



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

Report 2015-112

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January 19, 2016

2015-112

The Governor of California
President pro Tempore of the Senate
Speaker of the Assembly
State Capitol
Sacramento, California 95814

Dear Governor and Legislative Leaders:

As requested by the Joint Legislative Audit Committee, the California State Auditor presents this audit report concerning special education mental health services provided to students through individualized education programs (IEPs). Provisions of Assembly Bill 114 (AB 114)—which took effect in July 2011—transferred the responsibility for providing these services from county mental health departments to local educational agencies (LEAs).

This report concludes that in some cases LEAs removed mental health services from student IEPs because of AB 114 and that the California Department of Education (Education) and LEAs have not analyzed whether the mental health services provided since AB 114 took effect have benefited students. Education administers the State's special education program through special education local plan areas (SELPA), which are regional entities comprised of one or more LEAs. We reviewed student records across four SELPAs and found that LEAs removed mental health services from some students IEPs because of AB 114, and for other students we found that LEAs could not explain why services were removed from IEPs. Education has not conducted an analysis of the educational outcomes of the students who receive mental health services to determine whether the services are assisting students in accessing their education. This type of analysis is critical to determining whether the closer connection between these services and educational outcomes that some expected would occur has actually resulted in improved outcomes for students receiving these mental health services.

Another expectation at the time the Legislature approved AB 114 was that the transfer in responsibility for mental health services would result in a cost savings for providing those services. However, Education has not required LEAs to track their costs to provide the mental health services in student IEPs and, as a result, none of the LEAs we visited could report the total amount they spent to provide these services. We also found that, if county mental health departments use LEAs as contracted providers, the LEAs could access additional funding for mental health services through the California Medical Assistance Program. As a result, we recommend that the Legislature amend state law to require all county mental health departments to contract with LEAs in their county so that the State can maximize the funding for LEAs to provide mental health services.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

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Summary

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 (SELPAs), 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

Audit 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 (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.*

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.

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.

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.

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.

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.

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.

Introduction

Background

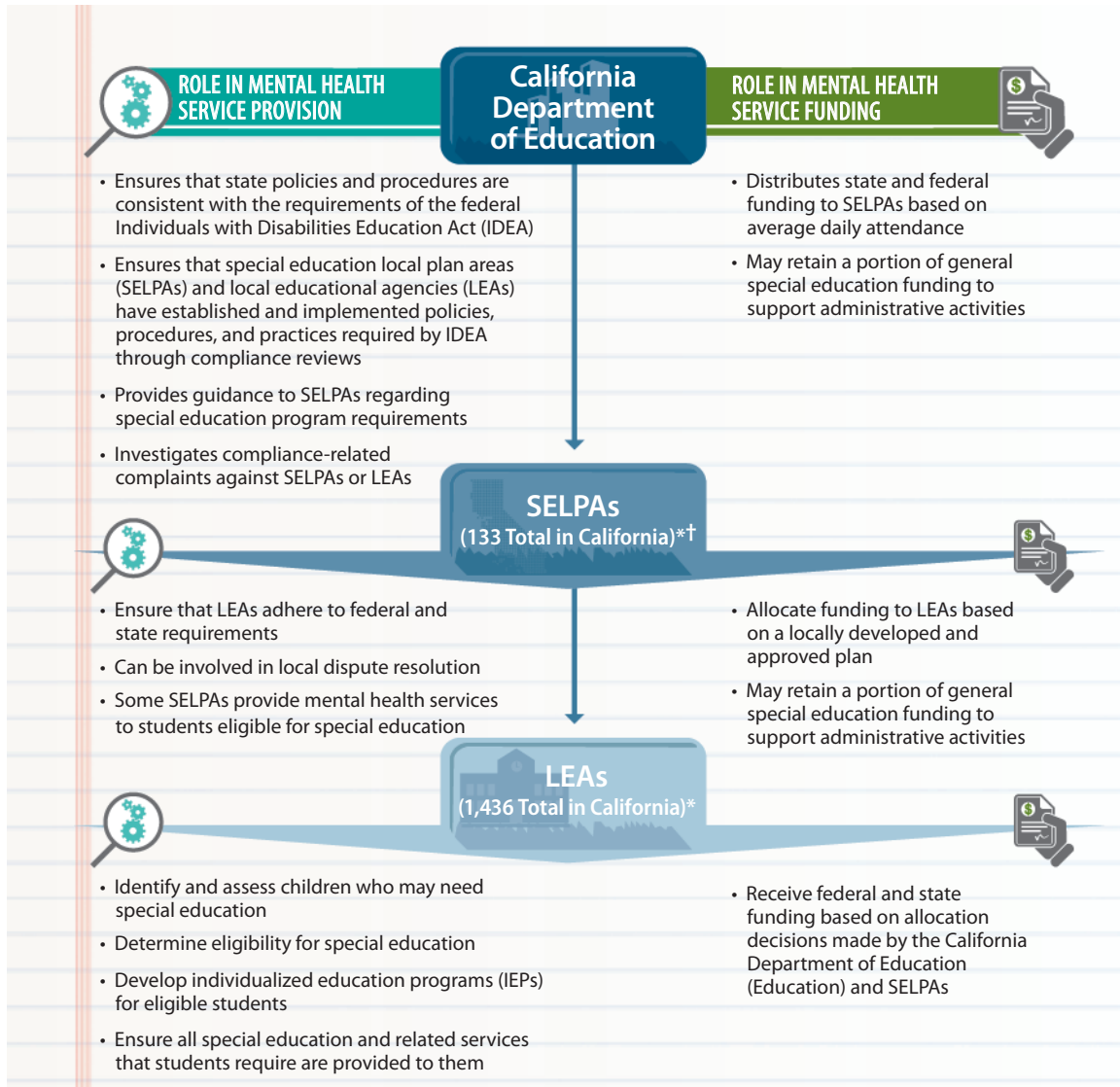
The federal government provides grant funding to states to provide children with disabilities a free and appropriate public education and has established, through the Individuals with Disabilities Education Act (IDEA), the requirements for the state programs that it funds. In accordance with IDEA, these programs include two main components: special education and related services. *Special education* is specially designed instruction, which is provided at no cost to the parents, to meet the needs of a student with a disability. *Related services* include transportation and other developmental, corrective, and supportive services that are required to help students with disabilities benefit from special education. These related services can include mental health services, such as psychological services and counseling services. This audit is focused on the mental health services provided to students within California's special education program and changes to state law that affected how these services are provided to students.

Organization of the State's Special Education Program

The California Department of Education (Education) oversees and supervises California's public education system under the direction of the superintendent of public instruction. The State Board of Education (Board) is California's state educational agency for elementary and secondary education and is responsible for ensuring that the State meets the requirements that IDEA assigns to state educational agencies. The Board fulfills this responsibility through Education. In this role, Education ensures that California's special education program meets federal requirements and collects and reports data to the public about the special education program, among other responsibilities.

As shown in Figure 1 on the following page, Education investigates complaints, performs compliance reviews, and distributes federal and state funds to special education local plan areas (SELPA). SELPAs are single school districts, multiple school districts, or a district joined with the county office of education to provide special education and related services. Each SELPA comprises one or more local educational agencies (LEAs), a category in California consisting of school districts and some county offices of education and charter schools. LEAs are responsible for ensuring that students receive their required special education and related services.

Figure 1
Organization of Special Education in California



Sources: California State Auditor’s analysis of Title 20 United States Code, sections 1411, 1412, 1413, and 1415; Title 34 Code of Federal Regulations, Section 300.151; California Education Code, sections 56836.01, 56836.02, 56836.07, and 56836.08; Education’s website; interviews with staff at selected SELPAs.

* The total number reported is as of October 2015, although this number will vary over time.

† The number of SELPAs includes state agencies (state-operated programs) that are identified as SELPAs for administrative purposes.

Federal law requires LEAs to evaluate children in all areas of suspected disability to determine whether they are eligible for special education and related services, including mental health services, and the nature of the student's educational needs. To be eligible, a student must be found to have a disability and require special education and related services as a result of that disability. For every student who is eligible, LEAs are required to 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, which is to ensure that a free and appropriate public education is available to students with disabilities. The IEP must describe, among other things, the effects of the student's disability on educational performance, the student's educational goals, and the special education and related services the student will receive to assist in his or her educational progress. An IEP team develops the IEP for each student. As shown in the text box, the IEP team includes the student's parents or guardians and teachers, as well as other representatives from the LEA. According to data maintained by Education, in the 2014–15 school year nearly 14 percent of those students with an IEP received a mental health service as part of the IEP.

Members of an Individualized Education Program Team

- The parents or guardians of a child with a disability.
- At least one of the child's regular education teachers.
- At least one of the child's special education teachers or special education providers.
- A representative of the local educational agency (LEA) who is qualified to provide or supervise special education and who knows about the resources the LEA has available to provide to students.
- An individual who can interpret the instructional implications of student evaluations.
- Other individuals who have knowledge or expertise regarding the child, at the discretion of the parent or agency.
- The child, when appropriate.

Source: Title 20 United States Code, Section 1414.

The Passage of Assembly Bill 114





Through June 2011 state law required county mental health departments to conduct an assessment of the social and emotional status of a student and recommend the related services required to help the student.⁴ After the county representatives presented their recommended services to the IEP team, the representatives of the LEA who were a part of the IEP team were required to adopt the county recommendation as their own after reviewing and discussing it. The county was also required to provide the mental health services that were included in a student's IEP.


In June 2011 the governor signed into law Assembly Bill 114 (AB 114) (Chapter 43, Statutes of 2011), which changed how mental health services become part of an IEP and the parties responsible for providing those services. The governor's proposal to make LEAs responsible for providing the mental health services in IEPs stated


⁴ The legislation that gave rise to this model of service provision was Assembly Bill 3632 (AB 3632) (Chapter 1747, Statutes of 1984), which was signed by the governor in September 1984. This mandate was suspended for fiscal year 2010–11, when the governor used a line-item veto to eliminate funding for the AB 3632 mandate.


that doing so would lead to greater cost containment and create a stronger connection between services and student educational outcomes. The portions of AB 114 relevant to special education took effect in July 2011 and nullified the portions of state law that made the counties responsible for conducting assessments, recommending mental health services to be included on a student’s IEP, and providing those services. This change made LEAs responsible for conducting student mental health assessments, presenting the assessments to IEP teams, and providing all services in IEPs. Figure 2 shows the responsibilities that LEAs and county mental health departments had before and after AB 114 took effect.

Figure 2
Key Responsibilities Under State Special Education Law Before and After Assembly Bill 114 Took Effect

TASK	RESPONSIBLE ENTITY			
	BEFORE ASSEMBLY BILL 114 (AB 114)		AFTER AB 114	
				
Determine special education eligibility		✓		✓
Refer students for assessments for mental-health services		✓		NA
Perform assessments for mental-health services	✓			✓
Perform assessments for non-mental-health services		✓		✓
Convene the individualized education program (IEP) team		✓		✓
Participate in IEP team meetings	✓	✓		✓
Recommend the mental health services that students receive as part of their IEPs	✓			✓
Provide the mental health services included on students' IEPs	✓			✓

 Represents county mental health department

 Represents local educational agency (LEA)

 Indicates the entity primarily responsible for ensuring task occurs

NA Task is no longer applicable after AB 114 took effect because LEAs are now responsible for performing mental health assessments.

Sources: California State Auditor’s analysis of California Education Code sections 56330, 56322, 56340, and 56345; California Government Code Section 7572; Chapter 43, Statutes of 2011; Title 2 California Code of Regulations Section 60045.

Education has published guidance to assist LEAs in understanding the options available for mental health services since AB 114 took effect. This guidance states that an LEA can hire mental

health professionals, such as social workers and psychologists, and provide services through these staff. State regulations establish minimum qualifications for individuals who provide mental health services that vary depending on the type of services the individual provides. An LEA may also contract out some or all of these duties to a community mental health provider, another qualified professional, or the county mental health department.

Funding for Special Education and Mental Health Services

In several of the years preceding AB 114, counties received state funds to provide mental health services to students with IEPs. Under this model, counties could also submit reimbursement claims to the State for additional costs, with some limitations, that they incurred related to providing the mental health services included in a student's IEP. In October 2010, through a line-item veto, the governor struck the funding appropriated to reimburse counties for providing mental health services included in IEPs during previous years. When he vetoed the funding, the governor stated that it was part of his effort to maintain a prudent General Fund reserve. This action suspended the state mandate for county mental health departments to provide mental health services included in IEPs.

After the reimbursement model was suspended, the Legislature allocated a specific amount of funding to Education to distribute directly to SELPAs for the provision of mental health services. Education also reminded LEAs that, due to the suspended mandate, under federal law they were responsible for providing the mental health services included in student IEPs. Later in that fiscal year, the Legislature appropriated additional funding to assist LEAs in providing these services. This funding was meant to cover the costs that LEAs incurred for mental health services in fiscal year 2010–11 while the state mandate to provide mental health services was suspended.

Since AB 114 took effect in July 2011, funds from federal and state sources have supported the provision of mental health services to students with IEPs. Education receives these funds and distributes them to SELPAs mostly based on average daily attendance.⁵ Therefore, SELPAs with LEAs that have a higher average daily attendance receive more funding than those with lower average daily attendance. Education designates a portion of California's federal special education funding specifically for the purpose of providing mental health services to special education students. In addition, the State has dedicated part of its own special education funding for the same purpose.

⁵ In fiscal years 2011–12 and 2012–13, according to the requirements of the state budget act, Education distributed some federal funds based on a different formula that incorporated information from Education's California Special Education Management Information System.

Funds from these two funding sources are considered restricted and can be used only for mental health services called for in students' IEPs (mental health funding). Education distributes this mental health funding to SELPAs, which then allocate it to their LEAs. In addition, Education distributes general special education funding (special education funding) to SELPAs. This special education funding is not limited to any one purpose within the special education program. In other words, SELPAs and LEAs are free to use this funding to pay for mental health services for students if they choose, but they may also use it for other purposes related to special education. Finally, LEAs can also use their unrestricted general funding to pay for mental health services that special education students require, or LEAs may use this funding for other activities beyond their special education program.

In addition to these sources of funding, LEAs have access to another funding source. For all students who are eligible for the California Medical Assistance Program (Medi-Cal), LEAs can avail themselves of the LEA Medi-Cal Billing Option program through the California Department of Health Care Services (Health Care Services). This program provides federal reimbursements for 50 percent of the allowable costs of certain direct services to students, including some mental health services.

Mental Health Services Available Through Another Program

Students may also receive mental health services through the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) program. This program can provide services for children who are eligible for full-scope Medi-Cal benefits.⁶ According to the Centers for Medicare and Medicaid Services, EPSDT is designed to ensure that children receive early detection and care, so that health problems are averted or diagnosed and treated as early as possible. The federal program requires that all medically necessary screening and treatment services be provided to individuals under the age of 21 years. These services include screening to detect physical and mental health conditions and any related treatment that would be required to address these conditions. Students do not need to be eligible for special education to receive mental health services through the EPSDT program.

Depending on a child's eligibility for special education and the dedicated mental health programs that the State and counties offer, more than one entity may be mandated to provide a child with mental health services. In contrast to the special education eligibility requirements,

⁶ 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.

eligibility for Medi-Cal services for low-income families and individuals under 21 is based on medical need rather than educational need. Therefore, children who are eligible for both the special education program and one or more of California’s mental health programs may receive mental health services from either their county mental health department, the LEA at which they attend school, or both.

SELPA and LEAs Selected for Review on this Audit

Our audit included four SELPAs and LEAs, as well as information we obtained from county mental health departments where the SELPAs we reviewed were located. To select the SELPAs we would review, we considered a variety of information, including the number of LEAs in the SELPA, the number of compliance complaints on record at Education for each SELPA, the number of mental health services offered by the LEAs within each SELPA over time, information related to the use of mental health funding, and the geographic location of the SELPA in the State. At each SELPA with multiple LEAs, we selected the LEA within the SELPA that provided the greatest total number of mental health services between 2010 and 2013, as indicated in its reports to Education. Table 1 shows the SELPAs we selected and their corresponding LEAs and counties.

Table 1
Special Education Local Plan Areas and Local Educational Agencies Selected for Review

SPECIAL EDUCATION LOCAL PLAN AREA (SELPA)	CORRESPONDING LOCAL EDUCATIONAL AGENCY (LEA)	CORRESPONDING COUNTY
Mt. Diablo Unified School District	Mt. Diablo is a single LEA SELPA	Contra Costa
South East Consortium for Special Education	East Side Union High School District	Santa Clara
Riverside County Special Education Local Plan Area	Murrieta Valley Unified School District	Riverside
Long Beach Unified School District	Long Beach is a single LEA SELPA	Los Angeles

Source: California State Auditor’s analysis of information from the California Department of Education website.

Scope and Methodology

The Joint Legislative Audit Committee (audit committee) directed the California State Auditor to review the State’s use of mental health funds and provision of mental health services to students. Specifically, we were directed to review the effects of AB 114. Table 2 on the following page lists the objectives that the audit committee approved and the methods used to address those objectives.

Table 2
Audit Objectives and the Methods Used to Address Them

AUDIT OBJECTIVE	METHOD
1 Review and evaluate the laws, rules, and regulations significant to the audit objectives.	Reviewed relevant laws, rules, regulations and other background materials related to the provision of mental health services both before and after they were affected by Assembly Bill 114 (AB 114).
2 Review and evaluate the California Department of Education's (Education) responsibilities with respect to the oversight and administration of federal and state special education law as it relates to mental health issues. Determine whether the State is complying with relevant laws, regulations, and policies in monitoring funding streams and outcomes for students with mental health issues.	<ul style="list-style-type: none"> • Interviewed staff at Education and reviewed documents to determine what oversight activities Education performs. Mental health services are one form of related services that must be provided to students with disabilities when such services are required for the students to benefit from special education. Federal law does not specify how the State will meet the requirement to provide mental health services but instead requires states to provide special education and related services to children with disabilities. Therefore, we reviewed Education's compliance with these more general requirements. We determined that the federal government has accepted Education's plan for general oversight of the special education program and that Education is performing the key tasks that it outlines in that plan. • For each of the special education local plan areas (SELPAs) visited under objective 4 and each of the local educational agencies (LEAs) visited under objective 8, reviewed the documentation that the SELPA or LEA submitted to Education to show that the entity met the federal maintenance of effort requirements. We determined that Education had ensured the entities we reviewed met the federal requirement to maintain the same level of funding from one year to the next. • Reviewed Education's activity related to data collection and reporting and compared it to key federal and state requirements. We determined that Education complies with these requirements.
3 Review and evaluate the impact on the number of students with disabilities placed in residential programs both in-state and out-of-state, before and after the enactment of AB 114. To the extent possible, provide information on the reasons students are placed in these programs, and determine whether those reasons have changed over a five-year period.	<ul style="list-style-type: none"> • Analyzed summary data regarding the number of students who received residential treatment services before and after AB 114 took effect from 2010–11 through 2014–15. Interviewed staff at Education and the SELPAs and LEAs we reviewed to determine their perspective on the trends in residential placements over this five-year period. • At each SELPA visited under objective 4, selected students who were in residential treatment in school year 2010–11 and reviewed subsequent individualized education programs (IEPs) for each student to determine whether the reasons for placement changed, whether the district documented the consideration of potential harmful effects of placement, and whether the district documented a rationale for placing the student into a more restrictive environment. At three SELPAs, we selected five students apiece for review. At the other SELPA, we selected all of the students who met our criteria, which resulted in us reviewing three students. • Interviewed staff at LEAs to determine reasons for residential placement when those reasons were not documented in a student's IEP document.
4 From a selection of at least four SELPAs, review and assess the complaint process and determine whether each SELPA's process is effective, including whether the SELPA makes parents, guardians, and students aware of the complaint process. Further, for a selection of complaints from each of the SELPAs, determine whether the process for addressing complaints was followed.	<ul style="list-style-type: none"> • As shown in Table 1 on the previous page, selected 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). • Reviewed federal and state laws and regulations to determine what information should be provided to parents, guardians, and students regarding complaint processes, and how frequently. • Interviewed SELPA staff to determine the entities' procedures for providing notice of complaint processes to parents. • Evaluated up to three IEP documents apiece for 15 students at each SELPA and determined whether the IEP documents showed that parents, guardians, or the students were offered the procedural safeguard notice. • Obtained seven complaint records pertaining to each SELPA, and evaluated whether the appropriate processes were followed.

