



April 12, 2021

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

Dear Mr. Smingler:

The New York State Education Department (NYSED or the Department) has enclosed for your consideration our proposed 2021-22 school year tuition rate setting methodology recommendations for preschool special education providers.

Special Class, Special Class in an Integrated Setting (SCIS), Special Education Itinerant Services (SEIS), Multidisciplinary Evaluation, 1:1 Aide and Preschool Transportation Rates

The Department recommends that the 2021-22 tuition rate setting methodology for preschool special class programs, SCIS, SEIS, multidisciplinary evaluation programs, 1:1 aide rates and county preschool transportation rates include a 7.0% trend factor, commensurate with the growth provided in state aid for the 2021-22 school year.

Excessive Teacher Turnover Prevention Program

The Department recommends a continuation of \$8 million for Excessive Teacher Turnover Prevention Program (ETTPP) funding to be shared among the approved private preschool special class and special class in an integrated setting (SCIS) programs, nonpublic schools with an approved special education program (853 schools), and Special Act School District programs. The distribution formula used in prior years, based on a comparison of regional average teacher salaries, would continue and be incorporated into 2021-22 tuition rates for new awards.

Minimum Wage Funding

As in past years, additional funding that is made available to reimburse salary and related fringe benefit increases attributed to new minimum wage requirements will be added to tuition rates for preschool special class and SCIS programs based on the results of a provider minimum wage survey.

Continuation of Rate Flexibility Previously Approved

The Department recommends the continuation of tuition rate calculation flexibility first approved in 2018-19 to utilize the higher of two authorized rates from different points in time (adjusted for approved trend factors) as the basis of the total cost screen calculation for preschool special class and SCIS programs. Furthermore, for SCIS programs, the Department recommends the continuation of previously approved changes to the offsetting revenue adjustments for integrated programs (allowing adjustments to be based on actual revenue received).

Furthermore, the Department recommends the following school-age reforms be expanded to include preschool special class and SCIS programs, with some modifications to reflect COVID-19 pandemic driven issues, as follows:

- An enrollment adjustment factor to be applied as part of the rate reconciliation process to stabilize tuition revenue on a time-limited basis. For the 2021-22 reconciliation tuition rates, SED is requesting that the enrollment adjustment factor be expanded to a five (5) percentage point reduction or greater in enrollment-to-capacity percentage from the 2016-17 through 2018-19 three-year average enrollment-to-capacity percentage. This request is supported by enrollment survey data collected from providers in February 2021 that indicates a high percentage of providers were impacted by an enrollment decrease of five percentage points in the 2020-21 year due to the pandemic. SED anticipates that this low enrollment trend will continue into the 2021-22 school year. NYSED also recommends that providers be able to submit tuition rate waiver requests on a case by case basis to address specific situations regarding enrollment declines; and
- Elimination of final rate reconciliations where providers would experience less than a 1% change in the per-student reimbursement rate.

Interim Plus Growth Rates

For preschool special class and SCIS programs that do not have a 2021-22 prospective rate set by July 1, 2021 (for 2 month rates) or by September 1, 2021 (for 10 month rates), to assist providers with their cash flow needs, the Department recommends that, when interim rates are issued, such rates include the applicable approved 2021-22 tuition reimbursement growth.

Discontinuation of Reconciliation Rates

The Department engaged with stakeholders to develop a recommended approach to discontinuing the issuance of annual reconciliation rates effective with the 2020-21 tuition rate year. The Department's 2020-21 tuition methodology proposal recommended elimination of annual reconciliation of tuition rates along with a recommendation that the prospective tuition rates for the following four years be established based on the prior year's prospective tuition rate, plus approved annual trend factor and approved targeted

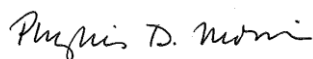
funding initiatives, with a reconciliation of provider's funding at the end of the five year period. However, given the challenges faced by providers and stakeholders during the pandemic, NYSED is recommending revisiting this initiative for the 2022-23 school year, to allow time for the special education provider community's operations to stabilize in the wake of the COVID-19 pandemic.

Reimbursement Impacted by COVID-19

- 2021-22 Reconciliation Waivers: The Department is requesting DOB's expedited and streamlined approval on tuition waivers for 2021-22 reconciliation rates for providers impacted by either the non-direct care cost screen and/or the total cost screen as a result of extraordinary expenses incurred as a response to the COVID-19 pandemic.
- COVID Stimulus Funds: The Department is recommending that extraordinary federal aid received by providers, including but not limited to federal Paycheck Protection Program (PPP) and Emergency Assistance to Non-Public Schools (EANS) revenue, be treated as offsetting revenue for 2021-22 reconciliation tuition rate calculations, with providers' prospective rates in future years held harmless from the impact of extraordinary federal aid offset against expenses in a prior year's tuition rate.

Thank you for your consideration of our recommendations. Please let us know if you have any questions or would like to meet to discuss.

Sincerely,



Phyllis D. Morris

Enclosure

cc: Commissioner Rosa
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