



Massachusetts Department of Education
Report on the Implementation of the Special Education
Reimbursement (“Circuit Breaker”) Program

February 12, 2007



This document was prepared by the
Massachusetts Department of Education
Dr. David P. Driscoll
Commissioner of Education

Board of Education Members

Mr. Christopher Anderson, Chairman, Westford
Ms. Ann Reale, Vice-Chair, Commissioner, Early Education and Care, Boston
Ms. Harneen Chernow, Jamaica Plain
Dr. Thomas Fortmann, Lexington
Mr. Trevor Frederick, Chair, Student Advisory Council, Ipswich
Dr. Patricia Plummer, Chancellor, Higher Education, Boston
Dr. Roberta R. Schaefer, Worcester
Dr. Sandra L. Stotsky, Brookline
Mr. Henry M. Thomas, III, Springfield
Dr. David P. Driscoll, Commissioner
and Secretary to the Board

The Massachusetts Department of Education, an affirmative action employer, is committed to ensuring that all of its programs and facilities are accessible to all members of the public. We do not discriminate on the basis of age, color, disability, national origin, race, religion, sex or sexual orientation. Inquiries regarding the Department's compliance with Title IX and other civil rights laws may be directed to the Human Resources Director, 350 Main St., Malden, MA 02148 781-338-6105.

© 2007 Massachusetts Department of Education
Permission is hereby granted to copy any or all parts of this document for non-commercial educational purposes. Please credit the "Massachusetts Department of Education."

This document printed on recycled paper

Massachusetts Department of Education
350 Main Street, Malden, MA 02148-5023
Phone 781-338-3000 TTY: N.E.T. Relay 800-439-2370
www.doe.mass.edu



Massachusetts Department of Education

Report on the Implementation of the Special Education Reimbursement
("Circuit Breaker") Program
February 12, 2007

Introduction

The Department of Education respectfully submits this "Report on the Implementation of the Special Education Reimbursement ("Circuit Breaker") Program pursuant to Chapter 139 of the Acts of 2006, line-item 7061-0012, which states:

"provided further, that the department shall conduct audits of fiscal year 2006 claims; provided further, that if the claims are found to be inaccurate, the department shall recalculate the fiscal year 2007 reimbursement amount and adjust the third and fourth quarter payments to the districts to reflect the new reimbursement amount; and provided further, that the department shall file a report with the house and senate committees on ways and means not later than February 15, 2007 on the results of the audits"

FY06 Claims Received

School districts are eligible for reimbursements for students with disabilities whose programs cost greater than four times the statewide foundation budget (\$31,616 in FY06). By law, districts are reimbursed for 75% of the costs above four times statewide foundation, subject to appropriation.¹ FY05 claims result in FY06 reimbursements.

Districts	Students	Claim	Less Foundation	Net Claim
294	11,874	662,349,805	(337,405,952)	255,064,667

In addition, during FY06, districts were allowed to claim for extraordinary relief if their FY06 eligible costs exceeded their FY05 eligible costs by 25%. Thirty-seven districts claimed for relief and 28 were determined eligible. Eligible districts received relief in FY06 totaling \$3M. It should be noted that the districts received a prorated share of relief because eligible claims exceeded the \$3M available by \$1.6M.

Audits

Chapter 139 of the Acts of 2006 also required the Department to conduct audits of FY06 claims. Department staff developed an audit protocol to verify individual student claims submitted by the districts and to ensure that the amounts of the claims were in accordance with the program's regulations. Verification consisted

¹ For certain students who are wards of the state, the statutory reimbursement rate is 100% rather than 75%.

of examining student's individualized education program (IEP) as well as tuition bills paid by the districts for students placed out of district. Overpayments and underpayments identified during the audit process will result in adjustments to reimbursements paid in the third and fourth quarter of this fiscal year.

Thus far we have completed audits of 28 districts with a total of 1,545 individual student claims. In addition, we have audited another 22 districts but the results of these audits are not yet final. Completed audit results indicated that costs were over claimed for 421 students and under claimed for 126 students. The following chart shows the reasons for the variances:

Services claimed not included on student's IEP	215
Incorrect classification/claiming of services	334
Incorrect dates of service	133
Claimed incorrect tuition	87
Did not claim all services rendered	26
Student's cost less than the threshold	127
Did not include or incorrect cost share	5
Total	927*

(*Some claims had more than one error)

As stated above, 547 student (421+126) claims required adjustments. Of those adjusted, 198 were for \$1,000 or less. These small differences occurred for a number of reasons: district didn't reconcile the actual tuition paid with the amount claimed; district overpaid private schools by one day's tuition; district paid a different tuition rate than the one established by OSD; district entered incorrect dates on the claim form; etc.

The audit process resulted in a reduction of reimbursement for these students from \$20,870,439 to \$19,846,515, or 4.9%. The audit process will continue on an on-going basis.

In addition, the analysis of common mistakes will be used to improve the program documentation and training programs for local officials. The Department's goal is to significantly reduce the number of audit findings in the subsequent years of the program's operation.

Actual and Estimated Program Costs – FY04 through FY08

The following chart summarizes the program's costs in its first four years of operation:

(\$ millions)	FY04 (Actual)	FY05 (Actual)	FY06 (Actual)	FY07 (Estimated)	FY08 (Projected)
Appropriation	121.6	201.6	201.6	207.7	TBD
Net Claims	258	248.5	241.4	255.1	280.5
Payments to districts	105.8	187.4	182	192.9	213.6
Reimbursement rate	40.50%	75%	75%	75%	75%
Other earmarked costs	9.7	13.8	14.7	14.8	TBD

The Department will continue to provide a significant amount of training and technical assistance throughout the year to district business and special education staffs to help them understand the program's requirements and to improve the accuracy of their filings.