AUDIT OBJECTIVE	METHOD
<p>5 For a five-year period, using the SELPAs identified in objective 4, provide the following information, to the extent possible, disaggregated by students for whom an IEP identifies as emotionally disturbed, students whose IEP may also call for mental health services, and students receiving mental health services who qualify or do not qualify for the California Medical Assistance Program (Medi-Cal) services:</p> <p>a. Compare the number of students each SELPA served under Assembly Bill 3632 (AB 3632) to the number served under AB 114.</p> <p>b. Determine whether the type and frequency of service, and the providers of services, changed under the transition from AB 3632 to AB 114.</p> <p>c. For a selection of students served under AB 3632, determine whether their IEPs were changed as the result of the SELPAs' transition to AB 114. To the extent possible, assess whether the IEP changes were allowable and the reason was documented.</p>	<ul style="list-style-type: none"> • Obtained data from Education and analyzed the number of students with mental health services in their IEP in years 2010–11 through 2014–15 at the four SELPAs identified under objective 4. • Using data from Education and data from the California Department of Health Care Services, identified the number of students with an IEP that included mental health services, the number who were eligible for Medi-Cal, and the number whose IEP identified them as emotionally disturbed, by year, and the number at each SELPA visited. This information is presented in the Appendix of this report. • Statewide, compared the number of students with mental health services in their IEP to the total number of students with IEPs. • Calculated the rate at which each SELPA continued to provide mental health services to students from one year to the next before and after AB 114 took effect. • Obtained data from Education and determined the following: <ul style="list-style-type: none"> – How often each SELPA identified under objective 4 provided each mental health service. Compared the most common services in 2010–11 to the most common services in 2014–15. – For mental health services that students received in 2010–11 and 2011–12, whether the frequency at which the student received the service changed and, if so, whether it was more or less frequent in 2011–12. – The named provider for the mental health services included in student IEPs from 2010–11 through 2014–15. Compared 2010–11 to 2014–15 to determine whether providers for these services had changed. • Selected 15 students from each SELPA identified under objective 4 who received at least one mental health service through their 2010–11 IEP. Reviewed subsequent IEPs for these students to determine if the mental health service levels changed and whether the reasons for those changes were recorded in the IEP document. • Interviewed staff and reviewed other available information at the LEAs where these students attended school to determine the reasons for changes to services when those reasons were not recorded in the students' IEP documents.
<p>6 To the extent possible, determine whether changes in treatment were made by service providers as a result of the transition from the AB 3632 to the AB 114 process.</p>	<ul style="list-style-type: none"> • Identified a staff member at each of the LEAs reviewed under objective 8 who provided mental health services before and after AB 114 became effective. • Interviewed those staff members to determine the factors that influence treatment decisions and whether the transition to AB 114 affected mental health treatment. • Determined that, according to the staff we interviewed, methods of treatment were not changed as a result of AB 114.
<p>7 Determine whether the State has a mechanism in place to evaluate the transition from AB 3632 to AB 114.</p>	<ul style="list-style-type: none"> • Interviewed staff at Education to determine whether Education completed an evaluation of the transition to AB 114 and whether they were aware of any other transition evaluations. According to Education's associate director of special education, Education analyzed the status of the transition to provide policy guidance and support to LEAs through the AB 114 Workgroup and devoted extra resources to track and analyze data, monitor complaints, develop and vet policy guidance, and administer funding. We reviewed materials from Education's website that show it performed some of these activities. However, we saw no evidence that Education performed an evaluation to determine whether the transition was effective. The associate director noted that the 2011 budget bill did not direct Education to perform this type of analysis and that the Legislature did not provide Education funding for one. • Reviewed AB 114 to determine whether it contains a requirement to evaluate the transition in mental health service provision and determined that it does not.

AUDIT OBJECTIVE	METHOD
<p>8 Identify state and federal funding sources for mental health services for students with disabilities for the past five fiscal years. Further, for the SELPAs selected for objective 4 and from a selection of LEAs, compare their mental health budgets to their costs. Determine the source of funds the SELPAs used to pay for any excess mental health costs.</p>	<ul style="list-style-type: none"> • Reviewed Education's summary of funding sources for mental health services and verified that the information in that summary matched the annual budget act for fiscal years 2010–11 through 2014–15. Identified any additional funding sources through our review of SELPA and LEA budgets, revenues, and expenditures as described below. • Reviewed California State Controller reports regarding the amounts counties claimed in reimbursements for their fiscal year 2010–11 mental health costs. • Obtained financial information from the SELPAs we visited in objective 4 and a selection of one LEA at each SELPA as shown in Table 1. Because two of the SELPAs we reviewed, Mt. Diablo and Long Beach, are single-LEA SELPAs, we reviewed a total of six entities' fiscal records. • Compared the budgeted expenditures, actual revenue, and actual expenditures that each entity recorded for its restricted mental health funding for fiscal years 2010–11 through 2014–15. • Determined that Riverside and South East did not spend more than they received in mental health funding in the fiscal years we reviewed. Interviewed staff at each LEA to determine how the LEA covers any excess costs to provide mental health services through an IEP. • Interviewed program and financial staff at each LEA and SELPA to determine how each entity used available Medi-Cal funding to pay for services.
<p>9 For the selection of LEAs identified in objective 8, review and assess the following:</p> <p>a. Each LEA's process for hiring mental health services staff, including how each LEA ensures the staff are qualified. In addition, for LEAs that contract for services, determine the qualifications of the mental health services providers, identify who the providers are, and determine who is responsible for contracting these services. To the extent possible, compare the qualifications of licensed and nonlicensed LEA employees and contracted services providers (that is, nurses, therapists, psychologists, etc.).</p> <p>b. Review and assess each LEA's process for identifying students needing a special education assessment for mental health services, including the criteria for denying an assessment for mental health services.</p> <p>c. Review and assess how each LEA measures and tracks the outcomes for students receiving mental health services.</p>	<ul style="list-style-type: none"> • Reviewed state regulations to determine what qualifications are required to provide mental health services to students. • Interviewed LEA staff to determine LEA procedures for hiring mental health service providers and for contracting for mental health services, including whether those procedures include verification that staff and contracted personnel meet the requirements in state regulations for providing specific mental health services. • At each of the four LEAs we reviewed under objective 8, judgmentally selected five staff mental health providers and five contracted mental health personnel. Interviewed SELPA or LEA staff to determine what specific mental health services each selected staff or contracted personnel member provided to students. Determined whether the selected providers met the qualifications required by state regulations. • Compared the qualifications of selected mental health staff to those of contracted mental health personnel. • Reviewed relevant federal and state laws and regulations related to activities for identifying students who require assessment, known as child find activities. Also reviewed child find policies and procedures we identified through other states' education departments and online research to identify best practices related to child find. Obtained and reviewed the child find policies for each SELPA and LEA we reviewed and compared those policies to the relevant laws and regulations to ensure the policies contained key activities. Also reviewed the policies of each SELPA and LEA we visited to identify whether they included any best practices that we had found. • Interviewed staff at the SELPAs and LEAs we reviewed and obtained documentation of the activities they perform to demonstrate compliance with their stated policies and procedures. • Reviewed federal regulations to determine the requirements for denying special education assessments, including the required components of notice of a denial of an assessment. • Interviewed staff at each LEA to determine whether the LEAs had denied a mental health assessment in school year 2014–15. • Determined that among our four selected LEAs, two LEAs, East Side Union High School District and Murrieta Valley Unified School District, had not denied any mental health assessments in 2014–15. We reviewed the reason why Long Beach would deny assessments and found that reason consistent with federal law. Determined that Mt. Diablo had no specific criteria for denying assessment requests. Therefore, we reviewed a judgmental selection of five of Mt. Diablo's denials from 2014–15 and determined that all of the denials we reviewed complied with the key components of the federal requirements. • Identified the key outcome indicators in Education's state performance report that are relevant to students receiving mental health services. • Interviewed staff at each LEA to determine how the LEA tracks the outcomes for those students against the key performance indicators we identified. Assessed the practices and procedures for gaps that would cause the LEA to inadequately track the outcomes for these students. Interviewed staff at Education regarding its tracking of outcomes for students who received a mental health service through an IEP.

AUDIT OBJECTIVE	METHOD
10 To the extent possible, compare the number of students with diagnosed mental health issues in California to the number of students actually receiving services as part of an IEP.	<ul style="list-style-type: none"> • Searched for and reviewed available estimates of the number of school aged children in California with diagnosed mental health issues. • Using data we obtained from Education, determined the total number of students in California whose IEP states that they will receive mental health services.
11 Review and assess any other issues that are significant to providing mental health services to students.	<ul style="list-style-type: none"> • At the county mental health department that corresponds to the SELPAs selected in objective 4, we reviewed the available service records for the students that we selected for review under objective 5(c) for a three-year period. • Interviewed staff at the county mental health departments to determine how to match county mental health services with the services listed on student IEP documents. • Determined whether county mental health departments provided additional services to each of the selected students beyond what was included in the students' IEPs.

Sources: California State Auditor analysis of Joint Legislative Audit Committee audit request number 2015-112, and information and documentation identified in the table column titled *Method*.

Assessment of Data Reliability

In performing this audit, we obtained electronic data files extracted from the information systems at Education and Health Care Services. The U.S. Government Accountability Office, whose standards we are statutorily required to follow, requires us to assess the sufficiency and appropriateness of the computer-processed information that we use to support our findings, conclusions, and recommendations. Specifically, we obtained student and service data from Education’s California Special Education Management Information System (CASEMIS) for the period from July 1, 2009, through June 30, 2015. For each school year, we used these data to identify students with an IEP and, for those students, whether their IEP included mental health services or residential treatment services, or indicated an emotional disturbance disability. Further, we used these data to compare the type, frequency, and providers of mental health services before and after the implementation of AB 114. To evaluate these data, we performed data-set verification procedures and electronic testing of key data elements and did not identify any significant issues. However, we did not perform accuracy and completeness testing of the CASEMIS data because the source documents required for this testing are stored at various locations throughout the State, making such testing cost-prohibitive. Thus, we determined that Education’s CASEMIS data were of undetermined reliability for the purposes of this audit. Although this determination may affect the precision of the numbers we present, there is sufficient evidence in total to support our audit findings, conclusions, and recommendations.

Additionally, we obtained Medi-Cal eligibility data from Health Care Services’ Fiscal-Intermediary Access to Medi-Cal Eligibility system (beneficiary eligibility system) for the period from January 1, 2009, through June 30, 2015. We used these data to

identify Medi-Cal eligibility for students in the special education program. To evaluate these data, we performed data-set verification procedures and found no errors. We also performed electronic testing of key data elements and found no issues in the fields used for this analysis. However, we did not perform accuracy and completeness testing of the beneficiary eligibility system data because the source documents required for this testing are stored at various locations throughout the State, making such testing cost-prohibitive. Thus, we determined that Health Care Services' beneficiary eligibility system data were of undetermined reliability for the purposes of this audit. Although this determination may affect the precision of the numbers we present, there is sufficient evidence in total to support our audit findings, conclusions, and recommendations.

Chapter 1

ASSEMBLY BILL 114 AFFECTED MENTAL HEALTH SERVICES FOR SOME STUDENTS, AND LOCAL EDUCATIONAL AGENCIES SHOULD BETTER DOCUMENT REASONS FOR CHANGES TO SERVICES

Key Points

- » Aggregate data show that after responsibility for providing mental health services to students with individualized education programs (IEPs) was transferred to the local educational agencies (LEAs) in July 2011 because of Assembly Bill 114 (AB 114), the most commonly offered types of mental health services and the providers of those services generally did not change at the four special education local plan areas (SELPAs) that we reviewed. The number of students who received these mental health services remained steady or grew at three of the SELPAs.
- » The 60 student records we reviewed showed that LEAs removed mental health services from student IEPs in the two years after AB 114 took effect. However, in many cases LEAs made these changes based on factors independent of the change to state law, such as student graduations or students progressing to the point of no longer needing the mental health service.
- » The LEAs we reviewed and the California Department of Education (Education) do not know whether student outcomes have been affected by AB 114 because none of these entities track aggregate outcomes for all students who receive mental health services. As a result, the State cannot know whether AB 114 has resulted in a benefit to students' educational progress, as some believed it would at the time it was enacted.

Some Aggregate Data Allow for Limited Conclusions About How Students Were Affected by AB 114

To assess how the transfer of the responsibility for mental health services to LEAs has affected students, we attempted to identify whether students who were offered mental health services through an IEP before AB 114 took effect subsequently had those services inappropriately reduced or eliminated. However, to draw any definitive conclusions, we would need to review IEPs for students throughout the State who had a mental health service in their IEP prior to the enactment of AB 114 and follow their record of subsequent care after the change in law. In lieu of this cost-prohibitive approach, we began our analysis by reviewing

Although we did not see any indications in the aggregate that the transfer of responsibility for the provision of mental health services to LEAs negatively affected students, we cannot state with certainty that some students were not affected.

aggregate data for four SELPAs 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 in their IEPs. Although we did not see any indication from our aggregate analysis that the transfer of responsibility for the provision of mental health services to LEAs negatively affected students, we cannot state with certainty that some students were not affected.

The four SELPAs we reviewed generally continued to offer students the same types of mental health services before and after AB 114 took effect. We identified the three most common types of mental health services in student IEPs during the 2010–11 school year—the year before AB 114 took effect—and compared those services with the most common service types during the 2014–15 school year for each SELPA we reviewed. Although the rankings changed, Table 3 shows that each SELPA we reviewed continued to provide the most common mental health services before and after the transition in responsibility. For example, at Riverside County Special Education Local Plan Area (Riverside), behavior intervention services dropped from the second to the fourth most common mental health service type in the 2014–15 school year, but Riverside offered that service to more students than it did before AB 114 took effect. The table also notes a decline in residential treatment services at Long Beach Unified School District (Long Beach). We discuss this decline, and Long Beach’s perspective that the decline represents a positive change because it is serving students in a less restrictive environment, later in this chapter.

Additionally, although AB 114 transferred responsibility for the provision of mental health services from county mental health departments to LEAs, the provider of the most common mental health services generally had already been the LEA where the student attended school. We expected that prior to AB 114 taking effect, the county mental health department would be the provider of these services in most instances. However, in the year before the transfer of responsibility to the LEAs, the named provider in student IEPs for the most common mental health services at the four SELPAs generally was the LEA, rather than the county. In contrast, counties and LEAs both appeared as the named provider for less common mental health services in the year before AB 114 took effect. The only exception was Long Beach, where these less common mental health services were provided by the LEA. However, by school year 2014–15, the county was generally not the provider for IEP mental health services at the four SELPAs, regardless of how commonly the service was provided. The predominant provider for services was the LEA or an agency with which the LEA contracted for service provision.

Table 3
Most Common Mental Health Services Offered in School Year 2010–11 and 2014–15

SPECIAL EDUCATION LOCAL PLAN AREA	MENTAL HEALTH SERVICE	RANKING IN THE 2010–11 SCHOOL YEAR (NUMBER OF TIMES OFFERED IN IEPs)*	RANKING IN THE 2014–15 SCHOOL YEAR (NUMBER OF TIMES OFFERED IN IEPs)
Mt. Diablo Unified School District	Individual Counseling	1 (462)	↓ 2 (239)
	Counseling and Guidance	2 (275)	↑ 1 (445)
	Psychological Services	3 (135)	↓ 4 (46)
Comment: Behavior intervention services became the third most common service in the 2014–15 school year.			
Long Beach Unified School District	Individual Counseling	1 (442)	↓ 2 (218)
	Behavior Intervention Services	2 (321)	↑ 1 (481)
	Residential Treatment Services	3 (166)	↓ 5 (32)
Comment: Psychological services replaced residential treatment services as the third most common service in the 2014–15 school year.			
Riverside County Special Education Local Plan Area	Individual Counseling	1 (432)	– 1 (1,549)
	Behavior Intervention Services	2 (385)	↓ 4 (672)
	Counseling and Guidance	3 (368)	↑ 2 (1,124)
Comment: Social work services became the third most common service in the 2014–15 school year.			
South East Consortium for Special Education	Behavior Intervention Services	1 (613)	↓ 2 (505)
	Counseling and Guidance	2 (376)	↑ 1 (755)
	Individual Counseling	3 (303)	– 3 (462)

Source: California State Auditor's analysis of data obtained from the California Department of Education's California Special Education Management Information System.

* Individualized Education Program.

↑ Higher ranking

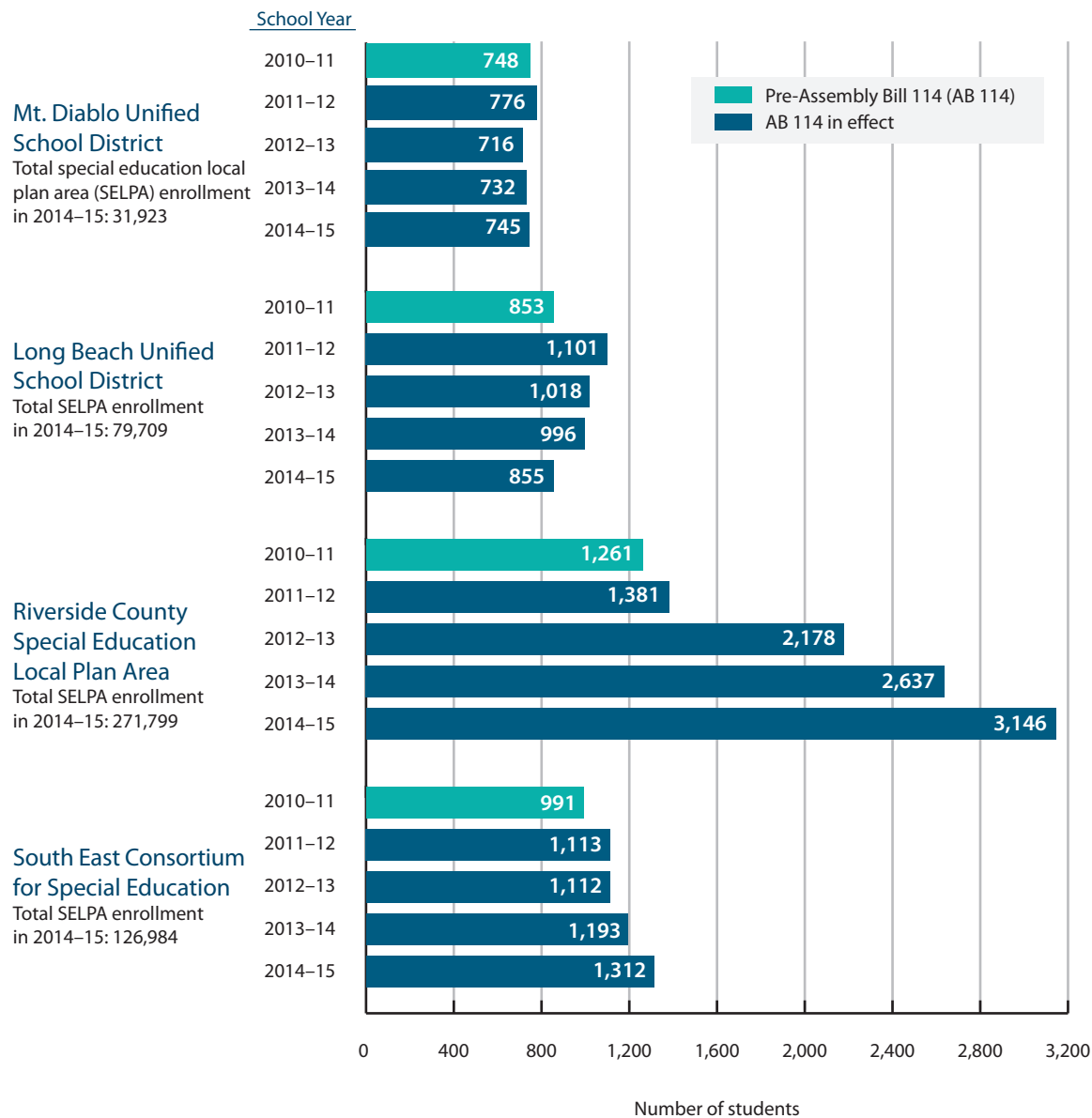
↓ Lower ranking

– No change

We also reviewed the number of students with at least one mental health service in an IEP at the four SELPAs. The number of students who require a mental health service to access their free and appropriate public education may fluctuate from year to year depending on student population and the needs of those students in any given year. Therefore, we focused our efforts on whether the data showed a decline in the number of students served since this transfer. As shown in Figure 3 on the following page, at Mt. Diablo Unified School District (Mt. Diablo), South East Consortium for Special Education (South East), and Riverside, the total number of students who received a mental health service through an IEP did not decline, but rather increased or remained generally consistent after AB 114 took effect in July 2011. In contrast, the number of students at Long Beach whose IEP included a mental health service grew in the 2011–12 school year, the first school year after AB 114 took effect, but dropped in subsequent school years. The district attributes this drop in the number of students receiving mental

health services at Long Beach to pre-AB 114 levels in part to an early intervention program it implemented to treat students before their mental health affects their education. However, it did not provide us with an analysis or other documentation that supports its claim that the early intervention program it implemented is the cause for the decline in the number of students to whom it provides mental health services through an IEP.

