



EXECUTIVE DEPUTY COMMISSIONER
(518) 473-8381
E-mail: beth.berlin@nysed.gov

April 14, 2017

Mr. Ed Durivage
Assistant Chief Budget Examiner
Division of the Budget
State Capitol, Room 140
Albany, New York 12224

Dear Mr. Durivage:

The Department has enclosed for your consideration its methodology recommendation for the 2017-18 school year reimbursement rates for preschool special education providers.

Special Class and Special Class in an Integrated Setting Methodology

The 2017-18 enacted New York State budget directs the Department to establish an alternative methodology to reimburse approved special class in an integrated setting (SCIS) programs commencing with the 2018-19 school year. Ensuring availability of SCIS placements throughout the state is essential to improving outcomes for preschool students with disabilities and the Department looks forward to working with early childhood education stakeholders as it develops its recommendation to achieve this objective.

For the 2017-18 reimbursement methodology, the Department recommends a 4.85% growth factor to be applied to tuition rates for Special Class and SCIS programs. Following modest growth in reimbursement for the past two years, and six years of no growth prior to that, the Department is receiving significant requests from our providers for funding increases via a tuition waiver. It is not solely the number of requests that is of concern but also the dollar amount being requested by programs to, in most cases, cover allowable expenses that have been incurred but not reimbursed.

Furthermore, analysis of the most recent available rate data indicates that the tuition rates established by the state are reimbursing a declining amount of reported expenses. Tuition rates covered 94.97% of Special Class and SCIS program's gross cost for 2012-13. In order to address this funding gap, the Department recommends returning to 2008-09 funding levels by adding a 1.6% growth factor for 2017-18 rates.

Working to close the funding gap is a necessary step toward the fiscal viability of our programs, but alone it does not recognize the challenges our programs are facing to maintain compliance with expected and required quality standards. Additional resources are essential to recruit and retain qualified teachers and licensed professionals, support the delivery of instruction with supplies, materials and staff development, and respond to increasing costs of insurance, utilities, and lease/rental property. As worthy investments are being made across the state for vital services to individuals with disabilities, the Department recommends that 2017-18 tuition rates for

Special Class and SCIS programs include additional growth of 3.25% to increase the resources directed to meeting our quality standards.

A 4.85% growth factor for 2017-18 tuition rates will help to reduce the number of programs in fiscal distress throughout the state and better ensure accessibility and quality among the programs that serve our youngest student population.

Excessive Teacher Turnover Prevention Funding

Federal and Department data of recent years have evidenced a shortage of Special Education Teachers and Bilingual Special Education Teachers in New York State. Our state's approved special education programs are especially challenged as regional averages show that salary differentials between public school teaching staff and comparable staff teaching in approved programs range from approximately 20% to 50%. As a result of this salary differential, teacher turnover has become a significant problem for our approved programs eroding their ability to maintain qualified faculty. The Department therefore recommends that \$8 million be included in 2017-18 tuition rates specifically targeted to increase teacher compensation. As in prior years, this \$8 million would be distributed via an allocation that considers existing salary levels and would be made available to both preschool and school-age providers.

Minimum Wage Increase

The Department is designing a reporting instrument similar to a survey conducted by the Department of Health with the purpose of obtaining information from each program to determine the specific dollar amount needed to satisfy the new minimum wage law. The Department looks forward to continuing our work with the Division of the Budget to ensure that the new reports will direct additional funding, as appropriate, to programs' prospective and reconciliation tuition rates.

Special Education Itinerant Services

With respect to the reimbursement rates for Special Education Itinerant Services (SEIS), the Department recommends continuing the regional rate methodology adopted in 2015-16 with "Year Three Phase-In Rates" for 2017-18. The Department also recommends that the group SEIS rates adopted for 2015-16 continue to be in effect for the 2017-18 reimbursement methodology.

Multidisciplinary Evaluation Programs

Multidisciplinary Evaluation (MDE) programs approved pursuant to section 4410 of the Education Law are responsible for performing the appropriate and required assessments and preparing summary reports to ensure a timely evaluation of a preschool student's individual needs. Providers and stakeholders are raising concerns with the Department that reimbursement rates for MDE programs do not reflect the actual costs of the program. While the Department does not receive detailed cost reports from MDE providers, it does receive expense and revenue data from those MDE providers that also operate other approved special education programs. The data illustrates that reported MDE expenses exceeded revenues by 8.29% in 2012-13. Until a method is established to rebase MDE rates, the Department recommends that a growth factor of 4.85% be applied to 2017-18 MDE rates.

County Transportation Rates

If the Department's recommendation for 4.85% growth in tuition reimbursement is approved, then the 2017-18 preschool transportation reimbursement should also be allowed to grow by 4.85%. Even with this increase, the existing regional ceilings for the maximum allowable state reimbursement may not compensate Counties for the actual expenses they incur. Therefore, the Department will review recent reported data to determine if rebasing the regional ceilings would better reflect County costs for providing transportation to preschool students with disabilities.

Interim Plus Rates

In last few years, the Department's tuition rate processing time has significantly increased. This is due to staff turnover combined with increasing tuition waiver requests, audits of preschool special education providers, capital project applications, and demands for technical assistance from our providers. In addition to this work, in 2017-18 staff resources will need to be directed to establishing a new SCIS methodology and creating a database for special education provider data as provided in the enacted state budget. Because our current rate processing time results in many programs waiting until the end of the school year to receive approved funding increases, the Department recommends that Interim Plus rates be issued for 2017-18. These rates would be calculated as Interim Rates (a carryforward of a prior certified rate) plus approved growth, Excessive Teacher Turnover Prevention funds, and Minimum Wage dollars. Interim Plus rates are vital to our programs receiving these intended and essential investments while the Department works to improve its processing time and meet other expectations.

We look forward to working with the Division of the Budget on the initiatives detailed above. Department staff and I are available to answer any questions you may have and to discuss the initiatives further at your convenience.

Sincerely,



Elizabeth R. Berlin

c: Suzanne Bolling
Christopher Suriano