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March 30, 2018

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

Dear Mr. Smingler:

Pursuant to Chapter 59 of the Laws of 2017, the New York State Education Department (Department) is submitting its recommendations for an alternative reimbursement methodology for preschool Special Class Integrated Setting (SCIS) programs. As directed by the law, our recommendations are informed by stakeholder feedback obtained through survey responses, seven in-person and webcast meetings, and written comments. The content and materials for this work may be accessed at:

<http://www.oms.nysed.gov/rsu/Announcements/SCIS/SCISInformation.html>

The importance of preschool inclusion is reflected in our State's legal responsibilities and supported by early childhood research. School districts are required to provide preschool special education services in the least restrictive environment (LRE) to children identified as preschool students with disabilities. Section 4410 of the NYS Education Law explicitly directs school district Committees on Preschool Special Education (CPSE) to first consider providing special education services in a setting which includes typically developing peers prior to recommending a setting which includes only preschool students with disabilities. Furthermore, numerous studies have shown the benefits of inclusion through significant developmental and achievement gains for preschool students with disabilities and positive social-emotional impacts for all students in the classroom.¹ The importance of early experiences and the serious and long-term consequences for children in the education pipeline was echoed in Governor Cuomo's First 1,000 Days on Medicaid Initiative. For these reasons, the LRE Implementation Policy of the Board of Regents establishes that all students with disabilities must have equal access to a high-quality program based on their individual needs and abilities, which is designed to enable them to achieve the desired learning results established for all students.

¹ Lawrence S., Smith S., & Banerjee R. (2016). *Preschool Inclusion, Key Findings from Research and Implications for Policy*. Overall, the research provides support for inclusion as a strategy for improving key competencies related to later school success, and for helping children with disabilities become more fully engaged in the social life of preschool classrooms, 4. http://nccp.org/publications/pdf/text_1154.pdf

Despite our commitment to ensuring LRE, preschool inclusion opportunities in New York State are lacking. As required by the Individuals with Disabilities Education Improvement Act of 2004 (IDEA), our State Performance Plan indicates significant variation in preschool LRE placements by region of the State and by school district.² Additionally, claims for reimbursement for the 2013-14 school year demonstrate that nearly twice as many children attending a preschool special class are placed in a segregated rather than an integrated setting.³ Although the full continuum of special education programs and services must be made available to all preschool students with disabilities, more than half of the counties in our State have either no SCIS or just one SCIS program located within their boundaries and 86% of school districts responding to the Department's survey identified a need for more SCIS programs in their area.

Through our engagement efforts with school districts, providers, early learning advocates and oversight agencies, the Department identified the most critical challenges facing our State's efforts to promote preschool inclusion: (1) an insufficient number of SCIS programs and an increasing threat of SCIS program closures; (2) lack of typically developing peers in SCIS classrooms; (3) inequities within the classroom due to separate funding and oversight structures; (4) lack of predictable funding to reimburse actual total program expenses; and (5) differing views as to what funding stream should be used to pay program expenses.

Responding to these challenges must not consider SCIS in isolation of the other early childhood settings where preschool-aged children are served. SCIS programs by regulation must include typically developing peers; however, in some cases, investments in early childhood programs have the unintended consequence of decreasing opportunities for inclusion when those programs are not programmatically or fiscally equipped to serve preschool students with disabilities. Preschool inclusion must be addressed comprehensively through multiple program delivery models to ensure that preschool students with disabilities are equitably included in the State's early childhood programs alongside their typically developing peers.

Board of Regents Early Childhood Workgroup's Blue-Ribbon Committee Recommendation

To achieve inclusion, early childhood programs must have the mindset that preschool students with disabilities have a right to fully participate in the program. It is not a mindset of separate "general education" and "special education" programs but rather one program serving all students who are learning together. Reimbursement should follow this approach and toward that effort the Board of Regents has adopted a budget priority as part of its Early Childhood Work Group's Blue-Ribbon Committee recommendations to develop a single reimbursement structure for preschool inclusion.

Specifically, the Board of Regents has requested \$6 million for pilot programs that would target funding to half-day and full-day 10-month and summer inclusion prekindergarten programs for three and four-year-old children. The inclusion program would be treated as one program where all students are enrolled and funded under a single reimbursement methodology. Under this approach, funds would be blended and layered with existing prekindergarten and preschool special education funding to support classrooms comprised of both preschool students with and

² <http://www.p12.nysed.gov/specialed/spp/2013/ind6.htm>

³ In 2013-14 there were 23,867 children claimed as attending a Special Class program and 13,761 for SCIS.

without disabilities. Ideally, effective reimbursement strategies learned through the pilot program would be replicated and expanded throughout the State. The Department is hopeful that resources could be directed to this important initiative in the future.

