

Appendix L

Mental Health Guidance & Funding

On June 30, 2011, Assembly Bill 114 was signed into law with several sections on Chapter 26.5 were amended or rendered inoperative, thereby ending the state mandate on county mental health agencies to provide mental health services to students with disabilities. As a result, many policies, procedures, and practices which were in place prior to AB 114 may no longer be required. LEAs must rely on the IDEA for requirements regarding the provision of related services and must comply with applicable federal law and implementing regulations.

The California Department of Education (CDE) is committed to assisting LEAs in this process. As part of the Budget Act of 2017-18, the CDE established two specific funding sources to support the transition of services from county mental health agencies to LEAs.

1. Federal Special Education Local Assistance Funding

The state is distributing \$69 million in federal Individuals with Disabilities Education Act (IDEA) funding only for the purpose of providing mental health related services, including out-of-home residential services for emotionally disturbed pupils, required by an individualized education program (IEP) pursuant to the IDEA and described by *Education Code (EC)* §56363. The California Department of Education (CDE) distributed these funds to special education local plan areas (SELPAs) on an equal ADA rate basis.

To initiate this grant funding, SELPAs were required to provide the CDE with a signed grant assurance document. SELPAs are also required to file periodic fiscal expenditure reports for which CDE will use to issue payment. Each SELPA grant award notice provides the grant amount and the resource code 3327 to use to account for these funds. Payment to SELPA shall be made on the basis of documentation which must provide sufficient detail to enable the grantee to establish a link between the services claimed and the student's IEP. The grant period for funding is July 1, 2017 through September 30, 2019.

2. State Proposition 98 Special Education Local Assistance Funding

The state is distributing \$365 million in Proposition 98 funding solely for the purpose of providing mental health related services, including out-of-home residential services for emotionally disturbed pupils, required by the federal IDEA and as described in Section 56363 of the *EC*. The CDE is distributing these funds to SELPAs on an equal amount per Average Daily Attendance (ADA).

These funds are allocated to SELPAs through an apportionment process. SELPAs will receive an initial apportionment of 50 percent of the appropriated funds, a second apportionment of 25 percent in the spring 2018 and the remaining final payment at the end of the fiscal year. The CDE assign a restricted resource code 6512 for these funds. There is no reporting requirement and the funds can be carried over indefinitely.

South East SELPA Executive Council approved the method of allocation the above funds based on the average of districts ADA and pupil count. Districts are considering an array of options to provide services that were previously provided by county mental health agencies. Some school districts may continue to contract with county mental health agencies, some may contract with organizations or professionals in the community, some may hire qualified personnel as district staff, or some may use a combination of approaches.

CDE has provided the attached guidance on how to use the funding as well as a reporting system for these expenditures.

Use of Mental Health Funds

Placement & Services

- Out-of-home residential services for emotionally disturbed pupils, required by an individualized education program
- Counseling services
- Parent counseling and training
- Psychological services
- Social work services in schools

Limitations on the Use of State and Federal Funds Provided for Educationally Related Mental Health Services

The legislature was clear that MH funds are targeted for ERMHS services and that the MH funds are made available to LEAs to provide ERMHS formerly provided by the County Mental Health agencies and the Department of Social Services.

The funds **cannot** be spent on educational services that have historically been provided by LEAs for students with emotional or behavioral needs.

Allowable Uses of State and Federal MH Funds Due to the Term ERMHS

- Salaries of certificated supervisors and administrators; and clerical, technical, and office staff salaries associated with administering ERMHS services for students with emotional or behavioral needs
- Room and board cost of residential placement if it is included in the student's IEP
- Professional and consulting service (e.g., case management, medical services, day treatment, individual therapy, family therapy, group therapy, group rehabilitation, therapeutic behavior services, assessment, psychological services, and residential placement) costs for students with emotional or behavioral needs
- Rental and/or lease of office space to provide professional and consulting services for students with emotional or behavioral needs.
- Transportation costs of student to receive ERMHS from a provider.
- Books and supplies related to providing ERMHS.

