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To: District Superintendents, Superintendents and Executive Directors of Approved Preschool Programs Serving Students with Disabilities, and County Officials

From: Suzanne Bolling

Subject: Tuition Rate Setting Methodology for 2015-16 Tuition Rates for Preschool Special Education Itinerant Services Providers Serving Preschool Students with Disabilities

Date: 11/10/15

This memorandum communicates the 2015-16 tuition rate setting methodology to service providers operating approved preschool special education itinerant services (SEIS) programs under section 4410 of the Education Law and other interested parties. The July 2015 Reimbursable Cost Manual (RCM), which defines reimbursable costs for the 2015-16 school year will be available at the Rate Setting Unit's website: <http://www.oms.nysed.gov/rsu/>

Section I: General Rate Setting Methodology

The following methodology components may be used in whole or in part, pursuant to Section 200.9 of the Regulations of the Commissioner, to establish the 2015-16 tuition rates for approved programs providing SEIS to preschool students with disabilities, as defined in Section 200.16 (i)(3)(ii) of the Regulations.

Rates for SEIS programs are established as half-hour rates and billing by programs to municipalities must be done in half-hour units of time. Pursuant to Chapter 56 of the Laws of 2014, and section 200.9(f)(2)(ix)(d) of the Regulations of the Commissioner, 2015-16 SEIS rates are to be paid for each unit of service delivered, not to exceed the recommendations for such services in the student's individualized education program (IEP).¹ Furthermore, pursuant to Chapter 56 of the Laws of 2015, the 2015-16 SEIS rates represent the first year of a four year phase-in to regional tuition rates based on average actual costs. The regions designated for the SEIS regional rates are the labor force regions of New York State, which are used in the calculation of the regional cost index (see Attachment I). Each SEIS program's regional rate is based on the region in which its program administrative office is located.

¹ Please see the Policy on Make-Up Services of Missed Special Education Itinerant Services (SEIS) Sessions in the October 2015 Field Advisory: <http://www.p12.nysed.gov/specialed/publications/2015-memos/SpecialEducationItinerantServicesforPreschoolChildrenwithDisabilitiesSEIS.html>

The SEIS regional rates calculated in 2015-16 are calculated by dividing the 2011-12 reimbursable expenditures within a region, after adjustments, by 93 percent of the 2011-12 mandated billable units of service within the corresponding region. In order to phase-in the SEIS regional rates over a four year period, each SEIS program will continue to receive an individual rate over this period. SEIS programs will receive a year one phase-in rate for 2015-16; a year two phase-in rate for 2016-17; and year three phase-in rate for 2017-18; and a year four phase-in rate for 2018-19, which will result in the same regional rate being issued for all providers whose administration offices are located within the same geographic region. A future tuition rate setting methodology established by the Department and approved by the Division of the Budget may alter or amend the SEIS regional rates, if warranted.

As in previous years, each provider's financial data is reviewed by staff of the Rate Setting Unit (RSU) and any necessary adjustments are made in accordance with section 200.9 of the Commissioner's Regulations and the Reimbursable Cost Manual (RCM), as applicable. This process is completed prior to the application of cost screens. The basic components of the tuition rate setting methodology and other factors used to calculate the SEIS regional rates are described below:

A. Minimum Billable Units, Teacher Compensation Median Adjustments & Supervising Teacher Reclassification

In addition to the individual adjustments made pursuant to regulation and the RCM, the following specific adjustments were made to all providers' 2011-12 reported financial data in the calculation of the SEIS regional rates, prior to the application of cost screens:

1. Minimum Billable Units Adjustment: In accordance with Section 200.9(f)(2)(ix)(c) of the Commissioner's Regulations, an adjustment to the teacher session hours paid was made if billable time did not constitute a certain percentage of teachers' total employment hours. Attachment II reflects the percentage thresholds of billable time each program must meet, depending on the county in which the program's administration offices are located. The thresholds are based on geographic sparsity; counties with fewer students per square mile enrolled in public school districts have lower thresholds. No adjustment is applied where the billable time meets the applicable threshold of 66, 64, 62, or 60 percent of teachers' total employment hours.
2. Teacher Compensation Median Adjustment: Teacher salaries and fringe benefits paid were reduced if total compensation exceeded the 2011-12 median salary of full-time special education teachers in the public school districts located within the county, or for the New York City School District within the New York City region, in which the SEIS program is located plus the statewide public fringe benefit rate for 2011-12, of 47.91 percent.²
3. Supervising Teacher Reclassification: Supervising teacher salaries and fringe benefits were reclassified to Position Title Code 518 – Supervising Teacher so that the associated costs would be categorized as non-direct care expenses for the purposes of calculating the SEIS regional rates.

