

# BOOSTING THE QUALITY

## AND EFFICIENCY OF SPECIAL EDUCATION

by Nathan Levenson

Foreword by Chester E. Finn, Jr. and Michael J. Petrilli

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# Foreword

*Chester E. Finn, Jr. and Michael J. Petrilli*

Perhaps no challenge in American schooling is as perplexing and under-examined as special education, particularly its costs, its benefits, and the relationship between them. This analysis by the District Management Council's Nathan Levenson, himself a former school superintendent, seeks to change that.

Special education is challenging because it's hard to do well, it's relatively costly, its results haven't been very satisfactory, and its numbers have grown rapidly. It's perplexing—and genuinely complicated—because it is entangled in webs of moral dilemmas, legal mandates (and prohibitions), and logistical difficulties.

This segment of the population has been unlucky—in some cases tragically so. Some special education students are born with severe limitations that affect their ability to learn. Others are not so much disabled at birth as they are ill-served by an education system that generally fails to respond well to individual needs and circumstances.

The landmark Individuals with Disabilities Education Act (formerly the Education for All Handicapped Children Act, dating to 1975) confers on all such children the legal right to a “free and appropriate public education” in the “least restrictive environment,” a right to be ensured through an army of advocates, a legion of lawyers, unusual leverage for parents—and a maze of procedures and mandates.

While public education is never very hospitable to innovation, efficiency, and productivity, special education has generally been downright hostile. Despite statutory and regulatory tweaks from time to time, our approach hasn't really changed in thirty-five years, even as so much else in K–12 education has.

That does not, regrettably, mean it's been working well. Indeed, change is desperately needed in this corner of the K–12 world, as any look at the (woeful) achievement data or (skyrocketing) spending data for special education students demonstrates. To oversimplify just a bit, general (i.e., “regular”) education is now focused on academic outcomes, but special education remains fixated on inputs, ratios, and services. And general education faces a major budget crunch and push for productivity enhancers, while special education has largely been insulated from considerations of cost and cost-effectiveness.

But why is special education so understudied? Here we find ourselves, well, a bit puzzled. Few scholars seem interested in big-picture issues, maybe because few policymakers seem ready to tackle this realm. Funders also appear loath to take it on, perhaps fearful of looking callous or uncaring when it comes to youngsters with disabilities. It may also be that the special education system's complexity scares off reformers and analysts.

That's a shame, because the same dysfunctions that ail general education afflict special education, too: Middling teacher quality; an inclination to throw "more people" at any problem; a reluctance to look at cost-effectiveness; a crazy quilt of governance and decision-making authorities; a tendency to add rather than replace; and a full-on fear of results-based accountability. Yet the fates of general and special education are joined. In many schools, the latter is the place to stick the kids failed by the former—a major cause of the sky-high special education identification rates in many states and districts. Further, there exists in many locales the unrealistic expectation that all neighborhood schools should be able to serve every youngster with special needs at a high level. But special education also has the power—especially in times of flat budgets—to drain more and more funds from the general pot. This makes it a concern for school reform—and education policy—writ large.

Into this morass wades Nate Levenson, former superintendent of the Arlington (MA) Public Schools, with a few simple, but assuredly not simplistic, solutions. Make general education better, he says, so that fewer kids get placed into special education. Once in special education, design interventions for kids that take cost-effectiveness into account—a benefit both for the kids and for the taxpayer. Focus on recruiting better teachers, not more teachers (and aides, specialists, etc.)—for general and special education alike. And carefully manage their caseloads.

If these common-sense ideas sound easy to implement, you haven't spent much time around special education. Yet they can be spotted working in real places—locales you'll read about (albeit with pseudonymous names) in the pages that follow. That's one of the great contributions of this paper: Levenson and his team identified districts that get similar (or superior) results for special education students as their peer districts, yet at significantly lower cost. They are doing right by kids and right by the bottom line. Both at once. And their practices are eminently imitate-able. The other significant contribution Levenson and his team made in preparing this paper was the development of a national database on special education spending—the largest and most detailed such ever built. It contains information from almost 1,500 districts, representing 30 percent of the nation's schoolchildren. From this database, we learn that special education spending and staffing vary wildly—much more so than for regular education. Principally driving this variation are huge district-to-district differences in staffing levels (even when total enrollments are held constant).

Some districts hire almost three times more special education teachers (per thousand students) than do others. The difference for paraprofessionals (teachers' aides) is over four times. Levenson calculates that if the high-spending districts adjusted their staffing levels in line with national norms, the country could save \$10 billion a year. That's not chump change! For example, it's more than twice the total sums invested (over multiple years) in Race to the Top.

The potential for additional savings—and better services for kids—is greater still. To its discredit, longstanding federal law bars the teams that develop special education pupils' Individualized Education Programs from considering the cost of the interventions and services that they are recommending. It also penalizes states that find ways to spend less on special education from one year to the next. Untangling these federal barriers to efficiency and effectiveness in special education is the job of Congress—yet no one in Washington seems the least bit interested in tackling an IDEA reauthorization anytime soon. That's a huge mistake.

We at Fordham stand willing to help. Over a decade ago, we published *Rethinking Special Education for a New Century*, which intended to do just that. Sadly, not much rethinking has occurred—though the fiscal environment that schools find themselves today is markedly different than just ten years ago. As special education costs eat into general education coffers—a trend that is almost certain to continue in the lean years ahead—we suspect that education leaders, policymakers, and taxpayers alike (maybe even the parents and teachers of children with disabilities), will feel impelled to make our perplexing and inefficient special education system a little less so. This paper should be the first place they look for good ideas.

# Acknowledgments

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Many thanks to author Nathan Levenson, Managing Director at the District Management Council, for his dedication to this research and willingness to accommodate feedback. We're grateful to Nate not only for this fine product but also for the attention he's been giving to the quality and efficiency of special education. Others at the District Management Council provided research assistance: Rachel Cai, Rebecca Kessler, Keith MacLeod, Nicholas Morgan, and Jim Smith.

Thanks also to Stephen Frank, Director at Education Resource Strategies (ERS), who reviewed the draft report and provided feedback. (ERS is one of the few organizations that is thoughtfully sounding an alarm for the reform of special education.) Shannon Last was our copy editor; Bill B Creative designed the layout; and Rich Vintage Photography supplied the cover photo. At Fordham, Amber Winkler managed the project and reviewed drafts, Ty Eberhardt and Joe Portnoy disseminated its findings, and Matt Richmond shepherded production of this report.

# Executive Summary

It's a woeful fact: Few students with special needs achieve a high (or even modest) level of academic proficiency. The latest (2011) National Assessment of Educational Progress (NAEP) results show, for example, that 62 percent of eighth graders with disabilities fell below the “basic” level in reading, as did 64 percent in math.<sup>1</sup>

At the same time, the lingering impact of the 2008 recession and the end of federal stimulus funds are squeezing school budgets even as special education (often referred to as SPED) spending consumes a growing share of the district pie. Based on a recent report by the Pew Center on the States, the total pie available, at least at the state level, is more likely to shrink than grow—making what is now a difficult challenge even more daunting in the future.<sup>2</sup> Over its nearly forty-year span, the Individuals with Disabilities Education Act (IDEA)—once a necessary safety net to ensure equity for children with disabilities and special needs—has become over-regulated, over-managed, and over-complicated. Further, its outdated “maintenance of effort” provisions impede efforts to make special education more cost effective (see Appendix A).

In fact, the idea of even *considering* spending as it relates to the instruction or achievement of children with disabilities rarely gets the airing that it deserves. Few states or districts measure cost effectiveness, return on investment, or other linkages between inputs (money, which pays for services and personnel) and outputs (student learning). This study is intended to open some windows and encourage some fresh breezes by examining three key questions:

- 1 How much variation in special education spending exists among districts?
- 2 What can we learn from school districts that spend less on special education, yet achieve the same or better outcomes than demographically similar but higher-spending counterparts?
- 3 What savings might be realized if the special education field focused on outcomes rather than inputs?

To find out, we first analyzed the special education staffing patterns of more than 1,400 school districts, representing nearly one-third of all students in the United States. Then we drilled down into a purposeful sample—ten pairs of comparable districts in five states, with one of each pair spending less on special education but achieving at higher levels. What did we learn?