Figure 3
Total Number of Students with a Mental Health Service in an Individualized Education Program at Four Special Education Local Plan Areas for School Years 2010–11 Through 2014–15



Sources: California State Auditor’s analysis of data obtained from the California Department of Education’s (Education) California Special Education Management Information System and data from Education’s California Longitudinal Pupil Achievement Data System.

The Majority of Changes to Services Were Unrelated to AB 114, but LEAs Can Improve Documentation of The Reasons

Because we were able to draw only limited conclusions from the aggregate data, we selected and reviewed the IEPs of 60 students across the four SELPAs to evaluate the impact on students from the transfer of responsibility for special education mental health services from counties to LEAs. 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. Most of the reductions in student mental health services that we observed when we reviewed students' IEP documents were not related to the changes to state law. Instead, most service reductions were due to factors that were independent of AB 114, such as a student graduating or cases in which IEP teams decided that the student had progressed to the point that he or she no longer required the mental health service to be able to access his or her education. However, we found that IEP teams did not always record in the IEP document their rationale for why a service was removed from the student's IEP. Consequently, we relied in part on explanations from LEAs, which we corroborated by reviewing supporting documentation in order to reach our conclusion about whether the changes were related to AB 114. When IEP teams do not record in the IEP document the reasons why IEP service levels change, they may affect a parent's ability to participate in the IEP process and create difficulties for subsequent educators and IEP teams in understanding the reasons why a student does or does not receive a particular service.

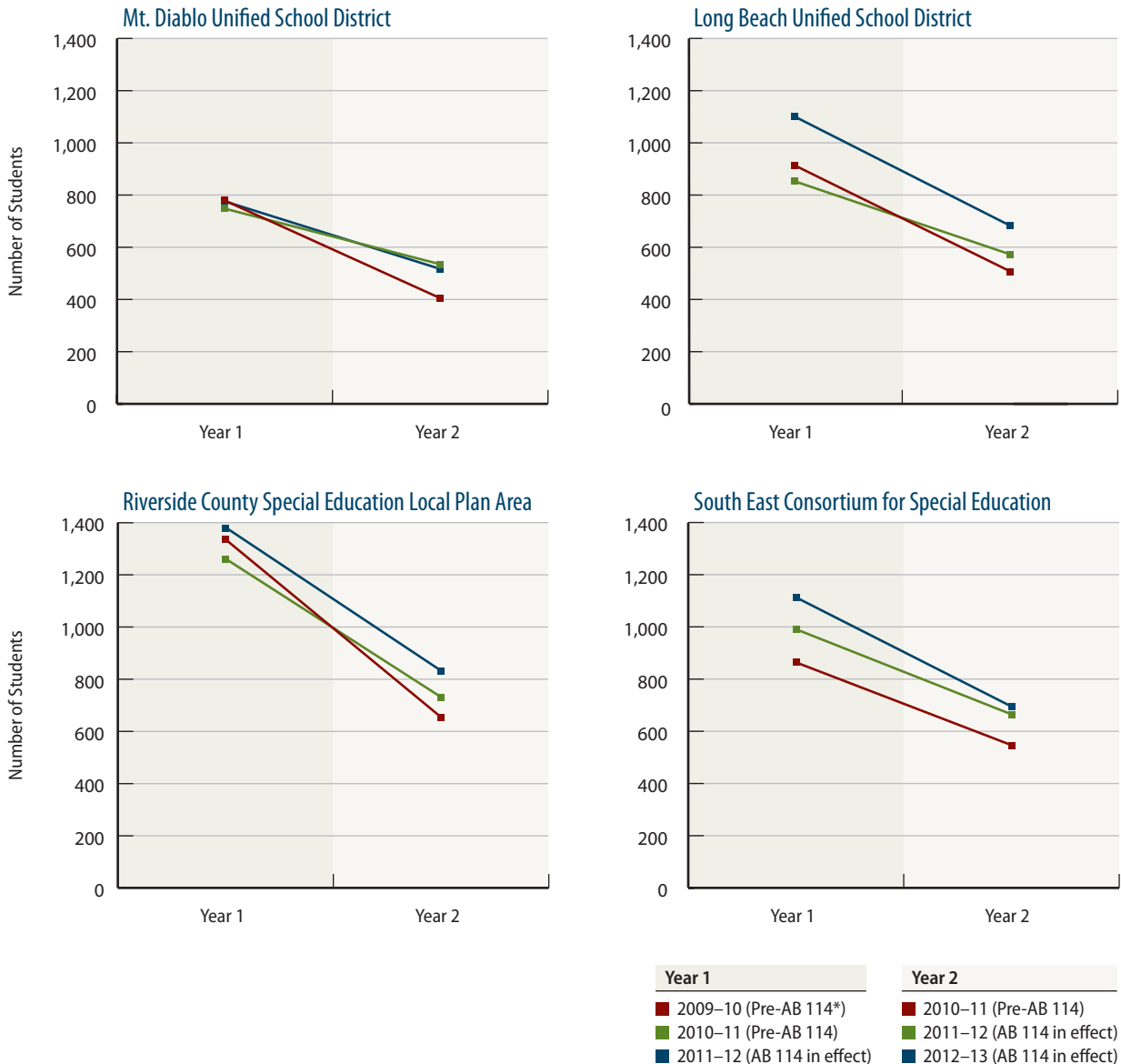
For the Students We Reviewed, Most Reductions in Mental Health Services Were Not Due to AB 114

Services in a student's IEP must be designed to meet the student's goals and educational needs, and therefore it is reasonable to expect that service levels will change from year to year for any given student, including cases in which a student stops receiving mental health services altogether. To determine whether AB 114 affected the rate at which students stopped receiving all mental health services through an IEP, we identified three student groups: students who received a mental health service in school year 2009–10, in 2010–11, and in 2011–12, respectively. We then tracked these groups of students into the next school year to see whether they continued to have a mental health service listed in their IEP documents. Figure 4 on the following page shows that each SELPA we reviewed had consistent year-to-year rates of retention, both before and after AB 114. For example, at South East, 63 percent of the students who received a mental health service in 2009–10 continued getting a service in 2010–11. This retention rate was similar in the following year: 66 percent of students who received a mental health service in 2010–11 continued getting a service in 2011–12, the year after AB 114 took effect.

At each SELPA we reviewed, the retention rate of students receiving a mental health service remained consistent before and after AB 114.

If AB 114 had negatively affected service rates, we would have expected the student groups from 2010–11 and 2011–12 to show a lower retention rate in the number of students who retained services. However, this was not the case at the four SELPAs we reviewed, which leads us to conclude that AB 114 did not likely affect the rate at which students experienced a complete end to their mental health services.

Figure 4
The Rate at Which Students at Four Special Education Local Plan Areas Retained Mental Health Services in the Following School Year



Source: California State Auditor’s analysis of data obtained from the California Department of Education’s California Special Education Management Information System.

* Assembly Bill 114.

However, as described in the previous section, using aggregate data alone limited our ability to assess how students were affected after AB 114 transferred responsibility to LEAs for the provision of mental health services. To better understand whether and how students were affected by this change in responsibility, we reviewed a total of 60 student files, 15 from each of the four SELPAs we visited, for students who received at least one mental health service in the 2010–11 school year, just before AB 114 took effect. For each student, we tracked the mental health services the student received for two additional school years and found that most of the students experienced some change in the number of mental health services they received, including both increased and decreased service levels.⁷ In total, 44 of the 60 students we reviewed had one or more mental health services removed from their IEP after the changes AB 114 made to state law. For these 44 students, we reviewed the IEP document to determine why the IEP team removed the service. When the IEP document did not contain explicit reasons why the service was removed, we asked staff at the LEA in which the student attended school to explain why the service was removed. We then attempted to corroborate the statements staff made by reviewing details recorded in the student’s IEP document or with other available information.

In some cases, students who had been receiving mental health services before the transfer of responsibility stopped receiving all of their mental health services. Twenty-nine of the 44 students who had a mental health service removed stopped receiving all mental health services within this period. For 21 of these students, the LEAs stopped providing services for reasons unrelated to the change in responsibility created by AB 114. Specifically, these students graduated from high school or stopped attending school, their IEP teams determined that they had improved in their performance and no longer required the service to be able to access a free and appropriate public education, or the IEP teams determined a different mix of services that did not include mental health services was more appropriate. For example, at Mt. Diablo one student file we reviewed showed that the student received mental health services in school year 2010–11 and then met her associated goal in 2011–12. Due to her progress, the student no longer received mental health services, although she continued in special education to meet other needs. However, for eight of these 29 students, either the LEAs could not explain why they removed

Twenty-nine of the 44 students we reviewed who had a mental health service removed stopped receiving all mental health services within this period.

⁷ Five students we reviewed moved out of the SELPAs we selected for this audit before the 2012–13 school year (the second year after AB 114 took effect). For those students, we reviewed only changes to mental health services that occurred in the school year immediately following when AB 114 took effect.

all mental health services or the removal of all mental health services from the student's IEP appeared connected to AB 114. We discuss these students in greater detail in the next section.

The remaining 15 students of the 44 who had a mental health service removed had some but not all of the mental health services on their IEP removed. Similar to the students who had all of their mental health services removed, we determined that some of these service removals were attributable to positive outcomes, such as a student meeting the behavior and social skills goals contained in their IEP. In other cases, we saw evidence that an IEP team determined that a different combination of mental health services would better benefit the student than the existing array of services, which led the IEP team to remove some mental health services from the student's IEP. However, for five of these 15 students, either the LEAs could not explain why they removed the services or the reason appeared related to AB 114.

AB 114 Was the Reason for Some Changes to Mental Health Services, but the Effect on Students Is Unclear

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 the reason for removing the services or the removal was related to AB 114.

For 13 of the 44 students we reviewed who had a mental health service removed from their IEPs, either the LEAs could not explain the reason, there was no evidence to support their explanation for removing the services, or the removal was related to AB 114. For seven of these 13 students, five from Riverside and one each from Mt. Diablo and Long Beach, the LEA could not satisfactorily explain why the services were removed. In all but one of those cases, staff at the LEAs where the students attended school offered an explanation for why services were removed from student IEPs, but there was no evidence supporting the explanations. For example, for three students at Riverside, LEA staff indicated that it was possible services changed because of county mental health department recommendations. However, we could not corroborate the reasons we were provided with any information presented in these students' IEP documents. Because the IEP team for these students did not document the reasons why they removed services from students' IEPs, neither we nor these LEAs can know whether the removal was related to AB 114. Therefore, it is possible that these students were negatively affected by the transfer of responsibility that AB 114 created. We address this lack of documentation in the next section.

After reviewing the students' IEP documents and discussing service changes with the LEAs in which the students attended school, we concluded that each of the six remaining students had a service removed for reasons related to AB 114. Specifically, three of these students' services changed because the IEP team believed that the county mental health department had previously included

services on the IEP that were not educationally related. Two of these students were from Long Beach and one was from an LEA within South East. Before AB 114 took effect, state law required that the LEA adopt the recommendation of the county mental health department after the IEP team reviewed and discussed the recommended services. IEP team meeting notes and statements from the special education directors where these three students attended school indicated that the students stopped receiving specific mental health services because the LEA did not believe those services were related to the students' ability to access a free and appropriate public education. Long Beach's special education director stated that the IEP team removed the services from student IEPs because the county had used medical criteria to determine the student's need instead of assessing the student's educational needs. However, we saw no evidence in the IEP documents we reviewed that either Long Beach or South East's LEA had reassessed the students' needs to determine that removing these services would not affect their ability to access their education. Therefore, in these three cases the LEAs lacked assurance that the services they removed would not negatively affect the students' access to a free and appropriate education.

Finally, the remaining three students affected by AB 114, all of whom were from LEAs within South East, lost services from their IEPs for reasons connected to their eligibility for the California Medical Assistance Program (Medi-Cal). In the first two cases, notes included in the students' IEP documents show that in the year after AB 114 took effect, IEP teams decided that the students would obtain the mental health services that had previously been on their IEPs through the Medi-Cal program. As a result, the IEP teams for these students removed these services from the students' IEPs. Although we found no evidence in these first two cases that the LEA encouraged the family to seek their services through Medi-Cal instead of leaving them on the IEP, this was not true for the third student. In this case, the IEP team removed individual counseling from the student's IEP and noted that the parent would follow up with a local nonprofit that provides services to children who are Medi-Cal eligible. The student services director where the student attended school stated that this student had been receiving services from an outside provider for many years before this change. She also stated that after AB 114 transitioned responsibility for mental health services, it was her LEA's practice to remove mental health services from IEPs if students were receiving the same mental health services from outside providers who worked with Medi-Cal and if those students were eligible for or enrolled in Medi-Cal.

In these three cases the LEAs lacked assurance that the services they removed would not negatively affect the students' access to a free and appropriate education.

The effect on these students from having these mental health services removed from their IEPs is not clear.

This school district's practice does not align with federal requirements for which services should be included in an IEP. Federal criteria for which services LEAs should incorporate on a student's IEP do not include whether the student is eligible to receive the service through other public programs. Instead the Individuals with Disabilities Education Act (IDEA) directs LEAs to include and consider several factors when determining which services a student requires to access a free and appropriate public education. These factors are advancement toward attaining the student's annual goals, the student's ability to be involved and make progress in the general education curriculum, and the student's ability to be educated and participate with other children. However, these factors do not include consideration of who will provide the service or how the LEA will pay for the cost of the service. As mentioned earlier, student educational needs are the primary factor in determining whether a service should be included in an IEP. Although LEAs are allowed to seek reimbursement for the cost of IEP services from public benefit programs, that is a financial matter and should not affect whether the service is included in the student's IEP.

The effect on these students from having these mental health services removed is not clear. All six of these students continued to receive mental health services, from either their county mental health department or their LEA, after these services were removed from their IEPs. The most recent records we were able to obtain for these students show that five of the six students either had graduated high school or were continuing in special education, and the other student left special education after entering high school. However, none of these outcomes is complete assurance that these students were not affected negatively when, because of AB 114, LEAs removed at least one of their mental health services from the students' IEPs.

LEAs Did Not Always Ensure That IEP Documents Included the Reasons for Changes to Student IEPs

IDEA requires IEP teams to share information based on each team member's understanding of the student's needs; determine goals for the student that, if met, would support the student's education; determine what services the LEA should provide the student to ensure that he or she obtains a free and appropriate public education; and create an IEP document that details the services and goals for that student. Federal law also requires LEAs to give prior written notice to a child's parents whenever the IEP team proposes to initiate or change the educational placement or the provision of a free and appropriate public education to the child, which includes the services the LEA is offering the student. The notice must contain a description of the proposed action, an explanation of why the agency proposes the action, and any assessments, results,

records, or reports used as a basis for the change. Reflecting the federal requirement, Education issued a letter in July 2012 to SELPA directors, LEA superintendents, and school principals, among others, which stated that changes to services in an IEP require documentation that the student's needs have changed, resulting in the need to adjust the related services. Education also reviews compliance with this federal requirement in its verification reviews, and its policy is to create a corrective action plan if it finds the LEA has not met legal requirements.

Earlier in this section, we described how in some cases we could not find explicit reasons for reductions to student services in the students' IEP documents and instead asked LEA staff why a service was changed. In many of those cases, the staff provided plausible explanations for why services were removed that we could corroborate with other information contained in the students' IEP documents or other supporting documents to which they pointed us. However, we believe that it is important for the student's IEP document to stand on its own and contain clear reasons why services are removed instead of relying on staff knowledge to connect various areas of the IEP document or other supporting documents to service reductions. Almost all—54 of the 60—students we reviewed had a change to their mental health services or their educational placement in the two years after AB 114 took effect. For 22 of these 54 students, the IEP team did not document the rationale for changes in mental health services or educational placements offered to students in the two years after AB 114 took effect. For 17 of those 22 students, the IEP document did not include the reason the IEP team reduced the student's placement in the regular classroom or the mental health services the student received. For the remaining five students, the IEP teams increased the student's placement in the regular classroom or the mental health services that the LEA provided. The educational and placement outcomes for these 22 students were mixed, but 14 of the students graduated or were still in school and receiving mental health services.

Although Education stated that it directs two review processes to ensure that LEAs follow the federal requirement related to documenting the reason for changes to student placement and services, its oversight could use improvement. Education requires LEAs to review their compliance with this federal requirement once every four years during their special education self-reviews, which address student progress, goals, and services contained in IEP documents. Further, the associate director stated that Education also monitors LEAs' processes for making changes to IEPs as part of the verification reviews it performs. However, Education only ensures that LEAs meet the *legal* requirements for completing IEPs and providing prior written notice, none of

Although Education stated that it directs two review processes to ensure that LEAs follow the federal requirement related to documenting the reason for changes to student placement and services, its oversight could use improvement.

Changes to IEP documents need to be well documented for various reasons, most significantly so that parents have an adequate understanding of the process.

which specify that IEP teams must include reasons for changes in the IEP document. The associate director noted that Education expected that LEAs' documentation of reasons for changes would improve after the transition to AB 114, as they would be responsible for the entire process instead of sharing responsibility with other entities. However, despite Education's expectations and prior communication, LEAs have not always included clear reasons in IEP documents for the changes IEP teams make. Therefore, we believe Education could do more to remind LEAs about this federal requirement, communicate its expectations for how LEAs will meet it, and monitor their compliance.

Changes to IEP documents need to be well documented for various reasons, most significantly so that parents have an adequate understanding of the process. Federal law requires LEAs to obtain a parent's agreement to amendments to IEPs. Further, the law gives parents the right to examine all records relating to their child, to participate in IEP meetings, and to obtain an independent evaluation. Failure to document relevant information could prevent parents from exercising these important rights and may place them at a disadvantage when considering whether to agree to the amendments. Although IEP teams discuss the provision of services for the student with parents during IEP meetings, if this information is not recorded in the IEP document, parents cannot easily reference it at a later date. In addition, educators and future IEP teams need to be able to readily understand why changes were made to students' IEPs, particularly in those situations where students move between schools or LEAs.

Education Lacks Adequate Information About the Frequency of Mental Health Services

We attempted to analyze whether the frequency with which students received mental health services was affected by AB 114. However, for one SELPA we reviewed, South East, there were a significant number of students for whom frequency data were not available in Education's California Special Education Management Information System (CASEMIS). Federal law requires that student IEPs include the frequency with which a student will receive the services. For example, the IEP must indicate whether the student will receive individual counseling services daily, weekly, monthly, or annually. However, Education does not require LEAs to report this information, either in aggregate or by student. Education's associate director for special education stated that the department does not collect data about the frequency of services because Education is not required to do so in order to meet its reporting obligations

under federal or state special education law. He also stated that he believes the information by itself would lack the required context that examining a student's full record can provide.