Other Possible Services

- Health & Nursing: Other Services

For example, prescribing psychiatric medications is a component of 'medication monitoring' under 2 CCR §60020(f). To the extent that only a physician or psychiatrist can perform that service activity, it appears that component would fall under the medical exclusion of the IDEA, which would relieve a school district of the responsibility to provide that particular service. However, when considering a supportive service such as the administration of medication, that service activity may fall under the IDEA definition of "school health services and school nurse services," depending on the child's individualized need for the service and the ability of school personnel to provide the service.

Sources: CDE Jan 2012 Letter, AB 114 Use of MH Funds in the Budget Act 11-12
CDE September 2011, AB 114: Medication Monitoring
CDE September 2011, AB 114: Related Services Under IDEA



CALIFORNIA
DEPARTMENT OF
EDUCATION

TOM TORLAKSON
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

January 5, 2012

Dear County and District Superintendents, Special Education Local Plan Area Directors,
Special Education Administrators at County Offices of Education, Charter School
Administrators, Principals, and Nonpublic School Directors:

**ASSEMBLY BILL 114: USE OF MENTAL HEALTH FUNDS IN THE BUDGET ACT OF
2011-12**

The purpose of this letter is to provide background and guidance regarding the use of funds authorized in the Budget Act of 2011-12 restricting the use of certain funds to "educationally related mental health services."

General Funds

Pursuant to Assembly Bill (AB) 114, Section 54 (Chapter 43, Statutes of 2011), and provisions 18 and 26 of Item 6110 161-0001 of the Budget Act of 2011-12 funds must be used for:

... educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, required by an individualized education program pursuant to the federal Individuals with Disabilities Education Act (IDEA) of 2004 (20 U.S.C. Sec. 1400 et seq.) and as described in Section 56363 of the California *Education Code (EC)*. The State Superintendent of Public Instruction shall allocate these funds to special education local plan areas in the 2011-12 fiscal year based upon an equal rate per pupil using the methodology specified in Section 56836.07 of the *EC*.

These provisions have been assigned Resource Code 6512, which differentiates these funds from Resource Code 6500, special education general fund programs. These funds shall be exclusively available for these services only for fiscal year (FY) 2011-12 and FY 2012-13.

Federal Funds

Pursuant to AB 114, Section 54 (Chapter 43, Statutes of 2011), provision 9 of Item 6110 161 0890 of the Budget Act of 2011-12, funds shall be available only for the purpose of providing:

... educationally related mental health services, including out-of-home residential services for emotionally disturbed pupils, required by an individualized education program pursuant to the federal IDEA of 2004 (20 U.S.C. Sec. 1400 et seq.) and as described in Section 56363 of the *EC*.

These funds were allocated to special education local plan areas (SELPA) on a one-time basis

in the 2011–12 fiscal year using data available from the California Special Education Management Information System (CASEMIS) as of December 1, 2010. If funds are appropriated for the purpose of providing the educationally related mental health services for the 2012–13 fiscal year, they will be allocated based on an equal rate per pupil using a methodology specified in Section 56836.07 of the *EC* and using average daily attendance for the 2011–12 fiscal year.

Definition of Educationally Related Mental Health Services

As noted in the provisions above, educationally related mental health services are described in 30 *EC* Section 56363. Section 56363 defines the term "designated instruction and services" to mean "related services" as that term is defined in Section 1401(26) of Title 20 of the *United States Code* and Section 300.34 of Title 34 of the *Code of Federal Regulations (CFR)*.