- If districts with above-average SPED staffing were able to staff at the national median, collectively they would save over \$10 billion a year. To put the impact in a local perspective, a ten-thousand-pupil district spending at the 90th percentile on special education could save or repurpose upward of \$7 million a year if it had more typical spending. Our pairs illustrate for



special education the same myth that was long ago dispelled in regular education: more money does not automatically equal improved achievement. On average, the higher-achieving districts within our pairs had 25 percent more SPED pupils at the proficient level,<sup>3</sup> although the lower-achieving district in the pair spent 22 percent more (adjusted for total student enrollment). In one instance, a school system spent 22 percent more on special education than its counterpart district, yet the latter district helped 47 percent more students reach proficiency.

- The vast majority of special education spending in districts is for staff. In some places it comprises as much as 95 percent of total SPED costs; it is seldom less than 70 percent. Further, the variation in staffing levels for special education personnel is wide—much wider than in general education staffing. In fact, based on the results from our national study, variation is twice as great for SPED teachers and three times as great for paraprofessionals, even in districts serving students with similar needs and with similar rates of special education identification. Thus, any efforts to rein in special education spending and raise achievement must include a clear-eyed focus on staff productivity and cost effectiveness.

Based on these findings, we close with three federal/state and two local policy recommendations. At the **federal/state<sup>4</sup> level**, we recommend the following:

- 1 An end to maintenance of effort requirements.
- 2 Preserving and strengthening the Elementary and Secondary Education Act's (ESEA) subgroup accountability and reporting, including those provisions pertaining to students with special needs. While the current accountability mechanisms of the No Child Left Behind Act (NCLB) have many shortcomings and unintended consequences, it is important not to throw out the baby with the bath water. It is critical to measure the achievement of students with disabilities and hold districts accountable, lest we return to complacency regarding low achievement.
- 3 Permitting greater flexibility in the use of Individuals with Disabilities Education Act (IDEA) funds.

At the **local level**, we recommend the following:

- 1 That districts employ *more effective* general education and special education teachers—not more of them or more non-teachers (i.e., aides).
- 2 That they carefully manage pupil loads for special education teachers.

Parents, advocates, educators, and taxpayers can find common ground in their shared desire to raise achievement for students with special needs. Shifting from our traditional focus on inputs to an emphasis on results is the first critical step.

# Introduction

Most people agree that we need to help students with special needs achieve at higher levels. Getting there is the hard part. One camp calls for more services and staff, reasoning that the current levels aren't producing great results. They particularly lament that Uncle Sam supplies less than one-fifth (16.9 percent, to be precise) of the additional cost of educating students with disabilities.<sup>5</sup> A second camp pledges itself to serving these vulnerable children well but quietly complains that the relentless growth in special education spending crowds out funds for other students—a problem made worse by the belief that such spending is legally protected from most budget cuts. Neither side, in the end, is able to do much to solve the problem that it has identified, meaning that nothing much changes in the delivery or financing of special education (SPED) services—and the results don't improve, either.

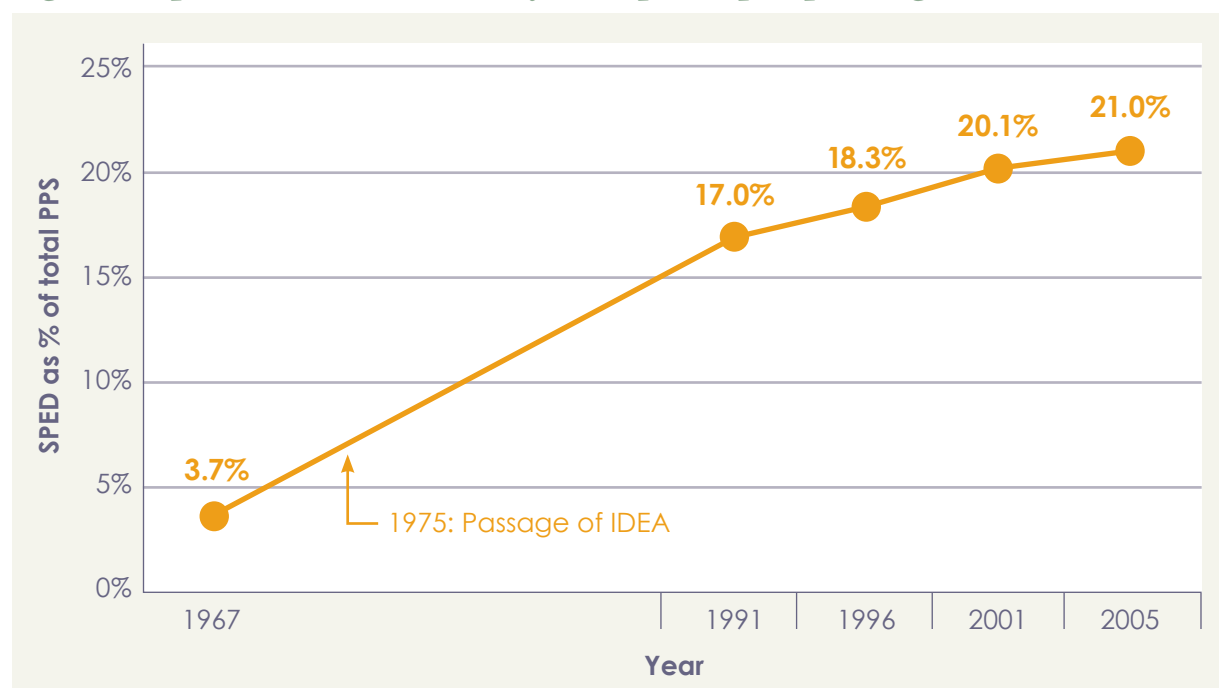
A quick look at the data, however, shows that special education has, in fact, seen a near-steady increase in its share of the K–12 budget (see Figure 1). Consider this 2011 summary from the Fordham Institute:

*Between 1996 and 2005, an estimated 40 percent of all new spending in education went to special education services. Special education spending consumed about 21 percent of all education spending across the nation in 2005 (compared with 18 percent in 1996 and 17 percent in 1991), or a whopping \$110 billion in that year alone.<sup>6</sup>*

Taking a longer view, the Economic Policy Institute found that the average real increase in special education per-pupil spending between 1967 and 2005 amounted to 1,539 percent.<sup>7</sup> In recent years, after the initial impact of the 1975 passage of the Individuals with Disabilities Education Act (IDEA), the increase has slowed, but is still considerable. Between 1991 and 2005, real per-pupil special education spending rose by 69 percent, while overall per-pupil spending grew by only 28 percent.<sup>8</sup>

But has all this additional spending boosted the educational outcomes of children with special needs? Yes, there have been a few signs of progress. The gap between the average National Assessment of Educational Progress (NAEP) scaled scores in reading and math of eighth graders with disabilities and those without narrowed by four points (on a scale of 500 points) from the mid 1990s to 2011.<sup>9</sup> But that's not a lot to show for hundreds of billions of dollars. Nor does it signal a bright prospect for the young people involved, particularly as they (like their general education peers) prepare to enter a globally competitive, knowledge-based economy.

**Figure 1: Special Education as % of Total per Pupil Spending\***



\* Average, including overhead allocation, of nine districts studied by Alonso and Rothstein.<sup>10</sup>

Further, graduation rates for children with special needs are as low as 40 percent to 50 percent in some states (compared with graduation rates for all students ranging from 60 percent to over 90 percent).<sup>11</sup> Students with disabilities are also four-and-a-half times *less* likely than their peers in the general population to be taking courses in four-year colleges.<sup>12</sup> (This is particularly troubling since the vast majority of students with special needs have *mild* disabilities.<sup>13</sup>)

But while general education reform has shifted its focus to outcomes (student growth, graduation rates, college acceptance, college graduation, etc.), SPED remains focused principally on inputs—namely more money, people, and services. Even the recent financial crisis has done little to quench its appetite for additional funds—though there has been at least passing acknowledgment of the funding quandary in which states now find themselves. As a case in point: In June 2010, the U.S. Department of Education (USDOE) conceded that “the falloff in state revenues has caused hardship for many states” and explained that it would grant a maintenance of effort (MOE) waiver when a state has experienced “exceptional or uncontrollable circumstances.”<sup>14</sup> (MOE provisions specify that the level of state and local special education expenditures cannot fall below that of the prior year, except in certain cases. Non-compliance leads to state funding being cut by the amount of the violation.<sup>15</sup> See Appendix A for more.) Since 2009, seven states have requested waivers from this provision, though not all have been granted.<sup>16</sup> In 2008–09, USDOE granted one state a waiver.

