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SPOTLIGHT

Delivering and Managing Special Education More Efficiently

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With the dramatic growth in special education enrollment and substantial increases in special education costs, it is imperative that school districts take action to manage the delivery of quality services for special education in a cost-effective manner.

Delivering and Managing Special Ed *More Efficiently*

Special Education enrollment has risen dramatically over the past thirty years and, as a result, special education spending has increased substantially, with local districts forced to absorb the brunt of the nation’s growing special education costs. The goal of improved services, driven by growing government compliance demands and increased parental legal pressure, has resulted in special education now comprising upwards of 20% of total spending on elementary and secondary education. However, some districts have begun to focus successfully on managing special education costs while maintaining or improving the delivery of quality services. With special education accounting for such a significant and growing portion of district budgets, DMC felt it important, during these times of increased fiscal pressure, to explore ways to improve achievement for special education students while seeking innovative solutions to contain ballooning costs.

| BY DANIEL SCHIFF AND NICHOLAS P. MORGAN

Special Education Today: An Overview

Districts Confront Growing Numbers of Special Education Students

Over the past three decades the number of American children diagnosed with disabilities has risen substantially, resulting in a steady growth in special education enrollment and in the percentage of total public school enrollment represented by special education students. As of Fall 2007, more than 6.7 million students across the nation received services under the IDEA (*Individuals with Disabilities Education Act*).¹ Viewed as a share of total public school enrollment, recipients of special education services comprised nearly 14 percent of public school students in 2007 compared to only about eight percent of students in 1976.² Accordingly, since 1976, the special education population has increased by 82%—about seven times the 12% increase in total public elementary and secondary school enrollment (See Figure 1).

The proliferation of special needs students reflects, in part, a range of social and economic factors beyond the control of individual school districts, including advances in medical technology, the deinstitutionalization of children with disabilities, and rising numbers of at-risk school-age children.³ In addition to these broad societal trends, the relentless growth in the number of special

FIGURE 1

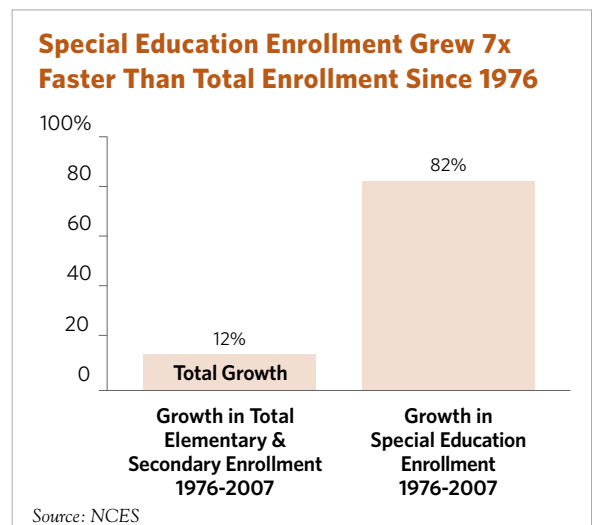
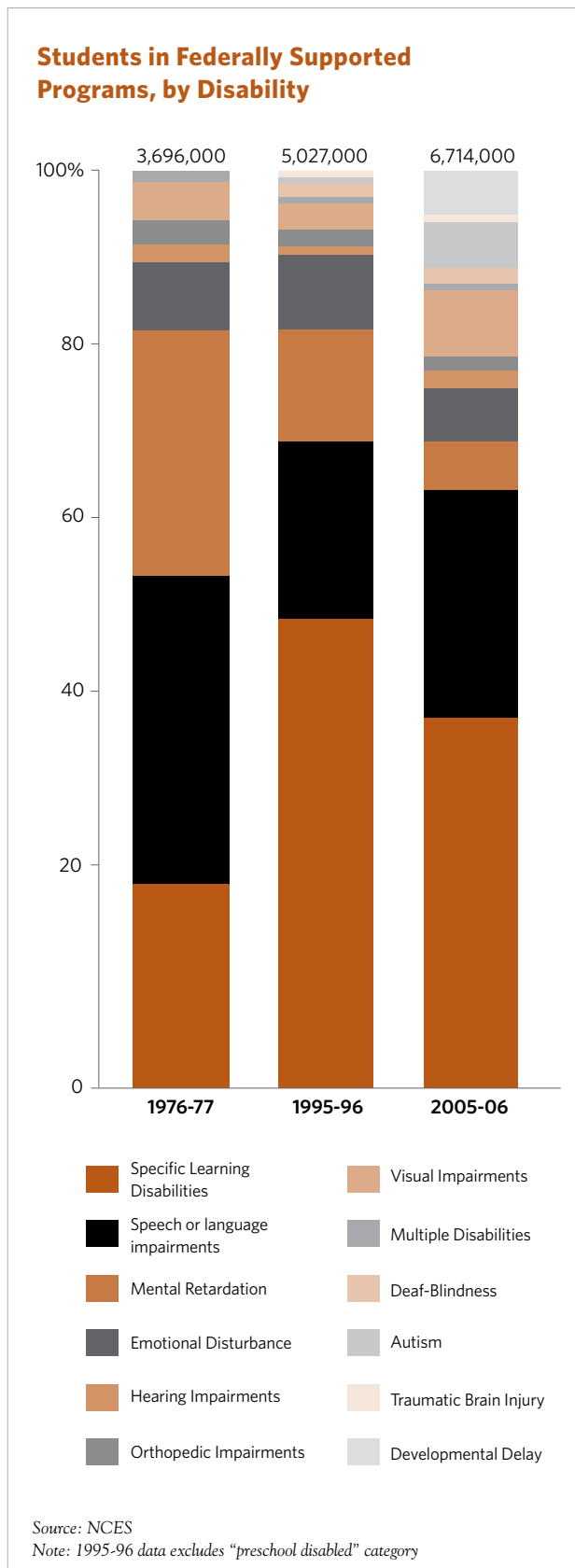


