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To: Approved Private Preschool Special Education Programs Licensed by the New York City Department of Health and Mental Hygiene  
New York City Department of Education Chairpersons of Committees on Preschool Special Education  
Administrators of State-Administered Prekindergarten Programs located in the New York City Region  
Organizations, Parents and Individuals Concerned with Special Education

From: Phyllis Morris 

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Subject: Preschool Special Education Enhancement Contract

The New York City Department of Education (NYCDOE) is offering enhancement contract funding to State-approved nonpublic preschool special education programs made available through the federal American Rescue Plan Act and the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act. This contract enhancement opportunity will provide additional funding to approved preschool special education center-based 4410 and 4201 programs serving New York City students to ensure that students with disabilities receive equitable services in line with those provided to the NYCDOE students in 3-K and Pre-K For All programs.

The NYCDOE enhancement funds are intended to cover expenses that revenue from authorized tuition rates do not currently fund, provided that the expenses are eligible under the federal guidelines of the above Acts.<sup>1</sup> In consultations between the New York State Education Department (NYSED) and the NYCDOE administrators, several funding pathways were presented to the NYCDOE to administer the enhancement funds. The NYCDOE elected to implement funding to eligible 4410 and 4201 preschool programs through the authorization contained in New York State Education Law Section 4410-b. Under Section 4410-b, local educational agencies (LEAs) provide funding directly to approved preschool special education providers through a vendor relationship that is

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<sup>1</sup> For the utilization of ARP and CRRSA Act funds for enhancement contract purposes, the NYCDOE is responsible for ensuring funded expenses are eligible under the federal guidelines of the Acts.

separate and distinct from contracts for tuition reimbursement pursuant to Section 4410 of the New York State Education Law. Pursuant to Section 4410-b authorization, the NYCDOE will develop a separate enhancement contract with a 4410 or 4201 program. The 4410 or 4201 preschool program will report the NYCDOE enhancement contract expenses and revenue in Consolidated Fiscal Report (CFR) program code 9806 Individuals with Disabilities Education Act (IDEA) Section 619 LEA Suballocation which is currently used to report other 4410-b LEA funding. As per consultations between NYSED and the NYCDOE, it was determined that enhancement funds will be awarded to 4410 and 4201 preschool programs as expenses are incurred. Thus, for CFR reporting, the expenses funded by the NYCDOE enhancement funds should match the revenues reported in program code 9806 dollar-for-dollar.

The NYCDOE enhancement contract revenue used to fund additional 4410 or 4201 preschool program expenses which are not funded through an authorized tuition rate, per pupil charge, or other third-party revenue source should not result in an adverse impact to the program's authorized tuition rate or per pupil charge. Should enhancement contract revenue fund expenses that were funded in previous years through the tuition rate, and thus result in a reduction to the program's authorized tuition rate upon reconciliation in the rate year in which the grant funds were recognized, programs will be held harmless from this impact in future years' tuition rates. Specially, Chapter 56 of the Laws of 2021 directs NYSED to hold harmless tuition rates in subsequent school years to reflect the impact of extraordinary federal revenue received in the prior year. This means that any potential adverse impact of the NYCDOE enhancement contract funding to tuition rates would be limited to the year the revenue was reported and not carried forward into future authorized tuition rates.

With regard to the treatment of the NYCDOE enhancement contract revenue for financial reporting, the grant revenue should be reported to align with the corresponding eligible expenses funded by the grant as reported on CFR Schedule CFR-1 Account Code 22040 Federal Grants and, as previously mentioned, reported under program code 9806. Enhancement contract revenue received after the fiscal year in which the expenses were incurred should be reported on the CFR of the year the expense was incurred as a reconciling item to the provider's certified financial statements.

We hope this information is helpful and encourage programs to visit the NYCDOE webpage for more information on the NYCDOE enhancement contract funds <https://infohub.nyced.org/working-with-the-doe/early-childhood/provide-nyc-pre-k>.