COLORADO
Department of Education

To: Superintendents, Special Education Directors, Facility School Directors, Child Welfare Education Liaisons, Administrative Out-of-District Coordinators
From: Colorado Department of Education, Office of Special Education
Re: **Reimbursement Funding for Public Placements of Foster Youth with IEPs in Facilities ("Public Placement Reimbursement Fund")**
Date: July 29, 2026

For many years, the state's special education law has set aside a small pot of reimbursement funding for administrative units that paid tuition costs for in-state facility schools for certain students with disabilities who did not have a defined residency, e.g. when parental rights were terminated or relinquished, or when parents were incarcerated, could not be located, or were out of state and the Department of Human Services (DHS) placed the student in the facility. This year, the Colorado Department of Education (CDE) worked with stakeholders to update the criteria to qualify for reimbursements and increase the amount of funding available. These changes were made in Senate Bill (SB) 26-023, the School Finance Act (see pages 28-30).

**Reimbursements to administrative units for qualifying costs incurred in the 2026-27 school year will be paid through a process that the State Board of Education will establish in rulemaking in fall 2026.**

**Q: What entities can get reimbursements from the Public Placement Reimbursement Fund?**

**A:** Administrative units are eligible for reimbursements. In Colorado, administrative units are the local education agencies responsible for administering the state and federal obligations for students with disabilities.

This funding comes from the state's allocations to support the education of students with disabilities under the Exceptional Children's Educational Act (ECEA). Reimbursements are available to administrative units when they pay tuition or education costs for qualifying students with disabilities who are publicly placed in a facility.

**Q: Which facility placements qualify for reimbursement?**

**A:** When certain criteria are met, the statute requires reimbursement to administrative units for tuition or education expenses paid to ensure a free appropriate public education (FAPE) for a student in out-of-home placement, as defined in section 22-32-138(1)(h). The criteria, set forth in C.R.S. § 22-20-114(1)(a)(I)(A)-(C), are that the student:

(1) has an individualized education program (IEP);

(2) does not have a parent or legal guardian, as described in section 22-20-103(19.7)(a)(I), (19.7)(a)(II), or (19.7)(a)(III), who is available or authorized to make decisions concerning education for the student;
(3) is placed by a public agency, as defined in section 22-20-103(20); and
(4) is placed in a residential child care facility or residential treatment facility that is located out of state or in an approved facility school, as defined in section 22-2-402.

In short, these are students with IEPs in the custody of the state who have been placed by a county office of the DHS or a court ("publicly placed") in an in-state or out-of-state facility. Because the student was publicly placed in a facility by DHS or a court, these are situations where the IEP team was not the decisionmaker on the placement of the student in a facility.

**Q: What does it mean to be placed by a public agency, as defined in section 22-20-103(20)?**

**A:** As defined in section 22-20-103(20), a "public agency" does not include administrative units. It is limited to other public agencies that are legally authorized to place a child in a facility. Public agencies in this context include DHS and the courts. When DHS or the court places a student in a facility, that is referred to as a "public placement" or that the child has been "publicly placed." A parental placement is not a public placement, even if the authorization for the placement is made by a Regional Accountability Entity and/or is paid for through Medicaid dollars.

**Q: Why does this fund only support public placements and not placements by administrative units in facility schools?**

**A:** Because funding is limited, it had to be prioritized on a narrow set of circumstances. When an IEP team makes the decision to place an enrolled student in a facility school, the administrative unit is likely to receive per pupil and state and federal special education funding for that enrolled student. In contrast, public placements often happen after the state counts students for funding in October. An administrative unit may become the district of residence mid-year and be required to pay tuition costs without the benefit of receiving state funding for that student. This fund fills that gap, particularly for administrative units that may serve a higher number of publicly placed students due to the location of facilities in their geographic boundaries.

**Q: How will an administrative unit know that a student has been publicly placed in a facility?**

**A:** When DHS or a court places a student with an IEP in a facility, they are required to notify the administrative unit of residence, the administrative unit where the facility is located, and CDE **in writing** within fifteen calendar days. § 22-20-108(4). There is a process for public placements set forth in section 22-20-108(7) & (8) and the State Board of Education rules. *See* 1 CCR 301-8, Rule 9.03(2)(a)(ii). The criteria for identifying the proper administrative unit of residence is set forth in Rule 2.03(1).

**Q: How will an administrative unit know that a student is in out-of-home placement, as defined in section 22-32-138(1)?**

**A:** Student in an out-of-home placement is defined in C.R.S. § 22-32-138(1)(h) as "a child or youth who at any time during an academic semester or term is in foster care, as that term is defined in section 19-1-103, including but not limited to any child or youth who is in placement outside of the home at any time during an academic semester or term as a result of an adjudication pursuant to article 2.5 of title 19." The statute also specifies that a "student in out-of-home placement" includes "a child or youth who transfers enrollment as a result of being returned to the child's or youth's home at the conclusion of out-of-home placement."

This definition includes students placed by DHS in a facility as well as adjudicated youth who have been placed in a facility by a court or DHS.

CDE currently provides a list of students in out-of-home placement to the designated district IMS staff on a monthly basis so that it can be accessed by Child Welfare Education Liaisons in each district.

**Q: Can administrative units apply to get reimbursement for out-of-state placements in facilities?**

**A:** Yes. If DHS or a court places a student with an IEP in an out-of-state residential child care facility or residential treatment facility, the administrative unit can seek reimbursement of tuition or educational costs. This fall, the State Board of Education will conduct rulemaking on these types of out-of-state placements to provide more detailed information on process and definitions.

**Q: Is this fund available for tuition costs or education costs for students without an IEP?**

**A:** Money for the fund comes from the ECEA, which supports students with disabilities and is allocated to ensure that students with a disability receive a FAPE. Therefore, the

fund cannot be used to pay the education costs of a student without an IEP. However, administrative units should consider whether a public placement in a facility triggers a potential Child Find obligation that would require evaluation of the student for purposes of determining eligibility under the ECEA and Individuals with Disabilities Education Act.

**Q: How much funding is allocated for reimbursements?**

**A:** The legislature allocated $1 million per fiscal year to the Public Placement Reimbursement Fund. The State Board of Education will be engaging in rulemaking this fall to establish a process for reimbursements—including potential pro-rating if requests exceed funding.

For questions, please reach out to essu@cde.state.co.us with the subject line, “Public Placement Reimbursement Fund.”