FIGURE 2



education students can be attributed to increasing numbers of preschool children, more effective outreach efforts at the state and local levels, and improved reporting and diagnostic procedures.⁴

America’s large special education student population encompasses a wide array of different disabilities—a fact with important implications for education policy. Under the IDEA, special needs children are classified as suffering from one of 13 separate categories of disability, ranging from less severe classifications such as “specific learning disabilities” (SLD), “speech or language impairments” and “emotional disturbance” to more severe categories including autism, mental retardation and visual, orthopedic and hearing impairments.

The vast majority of special education students—more than 78% during the 2007-08 school year—are diagnosed with “non-severe” disabilities. Just two of these disability categories, SLD and “other health impairments”, account for more than 60 percent of special education enrollment. In fact, before leveling off around the turn of century, marked increases in the number of SLD diagnoses had been a critical factor in the expansion of the special education population.⁶ During the 1976-77 school year less than 22% of special education students were categorized as having SLD (an expansive category comprised of a wide variety of diagnoses that do not fall under other classifications), but by the late 1990s almost half of special education students received such a designation.⁷ With more than 2.5 million children diagnosed with SLD in 2007-08, this disability remains by far the largest special education classification, numerically dwarfing virtually all other IDEA disorders. (See Figure 2).

More recently, however, a trend has emerged with significant cost and operational consequences. Since 2000, most of the increase in special needs enrollment can be attributed to what are deemed “more severe” disabilities (See Figure 3). The startling growth in autism classifications is one of the forces driving this development. Not listed by the federal government as a separate disability category until 1993, autism diagnoses have increased exponentially over the past dozen years. Autism classifications have increased from 24,000 in 1993, to 42,000 in 1997, to 94,000 in 2000, to 296,000 in 2007—representing a total increase of more than 1100% and a compound annual growth rate >

FIGURE 3

Number and Growth of Students in Federally Supported Programs, by Disability

	2005-06 Enrollment, in Thousands	CAGR (1995-96 to 2005-06)
Autism	223	25.9%
Other health impairments	570	17.6%
Traumatic brain injury	24	11.5%
Deaf-blindness	2	8.0%
Multiple disabilities	141	4.7%
Speech or language impairments	1468	4.1%
Hearing impairments	79	1.8%
Visual impairments	29	1.7%
Orthopedic impairments	71	1.3%
Emotional disturbance	477	1.0%
Specific learning disabilities	2735	.7%
Mental retardation	556	-.3%
Developmental delay	339	not tracked in 1995-96

Source: NCES

of over 20 percent.⁸ (Developmental delay diagnoses have risen at an even faster clip, although this category was introduced by the federal government in 1997 as a classification option for children ages 3 through 9 who might not yet easily fall into one of the more established disability categories.)

The Cost Implications of Program Expansion

In conjunction with rising special education enrollment, school systems must confront the economic challenges of providing quality programs. While outlays vary significantly by disability category⁹, per pupil expenditures for students receiving special education services are approximately twice the per pupil expenditures for regular students not utilizing such services. Systemic cost data for special education is unfortunately not widely tracked or researched. Some of the most commonly cited data comes from the Special Education Expenditure Project, conducted through the Center for Special Education Finance, which published its research data in 2003. During the 1999-2000 school year, the average expenditure for a special education student was \$12,525 compared to \$6,556 for an average regular education student that did not receive special education services¹⁰. Assuming this ratio has remained constant, the average cost of providing special needs

programs during the 2005-06 school year had risen to about \$17,500 per student.