The following year six states requested and received waivers, but in 2010–11 all three states that requested waivers were denied. The legislation does provide some flexibility in special cases, but MOE dramatically complicates a district's effort to increase cost effectiveness, and in many districts has created a culture that outright prevents any such conversation from starting.

Still, the pressure is great to hold special education spending sacrosanct. Consider this sequence: In June 2011, Washington again attempted to give states and districts some financial relief. The Office of Special Education Programs issued a letter allowing states to reduce special education expenditures, pay a one-time penalty for violating the MOE provision, and then use the new (lower) spending level as the baseline for future spending. The respite was short-lived, however. By April 2012, USDOE had reversed itself; states and districts would have to increase spending to their original levels or else face *annual* financial penalties. Perhaps the “unrelenting outpouring of criticism from special education advocates and parents,” as *Education Week* put it, had something to do with this turnabout.<sup>17</sup>

A further problem is the IDEA's prohibition on districts from factoring cost into the selection of services provided under a disabled youngster's Individualized Education Program (IEP).<sup>18</sup> Designed to meet the unique educational needs of a particular student, an IEP defines a child's educational goals and what teachers and other providers will do to help meet them. But if two approaches are under consideration and one costs twice as much as the other, it is illegal to consider the relative costs in the decision-making process; as such, the costs are not shared with the staff making special education decisions.

Clearly, the “fundamental shift from compliance to outcomes” in federal special education policy that some advocated for over a decade ago has yet to take place.<sup>19</sup> The No Child Left Behind Act (NCLB) increased pressure upon districts to raise achievement, but IDEA's focus on inputs and compliance means that most school leaders equate “achievement” with additional services, not more learning. Still, despite these many constraints, some school districts have managed to find ways to stretch their SPED dollars—to do more with less than their similarly matched counterparts. Further, the current financial crisis has sharpened the urgency of examining the relationship, if any, between special education spending and results. This pioneering study does precisely that. It asks three questions:

- 1 How much variation in special education spending exists among districts?
- 2 What can we learn from school districts that spend less on special education, yet achieve the same or better outcomes than demographically similar but higher-spending counterparts?
- 3 What savings might be realized if the special education field focused on outcomes rather than inputs?

# Data and Methods

Data were gathered for both a national analysis of special education staffing and spending patterns and for an in-depth analysis of ten matched pairs of school districts across a handful of states. (For a more detailed review of the data sources and collection process, see Appendix B.)

## NATIONAL ANALYSIS

Key data were requested from all districts with more than three thousand students. District staff provided the number of Full Time Equivalent (FTE) special education teachers, paraprofessionals, occupational therapists, speech and language therapists, physical therapists, and more. (See Appendix C for listing of all data requests and district response.)

Of the 3,260 school districts that met the minimum-enrollment threshold, 1,411 returned information. This constitutes a 43 percent response rate and represents over 30 percent of total K–12 public school enrollment in the United States.<sup>20</sup> This is, to our knowledge, the largest and most detailed special education staffing and cost data available.

## IN-DEPTH ANALYSIS

We also analyzed special education spending in ten pairs of school districts with similar demographics. These districts are located (two pairs each) in five states: Florida, Massachusetts, Minnesota, Ohio, and Texas. In each pair, one district's special-needs students achieved more learning than the other district's students, based on the most recent data for high school proficiency levels on state tests, while spending the same or less than the district with lesser results.<sup>21</sup> (We do not imply that these relationships are causal. And we're mindful that the district pairs were chosen to illustrate the inverse relationship between special education inputs (spending) and outcomes (achievement)—so it's not surprising that they did, in fact, illustrate that relationship.) Paired districts had socio-economically similar student populations, were approximately the same size, and had roughly the same levels of students identified as having special needs.<sup>22</sup>

To preserve anonymity, a condition of obtaining data, the pairs have been numbered one through ten, and the districts within them named for the first twenty U.S. presidents. Table 1 presents the naming convention and key statistics for the selected districts.

The aim of this specialized sampling was to select information-rich cases for in-depth analysis. Therefore, we cannot generalize the findings from these particular pairs to other pairs or districts. It is also *equally* possible to select pairs that illustrate the opposite phenomenon—those that

**Table 1: Enrollment and Demographic Data for Target Districts\***

PAIR	STATE	DISTRICT	IEP RATE (%)	FRL ELIGIBLE (%)	TOTAL STUDENTS	SPECIAL EDUCATION STUDENTS PROFICIENT OR ABOVE (%)
1	FL	Washington	18	35	7,500	27.9
		Adams	16	35	10,000	23.6
2	FL	Jefferson	14	65	55,000	15.6
		Madison	13	60	95,000	12.9
3	MA	Monroe	17	5	5,000	73.9
		Q. Adams	19	5	12,500	66.6
4	MA	Jackson	14	70	15,000	19.8
		Van Buren	19	70	12,500	9.5
5	MN	Harrison	14	40	12,500	23.0
		Tyler	16	40	7,500	19.0
6	MN	Polk	14	25	5,000	29.0
		Taylor	11	25	5,000	21.0
7	OH	Fillmore	16	75	10,000	26.9
		Pierce	15	70	7,500	18.3
8	OH	Buchanan	21	55	35,000	67.3
		Lincoln	20	60	50,000	52.7
9	TX	Johnson	11	50%	35,000	58.6
		Grant	8	25%	40,000	49.3
10	TX	Hayes	8	80%	5,000	28.2
		Garfield	10	75%	5,000	25.3

\* **Note:** Rounded to help preserve district anonymity. Achievement is calculated as the two-year average rate (2008–09 and 2009–10) of special-needs high school students scoring proficient or higher on state assessments.

**Source:** National Center for Education Statistics, Table Tool, <http://nces.ed.gov/ccd/bat/>; Florida, Massachusetts, Minnesota, Ohio, and Texas departments of education. Data from 2008–09.

spend more and have higher performance (typically spending more on staff). However, our aim was to glean lessons from districts spending less but achieving more than comparable districts; our purposeful sample, to which we apply “forensic accounting” techniques, reflects that intention.

## Results

### NATIONAL STUDY

How much variation in special education spending exists among districts? Since staffing absorbs the lion’s share of special education spending—up to 95 percent in some districts and seldom less than 70 percent—we focus the analysis here. What’s more, the remaining SPED spending, which is primarily for transportation and out-of-district tuitions, is generally influenced by factors that are less within the district’s control. For example, geographically dispersed districts may have greater transportation costs, and out-of-district costs could be impacted by a few very high-needs students. Staffing, however, when adjusted for total student enrollment, is very much under a district’s control. It is the largest lever that districts have to manage learning and spending for students with special needs.

Let’s first explain how to compare variation in staffing levels. In brief, if one district has one hundred special education teachers per one thousand students, and another has two hundred special education teachers per one thousand students, then the variation is 2.0x between the two districts. Assuming that special education identification rates are constant, it means that in one district a special education teacher, on average, serves twice as many students.

