



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

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April 13, 2018

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

Dear Mr. Smingler:

The Department has enclosed for your consideration the proposed 2018-19 school year tuition rate setting methodology recommendations for school-age providers.

#### *Tuition Increase*

The Board of Regents has approved as priority legislation the creation of a statutory growth index for the tuition reimbursement methodology for Special Act School Districts and in-state approved private schools serving students with disabilities (853 schools) and to authorize these school districts and schools to establish a general reserve fund. We believe that these measures provide long-term predictability and stability for the programs that serve students with the most severe disabilities in our State. As these measures have not yet been adopted into law, the Department submits its administrative recommendation that the 2018-19 tuition rate setting methodology for school-age providers include a 3.4% trend factor commensurate with the growth provided in school aid for the 2018-19 school year.

#### *Excessive Teacher Turnover Prevention Grant*

The Department recommends an increase of \$4 million (\$8 million total) for Excessive Teacher Turnover Prevention funding to be shared among preschool center-based, 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 2018-19 tuition rates for new awards. The additional funds would allow the Department to consolidate both preschool and school-age providers into the same single funding cycle and allow them to proportionately share the entire \$8 million allocation.

#### *Minimum Wage Funding*

The Department anticipates that it will issue a minimum wage survey next month to calculate additional funding that will be added to tuition rates for 853 schools and Special Act School Districts. The additional funding will reimburse salary and related fringe benefit increases attributed to new minimum wage requirements. We thank the Division of the Budget for their efforts in assisting the Department with developing the survey and look forward to its implementation in the near future.

*Continuation of Rate Flexibility Previously Adopted*

The Department recommends the continuation of tuition rate calculation flexibility approved in 2014-15. These recommendations specifically include:

1. An enrollment adjustment factor to be applied as part of the rate reconciliation process to stabilize tuition revenue on a time-limited basis.
2. Utilization of 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.
3. Elimination of final rate reconciliations where providers would experience less than a 1% change in the per-student reimbursement rate.

*Interim Plus Rates*

Unfortunately, the Department continues to have a backlog in processing special education tuition rates which prevents us from issuing tuition rates in a timely manner. To ensure that providers receive essential funding at the start of the school year, the Department recommends that “Interim Plus” rates be issued for 2018-19. These rates would be calculated as a carryforward of a recent year’s certified rate with funding added for minimum wage, Excessive Teacher Turnover Prevention, and applicable approved 2018-19 tuition reimbursement growth.

We look forward to working with the Division of the Budget on the above initiatives. 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

Enclosure

c: Christopher Suriano  
Harold Matott  
Suzanne Bolling