

oppaga Special Review



October 2003

Report No. 03-58

Florida Could Avoid \$1.5 Million Annually in ESE Costs for Out-of-State Students Who Are Placed in Private Residential Facilities

at a glance

Florida currently pays over \$3.5 billion dollars annually for exceptional student education. Although not required by federal law, Florida school districts pay approximately \$1.5 million annually for exceptional education services provided to out-of-state students that have been placed in private residential facilities within Florida. These costs should instead be paid by the home states of these students.

The Florida Department of Education's database misclassifies the majority of out-of-state children in private residential facilities as Florida residents. As a result, the department is unable to accurately determine the number of non-resident children living in Florida facilities. The department and school districts are also unable to ensure that the facilities are not billing both Florida and the students' home states for educational services.

Scope

This is the second in a series of reports on the programs and services offered by the state of Florida to children with disabilities. This report includes information about the number of out-of-state children living in private residential facilities in Florida and the state's cost of providing Exceptional Student Education (ESE) services to these children.¹

Pursuant to s. 11.511, *Florida Statutes*, the OPPAGA Director initiated this project in response to legislative information requests about the increasing enrollment in the Exceptional Student Education program and the effect of out-of-state students on this growth.

Background

In accordance with federal and state law, Florida's 67 school districts provide educational services to children with disabilities through the Exceptional Student Education program. These services are required under the federal Individuals with Disabilities Education Act (IDEA) and are authorized by s. 1003.57, *Florida Statutes*.

¹ The first report in this series—*Special Report: Exceptional Education Student Population Grows Dramatically; Funding Matrix Needs Improvement*, [Report No. 03-40](#), July 2003—addresses recent growth in the ESE program and problems associated with implementing the ESE funding matrix. A subsequent report will address the fragmentation in programs serving children with disabilities, the cost of these services, and options for improving the system to enhance cost-efficiency and prevent unnecessary duplication in service delivery.

Special Review

The Florida Department of Education (DOE) reported that 387,617 students were served in the ESE program in the fall of 2002. (The program serves individuals aged 3 through 21, with children aged three to five being served by the program's Prekindergarten Disabilities component; some school districts opt to serve children from birth through two years.)

In addition to educational services, school districts must provide any related services that ESE students need in order to benefit from a public school education. These related services can include transportation, psychological services, physical and occupational therapy, social work services, some medical services, as well as speech pathology or audiology services.

Although most ESE students are served in public schools, some with special needs are served in residential facilities. Typically, ESE students are served within public school settings, which may involve placement in regular classrooms with support services (such as periodic visits by specialists), placement in special classes, or in some cases instruction in their homes. Under the MacKay Scholarship Program, ESE students also may be served by private schools through tuition vouchers.² However, some children with severe needs, such as those with self-injurious and aggressive behavior or complex medical conditions, may require intensive supports and specialized services and therefore cannot be served in a school setting or their homes. Such children may be placed in a residential facility such as a private residential school, a medical or psychiatric hospital, or intermediate care facility. These residential placements are very expensive. Annual total contract costs, including room, board, therapies and educational services, often exceed \$100,000 and can exceed \$200,000 for a single child in a school year. (See Appendix A.)

Children may be placed in a residential facility by their parents, the local school district, or by a state agency such as the Department of Children and Families. The authority making the placement decision generally assumes costs

² In February 2003, DOE's Choice Office reported 7,676 students participating in the MacKay Scholarship Program.

of the placement. For example, if a school district decides that a child should be placed in a residential facility in order to best meet his or her educational needs, the district assumes all placement costs. However, if a state agency decides to place a child for other than educational purposes (such as for psychological or medical purposes) then the costs may be shared between the agency and the school district. Parents who unilaterally decide to place their child in a private residential facility are responsible for all costs of the placement.³ While most placements are made in-state, children may be placed in an out-of-state facility if no school district in the state offers the specific services the child needs.