Moderate needs students are often educated in regular classrooms and are not generally accorded the same level of special education services afforded to pupils with more significant disabilities. As a result, SLD, speech or language impairment and other health impairments are the least expensive disability categories. The average per pupil expenditure for students with these diagnoses is “only” 1.5 to 2 times that of regular education students.¹¹

The rise in the number of diagnoses for autism and other “severe” disorders, however, poses a more significant financial challenge for education officials. Districts will increasingly need to develop cost-effective strategies to educate children suffering from severe disabilities. This will no doubt be a difficult task since these students usually require substantially separate district programs or out-of-district placements and are therefore the most expensive to educate. Per pupil expenditures for students with autism or multiple disabilities are three times those of regular education students and can rise substantially higher when students attend out-of-district institutions.

Not surprisingly, the growing numbers of students classified as disabled have led to large increases in special education spending on the local, state and

federal level. During the 1999-2000 school year, local and state education agencies and the federal government spent an estimated \$50 billion on special education alone—an estimated ten-fold *real dollar* increase over mid-1960s expenditure levels.¹²

However, the full cost of educating the nation's special education population encompasses all resources—including special education, regular education and other special needs programs—used to provide a comprehensive education program. By this measure, aggregate spending to educate special education students exceeded \$78 billion, representing 21% of total spending on elementary and secondary education.¹³

Local Districts Bear the Burden of Growing Special Education Costs

Local school districts absorb the brunt of the nation's growing special education costs. Since the enactment of IDEA in the 1970s, federal and state governments and local school districts have shared special education expenditures. Originally, the federal government promised to fund 40 percent of the excess costs of its education mandates.¹⁴ This financial commitment, however, was disregarded from the outset. In the ensuing decades, federal monies have accounted for only seven to twelve percent of the total excess cost of special education services.¹⁵

State governments not only have failed to fill the breach, but have decreased their relative portion of special education funding. According to one U.S. Department of Education-funded analysis, between 1993 and 1998, the state share of special education expenditures decreased from 55% to 47% while the burden on local funding sources grew from 39% to 45%.¹⁶ A subsequent thirty-nine state survey conducted by the Center for Special Education Finance confirmed this trend, demonstrating that during the 1999-2000 school year, local districts contributed about 46 percent of the support for special education programs, surpassing the 45 percent of funding provided by the states.¹⁷

The result has been a dramatic transformation in the overall distribution of educational resources. While governments at all levels have consistently boosted public education spending, the rising cost of special education programs has consumed a disproportionate share of such funds. Over the past four decades, the

share of spending devoted to special education has grown by leaps and bounds, surging from about 3.5% of total educational outlays in 1967 to approximately 20% of overall expenditures today.

Invariably, this reallocation of educational expenditures has helped to curtail the amount of education funding available for “regular” education. Due to the large-scale expansion of special education and other initiatives addressing the needs of disadvantaged students, a widely read study by Richard Rothstein and Karen Hawley-Miles calculated that “regular” education was allotted less than one quarter of the net increase in educational expenditures from 1967 to 1991.¹⁸ As a consequence, total educational outlays allocated to core instructional programs significantly declined in percentage terms during this period.¹⁹ In all likelihood, this trend has continued in recent years as special education expenditures have further mushroomed.

Given the foregoing financial and demographic developments, school districts confront growing pressure to control spiraling special education costs. In many school systems, district stakeholders, including teachers, administrators and parents of regular and special education students are engaged in continuous and often contentious struggles over limited educational resources. Increasingly, special needs parents have turned to the legal process, utilizing expensive administrative procedures—and ultimately lawsuits—to secure enhanced in-district and/or out-of-district services and accommodations for their children.

Special Education Today: Strategies to Improve Quality and Manage Cost

Forward-looking school systems have responded to this challenge by undertaking efforts to maintain or even improve quality while containing special education expenditures.

The most basic strategy has been to reduce the overall special education population. Districts like Elk Grove Unified School District in California have received wide acclaim for their success in reducing their special education population through “response to intervention” or “RTI.” In general, greater individualized instruction in the early grades, particularly in reading, has reduced the number of special education students.

Attacking the primary cost drivers in special education, districts have also pursued strategies to (1) reduce out-of-

district student placements, (2) improve the operational efficiency of in-house programs and services, (3) achieve economies of scale via shared service arrangements, and (4) lower special education transportation expenses.

Utilizing Early Intervention to Contain Special Education Enrollment

An increasingly popular strategy utilized by districts to contain special education enrollment has been Response to Intervention (RTI), a program that employs school-wide curriculum and instructional interventions coupled with frequent assessments to identify academic problems early on and address the needs of low-performing students.³² Underlying this effort is the view that RTI programs can prevent tens of thousands of children from being labeled incorrectly as disabled—particularly where their educational difficulties may arise from poor reading skills, ineffective teaching or cultural differences.