However, collecting and analyzing data about the frequency of services would provide Education with information it could use as it oversees the special education program. Although the context of a student's full record could be helpful for determining why the frequency of an individual student's services changed, aggregated information about the overall occurrence of services could also be beneficial. For example, if Education collected and analyzed aggregate data about the frequency of mental health services, it could compare the frequency of counseling services a LEA offers students in one year to the frequency in the following year. If, after performing this analysis, Education observed that a LEA had an overall trend toward offering a particular counseling service less frequently, it could then follow up with the LEA and ask further questions about the reasons for the changes in service levels.

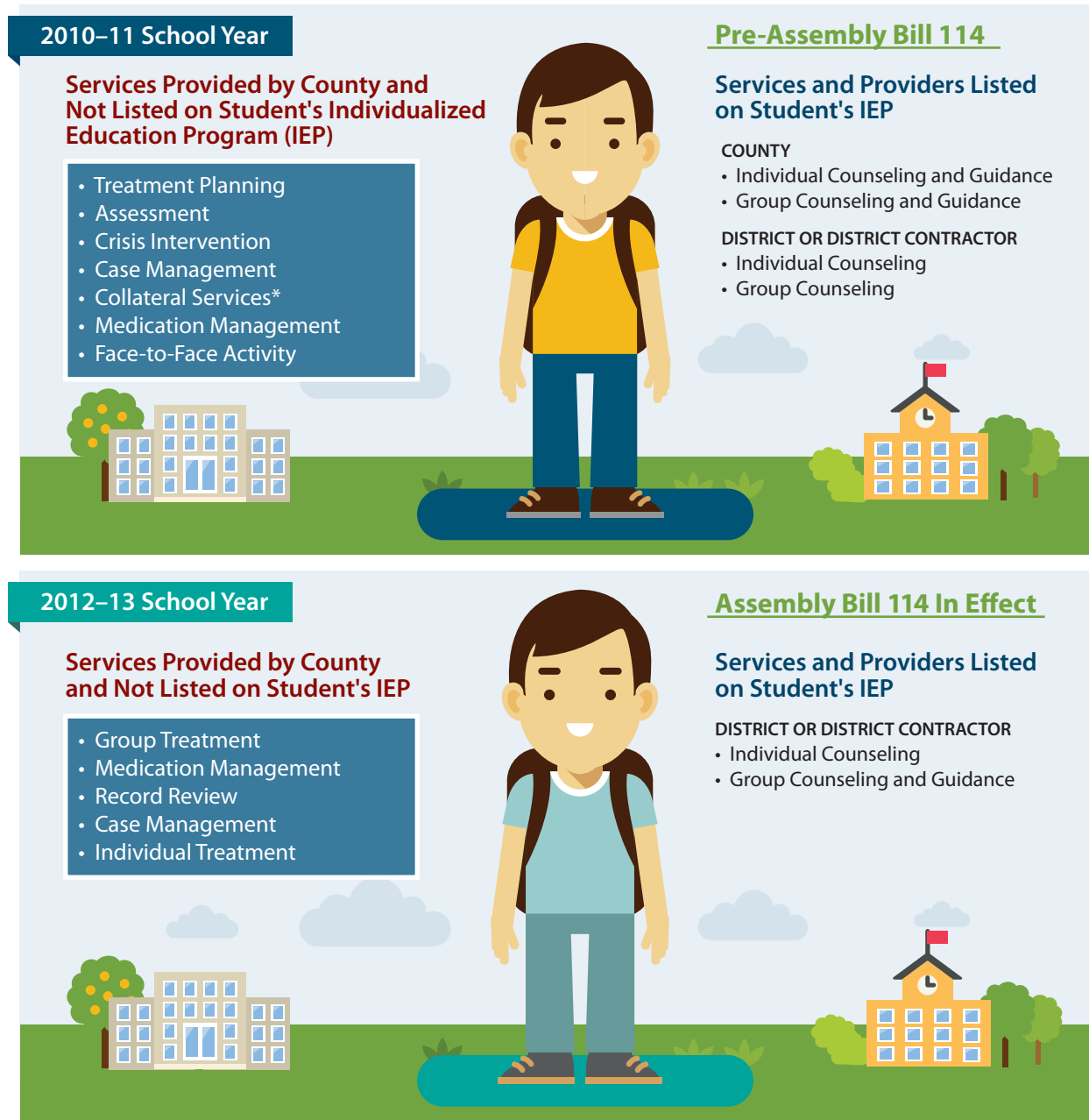
For the SELPAs we reviewed, we identified all students who received a mental health service in the 2010–11 school year where these specific services continued in 2011–12. We then compared the frequency with which the student's IEP continued to include these specific services between the two years. We were able to analyze the frequency of these services at Mt. Diablo, Riverside, and Long Beach and found that for most of these services the frequency did not change in 2011–12. However, frequency data were available for fewer than 10 percent of these services in South East. Therefore, we do not present a conclusion related to that SELPA.

County Mental Health Departments Continue to Provide Additional Services to Students Outside the IEP Process

Counties continue to provide to special education students mental health services that are not required by the students' IEPs. As discussed in the Introduction, county mental health departments can provide mental health services to children outside of the IEP process through the Early and Periodic, Screening, Diagnostic, and Treatment program. We reviewed 60 students in four counties and found that 40 students, or 67 percent, had received additional services from county mental health departments, beyond those related to special education, during the two years after AB 114 took effect. For example, we noted an instance in which a county mental health department provided five different services to a student during the 2012–13 school year that were outside the services indicated in the student's IEP document, as shown in Figure 5 on the following page.

Of the 60 students we reviewed in four counties, 40 received additional services from county mental health departments, beyond those related to special education, during the two years after AB 114 took effect.

Figure 5
Example of Student Who Received Additional Services Outside the Individualized Education Program



Sources: California State Auditor's analysis of student records from local educational agency within the South East Consortium for Special Education and patient records from the Santa Clara County Department of Behavioral Health Services.

Note: From our review of the mental health services students received through an IEP, we determined that the services students receive can change over time based on the student's need for the services. Therefore, changes in the overall number of services this student received do not necessarily reflect a failure of any agency to provide an adequate level of service to the student.

* According to state regulations, collateral services are provided to a significant support person in the beneficiary's life for the purpose of meeting the needs of the beneficiary in terms of achieving the goals of their client plan. Collateral services may include consultation and training of the significant support person(s) to assist in better utilization of specialty mental health services by the beneficiary and to assist in better understanding of mental illness, and family counseling with the significant support person(s).

Only one of the four SELPAs we reviewed continued to work with the county mental health department after the law changed, but students from all four SELPAs we reviewed received non-IEP mental health services from all of the counties we reviewed after AB 114 took effect. Specifically, Mt. Diablo continues to contract with the Contra Costa County mental health department to provide IEP-related mental health services to its Medi-Cal-eligible students. In contrast, Long Beach, Riverside, and South East do not have similar contracts with their respective county mental health departments as service providers. However, the county mental health departments that correspond to these three SELPAs continued to provide non-IEP mental health services to the majority of the special education students we reviewed.

As discussed earlier, many of the students we reviewed stopped receiving mental health services from their LEAs for a variety of reasons. The reasons services stopped often related to common occurrences, such as students' improved performance, completion of high school, or adjustments to the mix of services to better address the student's needs. Similarly, nearly half of the students we reviewed who received a non-IEP service from their county in 2010–11 had experienced a complete end to their non-IEP mental health services by the 2012–13 school year. The decline in county mental health services not listed on IEP documents indicates that the two types of entities, LEAs and county mental health departments, which have different mandates to provide care to students, were both decreasing services to many of these students at the same time.

The reasons services stopped often related to common occurrences, such as students' improved performance, completion of high school, or adjustments to the mix of services to better address the student's needs.

Fewer Students are Receiving Residential Treatment Services, but LEAs Do Not Always Clearly Document Their Decisions Regarding This Treatment in Students' IEP Documents

After AB 114 took effect, LEAs began reassessing student placements in residential treatment as part of the transfer of responsibility for mental health services. Education and LEAs believe that LEAs can often better serve students in a less restrictive environment, which has resulted in fewer students being placed into residential treatment. However, LEAs are not always clearly recording in students' IEP documents their decisions regarding residential placement or their considerations of the potential harmful effects of a more restrictive environment.

LEAs Are Reassessing Placement of Students in Residential Treatment, With a Focus on Serving Them in the Least Restrictive Environment

We reviewed the number of students receiving residential treatment services—which requires one of the most restrictive educational placements—before and after AB 114 and found that the total

number of students receiving residential treatment services has dropped since AB 114 took effect. Education’s CASEMIS manual defines residential treatment as a 24-hour, out-of-home placement that provides intensive therapeutic services to support students’ educational programs. The number of students throughout the State whose IEP contained residential treatment services—including students at the four SELPAs we reviewed—decreased from the 2010–11 school year to the 2014–15 school year, as shown in Table 4. Among the SELPAs we reviewed, Long Beach and Riverside showed the steepest declines in the number of students receiving residential treatment services. The results of this analysis suggest that AB 114 had an effect on the total number of students who received residential treatment services.

Table 4
Number of Students With Residential Treatment Services in Their Individualized Education Program by Special Education Local Plan Area

	SCHOOL YEAR				
	2010–11	2011–12	2012–13	2013–14	2014–15
Mt. Diablo Unified School District	18	12	≤10	≤10	≤10
Long Beach Unified School District	166	179	166	101	30
Riverside County Special Education Local Area Plan	30	31	22	≤10	≤10
South East Consortium for Special Education	≤10	≤10	≤10	≤10	≤10
All other special education local plan areas	1,024	1,022	845	811	772

Source: California State Auditor’s analysis of data obtained from the California Department of Education’s California Special Education Management Information System.

Note: The count of the number of students with residential treatment services included in their individual education program may include the same student being tallied in more than one special education local plan area (SELPA) during a given school year. This condition would result if the student transferred between SELPAs during a school year. Also, to protect student privacy, the table presents numbers of 10 or less with the notation ≤10.

■ Pre-Assembly Bill 114

When presented with the analysis regarding the reduction in residential placements, Education and the SELPAs we reviewed provided several possible explanations for the decline. In general, the reasons were related to compliance with the federal requirement to provide special education and related services within the least restrictive environment that still allows students to access a free and appropriate public education. As discussed in the Introduction, before AB 114 took effect, county mental health departments made all recommendations about the mental health services that would appear in a student’s IEP, which would result in decisions to provide a student residential treatment services. However, Education

explained that after AB 114 took effect, IEP teams made decisions about how individual students' needs could best be met, and in some cases decided that the student could be better served in a nonresidential environment with additional assistance. All four SELPAs agreed that LEAs can now better serve students in less restrictive environments because they now have complete control in tailoring students' IEPs to meet their needs. In addition, the special education director at Long Beach believes that data entry errors, wherein students were incorrectly reported as being in residential treatment, could be contributing to the apparent reduction in residential placements. The explanations provided by Education and the LEAs could conceivably result in a decline in residential placements. However, simply examining the aggregate number of students in those placements cannot corroborate these explanations.

To further understand LEA decisions to remove students from residential treatment, we reviewed the files for a selection of students across the four SELPAs who were receiving or had received residential treatment services. Specifically, we reviewed records for 18 students who were receiving residential treatment services in school year 2010–11 and continued receiving special education services in school year 2011–12—five each from Long Beach, Riverside, and Mt. Diablo, and three from South East. We reviewed each student's placement in school years 2010–11 through 2012–13. Our review showed that some students transitioned out of residential treatment for a variety of reasons, including when IEP teams determined that the student had shown improvement and no longer needed that level of treatment. Six of these 18 students were transitioned into a less restrictive environment, and for five of these six students, the IEP team recorded in the IEP document that the student's improvement was the reason for the student's transition out of residential treatment. For example, an IEP team at Riverside transitioned a student out of residential treatment and into a less restrictive day treatment program after the IEP team noted that the student had measurably improved, followed direction from staff, and gone three months without a behavioral incident. Because the IEP documentation was so poor for the sixth student, who was from Long Beach, we were unable to determine whether that student was removed due to an improvement. Another four of the 18 students graduated from high school while in residential treatment and exited the IEP process entirely, one student dropped out of school while in the residential setting, and another moved and did not continue receiving residential treatment services at the student's new SELPA. The remaining six students we reviewed stayed in residential treatment through the 2012–13 school year.

Simply examining the aggregate number of students in residential placements cannot corroborate the explanations provided by Education and the LEAs.

We found that LEAs did not clearly document the reasons for placement into residential treatment.

LEAs Did Not Always Note on the IEP Document the Reasons for Residential Treatment or the Potential Harms of the Placement

Although LEAs most often had evidence demonstrating the reasons why they removed students from residential treatment, we found that LEAs did not clearly document the reasons for placement into residential treatment. State regulations require the IEP team to document its rationale for placing the student in a setting other than the school and classroom that the student would otherwise attend if he or she did not have a disability, also referred to as the least restrictive environment. We expected that LEAs would include the rationale on the student's IEP document but found this was not the case. The IEP documents we reviewed generally contained a section related to the educational setting of the student and provided space for the IEP team to describe why the student would not participate in the regular classroom and extracurricular and nonacademic activities, as shown in the example in Figure 6. However, we found that none of the IEP documents we reviewed for the 18 students we selected contained a statement in this part of the IEP document that met the requirement. For example, the IEP document for one student from Mt. Diablo merely stated that the student was placed outside of a regular classroom because the student was benefiting from services received from the nonpublic school program. In this case, we concluded that the IEP team was using the circular argument that the student required residential placement simply because that student was currently benefiting from that specific residential placement. We would have expected that the IEP team would include a statement explaining how the student's disability affected his or her ability to participate in the regular education environment, the additional services that the student would require to access his or her education, and a conclusion that the services the student required were not available in a less restrictive environment than the residential setting. We found similarly vague or incomplete statements in the other IEP documents we reviewed at each SELPA we audited.

When we asked LEA staff why the rationale for placement was not clearly written into this section in the IEP documents, they suggested that the rationale could be evidenced in different places in the document, and Mt. Diablo's special education director further suggested that the rationale could be found in additional documentation in the student file. However, none of the locations within the IEP document that the LEAs directed us to and none of the additional documentation within the student files that staff at LEAs provided for review contained an appropriate rationale for placing the 18 students we reviewed in residential treatment. In some cases, staff at LEAs pointed to descriptions of the student's behaviors, such as aggression or disobedience, but these

descriptions lacked an explanation as to why the student’s behaviors created a need for residential placement or why the student’s needs could not be met in a less restrictive environment.

Figure 6
Example of Individualized Education Program Educational Setting Page From Mt. Diablo Unified School District

MT. DIABLO UNIFIED SELPA
Offer of FAPE*
EDUCATIONAL SETTING

Name Student Name
Physical Education General Specially Designed Other APE†

District of Service Mt. Diablo Unified School of Attendance School Name
School Type Nonpublic residential school Federal Setting Residential facility
Federal Preschool Setting

All special education services provided at student’s school of residence? Yes No (rationale) Student’s unique educational and behavioral needs cannot be met at her school of residence

100 % of time student is outside the regular class & extracurricular & non academic activities
0 % of time student is in the regular class & extracurricular & non academic activities

Student will not participate in the regular class & extracurricular & non academic activities 100% because Student receives educational benefit from accessing her education through the Residential program

Source: Student file at Mt. Diablo Unified School District.

* FAPE: Free and Appropriate Public Education.

† APE: Adapted Physical Education.

In addition to not adequately recording the rationale for placement decisions in the IEP document, LEAs did not always properly note their consideration of the potentially harmful effects resulting from the student’s placement in residential treatment. Federal regulations require that, when selecting the least restrictive environment, LEAs must consider any potentially harmful effect on the child or on the quality of services that he or she receives. In a review of the 18 files previously described, we found that Long Beach, South East, and Mt. Diablo did not include the required consideration of the potential harmful effects of placement decisions in any of the IEP documents we reviewed at those LEAs. At Riverside we found that IEP teams included their consideration of the potential harmful effects in the IEP documents for three of the five students we reviewed, and in all but one IEP document for each of the other two students. Long Beach’s special education director stated that the LEA’s consideration of potential harmful effects was not included within the IEP documents because federal regulation requires only that they be considered, not specifically recorded within the student’s IEP document. However, we believe it is prudent for LEAs to include

this information directly in the IEP document to avoid any confusion and minimize the research needed to answer questions about IEP team decisions in this area if a student moves or IEP team members change. In another instance, a director of special education at an LEA in South East explained that the IEP team did not have a clear understanding of what would be appropriate documentation for its consideration of potential harmful effects.

All four SELPAs claimed that in 2010–11, when the county was responsible for placing students into residential treatment, the IEP teams had difficulty in obtaining information from the county regarding the reasons why residential treatment was the most appropriate placement for the student. According to the SELPAs, this resulted in the IEP teams lacking the information necessary to appropriately record in the IEP document the rationale for the student's placement. Nevertheless, we would expect to find that in subsequent years when IEP teams became responsible for placement decisions, they would have appropriately documented the rationale for those decisions. However, as discussed previously, this did not occur. Without clearly indicating in the IEP document the rationales and the potential harmful

effects of placement in residential treatment, IEP teams cannot easily demonstrate that they are addressing the legal requirements when placing students in a more restrictive environment. Moreover, if the student moves to another LEA or SELPA, the new IEP team may not fully understand the prior team's decisions or the student's needs. Therefore, it is important that as LEAs continue to consider the most appropriate educational placement for their special education students, they clearly indicate in the student's IEP their rationale for the placement decisions and the harmful effects that they have considered may result from those placements.

LEAs Could Improve Their Monitoring of Special Education Student Outcomes

California has established performance targets for its special education program to comply with federal requirements. IDEA requires each state to establish targets for indicators of special education performance and to report annually to the U.S. Department of Education and the public on these targets. To comply with these requirements, Education has established 17 performance indicators with targets for its annual performance reports. The text box shows the six indicators that we determined could be used to measure the educational outcomes

Selected Indicators and Targets From the California Department of Education *Individuals with Disabilities Education Act Annual Performance Report*

INDICATOR	TARGET
Graduation rate	73 percent graduate with a regular diploma
Dropout rate	Less than 22 percent
Statewide assessment	95 percent participation with approximately 89 percent proficient, depending on subject and grade
Suspension and expulsion	Less than 10 percent of LEAs with significant discrepancies in the rate of suspensions or expulsions for more than 10 days for children with individualized education programs
Participation in general education classes	76 percent of students participate for more than 80 percent of the day
Post-school outcomes	69 percent of students enrolled in any post secondary education, training program, or employment within one year of leaving high school

Source: California Department of Education's federal fiscal year 2013 *Individuals with Disabilities Education Act Annual Performance Report*.

of special education students who receive mental health services, as listed in the annual performance report Education submitted to the U.S. Department of Education in 2015.⁸ SELPAs are required by state law to forward LEA data on individual students to Education, which in turn compiles aggregate data for its annual performance report.

Although LEAs collect data on their students as part of Education's reporting process, the LEAs we reviewed varied in the extent to which they use those data to track the educational outcomes of special education students who receive mental health services. For example, Education has established a graduation target for special education students, but East Side Union High School District (East Side) does not use the graduation rate information for the subset of special education students who receive mental health services to monitor its program. Instead, its director of assessment and accountability noted that the IEP team is responsible for ensuring that special education students achieve optimal outcomes. Specifically, she noted that East Side's IEP teams have primary responsibility for tracking student outcomes related to graduation, as the transition plan they create includes a target graduation date and the teams meet at least annually to review student progress in transitioning out of high school. However, when LEAs do not review aggregate outcomes for special education students who receive mental health services, they are unable to determine whether significant changes to special education services, such as changes in mental health service contractors, negatively affected their students systematically. For example, if a contractor ceased operations and an alternative provider was selected by East Side, it would not evaluate whether fewer students were graduating after they received services from the new provider, or whether more students were being suspended as a result of the change.

The special education director at Long Beach informed us that Long Beach performs routine analyses of the aggregate educational outcomes of the LEA's special education students. These analyses focus on better understanding the development of special education students and identifying any negative trends. Similarly, he stated that these analyses can determine whether a school site places a disproportionate percentage of its special education students in residential treatment. However, the Long Beach director told us that his LEA has not performed specific analyses related to special education students who receive mental health services because there have not been any specific concerns within Long Beach that would require the LEA to disaggregate those students from other high-risk populations.