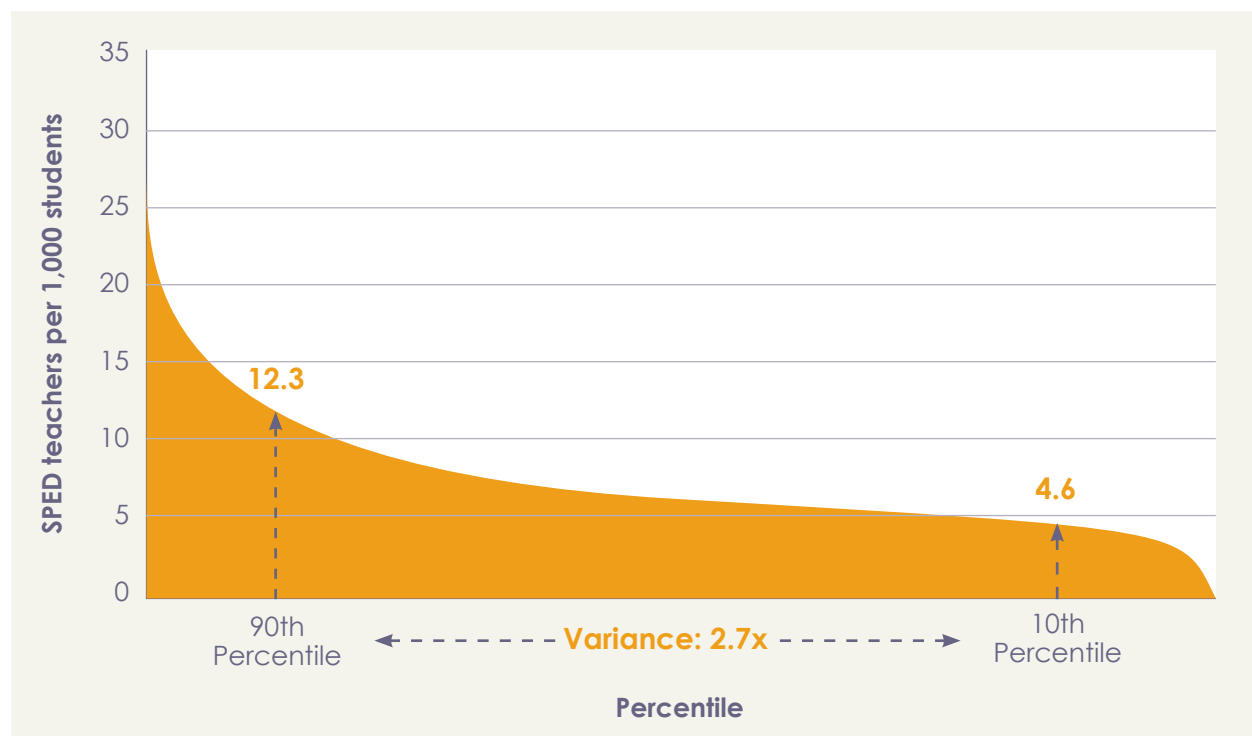
When comparing variation in staffing levels across many districts, we use a 10th to 90th percentile comparison. This method eliminates outliers. Basically, we line up districts from most staff to least staff (adjusted for total enrollment) and the district at the 90th percentile (meaning it has more staff than 90 percent of the districts in the country) is compared to the staffing at the 10th percentile district (meaning it has more staffing than just 10 percent of the districts).

The national results tell a simple story: There is wide variation in special education staffing (and thus spending) in districts across the country.

- The range of staffing for special education teachers is 2.7x, as measured from the 10th to the 90th percentile (Figure 2).
- The range for paraprofessionals is even larger, at 4.3x (Figure 3).
- Similar results exist for other special education staff, such as 4.8x for therapists.

To put this range in perspective, a similar figure for general education teachers at the elementary level is just 1.4x.<sup>23</sup>

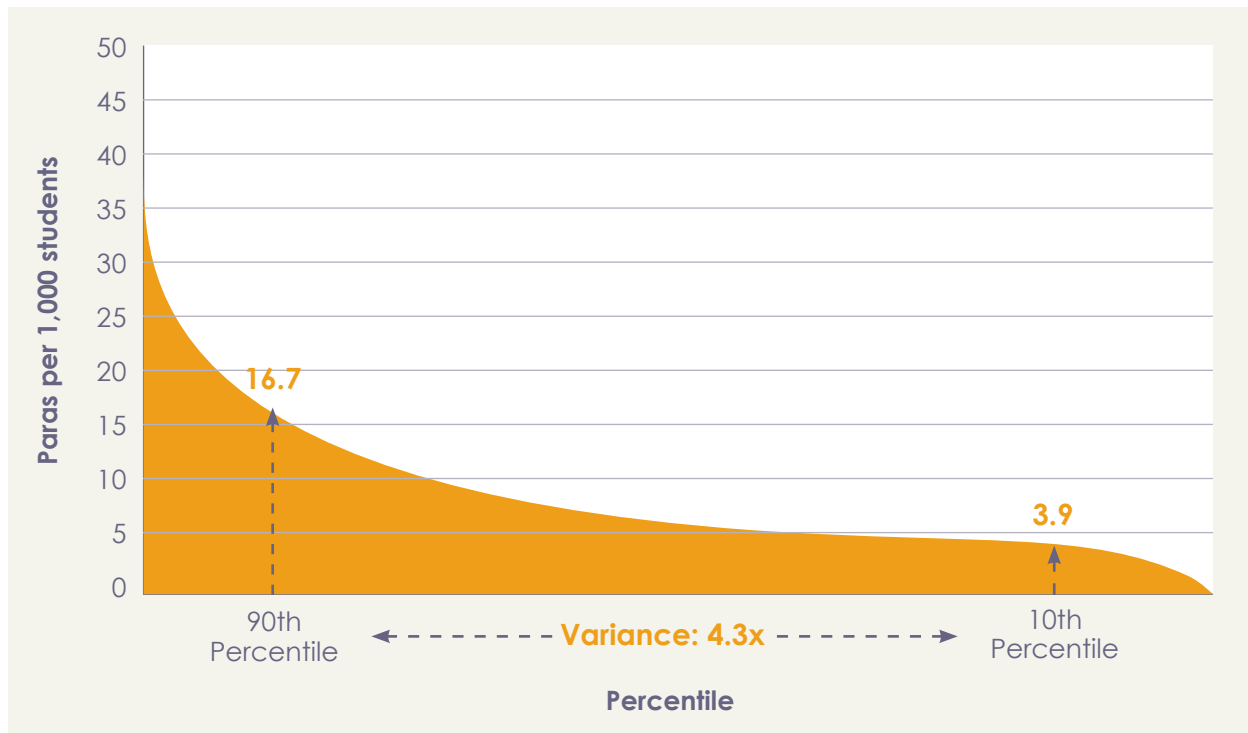
**Figure 2: Special Education Teachers per 1,000 Students**



**How to read this figure:** All districts in the national database are ordered from most special education teachers to least (adjusted for total enrollment). Each district is then plotted on the graph. The district at the 90th percentile for staffing has 2.7 times as many special education teachers per one thousand students enrolled in the district as the district at the 10th percentile.



**Figure 3: Paraprofessionals per 1,000 Students**



**How to read this figure:** All districts in the national database are ordered from most special education paraprofessionals to least (adjusted for total enrollment). Each district is then plotted on the graph. The district at the 90th percentile for staffing has 4.3 times as many special education paraprofessionals per one thousand students enrolled in the district as the district at the 10th percentile.

The variation in staffing across districts is not explained by differences in students' socioeconomic status, nor does average per-pupil spending eliminate the high level of variation in special education staffing. For example, when examining only high-spending, high-poverty districts in Table 2, the variation in special education teacher staffing levels is 2.6x, very similar to the national variation of 2.7x. In this same segment (high-spending, high-poverty districts), the range of paraprofessional staffing is 4.5x (see Table 3), which is even greater than the national range of 4.3x.

**Table 2: Variation in Special Education Teachers Relative to Poverty and Per-Pupil Spending**

PER-PUPIL SPENDING	POVERTY RATE*		
	High	Medium	Low
High	2.6x	2.6x	2.6x
Medium	2.5x	2.4x	2.3x
Low	2.5x	2.1x	2.3x

**How to read this table:** Districts were grouped by student poverty level (high, medium, and low) and by total per-pupil spending (high, medium and low); thus every district falls into one of nine groups. The variation in staffing was calculated within a given group. For example, within the high-spending, high-poverty segment, the district at the 90th percentile had 2.6 times as many special education teachers as the district at the 10th percentile.