Related services under IDEA are defined in Section 300.34 of Title 34 of the *CFR*:

Related services means transportation and such developmental, corrective, and other supportive services as are required to assist a child with a disability to benefit from special education, and includes speech-language pathology and audiology services, interpreting services, psychological services, physical and occupational therapy, recreation, including therapeutic recreation, early identification and assessment of disabilities in children, counseling services, including rehabilitation counseling, orientation and mobility services, and medical services for diagnostic or evaluation purposes. Related services also include school health services and school nurse services, social work services in schools, and parent counseling and training. (34 *CFR* 300.34(a))

Section 300.34 of Title 34 of the *CFR* further defines individual related services terms. The following list represents some of the services that may be appropriate when addressing the emotional and behavioral needs of students with disabilities:

- Counseling services (34 *CFR* 300.34(c)(2)) and California *EC* 56363(b)(9)
- Parent counseling and training (34 *CFR* 300.34(c)(8)) and California *EC* 56363(b)(11)
- Psychological services (34 *CFR* 300.34(c)(10)) and California *EC* 56363(b)(10)
- Social work services in schools (34 *CFR* 300.34(c)(14)) and California *EC* 56363(b)(13)

Refer to 34 *CFR* Section 300.34 for the complete list of individual related services terms. Residential placement is not listed as a related service in Section 300.34 of Title 34 of the *CFR*. However, residential placement is addressed elsewhere in the IDEA:

If placement in a public or private residential program is necessary to provide special education and related services to a child with a disability, the program, including non medical care and room and board, must be at no cost to the parents of the child (34 *CFR* 300.104).

In addition, the list of related services in the IDEA is not exhaustive or finite. The Individualized education program (IEP) team must decide what related services are necessary to provide a free appropriate public education (FAPE) to each student with a disability.

To maintain clear and understandable terminology based upon existing statute, the California Department of Education (CDE) will be using the term "related services for students who have emotional and behavioral needs" in place of "educationally related mental health services."

Frequently Asked Questions

What limitations are on the use of state and federal funds provided in the Budget Act of 2011-12 for educationally related mental health services?

The legislature was clear that these funds are targeted for related services and that the funds are made available to local educational agencies (LEAs) to provide services formerly provided by the County Mental Health agencies and the Department of Social Services. The funds **cannot** be spent on educational services that have historically been provided by LEAs for students with emotional or behavioral needs.

What are allowable uses of the state and federal funds due to the term "educationally related mental health services"?

These funds may be used for:

The salaries of certificated supervisors and administrators; and clerical, technical, and office staff salaries associated with administering related services for students with emotional or behavioral needs.

The room and board cost of residential placement if it is included in the student's IEP.

Professional and consulting service (e.g., case management, medical services, day treatment, individual therapy, family therapy, group therapy, group rehabilitation, therapeutic behavior services, assessment, psychological services, and residential placement) costs for students with emotional or behavioral needs.

Rental and/or lease of office space to provide professional and consulting services for students with emotional or behavioral needs.

Transportation costs of student to receive related services from a provider.

Books and supplies related to providing related services.

If you have any questions regarding this subject, please contact Chris Essman, Education Programs Consultant, Special Education Division, by phone at 916-327-3507 or by e-mail at cessman@cde.ca.gov.

Sincerely,

Original signed by Fred Balcom. Hard copy of the signed document is available by contacting the Special Education Division's Director's Office at 916-445-4602.

Fred Balcom, Director
Special Education Division

FB:rb

California Department of Education
1430 N Street
Sacramento, CA 95814

Last Reviewed: Monday, January 09, 2012

**RELATED SERVICES* UNDER
INDIVIDUALS WITH DISABILITIES ACT (IDEA)**

* also known as designated instruction and services (DIS)

IDEA RELATED SERVICES	
<p>Educationally-Related Mental Health Services (ERMHS)</p> <ul style="list-style-type: none"> • Counseling services • Parent counseling and training • Psychological services • Social work services • Transportation* <p>* Only if transportation is for the student to receive ERMHS from a provider</p>	<ul style="list-style-type: none"> • Transportation • Speech-language pathology and audiology services • Interpreting services • Physical and occupational therapy • Recreation services • Early identification and assessment • Orientation and mobility services • Medical services for diagnostic or evaluation purposes • School health services • School nurse services <p>Note: This is a non-exhaustive list</p>
<p>Resource Codes 6512 & 3327 Resource Code 6500 Other Resource Codes</p>	<p>Resource Code 6500 Other Resource Codes (not 6512 or 3327)</p>