Agreements to provide educational services are made at the local level. Local school districts enter into contractual agreements with residential facilities regarding the educational services to be provided to children. These services may be provided in several ways. For example, a school district may assign a teacher to a facility, pay the facility to provide a teacher, or provide transportation for the children to attend public school. In some cases, charter schools located on facility campuses may provide education to both local students and facility residents.

Funding

ESE services are funded from state general revenue, federal funds, and local tax revenue through the Florida Education Finance Program (FEFP).⁴ Total funding for ESE programs and services in Fiscal Year 2002-03 was \$3,552,891,528.

The Legislature funds exceptional student education based on the needs of individual students. Because the needs of children with disabilities vary widely, not all children require

³ Under federal law, a parent who is denied residential education funding by their local school district can seek reimbursement if the court or hearing officer finds that a free appropriate public education was not made available to the child in a timely manner prior to the placement.

⁴ For more in-depth information on the Florida Education Finance Program, see *Special Report: Exceptional Education Student Population Grows Dramatically; Funding Matrix Needs Improvement*, [Report No. 03-40](#), July 2003.

the same intensity or frequency of services. For this reason, the Legislature began in 1997 to finance ESE using a matrix of services that calculates funding for school districts based on the intensity of services provided to each ESE student. The matrix classifies students' services on a scale of one to five, with one representing the lowest and five the highest level of service.⁵ For the 2002-03 school year, the state funded students in level 4 of the ESE funding matrix at approximately \$14,000 per full-time equivalent (FTE) student, while districts received approximately \$20,000 for each FTE student in level 5.⁶ Comparatively, individual FEFP funding for a non-disabled student was \$3,500.

Findings

DOE lacks reliable information on the number of students receiving ESE services in residential facilities within Florida

Although DOE maintains a database on ESE students, it lacks reliable information on the number of children served in residential facilities or whether these students are residents of another state. OPPAGA's survey of districts and facilities identified 417 ESE students in private residential facilities, of whom 90 had been placed by other states.

The Department of Education maintains a database of ESE students served in Florida.

School districts are required to report information to DOE on the residency status of the ESE children they serve and the type of setting in which the student is provided educational services. Districts also are required to report all contracts they have established with residential facilities for ESE services. Using its database, DOE reported to the federal government in December 2002 that 132 ESE

students were receiving education services in a private residential setting.

This information was reported using federal guidelines intended to capture educational settings; therefore it understates the number of ESE students actually living in residential facilities. Some students lived in residential facilities but received educational services from other providers, such as a charter school located on the facility campus. Some facility residents attended public school during the day. In both cases, under federal guidelines, these students were not reported as living in private residential facilities because they attended school and therefore did not spend greater than 50% of the school day in the facility. Some districts served children in residential facilities through their hospital/homebound program. Districts reported these children as receiving their educational services in a hospital/homebound environment, although they actually reside and receive their education in a private residential facility. As a result, DOE evidently did not receive information on some students served in some facilities.

OPPAGA undertook a multi-stage analysis that included surveying all school districts to identify facilities serving out-of-state children and estimate the total number of non-resident ESE students served in private residential facilities. Through the course of this targeted analysis, we identified 417 total ESE students in private residential facilities, more than three times the number reported by DOE. OPPAGA surveyed only facilities that were identified by school districts as serving out of state children. Therefore, the 417 students we identified may underestimate the total number of children in residential facilities in Florida.

A related problem is that DOE's database does not contain reliable information on the residency status of ESE students in residential facilities. Through our survey of districts and facilities, we determined that 90 of the 417 ESE students in private residential facilities were residents of other states. Of these 90 students, only 8 had been designated as being from out-of-state in DOE's database. (See Exhibit 1.)

⁵ For more information on the ESE Matrix of Services, see *Special Report: Exceptional Education Student Population Grows Dramatically; Funding Matrix Needs Improvement*, [Report No. 03-40](#), July 2003.

⁶ These amounts reflect dollars provided through the ESE funding matrix and does not include any additional money districts may receive for these students. Total costs of residential placements are much higher. (See Appendix A.)

These children, who came from 29 other states, had been placed in Florida facilities by agencies, school districts, and parents in their home state.