**Table 3: Variation in Special Education Paraprofessionals Relative to Poverty and Per-Pupil Spending**

PER-PUPIL SPENDING	POVERTY RATE*		
	High	Medium	Low
High	4.5x	3.5x	3.1x
Medium	4.0x	3.8x	3.4x
Low	3.5x	3.6x	2.2x

**How to read this table:** Districts were grouped by student poverty level (high, medium, and low) and by total per-pupil spending (high, medium, and low); thus all districts fall into one of nine groups. The variation in staffing was calculated within a given group. For example, within the high-spending, high-poverty segment, the district at the 90th percentile had 4.5 times as many special education paraprofessionals as the district at the 10th percentile.

\*Poverty is defined in terms of the proportion of district students eligible for free or reduced-priced lunch. High poverty is between 50 percent and 100 percent of student enrollment; medium poverty between 16 percent and 49 percent; and low poverty between 0 percent and 15 percent. We have defined high per-pupil spending as over \$13,500 in FY 2008–09; medium per-pupil spending between \$9,500 and \$13,499; and low below \$9,500.

**Bottom line: School districts across the country spend and staff at markedly different levels to serve students with special needs—a level of variation that is nearly twice as large as that of general education staffing. Furthermore, the variation is not explained by differences in student demographics or total per-pupil spending.**

The variation in special education staffing across the country is eye-opening in itself. But what if districts took it upon themselves to revamp their staffing models? What might the financial impact be if higher-staffed districts reduced staffing and adopted some of the more effective personnel practices of the higher-performing districts? (We'll dive deeper into some of those practices in the next section.)

Detailed staffing information gleaned from the roughly 1,400 districts in our respondent pool—which represent approximately one-third of all students in K–12 public education—gives us some indication. The sample of 1,400 districts closely mirrors the United States as a whole relative to student poverty levels and is, for the most part, geographically representative (see Table C-2 in Appendix). We've used the representative nature of our responding districts to scale results to the national level.

The national data indicate that the median district employs 7.6 special education teachers per one thousand students enrolled (this excludes special education therapists, psychologists, administrators, etc.). The districts that employ special education teachers at levels above the national median collectively employ about seventy thousand more special education teachers than they would if they were to staff at the median level.

At the national average teacher's salary of \$54,800, and assuming another 32 percent of salary for benefits, this represents an opportunity to save \$5.1 billion a year (see Table 4).<sup>24</sup> For a district at the 90th percentile in staffing—a district enrolling roughly ten thousand students—such changes would yield nearly \$3.4 million in savings a year. In large districts, the savings scale to tens of millions of dollars.

The situation with paraprofessionals is similar. The median district staffs 7.8 special education paraprofessionals per one thousand students enrolled, and districts that are above the median collectively employ eighty thousand more paraprofessionals than they would if they were to staff at the median level. Assuming an average total compensation of \$29,000 including benefits,<sup>25</sup> such rightsizing would result in a potential savings of \$2.3 billion per year nationally. For the same ten-thousand-student district at the 90th percentile in staffing, this equates to an extra \$2.5 million a year in potential savings.

All told, if higher-staffed districts redesigned their programs to reflect the national medians for employment of special education teachers, paraprofessionals, and therapists, a total of over \$10 billion nationally could be saved or redirected each year (Table 4). For perspective, consider that this amount is more than twice the entire four-year funding of \$4.35 billion for the original Race to the Top grants.<sup>26</sup> For a district with roughly ten thousand students, this translates to \$7 million a year in savings.

*Table 4: Estimated National Savings for Median Staffing Adjustments*

	FTEs ABOVE MEDIAN	SAVINGS
Special education teachers	70,000	\$5,100,000,000
Paraprofessionals	80,000	\$2,300,000,000
Therapists	38,000	\$2,800,000,000
<b>Total</b>	<b>188,000</b>	<b>\$10,200,000,000</b>

**Bottom Line: If school districts with above-average staffing levels were to staff at the median level, they would collectively free up over \$10 billion a year.**

To be sure, cutting staff is difficult for many reasons. Besides the challenges posed by collective bargaining agreements, political pressures, weak measures of effective teaching, and vocal parents who adore small classes and extra help for their children, terminating employees is particularly trying in tough economic times. We don't underestimate this reality, but we do want education leaders to recognize that some districts have far fewer staff in special education, yet yield much higher levels of learning. And we have much to glean from them. We turn to those lessons now.

## ILLUSTRATIVE CASE STUDIES

What can we learn from districts that spend less on special education, yet achieve the same or better outcomes than demographically similar, higher-spending counterparts?

In each targeted state, we sought out districts that demonstrate better outcomes for students with disabilities while spending less. Table 5 shows the contrasts between similar districts with regard to spending and outcomes. Take, for example, Pair 8: The Lincoln district spends a full 57 percent more on special education, while its lower-spending counterpart, the Buchanan district, helps 28 percent more students reach proficiency or better. In nine of the ten pairs studied, one district spent much more (between 11 percent and 57 percent more) while the other helped many more special education students reach proficiency (between 10 percent and 110 percent more). (In Pair 1, the spending on special education was very similar, but the Washington district was able to help 18 percent more special education students reach proficiency than the Adams district.) See sidebar (page 21) to learn more about how the rates of identification may impact spending.

**Table 5: Differences in Outcomes and Spending by Pair**

PAIR	ACHIEVEMENT (% of special education students proficient or above)			SPENDING (total special education costs per 1,000 total students)		
	Higher achieving district	Lower achieving district	Difference*	Higher achieving district	Lower achieving district	Difference*
1	28%	24%	18%	\$1,486,815	\$1,452,765	-2%
2	16%	13%	21%	\$975,421	\$1,267,451	30%
3	74%	67%	10%	\$3,757,111	\$4,171,056	11%
4	20%	9%	110%	\$1,920,746	\$2,305,451	20%
5	23%	19%	20%	\$1,966,813	\$2,309,843	17%
6	29%	21%	36%	\$1,428,204	\$1,654,591	16%
7	27%	18%	47%	\$1,326,225	\$1,621,811	22%
8	67%	53%	28%	\$1,225,900	\$1,928,257	57%
9	59%	49%	19%	\$1,047,794	\$1,308,291	25%
10	28%	25%	12%	\$838,091	\$1,017,067	21%
<b>Avg</b>	<b>38%</b>	<b>31%</b>	<b>25%</b>	<b>\$1,609,589</b>	<b>\$1,953,758</b>	<b>22%</b>

**How to read this table:** The higher-achieving district in Pair 2 has 21 percent more students with disabilities scoring proficient or better compared to the other district in the pair, while the lower-performing district spends 30 percent more on special education, adjusted for total enrollment.

\*Difference is the percentage change between the percentage of students scoring proficient or above at the higher-achieving district and the percentage of students scoring proficient or above at the lower-achieving district.

**Bottom Line: On average, the higher-achieving, lower-spending districts in our sample have 25 percent more students with special needs reaching proficiency or above, while the lower-achieving, higher-spending districts spent 22 percent more on special education (adjusted for enrollment). This equates to a \$2,100 cost difference per special education student.**

## STAFFING

Next, we turn to the largest driver of special education costs—staffing. The higher-spending, lower-achieving districts had, on average, 25 percent more special education teachers and paraprofessionals (combined) than their counterparts.

Special education costs comprise three major components: staff, tuition for out-of-district placements, and transportation.<sup>27</sup> (Other costs, such as instructional materials and equipment for in-district students with special needs, typically comprise less than 2 percent of the budget, unbelievably, and are seldom disaggregated as separate line items.) As in general education, staff salaries and benefits account for the lion's share of special education spending. Even in districts with a high proportion of students requiring tuition and transportation to out-of-district placements, in-district staff still account for the vast majority of special education spending. For example, Massachusetts has one of the highest rates of out-of-district placements in the country. In fact, tuition for such placements in one Bay State district accounted for 17 percent of its total SPED costs; further, special education transportation (mostly for these out-of-district

## IMPACT OF RATE OF IDENTIFICATION ON SPENDING

We selected districts based in part on similar rates of students identified as having special needs. Prior research has shown great variation—from state to state and from district to district—in the rates at which students are identified as having special needs and thus eligible for special education services.

Note, too, that we calculated costs per one thousand students, not per one thousand students with IEPs. Since we controlled for IEP rate in the selection process, this choice of measures had limited impact on our figures. However, one of the biggest problems in special education is that some districts over-identify students (others under-identify); our study did not address this issue and is therefore unable to shed light on the potential drawbacks (including inefficiencies) of wrongly classifying students for special needs services.

