

Spotlight on Special Education Local Plan Areas, or SELPA

Three important factors contribute to the special education context in Oakland:

- 1) Every Local Education Agency (or LEA—i.e. a district, or a charter school or network) in California belongs to a ‘Special Education Local Plan Area’ or SELPA. SELPAs are the organizations that receive revenue from the state earmarked for special education and that provide special education programs, services, and/or revenues for students requiring special education services within a defined region.
- 2) Revenue to support special education is distributed by the state based on the average daily attendance (ADA) for all students, not the number or level of need for special education students in that region.
- 3) As in most cities, the revenue that LEAs receive for special education services does not cover the costs of delivering special education services. This means that LEAs pay for special education services partially with general fund dollars. That means fewer resources available for other purposes, including early intervention and remediation, that could help students stay in mainstream classes.

In 2014-2015, Oakland schools belonged to one of three SELPAs. All district-run schools—as required—belonged to the Oakland Unified (OUSD) SELPA. Oakland charter schools, who may choose their SELPA, belonged to either the OUSD SELPA, the El Dorado County SELPA (EDCOE), or Sonoma County SELPA. Of our charter sample in this study,

- 23 charter schools belonged to the EDCOE SELPA
- 8 belonged to the OUSD SELPA
- 1 belonged to the Sonoma County SELPA.²²

Generally, money flows in and out of the SELPA as follows: SELPAs receive revenue from the state based on the average daily attendance (ADA) of its schools, and a predetermined, SELPA-specific ADA rate based on historical calculations. The SELPA can then choose how it provides dollars and/or services to its schools. This structure plays out differently in the OUSD and the EDCOE SELPAs.

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22. This study explored the structures of the El Dorado and Oakland Unified SELPAs, not the Sonoma County SELPA, where only one Oakland charter school was a member.

Oakland Unified SELPA:

In the Oakland Unified SELPA revenue comes into the SELPA from the state based on the ADA of all schools in the SELPA, both district and charter.²³ The SELPA then provides services to all schools and students within the SELPA. The cost of providing those services exceeds the revenue that the OUSD SELPA receives from the state. To cover those additional expenses, the OUSD SELPA divides the extra cost equally by the ADA of the SELPA. This means that financially, every school contributes equally to serving all students in the OUSD SELPA. Since the OUSD SELPA served a needier student population of special education students, the average extra spending by charter schools in the OUSD SELPA is higher than it would be if charter schools were responsible for only the extra spending on their students. Another factor leading to higher costs in the OUSD SELPA is the use of restrictive settings for students.

El Dorado SELPA:

As part of the SELPA structure, charter schools are allowed to opt out of their local SELPA and into other SELPAs. In 2014-15, 23 Oakland charter schools had opted to make the switch to EDCOE.

Like the OUSD SELPA, revenue comes into the EDCOE SELPA from the state based on ADA. However, unlike the OUSD SELPA, the EDCOE SELPA passes revenue directly through to its member schools. The EDCOE SELPA charges each charter school a flat percentage of its special education revenue (based on ADA) and passes the remaining dollars to schools regardless of the number of special education students in the school. Each school then decides on its own what special education services to purchase and, when necessary, covers its own excess costs to do so.

How does this impact schools in Oakland?

The state special education funding system and SELPA structure described above pose challenges for cities with both district and charter schools. In Oakland these challenges play out in multiple ways:

- Since 2014- 2015, nearly all charter schools have left the OUSD SELPA. The way the OUSD SELPA is structured, lower need special education schools are subsidizing the costs of higher need schools and students in the city. This means lower need charter schools spend more in the OUSD SELPA than they would if they moved to the EDCOE SELPA. This increased cost, along with the lack of control over the quality of service, were cited as two primary reasons for charters to exit the OUSD SELPA.

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23. The ADA rate used by the state in the Oakland Unified SELPA is higher than it is for EL Dorado, based on historical spend. As such, the more students participating in the OUSD SELPA, the more state revenue for special education is allocated to Oakland schools.

- As charter schools leave the OUSD SELPA, it leaves fewer schools left to contribute towards students served in higher cost placements. The schools left to cover the costs are those that do not have the flexibility to switch SELPAs—specifically district-run schools, which creates further reallocation of general education revenue to special education cost.
- Additionally, once charter schools are in the EDCOE SELPA, the financial incentives operate against their missions and the desire to serve all students by discouraging them from taking on additional special education students in their schools. Since schools in the EDCOE SELPA pay on their own, as schools take on additional special education students, they also must take on any additional costs to cover those students. Similarly, since the state revenue formula is based on ADA for *all students* (not just special education students), schools with higher special education populations are not necessarily receiving additional revenue to cover those costs.
 - o Note: We recognize that there are many other factors (including non-financial factors) that impact special education populations. We simply note that the current state SELPA structure creates a financial disincentive to take on additional special education students or those with greater needs. To be clear, ERS did not find any evidence that charters in the EDCOE SELPA deterred enrollment or limited access of students with disabilities.
- Finally, as schools exit the OUSD SELPA, the city of Oakland loses out on the additional state special education revenue that would be generated from the higher state ADA rate at OUSD SELPA, as compared to the El Dorado SELPA. **In 2014-15 district and charter schools in Oakland missed out on a potential \$9.2 million of special education revenue due to the loss of Oakland charter schools from the Oakland SELPA to the ED SELPA.**

Implications for Oakland: Potential Actions and Further Analyses

Given the challenges that the state funding system and SELPA structure pose, potential actions to explore include:

- Advocate for changes to the state special education funding system, to create an “equal playing field” for district and charter schools to serve special education students in placements and settings aligned with their needs and learning objectives.
- Identify opportunities to optimize special education resources within the city by creating financial incentives that encourage all schools to invest in serving special education students without also incentivizing over-identification.
- Redesign the Oakland Unified SELPA financing model to re-capture Oakland charter schools that have exited to the El Dorado SELPA.