**Exhibit 1
The Department of Education Database
Inaccurately Classifies Student Residency**

DOE Classification	Number	Percentage
Florida resident	77	86%
Out of state student	8	9%
Not listed in database	5	6%
Total	90	101%¹

¹ Does not equal 100% due to rounding.
Source: OPPAGA comparison of DOE database with survey of Florida school districts and residential facilities.

Florida pays \$1.5 million in education costs for out-of-state students although not required to do so by federal law

Residency status determines financial responsibility for an exceptional student's education. DOE's practice is to pay costs for out-of-state students, and districts incur \$1.5 million in such annual expenses. However, this practice is not required by federal law and is not necessary.

Florida practices are not consistent with federal policy. Under federal policy promulgated by the U.S. Department of Education, residency of ESE students and states' responsibility to pay these costs is to be determined by the location of their parents' homes. In 1994 and 1995, the U.S. Department of Education's Office of Special Education and Rehabilitative Services issued official letters of clarification concerning responsibility for out-of-state children in residential facilities. These communications specified that children are considered residents of the state where their parents or guardians reside. A child who is a ward of the state is considered a resident of that state, even when placed in a residential facility in another state.

While the *Florida Administrative Code* requires that school districts verify that any student in a non-public school or community facility is a resident of the district prior to serving them, the Florida Department of Education considers any child in a residential facility in Florida to be a state resident, regardless of the parents' state of residence. This creates a financial obligation for Florida and the local district where the facility is located to provide ESE services to the child, even if the child's parents are residents of another state. (The parents or the other state are required to pay the non-educational costs of the placement.) This position was adopted as a basis for Florida's refusal to pay ESE service costs for Florida children who are placed in out-of-state facilities by agencies other than a local school district. Contrary to this DOE practice, but consistent with federal policy, at least one Florida school district, Orange County, has adopted policies against claiming FEFP funding and providing services for out-of-state children.

Florida provides \$1.5 million in funding for out-of-state students in private residential facilities. Information provided by residential facilities and school districts shows that Florida is paying at least \$1.5 million to provide ESE services to 90 out-of-state ESE students living in facilities located in Florida. (See Exhibit 2.)

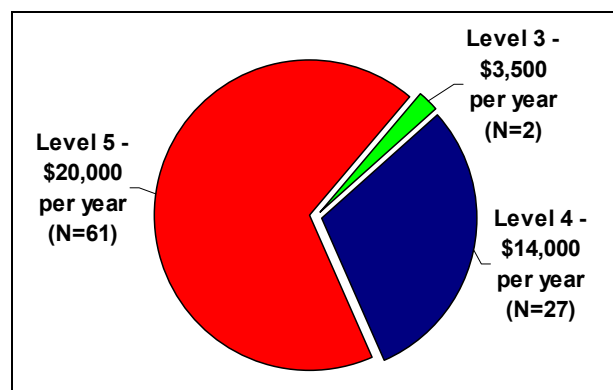
**Exhibit 2
Florida Is Paying \$1.5 Million for ESE Services for Out-of-State Students in Residential Facilities**

	Number of Children	Amount of Funding
Facility 1	8	\$ 109,012.55
Facility 2	20	390,409.64
Facility 3	33	615,665.58
Facility 4	5	91,746.87
Facility 5	1	19,431.88
Facility 6	17	221,937.71
Facility 7	6	102,719.52
TOTAL	90	\$1,550,923.75

Note: These amounts reflect dollars provided through the ESE funding matrix and do not include any additional money districts may receive for these students, or any additional local dollars expended.
Source: OPPAGA survey of residential facilities and school districts. Funding data reported in October 2002 FEFP report.

Because students who need residential placement typically require intense and often highly specialized services, they have a high likelihood of being classified at level 4 or 5, the highest levels of the ESE funding matrix. Of the 90 out-of-state ESE children OPPAGA identified in residential facilities in Florida, most (98%) are funded at these levels. (See Exhibit 3.)

Exhibit 3
Out-of-State Children Funded at the Highest Levels of the ESE Funding Matrix



N=number of out-of-state-children
 Note: Funding levels reflect rounded numbers.
 Source: OPPAGA analysis.