Districts within the pairs do have some small variation in the percentage of students with special needs. But these variations do not explain the differences in spending between them. As indicated, on average the higher-achieving district in a pair has 25 percent more students with special needs reaching proficiency or above, while the lower-achieving district spends 22 percent more (adjusted for total student enrollment) without producing meaningful gains. When adjusted for the number of students actually having IEPs in each district, the relationship remains similar. The average cost per student with an IEP is 20 percent higher in the higher-spending districts when compared to its lower-spending, higher-achieving counterpart.

students) amounted to another 5 percent of total SPED spending. That leaves 78 percent of total SPED spending for in-district staff—still a sizeable percentage. Another Massachusetts district in the study devoted 18 percent of total SPED spending to tuition and 12 percent on transportation, leaving 70 percent for in-district staff.

Other districts made limited use of out-of-district placements. Florida, for instance, spent nearly 95 percent of its special education dollars on staff. Granted, this figure is somewhat influenced by that state's McKay scholarships, which allow some students with special needs to attend private schools, thus moving some tuition expenses off of the district budget. Still, given the relatively small number of students impacted—less than 1 percent of total students in the state—the point remains: Most special education spending pays for staff. (Spending patterns in Texas look much like Florida as well.)

Spending on staff comprises five major categories: teachers, paraprofessionals, therapists, psychologists, and administrators. As shown in Table 6, teachers and paraprofessionals account for the majority of staff spending; indeed, 78 percent is the median for our districts.<sup>28</sup>

**Table 6: Distribution of Staffing Costs**

	MEDIAN
Special education teachers	59%
Paraprofessionals	19%
Therapists	11%
Psychologists	7%
Administration	3%
<b>Total</b>	<b>100%</b>

**Note:** Percentages may not add to 100 percent due to rounding.



In all twenty districts, the relative order of staffing costs remained the same. Teachers were the largest and most costly category, followed by paraprofessionals, then therapists, psychologists, and finally administration. The only exception was one district in which spending on administration slightly exceeded that for psychologists. The number of special education teachers and paraprofessionals, then, explains most of the difference in spending within our pairs. Based on prior research, we know that some districts use teaching methods that rely more heavily on paraprofessionals, while others rely more on certified special education staff. Within limits, districts decide the mix of paraprofessionals and certified special education staff, trading one for the other. Thus a district with more than typical paraprofessionals might be expected to have fewer special education teachers as a result of their approach to teaching. Still, on average, the higher-spending, lower-achieving districts had 25 percent more teachers and paraprofessionals combined (and adjusted for total enrollment) than their counterparts.

Yet the difference within some pairs was much greater than a 25 percent swing in staffing. Table 7 illustrates the point: The higher-spending, lower-achieving districts in Pairs 4, 5, 7, and 10 had more special education teachers and more paraprofessionals. Note Pair 4: Its lower-achieving district (Van Buren) has 35 percent more special education teachers and 32 percent more paraprofessionals than its counterpart (Jackson).

**Table 7: Districts with More Special Education Teachers and More Paraprofessionals**

Pair	NUMBER OF SPECIAL EDUCATION TEACHERS PER 1,000 STUDENTS			NUMBER OF PARAPROFESSIONALS PER 1,000 STUDENTS		
	Higher achieving	Lower achieving	Difference	Higher achieving	Lower achieving	Difference
4	10.2	13.8	35%	14.9	19.7	32%
5	9	11	22%	10.4	19.3	86%
7	10.4	10.5	1%	2.6	6.3	142%
10	5.6	7.6	36%	5.4	6.1	13%

Let's examine Pair 5 more closely. These are districts with moderate to high levels of poverty in Minnesota (Table 8). Virtually all of the difference in staffing levels arises from the number of teachers and paraprofessionals. (Note that school districts measure staffing in Full Time Equivalents (FTE). One FTE is one full-time staff member; someone working half time is 0.5 FTE; three out of five days is 0.6 FTE.) The Tyler district has 11.6 more FTE special education teachers, paraprofessionals, therapists, and other special education staff per one thousand students than the Harrison district (shaded). Of that total, 10.9 FTE comprise teachers and paraprofessionals. In the end, Tyler spends 17 percent more on special education than Harrison, yet 17 percent fewer Tyler students with disabilities are proficient (all shaded). Despite similar demographics and identification rates, higher spending—driven by higher staffing—did not translate to higher achievement.

**Table 8: Differences in Staffing, Outcomes, and Spending (Pair 5)**

	HARRISON	TYLER	DIFFERENCE	
<b>Demographics</b>				
Eligibility for free or reduced-priced lunch (%)	40	40	0.0	0%
IEP rate (%)	14	16	2.0	14%
<b>Staffing*</b>				
Special education teachers	9.0	11.0	<b>2.0</b>	22%
Paraprofessionals	10.4	19.3	<b>8.9</b>	86%
Therapists	1.4	2.2	0.8	57%
Psychologists	0.8	0.7	-0.1	-13%
Staffing subtotal	21.6	33.2	<b>11.6</b>	54%
Special education spending	\$1,966,813	\$2,309,843	\$343,030	<b>17%</b>
Special education students proficient or above (%)	23	19	-4.0	<b>-17%</b>

\* FTE per 1,000 students enrolled

**How to read this table:** The Tyler district has 11.6 more special education FTEs per 1,000 students than the Harrison district. Of that total, 10.9 FTE comprise teachers and paraprofessionals (see shaded). Tyler spends 17 percent more on special education than Harrison, yet 17 percent fewer Tyler students with disabilities are proficient.

A similar story plays out in Pair 3, two affluent districts in Massachusetts. The lower-achieving district, Quincy Adams, has fewer teachers but dramatically more paraprofessionals compared to higher-achieving Monroe. In fact, based on a review of public documents and statements, we find that the Quincy Adams district intentionally hired additional SPED staff. It planned to employ additional paraprofessionals without any offset to special education teachers. Over the last five years, there's been more than a 50 percent increase in paraprofessionals employed by Quincy Adams, while the number of students with special needs and their achievement levels have both held steady. Monroe, on the other hand, placed an emphasis on teacher quality and more instructional time. It has consistently outperformed like communities across the state, including Quincy Adams, while spending less on special education.

Heavy reliance on paraprofessionals isn't limited to Quincy Adams. On average, the lower-achieving, higher-spending districts had 49 percent more paraprofessionals than their better-performing counterparts. In all but one case, the higher-spending district had more paraprofessionals (and in that instance they had nearly identical levels).

The lower-achieving, higher-spending districts also spend more per paraprofessional than their higher-performing counterparts. On average, the lower-achieving district in a pair spends 7 percent more, but in some cases the average paraprofessional salary is much higher. For example, the average is 43 percent more in the Pierce district as compared to the Fillmore district (Pair 7) and 30 percent more in Grant compared to Johnson (Pair 9).<sup>29</sup>

Other special education staff also contribute to differences in overall special education costs but, due to their relatively low overall numbers, they do not explain much of the difference. In fact, the lower-spending districts on average had slightly more therapists (2.2 versus 2.1 FTE per one thousand students) than their counterparts. The largest variances in therapist staffing were 0.8 FTE within Pair 5 (the lower-achieving district having more) and 0.8 FTE within Pair 3 (the higher-achieving district having more).

In the case of school psychologists, the higher-spending districts had, on average, a 24 percent higher rate of staffing for this position. But given the low total numbers of psychologists, this translates to just 0.2 FTE per one thousand students enrolled. (This amounts to approximately \$150,000 a year in a typical district with ten thousand students and a total budget of more than \$100 million.)

**Bottom Line: Differences in staffing, especially relative to special education teachers and paraprofessionals, account for most of the higher spending of the lower-performing district in each pair studied—and for most spending in special education writ large.**

## DISCUSSION

As indicated, more than 60 percent of students with special needs did not meet the basic level on the latest NAEP exam and graduation rates for these children are as low as 30 percent.<sup>30</sup> Such dismal statistics do not bode well for young adults facing a competitive, demanding, and economically uncertain future.

