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- **You must respond to at least 3 of the 4 polling questions per CPE hour**

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Agenda

Tuition Rate Waivers for SED Programs

- Introduction

- Current SED Environment

- Impacts of Extraordinary Federal/State/Local Aid

- How to Address Losses in SED Programs

- Filing Tuition Rate Waivers

- Questions

Meet the Presenters

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Current SED Environment

- Effects of the pandemic
  - 2019/20 – School Closure 3/16/2020
    - Enrollment good
    - Expenses declined – Underspending & sometimes Non-Direct Care (NDC) Screen losses
  - 2020/21 – Remote learn
    - Low Enrollment – Closure of classrooms
    - NDC & TCS Issues
      - Hold Harmless of 5% available
        - Calculated on operating capacity, not certified
        - Only addresses Total Cost Screen (TCS) issues
        - NDC only addressable through "Expedited Waiver"

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Current SED Environment

- Effects of the pandemic
  - 2021/22 – Back to in-person
    - Difficulty in getting teaching staff
    - Closure of classrooms
    - NDC & TCS Issues
      - Hold Harmless of 7.5% available – Calculated on Operating Capacity
      - Only addresses TCS issues
      - NDC addressable through "Expedited Waiver"
  - 2022/23 – Continuation of problems
    - Teaching staff shortages getting worse
      - Expansion of 3-K for All
  - 2023/24 – Still struggling

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Impact of Extraordinary Federal/State/Local Aid

- Multiple Funding
  - PPP
  - ERC
  - PRF
  - EANS
  - GEER
  - ESSER
  - Childcare Stabilization Grant
  - NYC Preschool Enhancement Contract
- Challenge on how to use them
  - Bucketize

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Impact of Extraordinary Federal/State/Local Aid

- CFR reporting & Impact on Reimbursement
  - CFR Manual – Report on Line 79 Federal Grants
    - "Report only the amount of the PPP loan that was forgiven and recorded as revenue or as a gain on the extinguishment of debt"
  - CFR FAQs – How do you report PPP on the CFR?
    - "The amount of loan forgiveness of the PPP, should be reported on the CFR in the program(s) in which the PPP loan was reported as being used for eligible expenses, in order to qualify the Provider Agency for the loan forgiveness"
  - Disconnect between when the expenses incurred & revenue is reported – 2-to-3-year lag

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Impact of Extraordinary Federal/State/Local Aid

- Using PPP in SED programs
  - 1:1 Aides
  - Evaluations
  - EI
  - Non-funded, *e.g.,* Fundraising or after school
  - Unfunded losses – Total Cost Screen losses
    - When 24 weeks spans two school years
  - Unfunded losses – Non-Direct Screen losses
    - Problem with order of rate setting – non-direct care before offsetting revenue
    - Put NDC expenses in the Other column – CFR-2 Column 9
    - SED's unofficial recommendation to report revenue on CFR before earned
    - Offsetting in the year reported & schools will need a waiver to address

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How to Address Losses in an SED Program

Not a lot of choices

- Decrease expenses
- Increase utilization
- Increase tuition rates
- File tuition rate waivers – Last resort

Maintain teaching staff

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I Can't Retain Teachers; the Program Is Losing Money. What Should I Do?

- Answer A. Give salary increases to try & retain my teaching staff

- Effect of closing classrooms
  - Lost Revenue 10 students @ $45,000 $(450,000)
  - Savings
    - 1 Teacher Salary & Fringes $80,000
    - 2 Assistants Salary & Fringes $50,000
    - Marginal Related Service $0 to $48,000
    - Total Savings $178,000
  - Net loss $(272,000)
  - Plus, potential NDC losses   (70,000)
  - Potential full impact $(342,000)

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How to Address Losses in an SED Program

- Non-direct cost screen losses

- Reduce non-direct costs
  - Administration
    - Program
    - Agency admin
  - Restructure program or agency administration
    - Decentralize or push down administration functions
  - Facility costs
    - Building & support staff
    - Rent

- Re-class expenses to direct categories
  - Impact $1.42 for every $1.00 reclassed

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How to Address Losses in an SED Program

- Total Cost Screen losses
  - Identify what is causing the losses
    - IEP-mandated service changes
      - Related service
      - Class ratios
    - Compliance issues
    - Increased hours of service
    - Vacant staff positions
    - Analysis of cost increases on a per-student basis
      - Identify areas for possible appeal

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Filing Tuition Rate Waivers

- What is appealable?

  - Even SED doesn't seem to know

    > • SED is finding it increasingly difficult to obtain DOB's approval on tuition rate waivers. We have asked repeatedly, without success, for DOB to provide us with established criteria upon which DOB will approve a waiver request. In the absence of such criteria, SED attempts to develop a waiver rationale, only to have the request denied by DOB after countless questions are asked and answered. More timely issuance of initial billing rates will not be realized in the absence of a commitment from DOB to assist providers who are struggling financially with their pending waiver requests.

    - *Commissioner Rosa's Letter to DOB 4/13/2022*

  - Shift in DOB policy on waivers

    - Only approve things approved historically

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Filing Tuition Rate Waivers

- Regulations covering SED Appeals
  - 8 NYCRR 200.9

- Definite appealable items
  - Changes in mandates
    - Increases in related service mandates &/or number provided
    - Need for a specific position, *i.e.*, Nurse
    - Change in class ratios

Filing Tuition Rate Waivers

- Items not as clear
  - Increased Costs in excess of COLA required
    - Salary increases
    - Rent increases – property cost waivers
      - o Required to move
      - o Relationship to regional rents
      - o Causing TCS or NDC screen losses
        - ➤ Not approving permanent NDC waivers
    - Staff increases

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Filing Tuition Rate Waivers

- Pandemic Related
  - Both Direct Care & Non-Direct Care Waivers
  - Declines in enrollment or inability to get teaching staff
    - Closed classes
    - Underspending in multiple years
    - NDC losses

Filing Tuition Rate Waivers

- Identifying reasons for waivers
  - Trend analysis
    - Look for event or progressively increasing losses
  - Analysis on a per diem basis
    - Factor out the impact of enrollment declines & increases
    - Total Cost Screen calculated on a per diem basis
  - Analysis of DC/NDC Mix
    - NDC screen is calculated on total cost

Filing Tuition Rate Waivers

- **Formal Waiver Document**
  - SED waiver forms
  - Written justification
    - Any supporting documentation & analysis
  - Documentation of the program's efficiency
    - Enrollment, Teacher, TA, & Related Service
    - Or explanation for poor efficiency levels

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Filing Tuition Rate Waivers

- Follow-up is imperative

- Possibly meet with SED
  - Importance of the program
    - Number & type of children affected

- Political influence &/or lobbyists
  - Helpful once it gets to DOB

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Questions?

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