A) Proposition 98 Mental Health Resource 5512/ Object 8590

Received at SELPA per ADA est. \$6,268,014
 SELPA School Base & ED Programs -\$300,000
 To districts \$5,968,014

to be updated		A1	Allocated	B1		Allocated	C1
P2	16-17 ADA		\$	December 2016	\$	Average	Mental Health
				pupil count		A1 and B1	COE/ED block
Alum Rock 4	10,197.55	10.0%	\$594,643	1,378	12.0%	\$656,445	(26,400)
Beryessa 7	7,172.37	7.0%	\$418,238	712	6.2%	\$394,675	(26,400)
East Side 52	22,806.23	22.3%	\$1,329,886	2,454	21.4%	\$1,304,485	(52,799)
Evergreen 12	11,642.55	11.4%	\$678,905	983	8.6%	\$595,634	(70,399)
Fr-McKinley 13	7,797.29	7.6%	\$454,679	824	7.2%	\$442,084	(26,400)
Milpitas 85	10,182.54	9.9%	\$593,768	917	8.0%	\$535,865	(17,600)
Mt Pleasant 28	2,324.98	2.3%	\$135,575	351	3.1%	\$159,262	(15,000)
Oak Grove 30	10,115.01	9.9%	\$589,830	1,198	10.5%	\$624,426	(17,600)
Orchard 31	880.32	0.9%	\$51,334	101	0.9%	\$51,989	0
Gilroy 83	11,078.70	10.8%	\$646,025	1,480	12.9%	\$708,718	0
Morgan Hill 84	8,148.03	8.0%	\$475,131	1,052	9.2%	\$511,729	(8,800)
SELPA	102,345.57	100%	\$5,968,014	11,450	100.0%	\$5,968,014	(261,398)

B) Mental Health IDEA Resource 3327 / Object 8182

for 7/1/17 - 9/30/19 Received at SELPA est. \$1,185,004

to be updated		A2	Allocated	B2		Allocated	C2
P2	16-17 ADA		\$	December 2016	\$	Average	Average
				pupil count		A2 and B2	
Alum Rock 4	10,197.55	10.0%	\$118,072	1,378	12.0%	\$142,614	\$130,343
Beryessa 7	7,172.37	7.0%	\$83,045	712	6.2%	\$73,688	\$78,366
East Side 52	22,806.23	22.3%	\$264,061	2,454	21.4%	\$253,974	\$259,017
Evergreen 12	11,642.55	11.4%	\$134,803	983	8.6%	\$101,734	\$118,269
Fr-McKinley 13	7,797.29	7.6%	\$90,281	824	7.2%	\$85,279	\$87,780
Milpitas 85	10,182.54	9.9%	\$117,898	917	8.0%	\$94,904	\$106,401
Mt Pleasant 28	2,324.98	2.3%	\$26,920	351	3.1%	\$36,326	\$31,623
Oak Grove 30	10,115.01	9.9%	\$117,116	1,198	10.5%	\$123,986	\$120,551
Orchard 31	880.32	0.9%	\$10,193	101	0.9%	\$10,453	\$10,323
Gilroy 83	11,078.70	10.8%	\$128,274	1,480	12.9%	\$153,171	\$140,723
Morgan Hill 84	8,148.03	8.0%	\$94,342	1,052	9.2%	\$108,875	\$101,609
SELPA	102,345.57	100.0%	\$1,185,004	11,450	100.0%	\$1,185,004	\$1,185,004

FY xxxx-xxx Mental Health Services, Resource 3327
 Detail Summary of Mental Health Expenditures

Grantee: Mt Pleasant Elementary School District
 SELPA Name: South East Consortium
 Reporting Period #
 Grant Amount: Grant Award Number: xx-157197-6961-01

Funds are solely for related mental health services that are required in a student's individualized educational program.
 SELPAs must have backup documentation available on request of the SpEd Division