If districts intend to hold out for yet more funds to address these shortcomings, it will be a long wait. Historically, special education has seen steady increases in funding, during good times and bad. However, as tax revenues remain depressed, other costs, such as health care and pensions, are squeezing school budgets. As these and other pressing needs fight for limited funds, it seems unlikely that special education will see the same generous increases to which it has grown accustomed.

Our national results show that U.S. school systems have adopted very different SPED staffing strategies, some of which deploy two to three times more staff than in other districts. And our case-study analyses highlight those districts posting better outcomes as well as lower spending levels.

Our analysis suggests that two areas, special education teacher staffing and use of paraprofessionals, hold the greatest promise both for helping students with special needs and for maximizing district budgets. Taken together, these categories account for the majority of special education spending and provide nearly all the academic support for students with special needs.

### Special education teachers

Any discussion of teacher effectiveness and cost effectiveness revolves around two key questions: What do teachers do and how many of them are there?

Based on the national data, a special education teacher in the median district supports 17.3 students with special needs. However, based on school visits and other district data from this study and others, we've observed special education teachers with as few as six students a year and as many as forty, all serving students with similar needs.

Special education teachers who, for example, support forty students do not work longer days or provide fewer hours of support to a particular student each week compared to teachers instructing far fewer children. The larger caseloads are due to a different service delivery model. For instance, the typical child with a mild disability receiving services from a SPED teacher with a caseload of fewer than twenty is likely to be taught in a group of two students for one period a

day, five days a week during a general education class. A student served by a SPED teacher with a larger caseload will be taught in a group of four or five for one period a day, five days a week, before or after their general education class. It turns out that special education caseload, which drives a big portion of special education spending, depends on when, where, and how many students are served at once.

There are three primary ways today to provide academic support to most students with special needs, each with varying implications for staffing levels and caseloads. (A small number of students with severe needs who are often served in separate dedicated classrooms are not part of this discussion.)

First some definitions:

**Co-teaching:** A special education teacher joins a general education classroom to support the students with special needs in that classroom.

**Pull-out:** Students with special needs are pulled out of the general education classroom by the special education teacher for individual or small-group instruction, usually in a different room.

**Double general education classes:** Struggling students—not limited to those with special needs—receive double the amount of instruction in general education classes (typically math and/or English) from general education teachers. In addition to the first general education class, they receive extra instruction during the school day by attending a second general education class, typically in place of a study hall, foreign language, or elective. In elementary schools the same concept is typically applied to reading support and provided during morning meeting, health, or other less critical instructional time. (While both co-teaching and pull-out are widely used, double general education classes are relatively rare for students with special needs, although they have been instrumental in raising achievement in some districts.)

The form of support dictates the number of students that each teacher can help and, therefore, the number of special education teachers required to support a given population of students with special needs. One low-spending, high-achieving district in the study, Jackson, uses all three approaches depending on the principal's preference. Under co-teaching, a special education teacher serves, at any one time, two or three students with IEPs who are assigned to the same general education classroom. By rotating among multiple classrooms for one period a day, the teacher serves no more than ten to fifteen students altogether in the course of a week.

Pull-out allows somewhat larger student groups. A special education teacher in Jackson using this method typically serves five students at a time. A full-time teacher teaches five periods a day; a special education teacher working in a school that adopted pull-out assists twenty-five students

a week, providing the same one-period-a-day of support. This small change can reduce staffing levels by 40 percent compared to co-teaching.

Double general education classes have an even greater impact on staffing needs. Even keeping the class size small by general education standards, say fifteen students at a time, a general education teacher instructing five classes can easily support seventy-five struggling students, thus requiring one-fifth as many teachers as co-teaching. While this would increase general education staffing, it would decrease special education staffing, substituting one general education teacher for up to five special education co-teachers.

Jackson's own analysis, illustrated in Table 9, shows that co-teaching and pull-out have yielded nearly identical results, despite very different costs.

**Table 9: Comparison of Delivery Models (Jackson District)**

	CO-TEACHING	PULL-OUT	DOUBLE GENERAL EDUCATION
Elementary students served	1,000	1,000	1,000
Secondary students served	1,000	1,000	1,000
<b>Total students served</b>	<b>2,000</b>	<b>2,000</b>	<b>2,000</b>
Type of teacher	Special Ed.	Special Ed.	General Ed.
Elementary teaching load	15	25	40
Secondary teaching load	15	25	75
Students served per period	3	5	15
<b>Teachers required</b>	<b>133</b>	<b>80</b>	<b>38</b>

**How to read this table:** Each column examines staffing requirements to serve two thousand students with special needs based on different methods of providing instruction. The same two thousand students require as many as 133 teachers or as few as thirty-eight. For example, it will take eighty total special education teachers, each with a class load of twenty-five, to serve two thousand students in pull-out instruction.

The power of the general education double-time model comes from both the extra instructional time and the content knowledge of the teacher. Special education teachers are talented professionals, but they are typically not content experts. They are certified in special education, but often not in any specific area of academic content. They are not math teachers or reading teachers, but rather special education teachers who teach math or reading. This can be a challenge. In the Jackson district, special education teachers have no formal training or ongoing professional development in math, English, reading, science, or social studies. They do, however, typically teach up to four of these subjects each day.

Beyond ongoing training, most special education teachers are not certified in content subjects. In the Monroe district, for example, fewer than half of the special education teachers have certifications in the subjects they teach (Table 10).

**Table 10: Areas of Certification for Special Education Teachers (Monroe District)**

CERTIFICATION*	ELEMENTARY	SECONDARY
Special education	97%	98%
Reading	5%	9%
Core academic subject	42%	32%

\* Teacher can hold multiple certifications

Research in general education suggests that teacher quality is the most important school-based influence on student performance and there is no reason to think that does not carry over to special education teachers as well.<sup>31</sup> Ensuring that students who struggle are taught by effective teachers who have strong content knowledge will raise achievement—and can save money as well. A focus on teacher effectiveness, not low caseload, and a focus on content knowledge, not special education certification (or any certification for that matter), can help students and the budget.

School districts can and should review both the number of special education teachers they employ and the effectiveness and costs of their service delivery models. Too often, IEP meetings center on requests for more co-teaching or smaller groups, but parents seldom demand more effective teachers or teachers with deeper content knowledge. They should.

### The use of paraprofessionals

Parents, teachers, and principals tend to value paraprofessionals. Extra hands and extra help must be good, or so the thinking goes. Decades of research by Michael Giangreco and others for the U.S. Department of Education, however, have shown detrimental effects on student learning and socialization from the over use of paraprofessionals.<sup>32</sup> Paraprofessionals can isolate students with special needs from their general education peers or isolate them from the teacher, who typically spends less time with them since they already have an adult helping them full time.

Interviews and classroom visits in Quincy Adams underscored this concern. Paraprofessionals referred to themselves as the student's best friend, as his or her primary instructor, and as central to the child's education. Classroom visits revealed many special education students interacting exclusively with the paraprofessional rather than the teacher. In one telling moment, when students were instructed to work with fellow students, a child with special needs began to turn his desk to the left to work with two nearby classmates, but the paraprofessional grabbed his desk and spun it to the right, commenting, "I'll be your partner."

One goal of IDEA was to increase the socialization between students with special needs and their nondisabled peers. When a paraprofessional becomes a student's best friend, she often becomes her only friend. Learning can suffer as well when a paraprofessional, often without a college degree, becomes a student's primary instructor—not assistant, as the role is intended.

Despite the drawbacks associated with excessive use of paraprofessionals, the national data indicate that, at the median, districts have more special education paraprofessionals than full-fledged special education teachers (7.8 versus 7.6 per one thousand students enrolled). Further, large numbers of paraprofessionals do not lead to an offsetting reduction in the number of special education teachers. For every one thousand students, the lower-achieving districts in our sample had 15.3 extra paraprofessionals and only 1.9 fewer special education teachers.

One pair in the study (Pair 3) illustrates that a service delivery model focusing on paraprofessionals can raise costs, but not achievement. In fact, the Quincy Adams district has 76 percent more paraprofessionals (adjusted for enrollment) than its higher-performing peer (Monroe). It ranks in the 98th percentile in the state for use of paraprofessionals, while higher-achieving Monroe is in the 63rd percentile.