Districts using RTI generally apply a three-tiered model that provides students with targeted instruction at increasingly intensive levels specifically tailored to individual needs. Tier I contains a core academic and behavior curriculum and is generally effective with 80 to 85 percent of students. Tier II, provided to

approximately 15 percent of students, offers various levels of targeted instruction to students demonstrating significant academic weakness. Based on ongoing assessments, students move fluidly between Tier I and Tier II support. Tier III instruction services assist about five percent of students and involve more intensive individual interventions, including reading labs and extended school days.³³

The RTI program is designed to help moderately impaired students overcome academic challenges within a regular education environment, thereby avoiding placement into special education. Students are generally considered for special education only when the gradually intensifying series of closely monitored interventions fails to promote appropriate educational progress.³⁴

In the mid-1990s, the Elk Grove Unified School District in Sacramento County, California, became one of the first school systems to implement such a program. Confronted with a growing and increasingly diverse student population and a sharp spike in special education enrollment, the district developed an early intervention plan—originally called Neverstreaming—that front-loaded instructional services as soon as students showed initial signs of academic weakness.³⁵

Lexington Public Schools

In 2006, the Lexington Public Schools (LPS), a 6,200-student district in eastern Massachusetts, provided special education services to approximately 1,200 students through an array of in-house offerings, including developmental learning, intensive learning, language learning and social/emotional learning programs; multi-disciplinary support teams; and transition programs.²⁶ That year, however, LPS confronted a significant increase in the cost of out-of-district placements as a result of reductions in state funding for mental health services, limited state financial support for a growing population of autistic students, inadequate summer programming

and increased transportation costs.²⁷

With special education costs skyrocketing to 21.4% of the total school budget, LPS sought to enhance its capacity to educate special needs students in-district—and thereby reduce the need for expensive out-of-district placements—by expanding and adding several special education programs.²⁸ For fiscal year 2008, the district focused on intensive learning programs at the middle and high school level, a middle school developmental learning program, and a high school multi-disciplinary support team and language learning program. Future plans were also set in motion to establish a new middle school multi-disciplinary support

program alongside a new developmental learning program at the high school and expanded language learning programs at the elementary school level.²⁹

Emphasizing services for children with autism and emotional disabilities, program expenditures primarily centered on hiring new teachers, teacher assistants and speech and language specialists, along with related training, supplies and benefits.³⁰ However, despite these expenses, LPS's new and expanded services significantly reduced out-of-district placements, generating more than \$1.3 million in savings during the 2008 fiscal year.³¹ □

Elk Grove's RTI program seeks to keep students within the general education classroom while providing targeted students with more intensive academic assistance. As part of this effort, Cooperation Conferences bring together general and special education staff on a regular basis to discuss the needs of all students and determine the appropriate intervention and support services required for students to succeed.³⁶

Assuming general education (Tier I) efforts are unsuccessful, the district employs a Tier II intervention involving, *inter alia*, increased classroom support, instructional coaches and categorical supports. Tier III interventions involve intensive small group instruction and extended days along side extensive use of school-based reading labs and learning centers.³⁷ Many Tier III students transfer back into general education classrooms and are never placed into special education.

Over time, the Elk Grove RTI program has improved district academic performance while drastically reducing the number of special education students in the school system. During its first decade, Neverstreaming helped lower special education enrollment to less than nine percent of the student population, down from 16 percent when the program commenced during the 1994-95 academic year.³⁸

Elk Grove's successful program has become a model for the implementation of similar efforts across the nation. In recent years, RTI programs have been initiated in more than 17 states, including New York, Florida, Illinois, Ohio and Texas.³⁹ In Illinois, for example, the state has announced plans to make RTI mandatory for all schools.⁴⁰ In conjunction with this requirement, the state Alliance for School-based Problem-solving and Intervention Resources in Education (ASPIRE) has implemented a system of personnel development designed to enhance the ability of school districts to provide early intervention services and reduce the number of children unnecessarily placed in special education.⁴¹

Reducing Out-of-District Placements Via Improved In-House Programs

District expenses are highest for special education students placed out-of-district in private schools or non-district public agencies. The average expenditure on tuition, fees and other services for special needs children attending educational institutions outside the district has been calculated at twice the expenditure for

the average special education student and nearly four times the expenditure for regular education students.²⁰ Many school systems are routinely confronted with annual private school tuition bills ranging from \$40,000 to \$60,000 per pupil.

Such out-of-district placements consume a disproportionate share of district education budgets. In New Jersey, for example, approximately 10 percent of special needs students attend out-of-district educational institutions. However, the tuition fees and related costs incurred by these placements account for almost 40 percent of the state's total special education expenditures.²¹

To contain special education expenditures, school districts have sought to expand and improve in-district special education offerings, thereby undercutting the rationale for out-of-district placements. Enhanced in-house programs can serve students that are currently out-of-district, who are planning to go out-of-district and that are about to become a structural out-of-district placement because their in-district programs abruptly terminate in the succeeding grade.