Object Code/Object Title	Report #	Budgeted Expenditures	Prior Report Expenditures	Cumulative YTD Expenditures	Unspent Balance
1000-1999 Certified Personnel Salaries					
1200 Counselors					
1230 Psychologist					
1300 Supervisors' and Administrators' Salaries (e.g. supervisory mental health staff)					
1900 Other-Certificated Salaries					
Total Certificated Personnel Salaries	\$0.00	\$0.00	\$0.00	\$0.00	\$
2000-2999 Classified Personnel Salaries					
2110 Para-Educator					
2300 Classified Supervisors' and Administrators' Salaries					
2400 Clerical, Technical, and Office Staff Salaries					
Other Classified Salaries (e.g. mental health staff hired for on campus services)					
Total Classified Personnel Salaries	\$0.00	\$0.00	\$0.00	\$0.00	\$
3000-3999 Employee Benefits					
4000-4999 Books and Supplies					
4200 Books and Other Reference Materials					
4300 Materials and Supplies					
4400 Noncapitalized equipment					
Total Books and Supplies	\$0.00	\$0.00	\$0.00	\$0.00	
5000-5999 Services and Other Operating Expenditures (detail on provider page)					
5100 Subagreements for Services					
Travel and Conferences (e.g., transportation of student to mental health service provider)					
Rentals, Leases (e.g., office space or building to provide mental health related services)					
Professional/Consulting Services and Operating Expenditures (e.g., residential services, psychological services, all other direct mental health services)					
Total Services and Other Operating Expenditures	\$0.00	\$0.00	\$0.00	\$0.00	
Indirect Allowable Costs: Object Codes 1000-5999 minus 5100					
\$ x CDE Approved Indirect Rate: %=\$					
Total Expenditures	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Elaine M. Howle State Auditor

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The California State Auditor released the following report today:

Student Mental Health Services

Some Students' Services Were Affected by a New State Law, and the State Needs to Analyze Student Outcomes and Track Service Costs

BACKGROUND

To ensure students with disabilities have access to a free and appropriate public education, the federal government provides grant funding to states. The State Board of Education, through the California Department of Education (Education) oversees the special education program—which includes providing mental health services—and ensures that local educational agencies (LEAs) develop an individualized education program (IEP) for eligible students. Education distributes federal and state funds to special education local plan areas (SELPA), which are made up of LEAs or consortia of LEAs that provide such services. In 2011 a new law (AB 114) transferred the responsibility for providing mental health services included in student IEPs from county mental health departments to LEAs.

KEY FINDINGS

Our audit of the State's use of mental health funds and provision of mental health services to students revealed the following:

- Although the most common types of mental health services offered and the service providers generally did not change, LEAs removed mental health services from student IEPs in the two years after AB 114 took effect.
 - ✓ Although most service reductions were not related to AB 114, such as those prompted by a student graduating, IEP teams did not always record in the IEP document their rationale of why a service was removed.
 - ✓ For 40 percent of the students who had a change to their mental health services or their educational placement within two years of AB 114's implementation, the IEP teams did not document the rationale for the changes.
 - ✓ For 13 of the 44 students we reviewed who had a mental health service removed from their IEPs, either the LEAs could not satisfactorily explain why the services were removed or the removal was related to AB 114. In three cases, the LEA had no assurance that removing services would not adversely affect access to education.
- Neither Education nor the four LEAs we reviewed track educational outcomes for students who receive mental health services and thus, do not know whether student outcomes have been affected by AB 114 and whether it has benefited students' educational progress.
- None of the four LEAs we reviewed track the total cost of providing mental health services through IEPs and thus, it is unknown whether it costs more or less to provide services since AB 114 took effect.
- Two of the four LEAs we reviewed have not spent all of the funding they received that is dedicated to providing mental health services and Education has not formalized procedures for monitoring these funds.
- LEAs and counties could benefit financially and improve student access to mental health services by collaborating to provide services to Medi-Cal eligible students.
- Although the LEA mental health staff we reviewed were qualified under state requirements, some LEAs could improve their hiring practices by establishing minimum qualifications or formalizing their processes.