² Salary percentiles may be accessed at <http://www.p12.nysed.gov/irs/pmf/2011-12/2012-Stat-04.pdf>.

B. Prospective Trend Factor

For the 2015-16 year one phase-in rates, no trend factor was applied to reimbursable 2011-12 base year costs for all SEIS programs.

C. Non-direct Care Cost Parameter

The non-direct care cost parameter limits the amount of non-direct care costs that will be reimbursed through the tuition rate to 25 percent of the reimbursable costs after adjustments. The reimbursable limit for non-direct care costs can be calculated by multiplying adjusted direct care costs by .3333, which is the ratio of 25/75 for non-direct care/direct care costs.

D. Applied Revenues

Applied revenues are subtracted from total adjusted costs after the application of the non-direct care cost parameter.

E. Total Cost Screen

Half of the amount removed by the 2011-12 total cost screen was not applied to reimbursable costs for: all programs located in the state whose 2011-12 reconciliation tuition rates were less than the regional weighted average rates for 2011-12; programs having a billable time threshold of 60, 62 or 64 percent; and programs located in the North County, Finger Lakes, Western, and the combined region of Mohawk Valley, Central, and Southern Tier regions.

F. Student Absentee Factor

The SEIS regional rates are calculated by dividing the 2011-12 reimbursable expenditures within a region, after adjustments, by 93 percent of the 2011-12 mandated billable units of service within the corresponding region. This calculation provides a student absentee factor of seven percent and results in programs being held harmless to the 2011-12 per unit cost of reimbursement once 93 percent of the mandated billable units of service are provided.

G. 2015-16 Reconciliation Process

The 2015-16 year one phase-in rates to SEIS regional rates will not be subject to reconciliation.

H. Rates Based on Audit

The 2015-16 year one phase-in rates shall be subject to adjustment based on a final audit of actual program expenses, revenues, enrollment and other relevant program information. The final audit report shall be used to establish tuition rates based on audit. The rates based on audit shall be developed by the Commissioner and certified by the Director of the Budget. Upon the certification of rates based on audit, any overpayment will be reimbursed to the appropriate municipality by the approved program, or any underpayment will be paid

by the appropriate municipality to the approved program. Any overpayment or underpayment to the appropriate municipality by the state shall be adjusted accordingly upon certification of the rates based on audit.

Section II. Specific Provisions to the Rate Setting Methodology

A. Four-Year Phase-in to Regional Rates

a. The SEIS regional rates are as follows:

Region	SEIS Regional Rates
Long Island/New York City	\$46
Hudson Valley	\$40
Capital District	\$36
North Country	\$32
Mohawk Valley/Central/Southern Tier	\$33
Finger Lakes	\$34
Western	\$32

b. SEIS regional rates will be phased-in over a four year period, starting with the 2015-16 rate year, and applied to each SEIS program’s base year rate. For purposes of the phase-in to regional rates, a program’s “base year rate” is its 2015-16 Interim Rate or the most recently authorized reconciliation or audit rate. A seven percent absentee factor will be applied to the base year rate if the program’s base year rate is below the 2011-12 weighted average rate by region³ after the application of a seven percent absentee factor to the 2011-12 weighted average rate. The base year rate is then compared to the SEIS regional rate and the difference is either added to or subtracted from the base year rate following the schedule below.

c. The following phase-in schedule will be applied to each program’s base year rate:

- i. 2015-16 Year One Phase-In at 15 percent of the difference between a program’s base year rate and the SEIS regional rate.
- ii. 2016-17 Year Two Phase-In at 40 percent of the difference between a program’s base year rate and the SEIS regional rate.
- iii. 2017-18 Year Three Phase-In at 70 percent of the difference between a program’s base year rate and the SEIS regional rate.
- iv. 2018-19 Year Four Fully Phased-In with the same regional rate being issued for all providers whose administration offices are located within the same geographic region.

³ The 2011-12 weighted average rates are calculated by dividing the 2011-12 total reimbursable costs within a region by the 2011-12 total number of adjusted units within a region.

