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To: Approved special education providers (ASEPs)
From: New York State Education Department (NYSED) Rate Setting Unit (RSU)
Subject: Extraordinary federal COVID-19 revenue reporting guidance

Background

Chapter 56 of the Laws of 2021 requires Paycheck Protection Program loans and other federal COVID-19 pandemic revenue to be treated as off-setting for tuition rate setting.

Issue

Some ASEPs are facing a one-time rate decline because the federal revenue and the related program expenses are not recognized in the same year on the Consolidated Fiscal Report (CFR). NYSED understands that this may cause real hardship for some ASEPs and has conveyed our concerns to the Division of Budget and the legislature. We hope the legislature and Governor's Office will address this issue.

Recommendation

In the absence of a legislative solution, RSU recommends that ASEPs consider reporting the offsetting revenue on the CFR in the same year that the relevant expenses were incurred. The federal revenue would be reported as a "reconciling item," which represents and explains a difference between the CFR and the financial statements prepared by a Certified Public Accountant (CPA).

Those who have already filed CFRs with mismatched federal revenue and expenses should consider amending them to recognize revenue and expenses in the same year.

Providers must consult with their CPAs to determine whether this approach will work for them. Ultimately, NYSED defers to the professional judgement of each CPA on this matter – there may be factors (e.g., federal funding terms and conditions) that prohibit this approach for some. And the recommendation only applies to special education providers that receive tuition from NYSED.

Providers may consult with their assigned accountant in RSU to learn whether a tuition rate waiver may also be an option for addressing any rate declines. If a rate does decline, as stated in the tuition rate setting methodology, NYSED is authorized to hold tuition rates harmless in subsequent school years to ensure that this federal revenue has no lasting negative impact on rates.