KEY RECOMMENDATIONS

We made many recommendations including the following:


- The Legislature should require Education to report annually on the outcomes for students receiving mental health services and require counties to enter into agreements with SELPAs to allow them and their LEAs to access federal funding.
- SELPAs should develop a process to ensure IEP teams properly document the reasons for changes to student services or placements.
- Education should direct LEAs to specify on the IEP document reasons for placing a student in residential treatment or when any changes to student placement or services are made in IEPs, and should also develop a mechanism for tracking and reporting expenditures related to mental health services.
- LEAs should annually use a selection of Education's performance indicators to examine the effectiveness of their mental health services.

Date: January 19, 2016

Report: 2015-112

Report 2015-112 Summary - January 2016

Student Mental Health Services:

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Some Students' Services Were Affected by a New State Law, and the State Needs to Analyze Student Outcomes and Track Service Costs

HIGHLIGHTS

Our review of the effect of Assembly Bill 114 (AB 114), which transferred to local educational agencies (LEAs) the responsibility for providing mental health services to students through individualized education programs (IEPs), highlighted the following:

- Mental health services and the providers of those services generally did not change at the four special education local plan areas we reviewed.
- In some cases LEAs removed mental health services from student IEPs because of AB 114 and for other students, the LEAs could not explain why services were removed.
- The California Department of Education has not performed an analysis of the educational outcomes such as graduation and dropout rates for the subset of students who receive mental health services to determine whether student outcomes have improved as a result of AB 114.
- Education does not require LEAs to track their total expenditures for mental health services, and none of the LEAs we visited had developed its own methodology for doing so.
- None of the four LEAs we reviewed could determine their total costs to provide mental health services to students.
- Two of the four LEAs have not spent all the funding they received to provide students with mental health services.
- Only one of the four LEAs has contracted with its county to access certain funding for mental health services through the California Medical Assistance Program.

Results in Brief

The federal government provides grant funding to states to ensure that children with disabilities have access to a free and appropriate public education and has established, through the Individuals with Disabilities Education Act (IDEA), the requirements for the state programs that it funds. These programs include two main components: special education and related services. *Special education* is specially designed instruction to meet the needs of a student with a disability. *Related services*, including mental health services, are services that students with disabilities require to benefit from special education.

Federal law requires local educational agencies (LEAs), which in California consist of school districts and some county offices of education and charter schools, to evaluate children in all areas of suspected disability to determine their eligibility for special education and related services and the nature of the student's educational needs. For eligible students, LEAs must develop an individualized education program (IEP). The IEP is a core element of IDEA and, as such, it is integral to the purpose of IDEA. It must describe, among other things, the effects of the student's disability on educational performance, the educational goals for the student, and the special education and related services the student will receive to assist in his or her educational progress.¹

As the state's educational agency, the State Board of Education, through the California Department of Education (Education), oversees the special education program and is responsible for ensuring that LEAs comply with the requirements of IDEA and for collecting and reporting data to the public about the special education program. As part

of its responsibilities, Education distributes federal and state funds to special education local plan areas (SELPA), which are made up of individual LEAs or consortia of LEAs and are created by state law to provide special education and related services.

In June 2011 the governor signed into law Assembly Bill 114 (AB 114), which transferred the responsibility for providing mental health services included in student IEPs from county mental health departments to LEAs. As a result, LEAs are now responsible for conducting student mental health assessments, recommending the mental health services required to help the student benefit from special education, and providing those services to the student. At the time he proposed this shift in responsibility, the governor stated that the change would lead to greater cost containment and create a stronger connection between services and student educational outcomes.

To evaluate the effects of the transfer of responsibilities to LEAs and whether AB 114 has achieved the governor's expectations, we reviewed the special education programs at four SELPAs: Mt. Diablo Unified School District (Mt. Diablo), Long Beach Unified School District (Long Beach), Riverside County Special Education Local Plan Area (Riverside), and South East Consortium for Special Education (South East), located in Santa Clara County.² Because Riverside and South East are SELPAs made up of multiple LEAs, we selected Murrieta Valley Unified School District and East Side Union High School District as the LEA at each respective SELPA for further review. For each SELPA, we reviewed aggregate data, collected both before and after the transfer, for the types of mental health services provided to students, the providers of those services, and the total number of students who had mental health services listed in their IEPs. Although our analysis of the aggregate data did not identify changes in the types of services, the providers of those services, or the number of students served after the transfer of responsibility to LEAs, it also did not enable us to state with certainty that no students were negatively affected by the transfer.

