (Proposed model - Current model)
					\$ 48.00
<b>BOM</b>	1,188.28	1,175.83	57,037.00	56,440.00	(597)
<b>BUCKEYE</b>	4,604.58	4,686.35	221,020.00	224,945.00	3,925
<b>CAMINO</b>	486.43	444.27	23,349.00	21,325.00	(2,024)
<b>EDUHSD</b>	6,313.00	6,294.46	303,024.00	302,134.00	(890)
<b>GOLD OAK</b>	454.33	452.22	21,808.00	21,707.00	(101)
<b>GOLD TRAIL</b>	651.24	674.73	31,260.00	32,387.00	1,127
<b>INDIAN DIGGINGS</b>	15.21	19.17	730.00	920.00	190
<b>LATROBE</b>	133.81	131.31	6,423.00	6,303.00	(120)
<b>MOTHER LODE</b>	1,035.77	989.42	49,717.00	47,492.00	(2,225)
<b>PIONEER</b>	294.00	292.23	14,112.00	14,027.00	(85)
<b>PLACERVILLE</b>	1,230.54	1,216.89	59,066.00	58,411.00	(655)
<b>POLLOCK PINES</b>	651.99	652.60	31,296.00	31,325.00	29
<b>RESCUE</b>	3,615.12	3,522.13	173,526.00	169,062.00	(4,464)
<b>SILVER FORK</b>	8.44	7.30	405.00	350.00	(55)
<b>COE Charter</b>	233.32	191.65	11,199.00	9,199.00	(2,000)
<b>Totals</b>	<b>20,916.06</b>	<b>20,750.56</b>	<b>1,003,972.00</b>	<b>996,027.00</b>	<b>(7,945.00)</b>

## Recommendations

### 1) Residential Placements

Amend the residential placements language in the ERMHS section of the Allocation Plan as follows:

#### Residential Placements

Separate from the LEA allocations, funding to pay for 100% ~~percent~~ of room and board costs for mental health residential placements will be available. ~~ERMHS federal revenue will be the primary and initial source of funding for these placements.~~ Each year, the SELPA will budget a reasonable amount of ERMHS funding that will be available to reimburse these placements ~~at 100%.~~ Residential placements are unpredictable; in the unlikely event that costs exceed the established budget, ~~a transfer from the Shared Risk Pool will cover any shortfall from the 100% reimbursement amount. funding will be requested. Any unused funds from the residential budget will be held as ERMHS reserves for future use.~~

### 2) ERMHS Per ADA Funding Allocation

Beginning in 2019-20, revise the funding model to allocate ERMHS revenue based on current year P-2

ADA. This will have minimal impact on districts and would ensure that only current year SELPA ADA is being funded, which follows the allocation model from the State.