Florida’s state agencies do not place children outside the state for residential treatment. While the Florida Department of Education bases its ESE residency practice on the desire to avoid paying educational costs for Florida students placed in other states by another state agency, our research did not identify any students that were placed out-of-state by a Florida state agency. The Department of Children and Families’ Children’s Mental Health and Developmental Disabilities programs are the only state programs that place children in residential facilities for reasons specifically related to a child’s disability.⁷ However, these two programs report that they have not placed Florida

⁷ The Department of Juvenile Justice (DJJ) also makes residential facility placements; however, these placements are made for reasons related to a child breaking the law, not because of a disability. For this reason, DJJ was not a part of this study and OPPAGA’s findings in this report do not extend to the DJJ population.

children in facilities in other states. Consequently, Florida is not avoiding any costs for out-of-state placements through DOE’s policy.

Districts reported that during the 2002-03 school year they placed two children out of state. In both cases, the district is paying the entire cost of the out-of-state placement, including educational costs.

Florida’s practice may attract both residential providers and out-of-state children in need of treatment

Florida’s current practice to pay ESE service costs for all children placed in the state may provide an incentive for residential facilities to locate within the state and for parents from other states to place children within Florida, further increasing state costs.

Florida’s practice to provide ESE services to all children placed in residential facilities in the state differs from those of other states. OPPAGA contacted a sample of states that have placed students in private residential facilities in Florida concerning their practice on funding out-of-state students in residential facilities in their state. Of the seven states contacted, only one has a policy similar to Florida’s while five do not fund out-of-state children (the remaining state has no established policy).⁸

Florida’s practice of paying education expenses for out-of-state ESE students can create a financial incentive for parents and other states to place students in Florida facilities in order to avoid paying these costs themselves. Florida’s practice also creates the potential for out-of-state parents to override the determinations of their own school districts regarding the need for residential services. For example, a parent in another state could desire expensive

⁸ Of the states we contacted, New York, Texas, Illinois, Ohio, and Georgia have established policies to not fund education services for out-of-state children residing in facilities in their states. One state, Kentucky, has a policy similar to Florida’s, as it provides funding for education services to out-of-state children residing in residential facilities in their state. Alabama has not established a policy on the issue and allows districts to make this decision.

residential services to be provided to their child. If their local school district determines that these services are unnecessary or not in the best interest of the child, the parent could still place the child in a Florida facility. Under federal policy, the parent normally would be required to pay for these services. However, due to Florida's practice, the parent would avoid these costs because they would be paid by the local Florida school district. The parents would thus avoid educational costs of up \$20,000 per academic year, which would be paid instead by Florida's taxpayers.

We could not determine whether other states or the parents of ESE students were aware of the difference between Florida's practice and those of their own states. However, given the market forces that would tend to encourage Florida residential services to advertise their services to parents in other states and the availability of information through the internet and other mediums, it is likely that Florida's practice has contributed to the use of this state's residential facilities by out-of-state students. Given these conditions, as well as the overall increase in the number of children with disabilities, it is likely that Florida's practice, if unchanged, will contribute to increased use of residential facilities by out-of-state ESE children and a growing cost to serve this population.

Controls do not exist to prevent double billing of education services. A related problem is that neither the Florida Department of Education nor local school districts contact home states of out-of-state ESE children to determine if educational costs are covered in an out-of-state child's residential contract. Some school administrators in districts that have private residential facilities said that they would not know if the facilities were double-billing both Florida and the student's home state for services. If the state of Florida chooses to continue the practice of paying for educational services for out-of-state students, school districts and/or DOE need to develop a process for protecting against such abuse.

Conclusions and Recommendations —

To avoid \$1.5 million in annual ESE costs and to address the current financial incentive for other states to place children in residential facilities in Florida, the actions below should be taken.