In the past, many mid-sized and smaller districts decided against maintaining extensive in-house special education programs, concluding that they lacked sufficient students at any given grade level to justify the cost of such services. However, the escalating tuition and transportation costs incurred for out-of-district placements have changed the economic calculus. Today, if a district has at least three students with similar needs within the same age range, it may be more cost effective to establish an in-house program than to place the students in an out-of-district facility.²²

Of course, any net savings resulting from decreased tuition payments and transportation costs must take into account the costs of both providing enhanced in-district services and securing sufficient classroom space to house the expanded program. However, financial analyses suggest that, for many school systems, expanding in-district special education programs can reduce per pupil costs by a third or more.

Based on such calculations, numerous districts have enhanced their in-house special education offerings. School systems in the Northeast have been in the vanguard of such efforts, adding programs designed to keep all but the most severely disabled students within the district. For example, in 2003, the 6,300 student South Orange/Maplewood, New Jersey school district sought to reduce its 125 out-of-district placements by introducing six new special education programs. ▷

Included among the programs was a classroom for students with language learning disabilities, a high school classroom for students with emotional disabilities and an intermediate school classroom for students with multiple disabilities.²³ Two years later, the district further enhanced its special education offerings, concluding that the costs incurred by adding new classes for elementary school students diagnosed with autism would be more than offset by lower tuition expenses, thereby netting the district \$500,000 in annual savings.²⁴

Cognizant of the high out-of-district placement costs associated with autism, school systems have become particularly aggressive in establishing autism programs once thought to be too specialized and labor-intensive for public schools. After witnessing a doubling in its autistic student population over five years and spending nearly one million on private school tuition and busing for autistic students in 2006, the Nutley, New Jersey school district began its first in-house autistic program in 2007. In creating the program, the district hired several teachers experienced with autistic children, and added a school psychologist, occupational, physical and speech therapists and almost twenty teaching aides. One of the classes was located in a renovated space formally occupied by the Board of Education.²⁵

In fact, some districts have been so successful in cultivating in-district programs that they have become magnets for students from nearby school systems. The Ardsley district, having established a reputation as one of the best autism programs in New York, attracts students from dozens of other districts in Westchester, Rockland and Putnam counties. Over the past few years, the district has added autism classes to accommodate increased internal and external demand.

Improving Management of In-District Programs

Districts have also sought to control outlays by streamlining their existing special education services. Strategic scheduling and optimal staffing allocation, for example, have the potential to significantly reduce the cost of core programs and related services without sacrificing quality. Historically, however, many public school districts have not managed the operations of their in-house programs in the most effective manner. District personnel charged with overseeing such operational tasks—perhaps a secretary in the special education office, a clerk in the business office or a special education instructor—often lack the managerial background to

efficiently utilize the district's special education resources. Moreover, these individuals tend to be focused on locating appropriate student placements and keeping parents and staff content—not with resource management.

As a result, some school systems have turned to private sector firms or public agencies for assistance in managing their special education programs. Such entities seek to achieve cost savings by designing in-district offerings, organizing services and reviewing the cost-effectiveness of special education expenditures, among other strategies.⁴² One example of such an arrangement has been the partnership between the seven-member Lower Pioneer Valley Educational Collaborative (the second largest educational collaborative in Massachusetts) and Futures HealthCore. Under the agreement, Futures HealthCore was named the exclusive provider and manager of the district's therapy delivery system, including speech and language, physical and occupational therapies. In this capacity, the company provides evaluation, therapy and consultative services to students with a range of disabilities including autism, Asperger's Syndrome and Down syndrome.⁴³

Futures HealthCore has also formed a partnership with the Holyoke Public School System under which the firm supports the day-to-day operations of the district's Special Education Department. In addition to offering therapy services, professional development, and specialized assistance in program planning and design, the firm has placed administrators on site to support special education management, IEP coordination and out-of-district placement oversight.⁴⁴

Participation in Shared Service Arrangements

A long-standing but successful strategy adopted by school districts to improve special education services and control expenses has entailed entering into shared service agreements with neighboring school systems. Multi-district "collaboratives" that share education programs and transportation among member districts have been in use for decades and seem to be especially popular⁴⁵ among smaller school systems in the Northeast, where lower student populations have made it more difficult for individual districts to provide certain services in-house. Special education-themed arrangements generally encompass special needs programs, related services (i.e., counseling, occupational therapy) and/or administrative support. Special education classes offered in one member district and made available to

students attending neighboring districts represent a common form of collaboration.⁴⁶

One such shared service arrangement, the Greater Lawrence Educational Cooperative (GLEC), provides a wide array of educational services for ten school systems near Lawrence, Massachusetts. Among GLEC's diverse offerings are (1) inter-district educational, vocational and therapeutic programs for mentally, emotionally and physically challenged students, (2) a "Collective Alternative School" providing academic and therapeutic resources for special needs middle and high school students, (3) a special needs camp providing a six-week day program for students with moderate to intensive developmental delays and (4) special needs transportation services.⁴⁷

Overcoming the High Cost of Special Education Transportation

Special education transportation costs likewise consume a disproportionate share of district budgets. Subject to a range of physical and cognitive limitations, special needs children often require door-to-door transportation, limited ride time and specially-equipped vehicles. Nurses or special education aides may be required to provide on-board assistance to students.⁴⁸ Safety and liability issues associated with transporting disabled students further increase the cost of operating a special education bus fleet.⁴⁹ In addition, transporting students to out-of-district schools—the more expensive component of special education transportation—often entails long and inefficient bus trips and overlapping routes. As a result, transportation services can substantially increase the total cost of educating special education students.