New York State's First 1,000 Days on Medicaid Initiative

Governor Cuomo's First 1,000 Days on Medicaid Workgroup brought together a cross-section of over 200 stakeholders from the fields of education, health care, child welfare, and child development to develop recommendations to improve outcomes for our youngest learners, ages 0 – 3 years old who are in their first 1,000 days of life. Throughout the deliberations, it was clear that early experiences effect brain development which contribute to significant disparities in learning by school entry. Many of the First 1,000 Days on Medicaid Workgroup recommendations identified an opportunity for cross-sector collaboration to strengthen communication, share information and combine funding among systems to better align resources and expand services. These types of coordinated efforts that bring together multiple sectors will truly help improve outcomes for our youngest New Yorkers. It is important that similar efforts be replicated in our early learning systems to enable our children with special needs to experience inclusion in preschool programs, which will influence their opportunities to join general education classrooms in kindergarten and beyond.

Recommendations to Improve the Existing Separate Funding Structure

Until resources are provided to develop a single reimbursement methodology for preschool inclusion, steps must be taken to better align the State's separate early childhood funding streams and program expectations for preschool inclusion. Toward that effort, the Department has three priority areas for its preschool inclusion recommendations:

1. Promote Inclusion Principles in Existing Early Childhood Programs
2. Create Preschool Inclusion Program Models and Staffing Standards
3. Improve the Existing Separate Funding Structure to Better Reflect Inclusion Objectives

1. Promote Inclusion Principles in Existing Early Childhood Programs

Securing opportunities and funding for preschool inclusion must be a combined and coordinated effort shared among all early learning stakeholders. The Department intends to update its guidance on school district's responsibilities relating to preschool student placements and LRE and to develop an inclusion principles self-assessment tool to assist early childhood programs with determining whether preschool students with disabilities have equal access to all classroom benefits. To better align State-Administered Prekindergarten funding with the school districts' responsibility to promote preschool inclusion, the Department recommends that SCIS students be enrolled and funded as part of the State Administered Prekindergarten programs. Under this recommendation, SCIS students would be "dually enrolled" (counting as enrolled in both programs) and "dually funded" (receiving funding under both programs) in SCIS and State Administered Prekindergarten programs to offer preschool students with disabilities the same opportunities afforded to other resident students. Furthermore, to remove any barriers to a school district serving its resident students, the Department recommends that school districts be

authorized to serve SCIS students in district-operated State Administered Prekindergarten programs without separate approval.

2. Create Preschool Inclusion Program Models and Staffing Standards

Expanding the continuum of special education programs available to schools seeking to provide high-quality inclusive programs aligns with the Department's blueprint for improved results for students with disabilities. In terms of preschool inclusion, the Department is creating new program models to better reflect inclusion principles that may be implemented in a variety of early childhood settings to meet the individualized education program (IEP) needs of preschool students with disabilities and benefit all students in the classroom. In addition to the inclusion program models, Department staff are developing staffing standards to identify and quantify the number of early childhood and special education staff required to operate high-quality inclusion programs. As part of 2019-20 tuition reimbursement methodology, it is our intent to work with the Division of the Budget to align funding with these new inclusion program models and staffing standards to better reflect desired program objectives through a more predictable and transparent tuition reimbursement methodology.

3. Improve the Existing Separate Funding Structure to Better Reflect Inclusion Objectives

The Department's comprehensive recommendations to promote preschool inclusion will remain a priority as we pursue these initiatives through guidance, changes to regulation, and Board of Regents' legislation and budget requests. While we advance these efforts, providing immediate fiscal relief and flexibility is necessary to preserve and encourage inclusion opportunities in the upcoming school year.

An investment in SCIS is not solely about more funding. It is about targeting resources to programs that maximize the benefits of early learning for all children. In addition to serving preschool students with disabilities, SCIS programs offer a high-quality learning environment for typically developing children, with the added benefit of having the expertise to identify and address delays in development which might otherwise be overlooked. Preschool inclusion opportunities have lasting effects as a longitudinal study commissioned by the Department found "the more integrated the preschool special education settings, programs and services, the more integrated the kindergarten placement."⁴ Ultimately, resources not directed at SCIS instead increase State and county obligated spending for preschool segregated special classes and high-frequency delivery of special education itinerant services, which may be more costly. At a time where our State is prioritizing meaningful investments in early childhood learning, it is essential that this funding be directed to programs that serve children of all abilities together rather than funding separate programs to serve them apart.

For these reasons, for the 2018-19 school year specifically, the Department recommends that the Division of the Budget approve the following as part of approved tuition rate setting methodology:

⁴ <http://www.p12.nysed.gov/specialed/preschool/study/intro.pdf>

1. Provide 6% in growth in tuition rates for existing SCIS programs – this represents the funding gap between the allowable expenses sought for reimbursement and the amount actually reimbursed to SCIS programs in the 2013-14 school year.
2. Allow budget-based rates for initial SCIS programs to reflect Department developed preschool inclusion staffing standards;
3. Allow flexibility in how maximum funding levels are calculated year to year for SCIS programs; and
4. Limit the offsetting revenue to the amount of actual revenue received by a SCIS program.

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

Sincerely,

A handwritten signature in dark ink, appearing to read "Elizabeth R. Berlin". The signature is fluid and cursive, with the first name being the most prominent.

Elizabeth R. Berlin

Enclosure

c: Jhone Ebert
Angélica Infante-Green
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