We recommend that the Florida Legislature revise the existing statute to clarify that, consistent with federal law, residency is a requirement for funding ESE services and that a child's residency is determined by the residency of the parent. The Department of Education should revise its existing practice to ensure that out-of-state children placed in residential facilities within Florida are no longer counted for FEFP funding. The child's home state should provide the funding for those services. DOE should advise local school districts of the specific limitations of their financial obligation for these students under both federal and state law. This would provide districts a sound legal basis for excusing themselves from this financial responsibility.

The DOE should provide technical assistance to local districts in developing locally suitable plans to return the fiscal responsibility to the home states. For example, in some cases it could be appropriate for a residential facility to pay the local school district to provide educational services to its out-of-state children and then bill the home state for those services. In all cases, it is the responsibility of the private residential facility, not the local school district, to bill the home state for ESE services.

DOE also should develop a process under which school districts would review the residency of students in residential facilities prior to serving them. This would ensure that the home states of these children (or their parents) are held financially responsible for the cost of ESE services.

Finally, we recommend that DOE take steps to improve the accuracy of its statewide student database, by instructing districts to accurately classify students in residential facilities, whose parents do not live in Florida, as out-of-state students. This would ensure that DOE does not provide educational funding to this population.

Agency Response ———

In accordance with the provisions of s. 11.45(7)(d), *Florida Statutes*, a draft of our report was submitted to the Commissioner of Education for his review and response. The Commissioner's written response is included in Appendix B.

OPPAGA provides objective, independent, professional analyses of state policies and services to assist the Florida Legislature in decision making, to ensure government accountability, and to recommend the best use of public resources. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021 or 800/531-2477), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475).

Florida Monitor: <http://www.oppaga.state.fl.us/>

Project supervised by Jane Fletcher (850/487-9255)

Project conducted by Michelle Harrison (850/487-9220), Sarah Mendonça-McCoy, and LucyAnn Walker-Fraser

Gary R. VanLandingham, OPPAGA Interim Director

Appendix A

School District Residential Contracts, 2002-2003 School Year

When school districts are unable to meet the needs of students in their existing day programs they may contract with residential facilities to provide the services needed. These residential contracts can include room, board, supervision, therapies, and medical care in addition to educational services.

School District Residential Contracts, 2002-2003 School

District	Number of Students	Cost Per Child ^{1, 2}
DeSoto County Schools	1	\$170,017
Martin County Schools	1	\$92,061
Miami-Dade County Schools	31	\$17,123 to \$222,690 ³
Osceola County Schools	1	\$81,540
Palm Beach County Schools	3	\$61,214 to \$106,580 ³
Total All Contracts	37	\$2,968,579

¹ Cost Per Child may not reflect the entire cost of the placement as other state agencies may share in the cost of the contract.

² Cost Per Child includes \$908.95 in Federal Entitlement IDEA Part B funding.

³ For those districts with multiple students, Cost Per Child reflects the lowest and highest contract amounts.

Source: Florida Department of Education.

Appendix B

FLORIDA DEPARTMENT OF EDUCATION



JIM HORNE
Commissioner of Education



STATE BOARD OF EDUCATION

F. PHILLIP HANDY, *Chairman*

T. WILLARD FAIR, *Vice Chairman*

Members

SALLY BRADSHAW

LINDA J. EADS, ED.D.

CHARLES PATRICK GARCIA

JULIA L. JOHNSON

WILLIAM L. PROCTOR, PH.D.

September 29, 2003

Gary R. VanLandingham, Interim Director
Office of Program Policy Analysis and Government Accountability (OPPAGA)
111 West Madison Street, Room 312
Claude Pepper Building
Tallahassee, Florida 32399-1475

Dear Mr. VanLandingham:

Thank you for sharing with our office a copy of the Draft OPPAGA Report, *Florida Could Avoid \$1.5 Million Annually in ESE Costs for Out-of-State Students Who Are Placed in Private Residential Facilities*. Our comments and response are listed below.