During the 1999-2000 school year, total expenditures for "special transportation"⁵⁰ services utilized by disabled students were estimated at \$3.7 billion—representing about 28% of total school transportation expenditures. Based on these figures, the per pupil expenditure for special transportation totaled \$4418 while the per pupil expenditure for regular transportation was only \$442.⁵¹ As such, the cost of transporting a disabled "special transportation" student to and from school is almost ten times higher than transporting a regular education student.

The state of New Jersey provides an additional window on the financial and logistical challenges imposed by special education transportation. Over the eight year

period from 1997 to 2005, the number of special education students transported within the state increased by 40 percent to well over 40,000, a total that excludes disabled children traveling to school on general education buses without special accommodations.⁵² By 2005, New Jersey school districts incurred approximately \$400 million in expenditures in connection with these special education transportation services—translating into an estimated cost of \$10,362 per pupil. Per student expenses were even higher in the northern part of the state (\$13,918) and in K-8 (as opposed to K-12) districts.⁵³ As a result, in districts such as South Orange/Maplewood (a system providing transportation services to approximately 1,800 regular education students and 280 special needs students) more than 60% of transportation costs were attributable to special education.⁵⁴

Significant reductions in special transportation expenditures are ordinarily achieved via the aforementioned efforts to reduce out-of-district student placements. School systems, however, have considered an array of additional strategies aimed at decreasing the costs of transporting their disabled student populations.

Decisions on whether to provide special transportation in-house via district-operated vehicles or to subcontract bus routes to private contractors (or to utilize a mix of contracted vendors and district buses) vary district by district and are dependent on the financial analyses of individual school systems. Perversely, however, in many school systems, district buses handle stable, high volume routes while private contractors are assigned more volatile, lower volume runs, thereby exposing districts to premium vendor fees and surcharges. Districts that work to optimize the allocation of in-house and contracted bus routes are more likely to minimize costs and enhance overall efficiency.

Unnecessarily high special education transportation costs are also a byproduct of an apparent unwillingness on the part of some school systems to fully embrace existing technologies. The latest routing software systems provide districts with the opportunity to optimize their transportation schedules. These products help design shorter and more efficient bus routes and allow districts to continuously update the route structure in the face of changing usage patterns. However, such software is seldom utilized in special education transportation planning.

One exception is the Tulsa Public Schools, the largest district in Oklahoma, which has sought to reduce special education transportation costs via use of a custom-designed ▷

geographic information software system. The district's "Bus Router" system operates automatically and dynamically, selecting optimal transportation routes and route vehicles by integrating information about maximum-mandated student riding times, necessary student equipment and accommodations and which students are riding vehicles on any given day.⁵⁵

Cost savings—estimated by the district at approximately \$500,000 per year—are generated in large part by routing only those students that are physically riding vehicles on a particular day.⁵⁶ The automated process takes unneeded vehicles out of service, minimizes route length and lowers the transportation staff's workload. No-show students are automatically removed from the routing system after a specified number of transport attempts, but an automated telephone interface provides parents with instructions on how to reestablish transportation for their child.⁵⁷

As with educational programs, multi-district shared service agreements provide yet another avenue for controlling rising special education transport costs. Member districts engage in regional scheduling and realize cost savings by sharing bus routes with one another and benefitting from the economies of scale arising from the consolidated service. Administrative expenses are further reduced where a district collaborative entity becomes a central point of contact and organization, undertaking activities such as transporting, or contracting for transportation of special education students within member districts.

The Sussex County Regional Cooperative (SCRC), encompassing over 70 public school systems in five New Jersey counties, for example, provides transportation services for special education students attending schools outside their home districts. By sharing cooperative routes with other school systems, member districts have reduced their transportation costs by over fifty percent.⁵⁸ Districts pay the SCRC the actual cost of transportation, plus a 4% administrative fee to cover expenditures for office staff, supplies, insurance and legal services.⁵⁹ The SCRC has received the highest transportation rating of all transportation providers in New Jersey and has succeeded in generating a profit despite being designed as a non-profit entity.⁶⁰