Although LEAs collect data on their students as part of Education's reporting process, LEAs varied greatly in the extent to which they use those data to track the educational outcomes of special education students who receive mental health services.

⁸ The U.S. Department of Education required the California Department of Education to submit its annual performance report in February 2015 using data from the 2013–14 school year.

None of the LEAs we reviewed measure the outcomes in six areas for the subset of their special education students who receive mental health services, nor do they examine how those outcomes change over time.

The other two LEAs we reviewed either are performing analyses on their students who receive mental health services or plan to do so. The executive director of special education at Murrieta Valley Unified School District (Murrieta Valley), part of Riverside, confirmed that for the past several years, her LEA has been reviewing outcome data published by Education. She provided a presentation she created for the LEA's staff comparing student educational outcomes at Murrieta Valley and associated targets. She stated that the LEA is in the process of analyzing its data in a more comprehensive manner for students receiving mental health services and informed a parent stakeholder group about this effort. Mt. Diablo performs an analysis of special education student outcomes that comes the closest to looking at the outcomes for students receiving mental health services among the LEAs we reviewed. Specifically, it runs reports on the graduation rates for its various school sites and programs over the last five years, some of which are specific to special education students who receive mental health services. However, Mt. Diablo did not provide us any information related to the collective group of students receiving mental health services. None of the LEAs we reviewed measure the outcomes in all six areas described in the text box on page 38 for the subset of their special education students who receive mental health services, nor do they examine how those outcomes change over time for these students.

From a statewide perspective, Education does not perform any analysis of the outcomes of students who receive mental health services. According to the associate director of its special education division, Education does not analyze the statewide performance indicators for any subsets of populations, such as special education students receiving mental health services, unless responding to a specific request. The associate director noted that Education has the data on these students and can run specialized reports if requested, but that it is not required to do so and has limited resources to perform such an analysis. Specifically, he noted that IDEA establishes a single category for special education that includes all related services, and that IDEA does not establish any special classification or place additional expectations or requirements on Education concerning mental health services. Consequently, Education produces its annual IDEA performance report with the outcome measures for all special education students in the State rather than focusing specifically on those students receiving mental health services.

Education and LEAs could significantly improve the quality of mental health programs by performing data analysis and follow-up. As we mentioned in the Introduction, the governor expected that the passage of AB 114 would strengthen the connection between student services and educational outcomes. However, as we

discussed earlier, this connection does not currently exist outside of the IEP teams. Given that the Legislature separately funds mental health services for special education students in the State's budget, indicating an emphasis on students receiving these services, we would expect Education to take the lead in performing analyses and follow-ups. By tracking and analyzing this information, Education would be able to demonstrate to the Legislature how its investment in these mental health services affects special education student outcomes, and it could intervene to address any negative trends it identifies. Similarly, LEAs would be able to identify whether service trends, such as changes in providers or reductions in mental health services over time, are associated with improving or deteriorating educational outcomes for students and could then alert IEP teams concerning problems or negative trends they identify. For these reasons, we believe it is important that Education and LEAs improve their tracking of outcomes for students who receive mental health services through IEPs.

Recommendations

Legislature

The Legislature should amend state law to require Education to report annually, beginning March 2017, regarding the outcomes for students receiving mental health services in the six key areas we identified. The report to the Legislature should include outcome data for the most recently completed school year and should compare the outcomes for students receiving mental health services with the outcomes for other special education students. Subsequent reports should also identify any trends in outcome data from one year to the next. Education should also provide comments in the report on the trends that it identifies and any actions it plans to take to improve the outcomes for students who receive mental health services.

Entities We Reviewed

To ensure that it provides mental health services through an IEP to all students who require such services, Long Beach should analyze the number of students to whom it provides these services and determine whether the annual decline can be attributed to its early intervention program. If the decline cannot be attributed to the early intervention program, Long Beach should reassess its process for determining whether students require mental health services through an IEP and make any necessary improvements to that process.

To ensure that all LEAs comply with federal special education requirements, Education should require them to include directly in a student's IEP document reasons for any changes to student placement or services.

To better communicate this information to parents and future IEP teams, each SELPA we visited should develop a process to ensure that IEP teams record, in student IEP documents, the reasons for any changes to services, including changes to mental health services, and student placements.

To enable it to review additional areas of its special education program for quality assurance, Education should collect information about the frequency of the provision of each service contained in all students' IEPs. Education should then use this information to annually review the frequency of mental health services and follow up with SELPAs when it observes a significant reduction in the frequency of services.

To ensure that LEAs comply with federal and state requirements, Education should require all LEAs to use the IEP document to communicate the rationale for residential treatment and any potential harmful effects of such placement.

To ensure that they comply with federal and state requirements, each SELPA we visited should develop a process to ensure that IEP teams record, in student IEP documents, the rationale for residential treatment and any potential harmful effects of such placement.

To better understand the effectiveness of the mental health services in their special education programs, the LEAs we reviewed should use the six performance indicators we identified to perform analysis annually on the subset of students receiving mental health services.

Education should analyze and report to the Legislature, by May 30, 2016, on the outcomes for students receiving mental health services statewide, including outcomes across the six performance indicators we identified, in order to demonstrate whether those services are effective. Once it has reported this statewide information, Education should provide each LEA throughout the State a report regarding the outcomes for the students the LEA served.

Chapter 2

THE STATE CAN IMPROVE FISCAL OVERSIGHT BY TRACKING THE TOTAL COST TO PROVIDE MENTAL HEALTH SERVICES TO STUDENTS

Key Points

- » None of the four local educational agencies (LEAs) we reviewed could determine their total costs to provide mental health services through individualized education programs (IEPs), because the California Department of Education (Education) does not require LEAs to track these expenditures. As a result, the State cannot determine whether it now costs less to provide these services, as some expected it would after Assembly Bill 114 (AB 114) took effect.
- » LEAs we reviewed use multiple sources of funding to provide students with mental health services through an IEP, but Mt. Diablo Unified School District (Mt. Diablo) and Murrieta Valley Unified School District (Murrieta Valley), which is part of Riverside County Special Education Local Plan Area (Riverside), have not spent all of the funding they receive that is dedicated for that purpose.
- » Only one of the four LEAs we visited, Mt. Diablo, has contracted with its county to obtain California Medical Assistance Program (Medi-Cal) funding through the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) program. Requiring counties to collaborate with special education local plan areas (SELPAs) and LEAs could financially benefit LEAs and counties and increase the number of children to whom LEAs provide mental health services.
- » The four LEAs we reviewed used staff or contracted personnel who met all the minimum requirements included in state regulations for the provision of mental health services, although the LEAs did not always maintain records to document the qualifications of their contracted personnel.

LEAs Do Not Track How Much They Spend to Provide Mental Health Services to Special Education Students

Each of the four LEAs we reviewed—Mt. Diablo, East Side Union High School District (East Side), Murrieta Valley, and Long Beach Unified School District (Long Beach)—used more than one source of revenue to provide students with mental

health services through an IEP. As discussed in the Introduction, LEAs receive funding from a few different sources that can be used to provide the mental health services included in student IEPs. The most restricted funding that Education distributes to LEAs is federal and state mental health funding, which can be used only to provide mental health services called for in student IEPs (mental health funding). However, LEAs can also use their general special education funding (special education funding) for any purpose related to special education, including for mental health services. LEAs can also pay for mental health services using money from the unrestricted portion of their general fund (unrestricted funding), which is not specific to the special education program. At all four LEAs we reviewed, special education directors and fiscal analysts stated that in addition to spending their mental health funding, they also used their special education funding or unrestricted funding to provide mental health services to students.

Although LEAs use multiple funding sources to provide the mental health services in student IEPs, they are not required to track or report to Education the total cost of providing these services. State law requires LEAs to follow the definitions, instructions, and procedures published in the *California School Accounting Manual* (accounting manual). The accounting manual, which is published by Education, does not define a unique code or identifier for tracking mental health expenditures. Although Education requires LEAs to report how much of their mental health funding they spend, it does not require them to track or report total expenditures for mental health services. For example, if an LEA spends \$100,000 of mental health funding, it must report that expenditure to Education. However, an LEA that spends \$100,000 of its unrestricted funding on mental health services is not required to report that spending to Education as money spent on mental health services. Therefore, no statewide information exists that summarizes the total amount spent to provide the mental health services in student IEPs.

No statewide information exists that summarizes the total amount spent to provide the mental health services in student IEPs.

At the local level, none of the four LEAs we reviewed followed a formal process for tracking all IEP mental health expenditures, although Long Beach and Mt. Diablo had taken steps to attempt to quantify the amount they spend on mental health services. Specifically, Long Beach tracked the amount of unrestricted funding it transferred from its general fund to pay for mental health services—roughly \$1.4 million in total from fiscal year 2011–12 through 2014–15. However, according to its director of fiscal services, Long Beach also used its special education funding to pay for some mental health services, but she was unable to determine the amount spent. Similarly, Mt. Diablo’s fiscal analyst informed us that his LEA used its own accounting codes to track the mental health expenditures it used special education funding to pay for. Based on the information he provided, for fiscal years 2011–12

through 2014–15, the LEA’s total mental health expenditures from special education funding were \$22.5 million. However, the fiscal analyst stated that Mt. Diablo also uses Medi-Cal funding to provide mental health services to both special education and general education students but he could not determine the amount spent to provide IEP mental health services. Consequently, none of the LEAs we reviewed could easily determine the total cost of providing mental health services to students in special education.

Without a statewide requirement for LEAs to track and report mental health expenditures, the State cannot determine the fiscal impact AB 114 has had on LEAs, or whether AB 114 has resulted in cost savings, as was discussed at the time the Legislature was considering the bill. Before AB 114 took effect, the Legislature annually appropriated a specific amount of funding for mental health services in student IEPs, and counties could submit reimbursement claims for state-mandated costs that exceeded the appropriation—with no apparent limit on the amounts counties could request. Through this process, the State could track the amount that was spent on these services. However, since AB 114 took effect in July 2011, Education has not required comprehensive tracking of mental health expenditures.

When we discussed the tracking and reporting of mental health-related expenditures with Education, the associate director of special education explained that neither state nor federal law requires Education to track expenditures related to specific special education services. Nevertheless, this information would be valuable for policy and funding decisions about the mental health services provided by LEAs and SELPAs. Because Education is responsible for distributing mental health funding and overseeing the special education program, it is important for it to collect this information and make it available to policymakers, even though Education informed us that there is no legal requirement for it to do so.

The associate director also explained that there would be a need to create guidelines to define what is considered a mental health service expenditure, because definitions of these services are not specified in state law and the definitions of mental health services in federal regulations are not considered to be an exhaustive list. However, in January 2012, Education issued guidance to LEAs that describes the allowable uses for mental health funding. Specifically, this guidance describes the general categories of expenses for which LEAs can use mental health funding and establishes that the expenditures must be related to services in a student’s IEP. With this existing guidance as a foundation, we do not believe it would be a difficult task for Education to establish instructions for LEAs about which expenditures to track using a newly developed mental health expenditure code.

Since AB 114 took effect in July 2011, Education has not required comprehensive tracking of mental health expenditures.

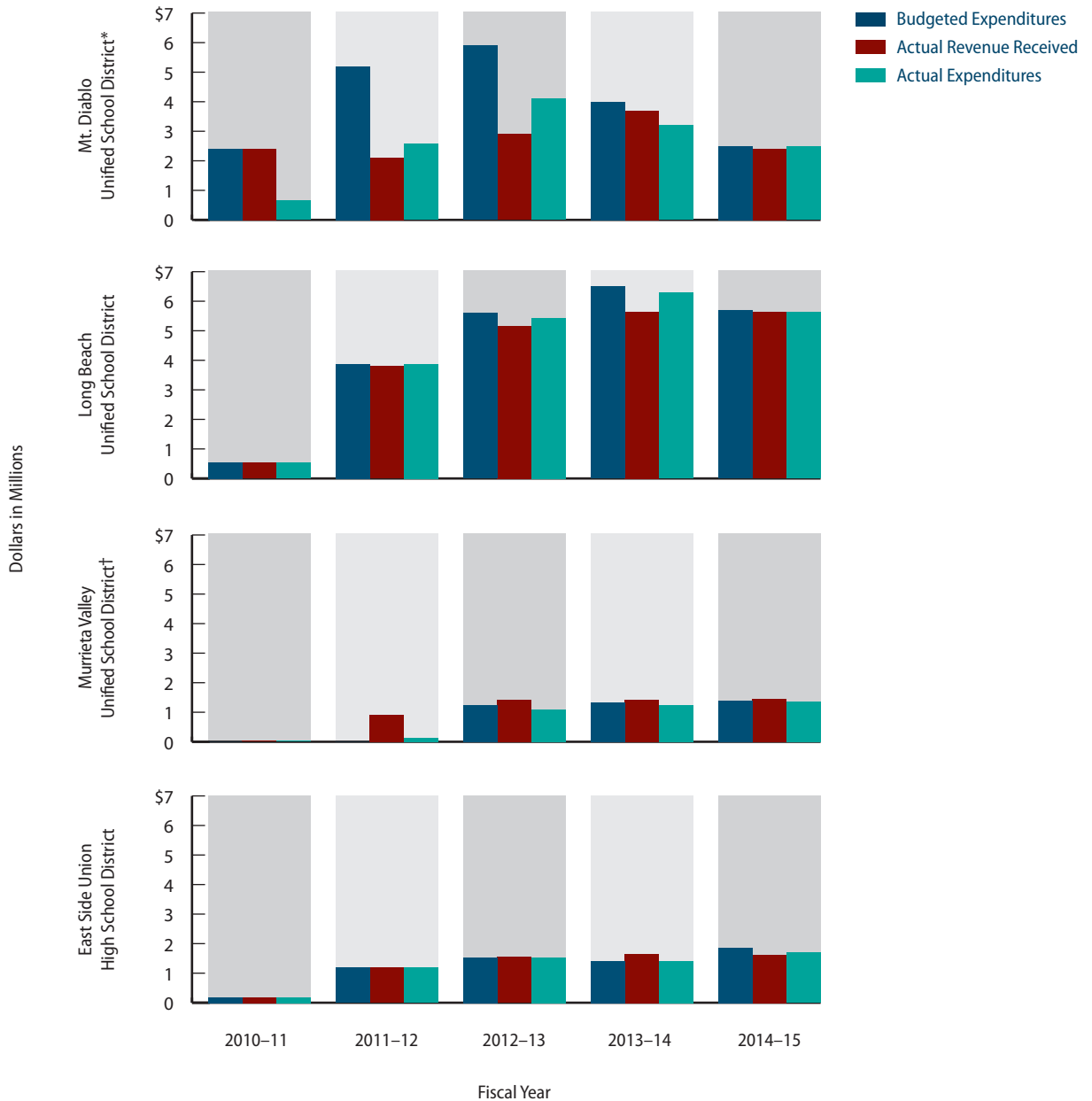
Without this information, the Legislature and the public cannot know whether the transfer of responsibility brought by AB 114 has reduced the cost to provide these services.

Finally, the director of Education's fiscal services division (fiscal services director) raised several concerns with tracking IEP-related mental health expenditures. The fiscal services director stated that Education cannot add a new accounting code for IEP mental health expenditures to its existing accounting structure without losing the specificity of its accounting for other costs. For example, if some of the existing costs an LEA incurs under the accounting code for nonpublic school spending are related to IEP mental health services, a new accounting code to track spending for those services would reduce Education's ability to track other types of nonpublic school spending. He further believed that placing responsibility on LEAs to track these mental health services costs would be burdensome and that, following Education's normal practice for updating its accounting manual, it would take over a year to implement a new accounting code. Despite these challenges, we believe it is important for Education to be able to explain how much LEAs spend on IEP mental health services. Without this information, the Legislature and the public cannot know whether the transfer of responsibility brought by AB 114 has reduced the cost to provide these services.

Two LEAs We Reviewed Have Not Spent All of the Mental Health Funding They Received

LEAs can choose to spend all or only a portion of the mental health funding they receive annually. The State has not established a deadline by which LEAs must spend the mental health funding they receive from state sources. In effect, this allows LEAs to carry over all or a portion of their state mental health funds indefinitely. In contrast, LEAs must spend federal mental health funding by the end of the second federal fiscal year after receipt. Both East Side and Long Beach spent most or all of their state and federal mental health funding in fiscal years 2010–11 through 2014–15. However, Mt. Diablo and Murrieta Valley retained larger cumulative balances of their restricted mental health funds at the end of each fiscal year, although Mt. Diablo spent more than it received in three of the past five fiscal years. Figure 7 shows the mental health budget, revenues, and expenditures at each of the four LEAs we reviewed.

Figure 7
Budget, Revenues, and Expenditures for Restricted Mental Health Funding at Four Local Educational Agencies



Source: California State Auditor’s analysis of district mental health budget, revenue, and expenditure reports for fiscal years 2010–11 through 2014–15.

Note: Expenditures may be higher than revenues for some years because local educational agencies can carry over unspent federal mental health funding for a limited time period and unspent state mental health funding indefinitely. Also, local educational agencies may transfer less restricted funding and spend that funding as mental health funding.

* Mt. Diablo Unified School District’s budgeted expenditures for fiscal years 2011–12 and 2012–13 were significantly higher than its actual revenues and expenditures because the district budgeted revenues along with its prior unspent revenues to arrive at budgeted expenditure amounts.

† Murrieta Valley Unified School District (Murrieta Valley) did not budget any expenditures for its restricted mental health funding for fiscal years 2010–11 and 2011–12. Murrieta Valley’s director of special education stated that in 2010–11 the district’s special education local plan area was responsible for managing the district’s mental health funding, and therefore the district did not develop a budget for this funding. She further stated that in 2011–12 the district used other resources to provide mental health services to students instead of its mental health funding because the district was concerned that the dedicated mental health funding would not be permanent.

Mt. Diablo initially built up a balance of mental health funding, but the balance has since decreased. Mt. Diablo's special education director stated that the LEA used some of its special education funding and unrestricted general funding to pay for mental health services, rather than using its mental health funding. Although she was not with the LEA at the time, the director believes that it may have wanted to keep a balance of mental health funding to help lessen the impact of any potential future funding shortfall and to help Mt. Diablo pay for mental health services that it had not previously been directly billed for. She anticipates that the LEA will use up the remaining accumulated balance by the end of fiscal year 2015–16 and will use all of its mental health funding allocation in subsequent fiscal years. Table 5 shows the accumulated balance of mental health funding at Mt. Diablo and Murrieta Valley over time.

Table 5
Balance of Restricted Mental Health Funding at End of Fiscal Year for Two Local Educational Agencies

FISCAL YEAR	MT. DIABLO UNIFIED SCHOOL DISTRICT	MURRIETA VALLEY UNIFIED SCHOOL DISTRICT
2010–11	\$1,763,645	–
2011–12	1,354,870	\$782,487
2012–13	150,002	1,090,433
2013–14	586,321	1,248,399
2014–15	504,650	1,347,929

Sources: California State Auditor's analysis of revenue and expenditure reports from Mt. Diablo Unified School District and Murrieta Valley Unified School District for fiscal years 2010–11 through 2014–15.

Murrieta Valley has increased its balance of mental health funding during the past several years, although the rate of increase has recently tapered off. In contrast to Mt. Diablo, Murrieta Valley has added to its balance of funding each fiscal year since 2011–12. In recent years, the LEA has annually received about \$1.4 million in mental health funding, and its accumulated surplus as of June 2015 is more than \$1.3 million. According to the executive director of special education at Murrieta Valley, the LEA took some time to fully ramp up its mental health program after AB 114 took effect. The LEA informed us that since it took over responsibility for mental health services, the number of students it has assessed as needing mental health services has increased, and because it now has a history of budgets to better understand its mental health costs, it will be better able to match its spending to its funding.

LEAs may create an unnecessary hardship on their school districts' budgets by spending other sources of funding while accumulating a balance of mental health funding. Both Mt. Diablo and Murrieta Valley informed us that they spent their special education or unrestricted funds for some of their mental health services. As discussed in the previous section, Mt. Diablo has spent about \$22 million of its special education funding to provide mental health services. However, Mt. Diablo could have lessened the effect on its overall special education program by spending its mental health funding first before it resorted to other funding sources. Additionally, Murrieta Valley did not track the expenditures for mental health services that it made using its special education funding or unrestricted funding. Consequently, Murrieta Valley does not know the degree to which those mental health services are affecting its ability to spend funds in other areas.