BACKGROUND

School districts follow a long-standing state policy that, ". . . it is the responsibility of the school district in which the student resides to provide eligible school aged students with disabilities a free, appropriate, public education." (See page 63 of the *Florida State Plan for Fiscal Years 1995, 1996, and 1997 under Part B of the Individuals with Disabilities Education Act*). This policy dates back to the 1980s when school aged children with disabilities were placed in Sunland Centers by the Department of Health and Rehabilitative Services. When Florida closed most of those residential facilities, the school districts in which the facilities were located initiated the provision of special education and related services to these children.

If a school district determines that a student with a disability requires a residential placement in order to provide special education and related services, the placement, including non-medical care and room and board, must be at no cost to the parent. Consistent with the requirements of the Individuals with Disabilities Education Act (IDEA), these residential placements must meet the state requirements and school districts assume the costs for those placements (see Rule 6A-6.0361, FAC). In 2002-03, there were 35 such residential placements made by Florida's school districts.

As accurately described in the report, children with disabilities may be placed in residential facilities by Department of Children and Families (DCF) for non-educational purposes. In such cases, communication with the local school district in which the child previously resided, and the local school district in which the

Special Review

facility is located is critical, as DCF does not have the authority to place children for educational purposes or to pay for such services. In such instances, the local school district where the child previously resided could share the cost with DCF and pay for the educational portion of the child's placement. If that does not occur, then the local school district in which the facility is located is responsible for providing special education and related services. However, these situations are even more complicated if such placements are made without the knowledge of the local school districts and when the "DCF placement is in a private facility that provides and charges for educational services.

A related issue to the above is the IDEA requirements that changed in 1999 regarding the limited obligations of local school districts to children with disabilities whose parents have placed them in a nonpublic school or facility.

Given the complex situations described above, when requested, local school districts have traditionally served children with disabilities who reside in their geographic area -- regardless of the parent's residency or the circumstances surrounding the child's residential placement. We agree that there are some out-of-state students placed in residential facilities by other state agencies or by their parents whose educational services are provided and funded by the state of Florida.

RESPONSE TO FINDINGS

DOE lacks reliable information on the number of students receiving ESE services in residential facilities within Florida

The OPPAGA report suggests that the Department of Education data base lacks reliable information on the number of students served in residential facilities. This finding was based on data collected using the DOE data base element Exceptional Student, IDEA Educational Environment. This element was designed to capture data required by the federal government under the Individuals with Disabilities Education Act (IDEA) on the extent to which students with disabilities are educated with their nondisabled peers. The element is unrelated to where either the student or their parents "reside." The OPPAGA conclusion that DOE did not receive information on some students served in residential facilities is based upon a misunderstanding of the purpose of the Educational Environment element.

OPPAGA Comment

The department does not have a system to track the number of children served in residential facilities. We used the data element to estimate this number as it is the only DOE database element that provides students' residential facility status, and supplemented this data with information provided by the facilities.

The OPPAGA report correctly points out that the database contains another element, Resident Status, State/County, in which districts are asked to indicate if the student is an out-of-state student enrolled in the school district. This element is not, however, currently used to determine eligibility for FEFP funding at the state level. The issue of eligibility for FEFP funding for out-of-state students is much broader than exceptional student education, suggesting a need to address these concerns to a different, much wider audience.

Florida pays \$1.5 million in education costs for out-of-state students although not required to do so by federal law

While the OPPAGA report cites the U.S. Department of Education's Office of Special Education and Rehabilitative Services policy that residency of ESE students and states' responsibility to pay these costs is to be determined by the location of their parents' homes, a similar citation is not provided from Florida's laws. Rule 6A-6.0361, FAC, which is referenced in the report, states that districts shall verify "that the

student is a resident of the school district...", not the student's parent. Without a clearer state mandate, districts may be hesitant to refuse services.

OPPAGA Comment

We agree, and our report recommends that the Legislature revise existing statute to clarify that a child's residency is determined by that of the parent consistent with federal regulations.

While we do not dispute the findings regarding the exceptional education students examined, the study identified 90 students with disabilities being served in private residential facilities with educational costs being paid for by Florida school districts in cases where their parents do not reside in Florida. These 90 students represent 0.02 percent of the total disabled population of 387,617. Further, the report does not provide the Department with the names of the seven facilities cited in Exhibit 2 of the report.