In 2006, Massachusetts commenced a three-year Special Education Transportation Pilot Program designed to evaluate whether out-of-district student

placements can be provided at lower cost and with improved quality by delegating transportation planning and contracting to educational collaboratives. Participating collaboratives assumed new routing responsibilities and sought to develop new regional transportation networks. Upon the conclusion of the pilot, most districts had realized cost savings and half cited the added advantage of increased interaction and communication with neighboring school systems.⁶¹ Districts also highlighted reduced staff time, collaborative expertise, increased route quality and efficiency and more careful driver screening and monitoring as additional benefits arising from collaborative-managed transportation services.⁶²

Conclusion

Many forward-looking school systems have taken steps to contain special education expenditures and have achieved positive results in terms of cost-containment without sacrificing the quality of services delivered. With the dramatic growth in special education enrollment and substantial increases in special education costs, it is imperative that school districts take action to manage the delivery of quality services for special education in a cost-effective manner. We have sought to present in broad brush strokes selected strategies that have been successful in better managing special education services. Here at the DMC, we urge you to think about the trends in your district and consider the strategies being used by other districts to proactively manage the quality and cost of special education services. □



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- ¹ U.S. Department of Education, National Center for Education Statistics.
- ² Id.; Swanson, Christopher B., *Special Education in America: The state of students with disabilities in the nation's high schools*, Editorial Projects in Education Research Center (November 3, 2008).
- ³ Sheldon Berman, Perry Davis, Ann Kaufman-Frederick and David Urion, *The Rising Costs of Special Education in Massachusetts: Causes and Effects in Rethinking Special Education For A New Century* (Progressive Policy Institute & Thomas B. Fordham Foundation 2001).
- ⁴ Id.
- ⁵ Other health impairments (OIH) includes attention deficit hyperactivity disorder (ADHD) as well as limited strength, vitality or alertness due to acute health problems such as a heart condition, tuberculosis, asthma, sickle cell anemia, epilepsy, leukemia or diabetes.
- ⁶ Department of Education, Office of Special Education Programs
- ⁷ Id.; Swanson, supra.
- ⁸ U.S. Department of Education, National Center for Education Statistics.
- ⁹ The most common disability classifications, the non-severe categories "specific learning disabilities" and "speech or language impairments," require the lowest per pupil outlays. The Special Education Expenditure Project estimates that during the 1999-2000 academic year, school districts spent \$10,558 per pupil on specific learning disabled students and \$10,958 per pupil on speech/language impaired students. Spending on more severe disabilities was significantly higher. Annual per pupil educational costs averaged \$14,993 for orthopedic impaired students, \$15,992 for hearing impaired students, \$18,811 for visually impaired students, \$18,790 for autistic students and \$20,095 for students diagnosed with multiple disabilities. Special Education Expenditure Project, *Total Expenditures for Students with Disabilities 1999-2000: Spending Variation by Disability* (Center for Special Education Finance 2003)
- ¹⁰ Id.
- ¹¹ Id.
- ¹² Special Education Expenditure Project, *State Special Education Finance Systems, 1999-2000 Part II: Special Education Revenues and Expenditures* (Center for Special Education Finance 2004).
- ¹³ Id. Total spending on students with disabilities included \$50 billion for special education services, \$27.3 billion for regular education services and \$1.0 billion for other special needs programs (e.g., Title I).
- ¹⁴ Berman et al, supra.
- ¹⁵ The Center for Special Education Finance
- ¹⁶ Thomas B. Parrish, *Who's Paying the Rising Cost of Special Education?*, *Journal of Special Education Leadership* (Council of Administrators of Special Education), 2001.
- ¹⁷ Parrish, T., Harr, J. et al., *State Special Education Finance Systems, 1999-2000* (Center for Education Finance May 2003). In some Northeastern states local school systems are responsible for an even larger share of special education expenditures. In New Jersey, school districts supported 57% of the cost of special education services in 2005. Molenaar, M., Luciano, M., *Financing Special Education in New Jersey*, New Jersey School Boards Association (September 2007). And, according to the Connecticut Conference of Municipalities, during the 2003-04 school year, local districts assumed 61.5% of special education expenditures in that state. Cowan, A. L., *Amid Affluence, A Struggle Over Special Education*, N.Y. Times, Apr.25, 2005.
- ¹⁸ R. Rothstein, "Where's the Money Going? Changes in the Level and Composition of Educational Spending, 1991-96" (Economic Policy Institute, 1997)
- ¹⁹ Id.
- ²⁰ Special Education Expenditure Project, *Total Expenditures for Students with Disabilities, 1999-2000: Spending Variation by Disability*.
