

Report Highlights

Reimbursement for Educational Services for Adjudicated Youth in Private Residential Facilities

This report examines how private providers are reimbursed for education services to adjudicated youth.

Findings:

- Commonwealth policies for reimbursing providers of educational services for adjudicated youth are inconsistent. Act 1980-30 created a special class of providers known as private residential rehabilitation institutions (PRRIs). PRRIs can bill for the actual costs for educating their adjudicated youth up to 150% of the host district's tuition. These costs are then paid by the youth's home district. School districts and IUs that provide educational services directly at the facility can also receive up to 150% of the host district tuition. Other private providers (non-PRRIs) that provide educational services are only reimbursed up to 100% of the host district's tuition. Also, PRRIs, but not non-PRRIs, received an additional 19.3% in indirect costs in FY 04-05. Some procedures for reimbursing non-PRRI providers have improved. However, several providers indicated that the process is still overly complex and prone to delays.
- Districts vary in how they administer educational services provided to adjudicated youth in non-PRRI facilities. Some host districts submit the residency verification form to the student's resident district, while in others the provider submits the form. Some districts perform on-site visits to monitor the educational services being provided, while others make no such visits. Some districts bill PDE for ward-of-the-state costs, while others do not. Unlike for PRRIs, PDE has not provided guidance regarding such procedures for non-PRRI facilities.
- Alternative educational funding has been used as an interim measure to augment tuition reimbursements for at least one private provider. This is, in part, a result of recent settlement agreements.

- Limiting reimbursement for educational services at non-PRRI facilities to 100% of the host district's tuition makes it likely that the reimbursement will not cover the provider's actual education costs. We estimate that allowing all non-PRRI facilities to bill for actual costs up to 150% of a host district's tuition might have cost resident districts only an additional \$4 million in FY 04-05. If non-PRRIs were allowed to bill for indirect costs at 19.3%, we estimate the additional cost to resident districts at \$8.4 million.

Recommendations:

- The General Assembly consider amending the School Code to (1) specifically authorize districts to contract with private residential facilities for educational services and (2) allow all such facilities to bill for actual costs incurred up to 150% of the host district's tuition. Other options are also listed.
- PDE develop and issue, together with DPW and the Juvenile Court Judges' Commission, written guidelines for districts contracting with non-PRRI facilities providing educational services to adjudicated youth, including minimum monitoring standards, procedures for determining allowable education costs, audit requirements, and eligibility for indirect cost reimbursement.
- The General Assembly consider establishing in statute that the address of a youth at the time of placement resulting from a court's adjudication of delinquency be considered the address of residence for the determination of the financial responsibility of the resident school district. This would alleviate some of the delays that now exist.
- The Departments of Education and Public Welfare collaborate with the Juvenile Court Judges' Commission to develop improved and uniform data on adjudicated youth placements.