When we discussed LEA funding balances with representatives at Education, they were not concerned about these balances except under certain conditions. Education's associate director for special education stated that he would not be concerned about an LEA maintaining a surplus of mental health funding unless the LEA experienced a corresponding drop in service levels. The associate director and his staff informed us that in fall 2013, Education analyzed service levels at LEAs that had mental health funding balances in fiscal years 2011–12 and 2012–13. However, when they contacted these LEAs, they discovered that there were multiple reasons for spending or service patterns, with no consistent theme. Although it concluded that this area deserves further inquiry, Education has not yet completed the protocol for this type of monitoring activity. Because an accumulated balance of funding could be an indicator that an LEA is not fulfilling its obligations to provide mental health services to students, it is important that Education regularly perform this monitoring activity and follow up with LEAs that show both a balance of mental health funding and a decline in mental health service levels to determine whether accumulated balances are a cause for concern.

LEA and County Collaboration Could Allow LEAs to Access Medi-Cal Funding to Provide Additional Mental Health Services

As discussed in the Introduction, LEAs can access Medi-Cal funding through the LEA Medi-Cal Billing Option program for certain special education mental health services. In addition to this program, one of the four LEAs we reviewed, Mt. Diablo, has been able to access roughly \$1.3 million in federal funding per year through Medi-Cal, along with other related funds it receives from its county, to provide services over the past few years. Mt. Diablo's special education director informed us that her LEA contracted

Although it concluded that this area deserves further inquiry, Education has not yet completed the protocol for this type of monitoring activity.

with the county in order to become a provider of EPSDT services to students and to receive EPSDT Medi-Cal funding from the county. As discussed in the Introduction, EPSDT is a program that provides children under 21 who are eligible for full-scope Medi-Cal with early detection and care, including mental health services, so that health problems are averted or diagnosed and treated as early as possible. Mt. Diablo's agreement with Contra Costa County provides it with an additional source of federal funding to pay for mental health services for its Medi-Cal-eligible students. The special education director at Long Beach and the executive director of special education at Murrieta Valley stated that although they used the LEA Medi-Cal Billing Option program, they were unable to reach an agreement with their respective counties to access EPSDT funding. Because she had only been in her position since July 2015, the special education director at East Side did not know why her LEA had not pursued any Medi-Cal funding.

Under state law, counties are responsible for providing certain mental health services and can receive federal reimbursements for these services by submitting claims through the California Department of Health Care Services (Health Care Services). Through the EPSDT program, the federal government provides reimbursement for generally half of the allowable expenditures for mental health services, and the State must provide the other matching portion. 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 match it. County mental health plans can choose whether to provide certain EPSDT services directly or contract with outside service providers, which could include LEAs. The counties that correspond to the LEAs we visited informed us that prior to AB 114 they accessed EPSDT funding to provide mental health services to Medi-Cal-eligible students. However, because state law assigns counties responsibility for providing certain mental health services and seeking reimbursements, LEAs cannot access funding for those EPSDT services unless they contract with their respective counties.

Collaboration between counties and LEAs could improve access to mental health services for all Medi-Cal-eligible students by ensuring that all mental health services for these students are coordinated.

This type of collaboration between LEAs and counties could improve access to mental health services for all Medi-Cal-eligible students by ensuring that all mental health services for these students are coordinated. LEAs are responsible for ensuring that students receive the mental health services specified in their IEPs, but counties are responsible for providing other mental health services to students. If LEAs contract with counties as mental health service providers, more Medi-Cal-eligible students than just those in special education could receive a wider range of EPSDT mental health services through their schools, including both mental health services related to a student's IEP and those

that are not related. By providing a common access point for some Medi-Cal-eligible students to receive certain mental health services, responsibilities for services and coordination of care could potentially be improved.

Although county collaboration with SELPAs or LEAs as mental health service providers could improve student access to mental health services by helping ensure coordination of care, not all SELPAs or LEAs may be able to immediately become mental health service providers. State law requires county mental health plans to ensure that their contracted mental health service providers meet certain requirements in order to provide services. For example, the head of service must be a licensed mental health professional or mental health rehabilitation specialist. Because these professional requirements are different from those that SELPA and LEA staff are required to possess to provide related services under IDEA, these entities may not currently have staff with the necessary qualifications to meet these requirements. However, county guidance and assistance to SELPAs and LEAs included as part of a contractual arrangement could help ensure that these entities meet the requirements specified in state law.

Contractual arrangements between counties and SELPAs could also ensure that these entities are maximizing the amount of federal funding to provide mental health services. In an October 2011 presentation hosted by Education related to the transition to AB 114, the director of the Children's Center at the 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 to the county's effort to match the federal reimbursements. Under this arrangement, San Bernardino does not need to provide the full amount of the federal match that the State expects local entities to contribute, and Desert Mountain receives EPSDT funding that it uses to provide mental health services to Medi-Cal-eligible students with and without IEPs. According to financial information provided by Desert Mountain SELPA, for fiscal year 2014–15, its agreement with the county allowed it to access almost \$4 million in federal funds through Medi-Cal. In the absence of this agreement, the SELPA would need to find another source of revenue in order to provide the same level of services. If California's other SELPAs established agreements with their county mental health plans, these entities in total could potentially receive millions of dollars in federal reimbursements for mental health services provided to Medi-Cal-eligible children.

County guidance and assistance included as part of a contractual arrangement could help ensure that SELPAs and LEAs meet the requirements specified in state law.

Other counties have also begun working with LEAs as mental health service providers to allow them to access EPSDT funding. We spoke with staff at the Riverside University Health System—Behavioral Health, the former Riverside County Mental Health Department, who informed us that they are currently collaborating with one LEA, Palm Springs Unified School District, to allow it to become a mental health service provider and access EPSDT funding. They also stated that they are currently discussing collaboration with Riverside for the SELPA to provide mental health services and receive EPSDT funding. We also spoke with the deputy director of Children’s System of Care at the Los Angeles County Mental Health Department, who stated that although his department conducted some outreach to LEAs after AB 114 took effect to discuss collaboration, no SELPAs or LEAs contacted the department to become specialty mental health service providers. However, the deputy director informed us that his county has contracts with the Los Angeles Unified School District and Pasadena Unified School District that make these districts specialty mental health service providers and allow the districts to access EPSDT funding.

The LEA Mental Health Staff and the Contractors We Reviewed Were Qualified, but LEAs Should Improve Some Hiring and Contracting Practices

All of the LEA staff and contracted mental health providers we reviewed met the minimum requirements in state regulations to provide mental health services to students. However, the minimum qualifications contained in the job descriptions for some positions we reviewed at Mt. Diablo and Long Beach did not meet the requirements in state regulations at the time we began our review. Additionally, Mt. Diablo did not have a formal, written process for verifying employee mental health licenses at the time of hire or throughout employment. Finally, at each LEA we reviewed we found that the LEA or its SELPA had not retained copies of all contractor qualifications and therefore could not demonstrate that it had verified its contractors’ qualifications.

Although the Staff We Reviewed Were Qualified Under State Requirements, Some LEAs Could Improve Their Hiring Practices

State regulations require persons providing mental health services in a special education setting to hold specific credentials or licenses based on the type of service they provide. In general, the regulations allow an individual to hold one of several different licenses or credentials to meet the requirements for a specific type of mental health service. For example, individuals who provide counseling

State regulations require persons providing mental health services in a special education setting to hold specific credentials or licenses based on the type of service they provide.

and guidance services can meet the requirements by holding one of six different types of licenses or credentials. The qualifications required to provide mental health services range from licenses that require higher levels of education and experience, such as a marriage and family therapist license, to credentials that require less education and experience, such as a pupil services credential. To obtain a marriage and family therapist license, applicants must complete an advanced degree and 3,000 hours of supervised work experience. In contrast, to obtain a pupil services credential, applicants generally must obtain a bachelor's degree; complete some postgraduate course work, including a practicum with school-aged children; and pass a state-administered basic skills exam.

We judgmentally selected five staff members at each of the four LEAs we reviewed and determined that all 20 individuals met the requirements in state regulations for the mental health services they provide to students. We interviewed the special education director at each LEA to identify the mental health services those staff provide to students and found that all staff possessed a license, credential, or the education that permitted them to provide the services the LEA special education director indicated they were responsible for providing. Some LEA staff members were qualified because of licenses, such as marriage and family therapist or clinical social worker licenses, and others were qualified because of pupil services credentials.

Although all staff members we reviewed met the minimum requirements, not all of the LEAs we reviewed established minimum qualifications for their mental health staff that would ensure that staff members were properly qualified when hired. The minimum qualifications for all positions we reviewed at East Side and Murrieta Valley met the minimum qualifications outlined in state regulations. However, this was not the case at Mt. Diablo and Long Beach. Specifically, at Mt. Diablo the minimum qualifications for the LEA's behavioral health specialist positions allowed staff in these positions to perform counseling and guidance services if they were eligible for one of two mental health professional licenses. However, state regulations require that individuals who provide counseling and guidance be fully licensed or registered and under the supervision of a license-holder, which is different from being license eligible. At Long Beach, the minimum qualifications for an autism supervisor position do not require a license or credential, and the minimum level of education required is a bachelor's degree. However, state regulations require all persons who design or plan behavioral interventions, which this autism supervisor position does, to possess at least a master's degree if the individual is not licensed or credentialed.

Not all of the LEAs we reviewed established minimum qualifications for their mental health staff that would ensure that staff members were properly qualified when hired.

Both Mt. Diablo and Long Beach acknowledged that the minimum qualifications for their positions did not meet the requirements of state regulations. The special education director at Mt. Diablo stated that the minimum requirements for the behavioral health specialist positions we reviewed were outdated and that she would never hire someone into these positions without a license. In September 2015, after we discussed this issue with Mt. Diablo, it updated the minimum requirements for the two behavioral health specialist positions to comply with the requirements in state regulations. At Long Beach, a personnel analyst acknowledged that the minimum qualifications for the autism supervisor position do not meet the requirements of the regulations but informed us that no one has been hired into that position since the regulation that established the minimum requirements took effect in July 2014. The personnel analyst stated that Long Beach is in the process of updating the minimum requirements for this position and that it expects to be done with this process by January or February 2016.

Murrieta Valley, East Side, and Long Beach were able to demonstrate that they verified that all selected staff members possessed the required qualifications for their positions; however, Mt. Diablo did not have formal, written procedures in place to verify that staff had the licenses required for their position, both at the time of hire and during the course of their employment. We reviewed qualifications for five mental health staff at Mt. Diablo and found that Mt. Diablo did not verify that one of these staff members possessed a current, valid license at the time of hire. We also found that Mt. Diablo did not verify that another staff member's license remained current during her employment. In both cases, there was no direct negative effect on students because the staff members held current, valid licenses at the time of hire and continue to maintain their licenses. However, Mt. Diablo did not have a record of current licensure for either employee.

Mt. Diablo's personnel director stated that the district has a process to ensure that all licenses are verified before the date of hire. However, this process was not documented, and the personnel director, who was not in her position at the time this staff member was hired, did not know how Mt. Diablo hired the staff member mentioned previously without first verifying her license. Further, the personnel director acknowledged that Mt. Diablo did not have a process to verify that staff members keep their licenses current after they are hired. Mt. Diablo's lack of a formalized, systematic process for ensuring that mental health staff members possess current, valid licenses at the time of hire and during the course of their employment created a risk that Mt. Diablo could have unlicensed staff members providing mental health services to students. After we discussed this issue with the personnel director, the Mt. Diablo personnel department implemented a procedure for verifying staff licenses both at the

Mt. Diablo's lack of a formalized, systematic process for ensuring that mental health staff members possess current, valid licenses created a risk that unlicensed staff members would provide mental health services to students.

time of hire and during the course of employment. According to the personnel director, Mt. Diablo has since reviewed personnel records to verify that all employees requiring licenses have current, valid licenses.

LEAs Generally Use Contractors to Provide Higher-Level or Different Services to Students, but Do Not Always Obtain Documentation of Contractor Qualifications

The special education directors at the LEAs we reviewed indicated that they typically use contractors to provide either higher-level mental health services or different types of mental health services than LEA staff provide. As characterized by one special education director, higher-level services include services that are more intensive or of longer duration than services provided by school psychologists. Murrieta Valley and Mt. Diablo use contractors to provide higher levels of services than those provided by LEA staff. According to the executive director of special education at Murrieta Valley, after it first attempts to address student needs using its staff, the LEA uses contractors hired by its SELPA to provide services to students who need a higher level of intervention. Similarly, the special education director at Mt. Diablo stated that the contractors her LEA uses provide a higher-intensity level of service than her staff school psychologists provide. The special education director at East Side stated that the LEA uses contractors to provide different, but not necessarily a higher level of services than East Side staff members provide, such as behavioral intervention services. The LEA also uses contractors to supplement its staff when the workload is high. Finally, at Long Beach the special education director stated that contractors are most often retained to provide the same types of services that LEA staff provide when LEA staff members are not available, although they also sometimes provide specialized services that LEA staff members cannot provide, such as counseling for special education students undergoing gender transformation.

We judgmentally selected five contracted personnel at each LEA and determined that these contractors were qualified to provide the specific types of mental health services received by students.⁹ We determined that each contracted individual possessed the license, credential, or educational background that state regulations required to provide the mental health services that the LEA or SELPA special education director indicated they provided. In some cases, this meant that the contractor held a bachelor's degree, which exceeded the minimum education required for certain services,

LEAs typically use contractors to provide either higher-level mental health services or different types of mental health services than LEA staff provide.

⁹ For Murrieta Valley, we reviewed contractors hired by its SELPA office, Riverside, because, according to the special education director at Murrieta Valley, the LEA does not hire its own contractors but instead uses those hired by its SELPA.

such as implementing a behavior intervention plan, while in other cases the contractor possessed a marriage and family therapy license, permitting the individual to provide a variety of services, including psychological services and counseling and guidance.

We noted that the contracted personnel we reviewed maintained licenses that require higher levels of education and experience more often than LEA staff did. Our selection of both staff and contractors was not a statistical sample, and therefore our comparison of the qualifications cannot be projected to all staff and contractors at the LEAs we reviewed. Nevertheless, 13 of the 20 contracted personnel we reviewed held a mental health professional license or license internship, whereas only five of the 20 LEA staff we reviewed held licenses or license internships that qualified them to provide mental health services. The remainder were qualified to provide the particular mental health service because of a credential or education status.

Despite using contractors to provide mental health services to special education students, the LEAs did not always maintain documentation of the qualifications of the contractor personnel who served their students.

Despite using contractors to provide mental health services to special education students, the LEAs we visited did not always maintain documentation of the qualifications of the contracted personnel who served their students. State regulations require contractors to provide LEAs with copies of qualified personnel's credentials or licenses that allow them to perform the services they provide. However, East Side, Mt. Diablo, and Long Beach did not have contractor qualifications on file for any of the contractors we selected for review when we began our work in June 2015. At Murrieta Valley, we reviewed contractor qualifications from three of its SELPA's contractors. The SELPA had lists of the contractor's mental health personnel for all three contractors and copies of licenses and credentials for two of the contractors, which they were able to provide upon request. The executive director at Riverside stated that the SELPA does not have copies of licenses and credentials for the third contractor because that contractor has multiple sites with a central location that maintains copies of personnel qualifications, which she can easily access. She indicated that the SELPA retains copies of most contracted personnel's qualifications to ensure that they are qualified to provide the services they offer, and that Riverside would be willing to implement a policy to retain copies of credentials and licenses for all contractors. After our conversation with the executive director about this issue, Riverside provided us with a copy of a spreadsheet it stated it would use to track the receipt of copies of contracted personnel's qualifications.

By not having copies of qualifications on hand, the LEAs we reviewed cannot demonstrate that they have ensured that the individuals their contractors hired to serve their students are qualified. After we requested evidence their contracted personnel

were qualified, all entities we reviewed were able to obtain this evidence from their contractors. When asked about their processes for verifying that contracted personnel are qualified, the special education directors stated that it is the contractor's responsibility to hire qualified individuals. While it is true that contractors are required to demonstrate that their personnel are qualified, it is important that LEAs hold their contractors accountable for doing so. After we discussed this concern with the special education director at Mt. Diablo, it implemented a practice requiring contractors to provide Mt. Diablo with personnel lists and copies of their credentials and licenses. The director of special education at East Side informed us that her LEA would retain contractor qualifications in the future. In contrast, the director at Long Beach agreed with the concept of retaining contractor qualifications but stated that it is not legally required to maintain such files and does not currently have the personnel to do so.

Education does not believe that LEAs should be required to retain copies of contractor qualifications. According to Education's director of special education, LEAs should receive and review contractor personnel lists, verify that contractors have valid credentials or licenses for each of the individuals on the lists, and ensure that the contracted personnel on the lists are qualified to provide the services they provide to the LEA by checking their credentials and licenses against the minimum qualification requirements established in state regulations. However, he stated that after this process is complete, LEAs should not be required to retain the personnel lists, credentials, or licenses, because such a requirement would be overly burdensome and the information is available through other sources, such as the agencies responsible for issuing licenses and credentials. We believe the benefit of retaining contractor qualifications outweighs any potential burden on the LEAs because it would allow LEAs to defend the use of specific contracted personnel. This would be especially important in cases in which the LEA staff receive an inquiry from members of IEP teams, such as parents or other interested parties that are not those involved in the initial review of the contractor qualifications.

LEAs and SELPAs Have Developed Child Find Processes That Meet Legal Requirements and Incorporate Best Practices

A recent health care study indicates that more children in the State suffer from a severe emotional disturbance than the number of students receiving mental health services in special education. In 2013 the California HealthCare Foundation (foundation) issued a report in which it stated that 7.6 percent of children in California suffer from a severe emotional disturbance. Using this information and 2013 population projections from the 2010

Education does not believe that LEAs should be required to retain copies of contractor qualifications.

census, we calculated that, according to the foundation's estimate, approximately 700,000 children in the State suffer from a severe emotional disturbance. Using data obtained from Education's California Special Education Management Information System (CASEMIS), we found that between more than 104,000 and 120,000 students in California received mental health services in an IEP for the period from July 2010 through June 2015.

LEAs are not required to provide mental health services for all children as part of an IEP. Instead, LEAs are required to locate and evaluate students with disabilities to determine their needs, and then provide special education and related services including mental health services to those students with disabilities *who*

require the services to receive a free and appropriate public education. Therefore, not all students who have a disability, such as an emotional disturbance, will qualify for special education or related services, including mental health services. However, we believe that this factor alone appears insufficient to explain why such a wide gap exists between the number of students the foundation's estimate suggests struggle with a severe emotional disturbance and the number of students receiving a mental health service through an IEP. Therefore, it is important that Education investigate whether California is providing special education and related services to all eligible students.

To identify children who may benefit from special education, federal and state law require the State and LEAs to develop policies and procedures known as child find. Each of the four SELPAs we visited has developed policies and procedures for child find, and the LEAs we reviewed have adopted the policies and procedures of their respective SELPAs. The four LEAs we reviewed had child find policies and procedures that met legal requirements and included best practices that we identified, as shown in the text box. The LEAs also provided documentation illustrating how they generally performed the steps or actions included in their child find procedures. As a result, we believe LEAs are well positioned to identify children with mental health needs who may qualify for special education and related mental health services.

State and Federal Legal Requirements and Best Practices for Child Find

Federal legal requirements

- Develop policies and procedures to identify, locate, and evaluate all children with disabilities residing in the state who need special education and related services.

State legal requirements

- Each special education local plan area shall establish written child find policies and procedures for use by its local educational agencies (LEAs).
- Child find policies and procedures must reach students attending private school.
- Child find policies and procedures must reach homeless children and wards of the state.

Best practices

- Child find outreach should include the following:
 - General untargeted public awareness.
 - Outreach to parents.
 - Communication with referral personnel and agencies, such as physicians' offices and daycare facilities.
- LEAs should do the following:
 - Educate general education staff on child find, identification, and the referral process.
 - Use universal screening.