For a further look at how the transfer may have affected individual students, we selected 60 students across the four SELPAs and found that LEAs had removed at least one mental health service from the IEPs of 44 of those students in the two years following the transfer of responsibility to LEAs. We determined that six of these students had a mental health service removed from their IEP because of AB 114. It was the practice at all four SELPAs we visited that IEP teams memorialized each student's IEP on a written form (IEP document) explaining what services, among other items, each student's IEP included. Therefore, we reached our conclusions by reviewing the students' IEP documents and, when possible, identifying documented reasons for the service changes. When reasons were not documented in a student's IEP documents, we interviewed staff at LEAs and corroborated their statements by obtaining additional documents from the student's file. For seven of these 44 students, LEAs could not explain why a mental health service was removed from the student's IEP. In these cases, we concluded that it is possible that the service was removed because of AB 114.

Almost all of the 60 students we reviewed experienced some change to either his or her mental health services or the amount of time that the student participated in the regular classroom. IDEA requires LEAs to notify parents in writing about the reasons for changes to services or educational placement. However, for 22 of the 60 students we reviewed, the student's IEP document did not explicitly state why a mental health service or the student's placement changed. In these instances we relied on interviews with special education staff at the LEA where the student attended school to direct us to portions of the IEP document or other information from the student's file that they claimed were the reasons for changes to the IEP. In all but the seven cases mentioned in the previous paragraph, the additional details that LEA staff presented to us represented plausible reasons why there were changes to services or student placement. Nevertheless, we believe that it is important for a student's IEP document to contain the explicit reasons for changes to the student's IEP instead of relying on staff knowledge to connect service reductions to other parts of the IEP document or the student file. When LEAs do not clearly document why a service is added to or removed from a student's IEP, or why a student's educational placement is altered, they could limit a parent's ability to participate in an informed manner in decisions related to the student. Additionally, without clear documentation, other educators who subsequently become involved in assessing a student's progress may have difficulty understanding why a student is or is not receiving services that were once listed on the IEP document. We saw similar documentation problems with a separate group of students who had received residential treatment through their IEPs. Specifically, we found that, for

the students we reviewed, LEAs did not always clearly document the reasons for placing students into residential treatment.

LEAs collect and report to Education outcome data for their students in special education so that Education can comply with federal reporting requirements. However, neither Education nor the LEAs we reviewed perform a thorough analysis of the educational outcomes on key performance indicators - such as graduation and dropout rates - for the subset of students who receive mental health services through IEPs. Without such an analysis, LEAs cannot know whether significant changes to student services, such as changes in providers, negatively affect their students. Also, unless Education analyzes outcome data for the students who receive mental health services relative to key performance indicators, it cannot provide information to policymakers about whether student outcomes have improved as a result of AB 114. Given the governor's statement that the transition to AB 114 would create a stronger connection between services and student educational outcomes, we believe it is important that Education and LEAs improve their tracking of outcomes for students who receive mental health services through IEPs.

The other expected result of the transfer of responsibility for mental health services to LEAs was that the State would spend less on providing mental health services to students with IEPs than it had previously. However, we found that none of the four LEAs we reviewed could easily determine their total costs to provide mental health services to these students. Each LEA we reviewed uses multiple funding sources to pay for the mental health services they provide to students, including their unrestricted general fund and general special education funding. Education does not require LEAs to track their total expenditures for mental health services, and none of the LEAs we visited had developed its own methodology for doing so. Unless LEAs are required to track these expenditures, the State cannot determine the fiscal impact of the transfer of responsibilities to LEAs or whether it has realized cost savings since AB 114 became effective.