OPPAGA Comment

While the 90 students constitute a small percentage of the total disabled student population, the funding provided to these out-of-state children equaled the funding provided to 443 non-disabled Florida students during the same school year.

Florida's practice may attract both residential providers and out-of-state children in need of treatment

Finally, the OPPAGA report suggests that Florida's practice may attract both residential providers and out-of-state children in need of treatment. This finding appears to be purely speculative with no empirical data to back up the assertions that residential facilities open up in order to take advantage of Florida's practices, that parents send their children to Florida to avoid paying for services, or that residential facilities are double-billing both Florida and the "home state."

OPPAGA Comment

Many of the Florida residential facilities are owned by companies that market their services nationwide. Parents and other states that place children in Florida's facilities receive the benefit of free educational services for their out-of-state students. Given the high costs of educating a severely disabled child (\$14,000-\$20,000 annually) this can create an incentive to place children in Florida. There is also a lack of controls to prevent residential facilities from double billing both the local school district and a child's home state.

RECOMMENDATIONS

The OPPAGA report includes six recommendations, one for the Florida Legislature and five for the Department of Education. The recommendations, and our response, follow.

Recommendation 1: The Florida Legislature should revise existing statutes to clarify that consistent with federal law, residency is a requirement for funding ESE services and that a child's residency is determined by the residency of the parent.

Because we see this issue as much broader than exceptional student education, we would ask that the Legislature determine its position for all students, not just students with disabilities in residential facilities. Any legislative action regarding residency and eligibility for FEFP funding should be clearly stated and should address this issue with all of Florida's public school students, not just those with disabilities.

OPPAGA Comment

While the Legislature may wish to review residency requirements for all students, federal regulations explicitly require residency to be determined based on the residency of the parent, and that the state where the parent resides is responsible for providing the exceptional education services for the child.

Special Review

Recommendation 2: The Department of Education should revise existing policy to ensure that out-of-state children placed in residential facilities within Florida are no longer counted for FEFP funding.

Consistent with legislative action, the Department of Education will make revisions to existing policy and rules. For students with disabilities who are wards of Florida's courts, the Department will direct local school districts to ensure that a surrogate parent, as required by federal and state law, has been appointed.

Recommendation 3: DOE should advise local school districts of the specific limitations of their financial obligation for these students under both federal and state law.

Assuming that legislative action clarifying FTE eligibility is taken, the Department will, for students whose parents' residency is not Florida, direct school districts to cease providing educational services unless appropriate contracts and payment for such services (e.g., tuition) are made by the facility, the parent, or the sending state.

Recommendation 4: DOE should provide technical assistance to local districts in developing locally suitable plans to return the fiscal responsibility to the home states.

If the Legislature decides to take action clarifying FTE eligibility, the Department will provide necessary technical assistance to school districts regarding assignment of fiscal responsibility.

Recommendation 5: Develop a process under which school districts would review the residency of students in residential facilities prior to serving them.

Prior to the February 2004 Full-Time Equivalent (FTE) Survey period, the Department will direct school districts to verify the residency of the parent or guardian of each student with a disability who resides in a location other than with their parent or guardian (e.g., all students in residential facilities - including the state's two residential charter schools and the state's Department of Juvenile Justice facilities). Information regarding this directive will also be sent to all residential facilities and residential private schools registered with the Department of Education. The ability to successfully implement this recommendation will require a collaborative effort on the part of both districts and private facilities.

Recommendation 6: Improve the accuracy of the statewide student data base by instructing districts to accurately classify students in residential facilities whose parents do not live in Florida as out-of-state students.

The Department will provide information to school districts regarding accurate reporting of the data base element Resident Status, State/County for submission to the Department.

If you have any questions or need additional information, please contact Shan Goff, Deputy K-12 Chancellor for Student Achievement, at (850) 245-0420.

Sincerely,

/s/ Jim Horne
Commissioner

JH:sgi

cc: Jim Warford
Raymond Monteleone
Linda Champion
Daniel Woodring
John Franco
Lavan Dukes