Sources: Title 34 Code of Federal Regulations, Part 300.111; California Education Code, Section 56301; Arkansas and Arizona Department of Education websites; and various online articles and research publications by education advocates.

LEAs Properly Notified Parents of Complaint Options, and Education Addressed Parents' Complaints

Education and LEAs are required to provide parents with procedural safeguards—sometimes referred to as educational rights under IDEA—that include information on filing complaints to address parents' concerns regarding their child's education. IDEA requires Education and LEAs to establish and maintain procedures to ensure that students with disabilities and their parents are guaranteed their procedural safeguards. Among other things, the procedural safeguards must include information about the opportunity for any party to present a complaint with respect to the identification, evaluation, or educational placement of the student or the provision of a free and appropriate public education. The ability to present a complaint regarding their students' services enables parents to address concerns they may have regarding their children's education. LEAs are required to inform parents of these rights in specific instances, such as at each IEP meeting, but at least annually.

The four LEAs we visited use various methods to notify parents of their complaint resolution options, as required by law. For instance, we found that LEAs informed parents of their complaint resolution options through the procedural safeguard notice at IEP meetings. By presenting this notice, LEAs ensure that at least annually parents are reminded of their complaint resolution options. SELPAs and LEAs also made complaint resolution information available through their websites and presented the information at their community advisory committee meetings or included it within the committees' parent handbooks. The presentation of complaint resolution options to parents through these means provides assurance that parents are made aware of their ability to address concerns regarding their children's education.

To resolve parents' complaints, Education has developed systems and procedures that meet federal and state requirements. Federal law requires Education to provide due process complaint and mediation systems, and federal regulations require it to provide a state complaint system. Education satisfies the requirement to provide due process complaint and mediation systems by contracting with the Office of Administrative Hearings (Administrative Hearings) for the provision of due process hearings and mediations. Due process hearings and mediations primarily address disputes between parents and LEAs regarding the determination of a student's special education needs and placement. Education fulfills the requirement to provide a state complaint system by having its staff investigate compliance complaints—complaints alleging that an LEA has not adhered to specific IDEA requirements, such as failing to hold an

Selected State and Federal Compliance, Due Process, and Mediation Complaint Requirements

Compliance Complaints

- Allegations should be confirmed with the complainant.
- A notice of the complaint should be sent to all parties.
- The investigator should send a request for information to the local educational agency (LEA).
- The resulting written decision should address each allegation.
- The investigation report should include, among other things—a summary of the allegations, California Department of Education conclusions, and LEA required actions.
- The report should be mailed to complainants within 60 days of receipt of complaint.

Due Process Complaints

- All parties must be notified of the hearing request and the scheduled date for the hearing.
- A list of free and reduced-cost representatives must be included in the hearing notice.
- The LEA is provided 30 days to resolve the complaint to the satisfaction of the parents before the hearing occurs.
- Final decision must be mailed to each party within 45 calendar days after the expiration of the 30 day period.*

Mediation Complaints

- All parties must be notified of the request and the scheduled date for the mediation.
- Each session in the process must be scheduled in a timely manner and must be held in a location that is convenient to the parties to the dispute.
- If a resolution is reached, the parties shall execute a legally binding agreement.

Sources: Title 20 United States Code section 1415; Title 34 Code of Federal Regulations sections 300.152 and 300.515; Title 5 California Code of Regulations sections 4660, 4662, and 4664; California Education Code sections 5600.3 and 56043; California Department of Education complaint investigation procedures; and Office of Administrative Hearings mediation and due process request procedures.

* Extensions may be granted.

IEP team meeting within 30 days of a parent's request. Additionally, state and federal laws and regulations specify procedural requirements that must be adhered to while resolving complaints. We reviewed a total of 20 compliance complaints, six due process complaints, and two mediation complaints pertaining to the LEAs at the four SELPAs we visited that were submitted during the period from July 2012 through June 2015. We found that Education and Administrative Hearings followed their respective procedures and met the relevant state and federal requirements shown in the text box. Because Education and Administrative Hearings are providing these services and processing complaints appropriately, parents are able to address concerns they may have regarding their students' free and appropriate public education.

Recommendations

Legislature

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 plans by providing EPSDT mental health services. If individual counties can demonstrate good reason why this type of arrangement is not possible or beneficial, the amended law should allow the counties to opt out of the collaboration by seeking a time-limited waiver from Health Care Services. The Legislature should require Health Care Services to make a final determination as to whether counties will be allowed to opt out of the required collaboration. The Legislature should require counties seeking a waiver to specify what barriers exist to working with SELPAs and their LEAs and how the county is attempting to remove those barriers.

Entities We Reviewed

To ensure that the State knows the amount LEAs spend to provide mental health services for student IEPs, before the start of the 2017–18 fiscal year, Education should develop, and require all LEAs to follow, an accounting methodology to track and report expenditures related to special education mental health services.

To ensure that LEAs provide mental health services as required, Education should, on an annual basis, identify LEAs with accumulated balances of mental health funding and analyze whether the LEA has had a corresponding drop in mental health service levels. For all LEAs that Education determines have both an accumulated balance and a corresponding drop in services, Education should follow up with the LEA to determine whether the LEA is meeting its obligations to provide mental health services to students as part of the special education program.

To ensure that all staff it hires are qualified to provide mental health services, Long Beach should update its minimum qualifications for the autism supervisor position to comply with state regulatory requirements no later than March 2016.

To ensure that the licensed staff it hires are qualified at the time of hire and throughout their employment, Mt. Diablo should follow its formal procedures to ensure that staff possess required licenses when hired and that their licenses remain current while employed.

To ensure that they can demonstrate that the contracted personnel who provide mental health services are qualified, the LEAs and SELPAs we reviewed that hold contracts for mental health services should annually obtain and retain copies of contractor personnel lists and the credentials or licenses for personnel who provide mental health services to students in the LEA or SELPA. Further, Education should require all LEAs and SELPAs that hold such contracts to annually obtain and retain copies of contractor personnel lists and the credentials or licenses for contractor personnel who provide mental health services to students in their respective LEA or SELPA.

To ensure that the State provides special education and related services to all eligible students, Education should investigate the difference between the estimated number of school aged children statewide who have a severe emotional disturbance and the number receiving mental health services through an IEP and determine the reason for such a discrepancy. Education should then take any steps necessary to assist LEAs in identifying and providing services to children who are severely emotionally disturbed.

We conducted this audit under the authority vested in the California State Auditor by Section 8543 et seq. of the California Government Code and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives specified in the Scope and Methodology section of the report. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Respectfully submitted,



ELAINE M. HOWLE, CPA
State Auditor

Date: January 19, 2016

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For questions regarding the contents of this report, please contact Margarita Fernández, Chief of Public Affairs, at 916.445.0255.

Appendix

INFORMATION RELATED TO THE NUMBER OF STUDENTS SERVED WHO ARE EMOTIONALLY DISTURBED AND ELIGIBLE FOR THE CALIFORNIA MEDICAL ASSISTANCE PROGRAM

The Joint Legislative Audit Committee requested that we determine the number of students during the five-year audit period, from school year 2010–11 through 2014–15, at each of the four selected special education local plan areas (SELPA) who had a mental health service in their individualized education program (IEP) and report the number of students who are and are not identified as emotionally disturbed and who do or do not qualify for California Medical Assistance Program (Medi-Cal) services.¹⁰ Student IEPs can indicate both a primary and a secondary disability that contributes to the student’s eligibility for special education and related services. To count emotionally disturbed students, we identified students whose IEPs indicated that either the primary or the secondary disability was an emotional disturbance. We considered students eligible for Medi-Cal if the student was eligible for mental health services under Medi-Cal in the same year in which the student had mental health services in his or her IEP. Table A shows a summary of these data for each of the four SELPAs we reviewed.

Table A
Number of Students by Special Education Local Plan Area With a Mental Health Service in Their Individualized Education Program by Category of California Medical Assistance Program Eligibility and Emotional Disturbance Disability

SPECIAL EDUCATION LOCAL PLAN AREA	CALIFORNIA MEDICAL ASSISTANCE PROGRAM (MEDI-CAL) ELIGIBLE	EMOTIONAL DISTURBANCE DISABILITY	SCHOOL YEAR				
			2010–11	2011–12	2012–13	2013–14	2014–15
Mt. Diablo Unified School District	✓	✓	130	157	136	120	112
	✓	✗	169	190	199	239	239
	✗	✓	172	155	110	109	106
	✗	✗	277	274	271	264	288
Total students			748	776	716	732	745

continued on next page...

¹⁰ The focus of the audit was on students who were potentially affected by Assembly Bill 114, namely those receiving mental health services. Accordingly, the numbers we present do not include students who were identified as emotionally disturbed but did not have a mental health service in their IEP.

SPECIAL EDUCATION LOCAL PLAN AREA	MEDI-CAL ELIGIBLE	EMOTIONAL DISTURBANCE DISABILITY	SCHOOL YEAR				
			2010-11	2011-12	2012-13	2013-14	2014-15
Long Beach Unified School District	✓	✓	287	306	288	241	174
	✓	✗	228	355	344	362	340
	✗	✓	131	146	124	132	98
	✗	✗	207	294	262	261	243
Total students			853	1,101	1,018	996	855
Riverside County Special Education Local Plan Area	✓	✓	211	232	429	524	585
	✓	✗	324	348	677	956	1,185
	✗	✓	249	293	386	377	392
	✗	✗	477	508	686	780	984
Total students			1,261	1,381	2,178	2,637	3,146
South East Consortium for Special Education	✓	✓	136	175	195	232	255
	✓	✗	307	333	357	376	406
	✗	✓	128	158	157	166	201
	✗	✗	420	447	403	419	450
Total students			991	1,113	1,112	1,193	1,312

Sources: California State Auditor's analysis of data obtained from the California Department of Education's California Special Education Management Information System and data obtained from the California Department of Health Care Services' Fiscal-Intermediary Access to Medi-Cal Eligibility system.

✓ = Yes

✗ = No



CALIFORNIA
DEPARTMENT OF
EDUCATION

TOM TORLAKSON
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION

December 15, 2015

Elaine M. Howle, State Auditor*
California State Auditor
555 Capitol Mall, Suite 300
Sacramento, CA 95814

Subject: Report No. 2015-112 - California School District Mental Health Funds and Services

The California Department of Education (Education) appreciates the opportunity to provide written comments and proposed corrective actions to the recommendations outlined in the California State Auditor's (CSA) Audit Report No. 2015-112 regarding California School District Mental Health Funds and Services.

Chapter 1 - Recommendation No. 1:

Recommendation: The Legislature should amend state law to require Education to report annually, beginning March 2017, regarding the outcomes for students receiving mental health services in the six key areas we identified. The report to the Legislature should include outcome data for the most recently completed school year and should compare the outcomes for students receiving mental health services with the outcomes for other special education students. Subsequent reports should also identify any trends in outcome data from one year to the next. Education should also provide comments in the report on the trends that it identifies and any actions it plans to take to improve the outcomes for students who receive mental health services.

Education's Comments and Corrective Actions

This recommendation is to the Legislature; however, Education provides the following comments for consideration. Local Education Agencies (LEAs) submit data to Education as required by the federal Individuals with Disabilities Education Act (IDEA) and corresponding state law. Data reported by the LEAs is used to calculate Annual Performance Report (APR) measures on a statewide basis, which include the six key areas noted on page 34 of the report. In addition, Education generates indicator reports which allows each LEA to evaluate annual performance measures and determine if statewide targets for each measure were met.

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* California State Auditor's comments begin on page 73.

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② Although LEAs report data to Education on all students in special education, including those students receiving mental health services as part of their Individualized Education Program (IEP), Education does not and is not required by state or federal law to calculate performance and/or outcome measures for any particular subgroup of special education students. Therefore, if the Legislature requires Education to compile the additional reports within the specified timeline, additional funding would be required to support the increase in staff resources necessary for disaggregating data to distinguish students in special education receiving mental health services, and analyzing that data for each of the identified six key areas.

③ Education also does not concur with this recommendation which specifies that the Legislature require Education to provide comments on any trends identified when compiling the requested data and stipulate actions Education would take to improve outcomes for students in special education who receive mental health services.

③ Commenting on any trends that are identified in comparing the requested data from year to year and proposing action to improve outcomes assumes that, from the aggregate data, Education would be able to accurately pinpoint underlying issues associated with a lack of progress toward the statewide target in the six key areas for these students. Although analyzing aggregate data to ascertain general trends in outcomes for students in special education who are also receiving mental health services may be a useful endeavor for informational purposes, the data does not provide the level of detail necessary for Education to extrapolate a root cause of poor performance on statewide targets. Therefore, Education's conclusions on various trends and proposed actions for improvement would only be speculation because student outcomes can be affected by a vast array of variables, many related to individualized circumstances for each student, which are not represented by the aggregate data Education collects. Consequently, Education is concerned that implementing this recommendation could result in drawing erroneous, misleading conclusions that are not appropriately anchored in germane, indicative data.

Chapter 1 – Recommendation No. 2:

To ensure that all LEAs comply with federal special education requirements, Education should require them to include reasons for any changes to student placement or services directly in a student's IEP document.

Education's Comments and Corrective Actions

④ Education does not concur with this recommendation. Although the IDEA requires LEAs to provide "prior written notice," or PWN, when proposing or refusing to initiate or

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change the identification, evaluation, or educational placement of the child or the provision of a free, appropriate public education to a child; required elements of the IEP do not include documenting the reason why an IEP service level or placement changed.

In addition, the IDEA mandates that states minimize the number of state rules, regulations, and policies to which LEAs are subjected, and report to LEAs and the USDOE on any state rules, regulations or policies that constitute "State-imposed requirements" not required by the IDEA. Furthermore, state mandates that exceed federal IDEA requirements may result in LEAs seeking reimbursement from the state.

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Chapter 1 - Recommendation No. 3:

To enable it to review additional areas of its special education program for quality assurance, Education should collect information about the frequency of the provision of each service contained in all students' IEPs. Education should then use this information to annually review the frequency of mental health services and follow up with SELPAs when it observes a significant reduction in the frequency of services.

Education's Comments and Corrective Actions

Education does not concur with this recommendation. Education questions the value of collecting data on the frequency of provision of mental health services and analyzing aggregate results to identify LEAs for follow-up. Given that decisions on the type and frequency of services students receive are made by IEP teams for individual students, and that individual student populations and student needs change regularly, changes in type and frequency of services are to be expected.

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Education does, however, concur with the auditor's report that aggregated results "allow for limited conclusions of how students were affected by AB 114." Similarly, aggregated frequency data, drawn from thousands of discrete IEP team decisions concerning individual students, provide little insight on the relative effectiveness of any LEA's IEP development process or service delivery system.

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Nevertheless, should the Legislature determine that Education's collection of frequency data on mental health services would be of benefit to the state, Education would need additional resources to develop calculation methodologies, provide training and technical assistance to LEAs, and to review and validate data. In addition, it would be necessary for Education to develop procedures for LEAs regarding; (1) submittal of data reports; (2) completion of aggregation and analysis tasks necessary to review changes

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in frequency of services; and (3) identification of LEAs experiencing significant reductions in frequency of services.

Chapter 1 - Recommendation No. 4:

To ensure that LEAs comply with federal requirements, Education should require all LEAs to use the IEP document to communicate the rationale for residential treatment and any potential harmful effects of such placement.

Education's Comments and Corrective Actions

- ⑧ Education does not concur with this recommendation due to concerns for exceeding federal requirements. Specifically, the IDEA contains a detailed description of the federally required elements of the IEP; these required elements do not include documenting the rationale for residential treatment.

OSEP commentary on the LRE regulations states that, consistent with the PWN requirement in 34 C.F.R. 300.503, parents must be "informed" of the placement options that were actually considered and the reasons why those options were rejected (71 Federal Register 46588 (August 14, 2006)). Under federal law an LEA can choose, but is not required to provide its PWN regarding any change of placement in the IEP document itself. Furthermore, as stated by OSEP, "There is nothing in the Act that requires a detailed explanation in children's IEPs of why their educational needs or educational placements cannot be met in the location the parents request" (71 Federal Register 46588).

State law does require that the IEP document the rationale for placement in other than the pupil's school and classroom in which the pupil would attend if the pupil were not disabled.

Chapter 1 - Recommendation No. 5:

Education should analyze and report to the Legislature, by May 30, 2016, on the outcomes for students receiving mental health services statewide, including outcomes across the six performance indicators we identified, in order to demonstrate whether those services are effective. Once it has reported this statewide information, Education should provide each LEA throughout the State a report regarding the outcomes for the students the LEA served.

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Education's Comments and Corrective Actions

Education does not concur with this recommendation. Education is concerned that statewide data on outcomes for students in special education receiving mental health services in the identified six performance indicators may erroneously measure the effectiveness of the mental health services received by those students. ⑨

Student performance on the six performance indicators identified by the CSA relies on numerous factors related to each individual student's circumstances. This level of detail is not captured in the aggregate data received by Education. For example, if an LEA does not meet the statewide target for graduation rate for students in special education receiving mental health services, Education cannot conclude with any certainty that the deficient percentage is due to those students receiving ineffective mental health services. ⑨

Furthermore, the effectiveness or appropriateness of mental health services is only one of many factors that may impact whether or not a student graduates or otherwise progresses. Students in special education often receive an array of related services; it would be inappropriate to attribute such significance and causality to one particular group of services they receive based on aggregate statewide data and/or aggregate LEA level data. Although the aggregate data Education collects can be useful for identifying general trends in student outcomes and for prompting LEAs to examine their programs in certain areas, this data should not be used to determine the effectiveness of mental health services provided across the state. ⑨

Chapter 2 - Recommendation No. 1:

To ensure that the State knows the amount LEAs spend to provide mental health services for student IEPs, before the start of the 2017-18 fiscal year, Education should develop, and require all LEAs to follow, an accounting methodology to track and report expenditures related to special education mental health services.

Education's Comments and Corrective Actions

Education does not concur with this recommendation. Education is concerned that, (1) establishing new codes to track mental health costs could result in Education losing other information that it currently collects; and (2) additional burden or costs that LEAs may incur to track expenditures to this level of specificity could outweigh the perceived benefits of having this information. ⑩

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Chapter 2 - Recommendation No. 2:

To ensure that LEAs provide mental health services as required, Education should, on an annual basis, identify LEAs with accumulated balances of mental health funding and analyze whether the LEA has had a corresponding drop in mental health service levels. For all LEAs that Education determines have both an accumulated balance and a corresponding drop in services, Education should follow up with the LEA to determine whether the LEA is meeting its obligations to provide mental health services to students as part of the special education program.

Education's Comments and Corrective Actions

Education concurs with this recommendation. Education will continue to develop and implement monitoring processes to identify LEAs with accumulated balances of mental health funding and to determine whether LEAs have incurred an annual decrease in mental health service levels.

Chapter 2 - Recommendation No. 3:

Education should require all LEAs and SELPAs that hold contracts for mental health service providers to annually obtain and retain copies of contractor personnel lists and the credentials or licenses for contractor personnel who provide mental health services to students in their respective LEA or SELPA.

Education's Comments and Corrective Actions

Education concurs with this recommendation. Education's certification process includes a review of staff background checks and personnel qualifications for staff employed by nonpublic schools and nonpublic agencies through current certification processes. Requiring LEAs to maintain their own records of contractor qualifications would provide assurance that contractors not holding nonpublic school or nonpublic agency certification are appropriately qualified to provide services for which they are contracted.

Chapter 2 - Recommendation No. 4:

To ensure that the State provides special education and related services to all eligible students, Education should investigate the difference between the estimated number of school aged children statewide who have a severe emotional disturbance and the number receiving mental health services through an IEP and determine the reason for such a discrepancy. Education should then take any steps necessary to assist LEAs in identifying and providing services to children who are severely emotionally disturbed.