Another source of funding for the mental health services on some students' IEPs is funding from the California Medical Assistance Program (Medi Cal). One of the four LEAs we reviewed, Mt. Diablo, contracts with the county mental health department to receive Medi Cal funds as a provider of Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services to Medi Cal eligible students. EPSDT is a program designed to ensure that children under 21 who are eligible for full scope Medi Cal receive early detection and care services, including mental health services, so that health problems are averted or diagnosed and treated as early as possible.³ Under state law, counties are responsible for providing certain mental health services and have access to federal EPSDT reimbursements by submitting claims through the California Department of Health Care Services. The federal government provides reimbursement for half of the allowable cost of mental health services, and the State is required to match this amount. Since legislation in 2011 authorized the realignment of various programs, counties became responsible for funding the entire state match for EPSDT mental health services and may use a variety of funding sources to do so. Counties can choose whether to provide EPSDT services directly or contract with outside service providers, which could include LEAs.

Although LEAs cannot access funding for EPSDT services unless they contract with their respective counties, such collaborations could financially benefit both counties and LEAs and increase the provision of services to children. Counties could benefit if the LEAs contributed a portion of the local match required for EPSDT reimbursements. In an October 2011 presentation hosted by Education related to the transition to AB 114, the director of the Children's Center at Desert Mountain SELPA (Desert Mountain) highlighted her SELPA's collaboration with San Bernardino County (San Bernardino) as financially beneficial for both the SELPA and the county. Specifically, the director stated that the SELPA contributes a portion of San Bernardino's match of federal reimbursements, saving the county funds that it would otherwise have to contribute as the local entity. Under the terms of its agreement with San Bernardino, Desert Mountain was able to access approximately \$4 million in federal EPSDT funds to provide mental health services in fiscal year 2014-15. This arrangement enables Desert Mountain to provide mental health services to Medi Cal eligible students with and without IEPs. Such a relationship between counties and LEAs across the State could deliver additional federal funding to the State and increase the number of students to whom LEAs provide needed mental health services. However, Mt. Diablo was the only LEA we reviewed that contracted with its county to access these funds.

Recommendations

Legislature

The Legislature should amend state law to require Education to report annually regarding the outcomes for students receiving mental health services relative to key performance indicators, such as graduation and dropout rates.

The Legislature should amend state law to require counties to enter into agreements with SELPAs to allow SELPAs and their LEAs to access EPSDT funding through the county mental health programs by providing EPSDT mental health services.

Entities We Reviewed

Each SELPA we visited should develop a process to ensure that IEP teams document, in student IEP documents, the reasons for any changes to services, including changes to mental health services. Further, Education should require LEAs to include directly on the IEP document reasons for any changes to student placement or services.

Education should require all LEAs to use the IEP document to communicate the rationale for placing a student in residential treatment.

The LEAs we reviewed should annually use Education's performance indicators to better understand the effectiveness of their mental health services.

To ensure that the State knows the amount LEAs spend to provide mental health services for student IEPs, Education should develop, and require LEAs to follow, an accounting methodology to track and report expenditures related to special education mental health services.

Agency Comments

The SELPAs and LEAs we reviewed all indicated that they would implement the recommendations that we directed toward them. However, Education agreed with only two of the recommendations that we directed to it. Education disagreed with recommendations related to a lack of documentation in student IEPs, recommendations related to analysis of statewide data, and a recommendation regarding changes to its fiscal oversight.

¹ Throughout this report, we refer to services in a student's IEP as services that the student received. Although it is possible that a student did not actually receive services that were in an IEP (for example, if a student did not attend counseling sessions), federal regulations require LEAs to ensure that all special education and related services listed in a child's IEP are provided.

² Throughout this report, we refer to the SELPA known as Riverside County Special Education Local Plan Area as Riverside. However, it is a separate entity from the county of Riverside and also from the Riverside Unified School District.

³ Individuals who are eligible for full scope Medi Cal services are eligible for the full range of Medi Cal benefits, allowing for the most comprehensive Medi Cal coverage.

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