- ²¹ Carroll, K., *Special ed's costs endanger other programs*, *The Record* (February 24, 2008).
- ²² Molenaar, M., supra.
- ²³ Nussbaum, D., *Reining In Special Education*, NY Times (August 31, 2003).
- ²⁴ Message from Superintendent Peter Horoschak on the 2005-2006 School District Budget, School District of South Orange and Maplewood, New Jersey (February 3, 2005). Over the past several years, the 5700 pupil Westfield, New Jersey school system, faced with special education costs totaling 21 percent of the district's operating budget, has established a panopoly of district programs designed to reduce out-of-district placements and provide better services for students. In house special education offerings have included a "Leaps and Bounds" program for autistic children, three pre-school classes, over half a dozen elementary and intermediate school level classes, and "Bridge" and "Prep" programs at the district high school. District officials noted that educating its 18 Prep program students in-house resulted in substantial savings by eliminating out-of-district placement costs of \$40,000 per pupil and estimated that an in-house autistic class can generate savings of at least \$100,000 per year. William J. Foley, *Synopsis of meeting of the Westfield Board of Education* (February 13, 2007); Nussbaum, supra.
- ²⁵ Hu, W., *A School's Special Embrace*, NY Times, October 7, 2007.
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- ²⁷ Lexington Public Schools, *Current Range of Out-of-District Placements for Elementary Through Age 22 Students with Significant Special Needs* (2006)
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- ³⁰ Id.
- ³¹ Murphy, I.B., *School District saves \$1 million with special ed. programs*, *Lexington Minuteman*, Oct. 30, 2008.
- ³² The Wing Institute, *Second Annual Summit on Evidence-Based Special Education* (2007)
- ³³ Elk Grove Unified School District, *Every Child by Name and Need: RTI*; Great Lakes West Comprehensive Assistance Center, *Implementation of Response to Intervention (RTI) in 7-PAK States: Approaches and Lessons Learned* (January 2007).
- ³⁴ Tomsho, R., *Is an Early-Help Program Shortchanging Kids?*, *Wall Street Journal*, August 16, 2007.
- ³⁵ Elk Grove Unified School District's Arlene Hein Elementary: *Homegrown Efforts Prefigure National Trends*, *The Special EdGe* (Winter/Spring 2007)
- ³⁶ Id.; Elk Grove Unified School District, supra.
- ³⁷ Elk Grove Unified School District, supra.
- ³⁸ Id.; Tomsho, R., supra.
- ³⁹ The Wing Institute, supra.
- ⁴⁰ Tomsho, R., supra.
- ⁴¹ Illinois State Board of Education (2009)
- ⁴² The Futures HealthCore, *Special Education Services* 2008
- ⁴³ Id.
- ⁴⁴ Id.
- ⁴⁵ In a 2007 survey of New Jersey public school districts conducted by the Rutgers University-based Institute on Education Law and Policy, more than 50% of respondent districts reported at least some shared services encompassing special education classes and special education related services such as physical therapy, occupational therapy and speech therapy. *Shared Services in School Districts: Policies, Practices and Recommendations*, Institute on Education Law and Policy, Rutgers, The State University of New Jersey & New Jersey School Boards Association (September 2007).
- ⁴⁶ Id.
- ⁴⁷ *Shared Services in School Districts: Catalogue of Best Practices*, Institute on Education Law and Policy, Rutgers, The State University of New Jersey & New Jersey School Boards Association (September 2007).
- ⁴⁸ Special Education Expenditure Project, *What Are We Spending on Transportation Services for Students With Disabilities, 1999-2000?* (Center for Special Education Finance 2002).
- ⁴⁹ Id.
- ⁵⁰ "Special transportation" is a related service specifically designed for and provided to students with disabilities. The Individualized Education Program (IEP) team determines whether a student with a disability requires regular or special transportation.
- ⁵¹ *What Are We Spending on Transportation Services for Students With Disabilities, 1999-2000?*, supra.
- ⁵² New Jersey School Boards Association, *Financing Special Education in New Jersey* (September 2007).
- ⁵³ Id.
- ⁵⁴ *Budget Development Report: Transportation Services*, Board of Education, The School District of South Orange and Maplewood (December 29, 2003).
- ⁵⁵ Scott McCarty, *In Tulsa, Oklahoma, Public Schools Lower Transportation Costs With GIS*, *ArcNews Online*, Fall 2004.
- ⁵⁶ Id.
- ⁵⁷ Id.
- ⁵⁸ *Shared Services in School Districts: Catalogue of Best Practices*, supra.
- ⁵⁹ Id.
- ⁶⁰ Id.
- ⁶¹ *A Review of the Outcomes to Date of the Special Education Transportation Pilot Program*, Final Report, Massachusetts Department of Elementary and Secondary Education (August 2008).
- ⁶² Other districts, such as the District of Columbia Public Schools, have sought to reduce the high transportation costs incurred by out-of-district placements by purchasing bus service from the destination jurisdiction. An Action Plan for Special Education Reform in the District of Columbia, DCPSWatch, February 27, 2007. Under such arrangements, D.C. students utilize the destination jurisdiction's school transportation system for a fee, thereby avoiding the expenditures and inefficiencies associated with using D.C. vehicles to transport students outside the district.