B. Programs Granted Initial Approval in 2015-16

SEIS programs granted initial approval in 2015-16 will have their 2015-16 rate established at the 2015-16 SEIS regional rate applicable to the region in which their administration offices are located.

C. Interim Rates

For the 2015-16 school year, interim rates have been issued to approved SEIS programs, if warranted. These rates are in effect until the 2015-16 year one phase-in rates are certified.

D. 2015-16 Regional Rates for Group Sessions

In instances where the IEP indicates that the student may receive group SEIS, the SEIS provider is to bill for each session at the applicable regional group rate corresponding to the number of students in attendance in the group when the service is provided. For example, if SEIS is delivered to a group of three students, the program may bill at the applicable group regional rate for three students in attendance, prorated equally among the students in attendance, and then bill to the appropriate municipality based on each student's municipality of residence. If SEIS is delivered to a group of two students, the applicable group regional rate for two students in attendance is to be prorated equally among the two students and then billed to the appropriate municipality based on each student's municipality of residence. In the case were SEIS is provided to one student, the provider is to bill at the individual group regional rate for one student in attendance, which is equivalent to the SEIS regional rate for the region where the provider's administration offices are located.

Region	Group Regional Rate One Student in Attendance	Group Regional Rate Two Students in Attendance	Group Regional Rate Three Students in Attendance
Long Island/New York City	\$46	\$68	\$90
Hudson Valley	\$40	\$58	\$78
Capital District	\$36	\$52	\$69
North Country	\$32	\$48	\$60
Mohawk Valley/Central/Southern Tier	\$33	\$50	\$63
Finger Lakes	\$34	\$50	\$66
Western	\$32	\$48	\$63

The above group SEIS regional rates are effective for 2015-16 with no phase-in period.

The July 2015 Reimbursable Cost Manual (RCM), which defines reimbursable costs for the 2015-16 school year will be available at the Rate Setting Unit's website; <http://www.oms.nysed.gov/rsu/>. Inquiries regarding 2015-16 tuition rates should be directed to the RSU staff accountant who processed the school's 2013-14 financial reports. RSU staff telephone numbers and e-mail addresses are available at the Rate Setting Unit's Website at http://www.oms.nysed.gov/rsu/Contact_Us/employees.html. The general office information is listed below:

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Enclosures:

- Attachment I: Regional Cost Index – Revised Department of Labor Regions
- Attachment II: Billable Time Threshold By County

c: James P. DeLorenzo
Steven Wright

ATTACHMENT I

2012 REGIONAL COST INDEX- REVISED DEPARTMENT OF LABOR REGIONS

CAPITAL DISTRICT

Albany
Columbia
Greene
Rensselaer
Saratoga
Schenectady
Warren
Washington

MOHAWK VALLEY

Fulton
Herkimer
Montgomery
Oneida
Otsego
Schoharie

CENTRAL

Cayuga
Cortland
Madison
Onondaga
Oswego

NORTH COUNTRY

Clinton
Essex
Franklin
Hamilton
Jefferson
Lewis
St. Lawrence

FINGER LAKES

Genesee
Livingston
Monroe
Ontario
Orleans
Seneca
Wayne
Wyoming
Yates

SOUTHERN TIER

Broome
Chemung
Chenango
Delaware
Schuyler
Steuben
Tioga
Tompkins

HUDSON VALLEY

Dutchess
Orange
Putnam
Rockland
Sullivan
Ulster
Westchester

WESTERN

Allegany
Cattaraugus
Chautauqua
Erie
Niagara

LONG ISLAND/NEW YORK CITY

Nassau
New York City
Suffolk

ATTACHMENT II
2015-16 Billable Time Threshold By County

60%	62%	64%	66%
Allegany	Cattaraugus	Broome	Albany
Chenango	Cayuga	Chautauqua	Dutchess
Clinton	Columbia	Chemung	Erie
Delaware	Cortland	Fulton	Monroe
Essex	Greene	Genesee	Nassau
Franklin	Jefferson	Madison	New York City
Hamilton	Livingston	Montgomery	Niagara
Herkimer	Orleans	Oneida	Onondaga
Lewis	Seneca	Ontario	Orange
Otsego	Steuben	Oswego	Putnam
Schoharie	Tioga	Rensselaer	Rockland
Schuyler	Warren	Tompkins	Saratoga
St. Lawrence	Washington	Ulster	Schenectady
Sullivan	Wyoming	Wayne	Suffolk
Yates			Westchester