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Education's Comments and Corrective Actions

Education does not concur with this recommendation. Based on the current required data, Education cannot determine what percentage of students receive mental health services overall from all sources in the community. It is not clear what percentage of students may have experienced a short-term emotional disturbance, perhaps resulting from a traumatic event, which may or may not qualify a student for special education services. Therefore, additional information would be needed such as the type, duration, and extent of cases involved in the estimated population. (11)

For example, Education found no detail concerning the California HealthCare Foundation's estimate that 7.6% of California children suffer from a severe emotional disturbance. Without such information it is difficult to determine what percentage of those children have a disability and, because of that disability, need special education and related services to enable them to receive a free, appropriate public education (FAPE). More information would be needed concerning the basis of the 7.6% estimate, including the type, duration, and extent of cases involved in the estimated population. (11)

This 7.6% estimate is not substantiated by data from the Desert Mountain SELPA, which is one of the SELPAs widely considered as having the broadest base of mental health services. The Desert Mountain SELPA is the primary mental health service provider in its geographic area of San Bernardino County. It is the primary contractor for the San Bernardino Mental Health Plan in the Mojave Desert area. It serves all students eligible for mental health services, not just those with IEPs. In 2014-15, the Desert Mountain SELPA reported providing mental health services to 6,578 students. They also reported serving 116,713 students in general education. This generates a percentage of only 5.6 percent. But this is an over-generalized statistic. It is important to note that of the 6,578 students receiving mental health services, 1,728 were students with IEPs. Clearly, not all students requiring mental health services are considered eligible for special education and related services. Further, the Desert Mountain SELPA serves a total of 13,352 students with IEPs. In their experience, approximately 12.9 percent of students with IEPs receive mental health services. Applying that percentage to a statewide population of 717,961, results in an estimate of 92,918 students receiving IEP based mental health services. This is consistent with the 93,485 students with IEPs reported receiving mental health services statewide in December 2014. (12) (13)

Education currently takes steps to ensure that LEAs provide special education and related services to all eligible students. Education monitors LEAs for effective policies and procedures through comprehensive LEA monitoring processes. In instances in which Education finds local procedures lacking, Education requires corrective action

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- ⑭ and provides technical assistance. These measures are effective as the auditors reported that the LEAs reviewed are successfully fulfilling Child Find requirements.

If you have any questions regarding Education's comments or corrective actions, please contact Chris Drouin, Interim Director, Special Education Division, by e-mail at cdrouin@cde.ca.gov, or by phone at 916-445-4602.

Sincerely,



Michelle Zumot
Chief Deputy Superintendent of Public Instruction

MZ:kl

Comments

CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM THE CALIFORNIA DEPARTMENT OF EDUCATION

To provide clarity and perspective, we are commenting on the California Department of Education's (Education) response to our audit. The numbers below correspond to the numbers we have placed in the margin of Education's response.

The page numbers on Education's redacted draft copy of the audit report do not correspond to the page numbers of the final audit report. The content Education refers to appears on page 38 of this report.

①

We did not perform an analysis of the level of staff that Education might require to fulfill our recommendation. Although we briefed Education multiple times on the issues we identified during the audit, Education did not present us with any information demonstrating that its existing resources would be insufficient to implement this recommendation. Accordingly, we cannot verify the accuracy of Education's claim that, to comply with our recommendation, it would need additional resources.

②

We disagree that Education would find itself limited to speculation when reporting to the Legislature about year-to-year trends in the outcome data for students receiving mental health services. If Education were to complete the analysis we describe in our recommendation, it would compare the outcomes for students who receive mental health services to outcomes for students who do not receive mental health services. This would allow Education to determine whether the students receiving mental health services are substantially different from the rest of the special education population with regard to outcomes. If this is not the case, Education could comment that this particular subgroup of students does not appear to be performing any better or worse than the rest of their special education peers. Conversely, if Education's analysis showed that the students who receive mental health services were substantially different in their outcomes, Education could comment that the students were performing better or worse than their special education peers and, if worse, suggest the need for additional assistance and the type of assistance to be provided to the group of students with lower outcomes. This analysis could also enable Education to create a baseline for specific cohorts of students receiving mental health services and track their progress.

③

- ④ Local educational agencies (LEAs) are already required to document their reasons for changing special education and related services or a student's educational placement. Our recommendation would result in additional direction from Education about the specific document that LEAs must use to record that information. We question whether further direction to LEAs about the specific document they must use to meet existing requirements would increase costs.
- ⑤ On page 31 of our report, we present an example of the potential benefit that an analysis of aggregate service frequency data could provide in assisting Education to oversee how effectively LEAs provide mental health services. As we explain on that page, Education could use this aggregate data to compare the frequency with which LEAs offer specific services from one year to the next. If Education observed a significant reduction in the frequency with which a LEA offered a specific service, it could then follow up with the LEA to determine the reason why services are being offered less frequently to its student population. We believe that this analysis would be of value because it could assist Education in detecting whether LEAs are systematically reducing the frequency of their services, a potential indicator that the LEA is not providing access to a free and appropriate education to its students.
- ⑥ Education uses our report language out of context and mischaracterizes our conclusion with regard to aggregate data. For the reasons discussed on pages 19 through 22, our conclusion on page 23 that aggregate data offered us the ability to reach limited conclusions was with respect to whether a change in state law had negatively affected individual students. This is separate and distinct from whether or not aggregate data could be useful to Education in improving its oversight activities.
- ⑦ We did not direct this recommendation to the Legislature. We believe that Education should implement this recommendation and that it can and should do so without waiting for direction from the Legislature.
- ⑧ It is not clear to us why Education is concerned about exceeding federal requirements. As we indicate in our report on page 36, state regulations already require IEP teams to document their rationale for an educational placement in a setting other than the setting that the student would otherwise attend if he or she did not have a disability. Further, as we note on page 37, federal regulations require that when selecting the least restrictive environment for a student, LEAs must consider the potential harmful effects of the placement. As both requirements already exist, we believe that further direction about where to record each of these elements would not be particularly burdensome. In fact, all four special education local

plan areas that we reviewed as part of this audit agreed with similar recommendations we made to them and indicated that they would be implementing those recommendations.

The example that Education cites is a very narrow analysis, which it appears to use to argue that it would not be able to reach conclusions about the effectiveness of LEA mental health services. If Education were to complete an analysis similar to the analysis proposed in our legislative recommendation on page 41, wherein it compared the students receiving mental health services to special education students not receiving those services, Education could then reach conclusions about the effectiveness of these services. Because the only factor that would separate these two student groups would be the fact that they did or did not receive mental health services, any meaningful difference in the performance of these two groups could be attributed to the effectiveness of mental health services. As we detail in our third comment on page 73, Education could track the progress of specific cohorts of students receiving mental health services by creating a baseline that would further enable it to conclude on the effectiveness of those services.

⑨

We acknowledge Education's concerns on page 46 of our report. However, as we state on that page, we believe that despite the challenges Education might face in implementing this recommendation, it is critical that Education be able to provide this information to the Legislature and the public. By doing so, Education would benefit the Legislature and the public by being able to report on whether the State is cost effective in providing mental health services to students with IEPs. As we note on page 45, this information would be valuable to future policy and funding discussions about the special education program.

⑩

Education is again interpreting our recommendation too narrowly. Whether or not students receive mental health services from other sources in their community is not relevant to whether or not the students should be receiving mental health services through an IEP. Further, although on page 57 of our report we cite an estimate from the California HealthCare Foundation, this is not the only available estimate of the percentage of school aged children in California who struggle with mental health related problems. We shared this fact with Education during the period of time it was reviewing our draft report. Accordingly, when implementing our recommendation, we do not expect Education to limit itself to the estimate we cited in our audit report.

⑪

We are not aware of the methodology by which Education arrived at the amounts it presents throughout this paragraph, and therefore we cannot verify the accuracy of the assertions it provided or conclude whether this information is relevant to our

⑫

recommendation. Nevertheless, we stand by our recommendation on page 61 that Education investigate the difference between the estimated number of school aged children statewide who have a severe emotional disturbance and the number receiving mental health services through an IEP and determine the reason for such a discrepancy.

- ⑬ We state on page 58 of our report that not all students with disabilities will qualify for special education or related services, including mental health services. However, we also believe that this is an insufficient explanation on its own for why such a large gap exists between the estimated number of children with a severe emotional disturbance and those with mental health services listed in their IEP.
- ⑭ Education cites the results of our review of child find efforts at the four LEAs we reviewed as evidence that its oversight of child find efforts is effective statewide, which is misleading and does not reduce the importance of our recommendation that Education investigate the discrepancy between the number of children statewide with a severe emotional disturbance and the number receiving mental health services through an IEP.

January 2016



Mt. Diablo Unified School District
1936 Carlotta Drive
Concord, CA 94519
(925) 682-8000

OFFICE OF
SPECIAL EDUCATION

December 15, 2015

Ms. Elaine M. Howle, CPA
State Auditor
Sacramento, CA

Dear Ms. Howle:

We are in receipt of the redacted copy of the report of the audit requested by the Joint Legislative Audit Committee concerning student mental health services. We appreciate the opportunity to engage in the dialogue regarding these important programs for our students.

Our team reviewed the findings and the recommendations in the report and as such we support the recommendations and will implement them as written.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Wendi Aghily".

Wendi Aghily, Ed.D.
Director, Special Education/SELPA
925-682-8000 x 4047
aghilyw@mdusd.org

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OFFICE OF SCHOOL SUPPORT SERVICES

Division of Special Education
1515 Hughes Way, Long Beach, CA 90810
Telephone: (562) 997-8051 / Fax: (562) 997-8649

December 15, 2015

Elaine M. Howle, CPA*
State Auditor
Bureau of State Audits
555 Capitol Mall, Suite 300
Sacramento, CA 95814

Re: 2015-112 - California School Districts—Mental Health Funds and Services

Dear Ms. Howle:

The Long Beach Unified School District (“District”) appreciates the opportunity to provide the following written response to the audit findings and recommendations before the audit report is issued publicly.

On behalf of the District, I would like to thank your staff for such a comprehensive review in terms of the impact and outcomes for students with disabilities after the enactment of Assembly Bill 114 (114). The District appreciates the auditor’s recognition of the important work the District has completed to improve special education programs while balancing resources for all students within the Long Beach community. The District looks forward to applying the recommendations outlined in the final audit report so that future students may benefit from improved and streamlined practices and procedures.

①

If you have any questions regarding the District’s comments or corrective actions, please feel free to contact me at (562) 997-8051.

Respectfully,

A handwritten signature in black ink, appearing to read 'C. Gutierrez-Lohrman', is written over a light gray rectangular background.

Chris M. Gutierrez-Lohrman, Ed.D.
Director, Special Education & SELPA
Long Beach Unified School District

Cc: Christopher Steinhauser, Superintendent of Schools
Tiffany Brown, Ed.D., Assistant Superintendent, Office of School Support Services

* California State Auditor’s comment appears on page 81.

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Comment

CALIFORNIA STATE AUDITOR'S COMMENT ON THE RESPONSE FROM LONG BEACH UNIFIED SCHOOL DISTRICT

To provide clarity and perspective, we are commenting on Long Beach Unified School District's (Long Beach) response to our audit. The number below corresponds to the number we have placed in the margin of Long Beach's response.

We reach no conclusions in our report regarding whether Long Beach improved its special education program in the years that followed Assembly Bill 114 taking effect, nor do we comment on Long Beach's administration of the special education program in relation to its efforts to serve students outside of its special education program.

①

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January 2016



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Alvord Unified School District
 Banning Unified School District
 Beaumont Unified School District
 Coachella Valley Unified School District
 Desert Center Unified School District
 Desert Sands Unified School District
 Empire Springs Charter School
 Harbor Springs Charter School
 Hemet Unified School District
 Jurupa Unified School District
 Lake Elsinore Unified School District
 Menifee Union School District
 Murrieta Valley Unified School District
 Nuview Union School District
 Palm Springs Unified School District
 Palo Verde Unified School District
 Perris Elementary School District
 Perris Union High School District
 River Springs Charter School
 Riverside County Education Academy
 Riverside County Office of Education
 Romoland School District
 San Jacinto Unified School District
 Santa Rosa Academy
 Val Verde Unified School District

December 15, 2015

Elaine M. Howle, CPA, California State Auditor*

c/o Bob Harris, Team Leader, BobH@auditor.ca.gov

RE: Response to DRAFT Mental Health Audit Report

We want to thank your staff for being so collaborative throughout this mental health audit process. Below are our comments about the recommendations:

- The Riverside County SELPA agrees with recommendation to ensure that IEP teams document the reasons for changes to mental health related services and placements. These processes are defined in our "Mental Health in Schools" document available on our website www.rcselpa.org under Policies and Procedures Section 10. Such evidence may be lacking in the early transition IEPs as it took time for the SELPA and LEAs to develop the procedures and to hire staff to assume responsibility for mental health services. Extensive training and ongoing conversations in our Special Education Directors, Program Support Round Table, Mental Health Round Table, and Interagency Meetings has occurred and the processes are now fully implemented. ①
- The Riverside County SELPA agrees with recommendation regarding IEP teams providing a rationale for residential treatment and any potential harmful effects of such placement. In addition to the resources noted above, in 2015 the SELPA staff compiled research to produce the document entitled "Research on Intensive Mental Health Services", which includes a section on concerns related to placing youth in residential treatment centers. This document is also available on our website in the same section. We will continue to work on this message to the field.
- The Riverside County SELPA is intrigued by the recommendation that Murrieta Valley should use the six performance indicators to perform annual analysis on the subset of students receiving mental health services. Once we identify a means to do so, we will institute this for all LEAs.
- The Riverside County SELPA agrees with the recommendation to obtain and retain copies of contractor personnel lists and the credentials or licenses for personnel who provide mental health related services to students. We have already instituted this procedure. ②

We recognize that the purpose and scope of the mental health audit was specific. However, we want to state our beliefs that we have improved the range, frequency, and location of mental health related services to students. More students are being effectively served under the AB 114 educational model than were served under AB 3632. Most importantly, staff and parents have increased their skills for supporting students with social, emotional and behavioral challenges in the least restrictive setting. We continue to work on our systems to be more proactive, data driven, linked across agencies, and student outcome focused.

Please thank your staff for working collaboratively with us. Please feel free to call or email if you have any additional questions or comments.

Sincerely,

Sue Balt, Ph.D., Executive Director, Riverside County SELPA

* California State Auditor's comments begin on page 85.

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Comments

CALIFORNIA STATE AUDITOR'S COMMENTS ON THE RESPONSE FROM RIVERSIDE COUNTY SPECIAL EDUCATION LOCAL PLAN AREA

To provide clarity and perspective, we are commenting on Riverside County Special Education Local Plan Area's (Riverside) response to our audit. The numbers below correspond to the numbers we have placed in the margin of Riverside's response.

In advance of providing Riverside with a draft copy of this audit report, we shared our recommendation that Riverside develop a process for ensuring individualized education program (IEP) teams record the reasons for changes to student services or educational placement. The first time Riverside mentioned this procedure to us was in its response letter. We look forward to hearing more about Riverside's efforts to address our recommendation in its 60-day response to this audit.

①

During the time period that Riverside reviewed a draft copy of this audit report, it provided us a spreadsheet it stated it would use to track whether it collected license and credential information from all of its contractors. We mention this spreadsheet on page 56 of this report. We look forward to hearing about Riverside's progress in implementing our recommendation in its 60-day response to this audit.

②

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Board of Education

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Patrick Kelley
Superintendent

Our Mission

*"To inspire
every student
to Think, to Learn,
to Achieve, to Care"*

District Support Center
41870 McAlby Court
Murrieta, CA 92562
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Fax (951) 304-1536
www.murrieta.k12.ca.us

December 15, 2015

Elaine M. Howle, CPA
California State Auditor

Re: Response to DRAFT Mental Health Audit Report

Dear Ms. Howle,

Thank you for sharing a copy of the Draft Mental Health Audit Report.

MVUSD is pleased to find out that it meets requirements and implements best practices in the area of child find and identification processes, meets requirements in the areas of mental health staff qualifications and parent complaint options.

MVUSD agrees with the recommendation made by the state auditors in the area of monitoring special education student outcomes. Tracking outcomes for the subset of students receiving mental health services will offer valuable information and assist in evaluating the effectiveness of the district's mental health programs.

In conclusion, MVUSD appreciates the collaborative nature of the mental health audit and has found this process to be a positive learning experience.

Sincerely,

Zhanna Preston, Ed.D.

Executive Director of Special Education

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South East Consortium for Special Education
3434 Marten Ave.
San Jose, CA 95148
Phone: 408.223.3771 / Fax: 408.532.9311

December 15, 2015

Elaine Howle, CPA*
 California State Auditor
 621 Capitol Mall, Suite 1200
 Sacramento, CA 95814

Dear Ms. Howle,

I am writing this letter in response to the recommendations listed on the redacted draft copies of the report provided by the California State Auditor to South East SELPA. The recommendations pertinent to the SELPA that are listed on the redacted draft report are as follows:

To better communicate this information to parents and future IEP teams, South East should develop a process to ensure IEP teams document, in student IEP documents, the reasons for any changes in services, including changes to mental health services, and student placement.

The SELPA agrees with this recommendation and plans to implement the above-mentioned recommendation. The SELPA suggests referencing and stating the appropriate statute/s (i.e., 34 CFR §300.503, EC 56500.4, 20 USC 1415(b)(3)) be listed in the recommendation to provide reference on what needs to be documented in students' IEPs. ①

To ensure that they comply with federal requirements, South East should develop a process to ensure that IEP teams document, in student IEP documents, the rationale for residential treatment and any potential harmful effects of such placement.

The SELPA agrees with this recommendation and plans to implement the above-mentioned recommendation. The SELPA suggests referencing and stating the appropriate statute/s (i.e., 34 CFR 300.116) be listed in the recommendation to provide information regarding special education placement decisions, including residential placements, and consideration of any potential harmful effects on the student or the quality of services that the student needs. ①

* California State Auditor's comment appears on page 91.



South East Consortium for Special Education
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To ensure that they can demonstrate that the contracted personnel who provide mental health services are qualified, East Side and South East should annually obtain and retain copies of contractor personnel lists and the credentials or licenses for personnel who provide mental health services in the LEA or SELPA.

The SELPA agrees with this recommendations and plans to implement the above-mentioned recommendation.

If you have any questions regarding this response, please contact me at imapagu@mpesd.org or at 408-223-3776.

Sincerely,

A handwritten signature in cursive script that reads "Leo Mapagu".

Leo Mapagu
Director
South East Consortium SELPA

Comment

CALIFORNIA STATE AUDITOR'S COMMENT ON THE RESPONSE FROM SOUTH EAST CONSORTIUM FOR SPECIAL EDUCATION

To provide clarity and perspective, we are commenting on South East Consortium for Special Education's (South East) response to our audit. The number below corresponds to the number we have placed in the margin of South East's response.

It is generally not our practice to include specific references to the law or regulation that underlie our recommendations. We believe that in this case the additional detail suggested by South East is not necessary for understanding the recommendations we made to the special education local plan areas we reviewed.

①

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January 2016



Preparing every student to thrive in a global society.

December 15, 2015

Elaine M. Howle
State Auditor
621 Capitol Mall, Suite 1200
Sacramento, CA 95814

RE: East Side Union High School District's Response to Draft Report State Mental Health Audit

Dear Ms. Howle:

This letter will serve as the response of the East Side Union High School District (ESUHSD) to the draft report on Mental Health Services. We wish to acknowledge that the staff from your office has been through and respectful during this process, and we appreciate their diligent work in this process.

The East Side Union High School District is in agreement with, and agrees to implement, the two recommendations found in the Mental Health Audit Report:

1. To better understand the effectiveness of the mental health services in their special education programs, East Side should use the six Education's performance indicators we identified to perform analysis annually on the subset of students receiving mental health services, (p. 7 of draft report)
2. To ensure that they can demonstrate that the contracted personnel who provide mental health services are qualified, East Side and South East should annually obtain and retain copies of contractor personnel lists and the credentials or licenses for personnel who provide mental health services to students in the LEA or SELPA (pp. 15-16).

Please let me know if you have any questions.

Sincerely,

Barbara J. Moore, Ed.D., CCC-SLP
Director, Special Services, ESUHSD
mooreb@esuhsd.org
(408) 347-5171 - office

cc: Chris Funk, Superintendent
Glenn VanderZee, Assistant Superintendent, Instructional Services

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