Both the national data and the illustrative pairs show that districts *choose* to use many, some, or few paraprofessionals. Some districts with similar student demographics have more than four times as many paraprofessionals as districts serving similar students. In short, good intentions may not enhance outcomes.



Two strategies can help districts steer away from an overabundance of paraprofessionals and toward higher learning at lower costs. The first is to have more content-strong support teachers (either general education or skilled special education staff), such as math and reading teachers. Nearly all the higher-achieving, lower-spending districts in our matched pairs had fewer paraprofessionals than their lower-achieving, higher-spending counterparts.

The second strategy is simply to assign a single paraprofessional to more students, when appropriate. Multiple students can often share a paraprofessional during the day or the adult can provide less than full-day support to a student. The Quincy Adams district illustrates the problem. Fully 98 percent of paraprofessionals are assigned full day, every day—and 20 percent of these support a single student. In fact, students who needed help taking notes in just a few classes received full-time paraprofessional support. And students who specifically struggled with reading had their paraprofessional accompany them to art, physical education, and recess.

The impact of assignment practices is significant. If all paraprofessionals were shared rather than one-on-one, and if just half of them had partial day assignments, then Quincy and Monroe would have the same level of paraprofessional support without reducing the number of children helped.

# Policy Implications

Our findings suggest a number of implications for policymakers at the federal, state, and local levels. Here are five.

## FEDERAL/STATE LEVEL

### **1. End maintenance of effort; demand higher achievement.**

“Maintenance of effort” (MOE) is a federal requirement which mandates that neither states nor districts reduce spending on special education (see Appendix A). Its message is simple: Reducing spending for students with special needs is impermissible. (Whether or not it actually helps students or just protects jobs is another matter.) This provision says, in essence, that considerations of cost effectiveness have no place in special education. It serves neither the needs of students nor the interests of taxpayers very well.

IDEA’s MOE provision predates NCLB, with its focus on accountability, results, and transparency. In days long past, when students with special needs received second-rate attention, accommodations, and materials, such financial assurances served a more critical role.

Times have changed. Today, the choice between spending \$15,000 per student for more adults and little learning or \$5,000 for fewer (but better qualified) adults who maximize instructional time *and* learning seems a simple choice. Yet IDEA’s relentless focus on inputs favors the less-learning option, assuring excessive and unproductive spending even in perilous economic times.

### **2. NCLB waivers and the reauthorization of the Elementary and Secondary Education Act (ESEA) should preserve and strengthen subgroup accountability and reporting.**

One of the most transformative and beneficial consequences of NCLB arose from its requirement that districts and schools disaggregate their academic results for students with special needs (as well as other subgroups)—both for reporting and accountability purposes. Virtually overnight the “dirty little secret” of special education came to light: Many students with special needs were not learning nearly enough to succeed in life. Americans discovered that, even in generally high-performing districts, a great many students with mild disabilities achieved at unsatisfactory levels.

NCLB’s demand that virtually *all* students be proficient by 2014, including those with special needs, has been much maligned and is being relieved by the Obama administration’s ESEA waivers. But retaining the disaggregation (and reporting) of subgroup data, including data on the performance of students with special needs in the school, is an important tool that keeps the focus on achievement.

Some waivers that have been granted create “super subgroups” or “gap groups” that combine students with special needs, English language learners, and low-income students. Let’s hope that this new grouping does not invite less focus on the children who need it most.

Another option often mentioned by district administrators is to raise the reporting threshold (i.e., increase the minimum number of students tested in a particular demographic group before school-level subgroup data are reported). The higher the threshold, of course, the fewer the schools that must report results for students with special needs. But this alteration also takes the focus off of achievement, especially in small schools or districts. Identifying the appropriate measures of proficiency, and what should happen when a subgroup fails to meet them, are reasonable questions for debate. Still, we need to know whether or not students with disabilities are learning as much as they can and should.

NCLB provides for alternative tests for some students with special needs—tests which, by design, assess below-grade-level expectations. Though intended for students with severe disabilities, their use varies in states. These low-rigor tests should not be confused with regular assessments that are administered with accommodations, such as having a test monitor read the questions. In Massachusetts, for both reading and math, only 7 percent of students with disabilities took an alternative below-grade-level content test in 2005–06, but that same year in Texas, 48 percent of students with disabilities took the alternative test in reading and 46 percent took the math test.<sup>33</sup> This occurred despite a NCLB provision limiting those who may take such tests to no more than 2 percent (of all students). Apparently the state accountability and testing system did not take into account the 2 percent rule or penalize districts for violating it (even though NCLB does). Some districts could get higher marks from the state due to too many students taking the alternative low-rigor test, thus raising their passage rates.<sup>34</sup> Reauthorization of ESEA should strengthen the protections that nearly all students with special needs—exempting only those with severe disabilities—take assessments that measure grade level content and use standard definitions of “proficiency.”

### **3. Allow greater flexibility in the use of IDEA funds.**

Both federal and state laws prohibit the bulk of IDEA funds from flowing to teachers who do not possess special education certification (except special education paraprofessionals who aren’t certified or teachers at all). In cases where a student with special needs struggles in reading, math, or another content area, however, federal dollars should be permitted to pay for *any* highly effective teacher who can assist that child, regardless of certification.

The certification requirements attached to IDEA funding force many students with special needs to receive instruction from non-content experts and from noncertified special education

paraprofessionals (which, strangely enough, is an allowable use of IDEA funds), while excluding general education instructors with greater content knowledge. Further, because most existing service delivery models used by special education teachers are more costly than those used by general education staff (as explained above), the focus on SPED certification also raises costs for districts.

The value of special education certification is worthy of debate, but so long as IDEA requires funds to be spent only on staff with such certification, the discussion won't get very far.

### STATE/LOCAL LEVEL

#### **4. Employ—and deploy—better teachers, not more teachers or non-teachers.**

The federal Race to the Top competitions have unleashed a wave of redesigned teacher evaluation systems. This emphasis on teacher effectiveness will benefit all students, including students with special needs. Ensuring that an effective teacher instructs every one of these youngsters will likely be more beneficial to them than spending yet another dollar on paraprofessionals, therapists, or paperwork.

Identifying strong teachers for struggling students is not easy, but it is possible with the help of student growth measures. Since many students with special needs start the year below grade level, a successful year requires more than a year's growth if they are ever to catch up. Accountability systems that measure only proficiency rates are insufficient. If a student with special needs starts the year two years below grade level and ends the year just two months below, he was and is still deemed "below proficient" by today's accountability measures. Yet any teacher fostering such excellent growth for that youngster should be rewarded and the school should not be punished.

#### **5. Manage special education teacher caseloads.**

Virtually every school board member in America knows the average class size in their districts, while virtually none know (or can guess) the teaching loads of their special education staff. Since some districts have nearly three times as many special education teachers as others, this is information worth knowing and managing. Unfortunately these data are hard to collect in most districts for two reasons. First, few leaders look for them, so the internal reporting systems don't capture the information. Districts need to solve this data quandary. Second, when districts try to capture this information in an effort to manage SPED staffing, they run into a maze of grant-driven budget line items that makes rolling up costs difficult. Five people doing the same job—but funded from five different sources—may be captured in budget line items with five different names, making accurate accounting nearly impossible. This budget tapestry also makes it challenging for districts to compare their staffing and spending with other districts. States

would be wise to establish a common chart of accounts and ensure that all grants, such as IDEA, follow it. Such a system would greatly simplify benchmarking, sharing of best practices, and development of a database to better measure cost effectiveness.

## Conclusion

As education budgets tighten, every component of district and school staffing, programming, and service delivery needs to be subjected to a rigorous quest for greater effectiveness-cum-efficiency. This must include special education along with everything else. Fortunately, some districts have made real progress in raising achievement for students with special needs while spending less. More should follow suit.

Yet the biggest obstacle to such transformation is our own reluctance to discuss spending and learning in the same breath. It is our fear that less spending may *not* in fact be better, but just, well...*less*. Add to that quagmire a deeply ingrained regulatory environment that prizes inputs over outcomes, and the challenge before us can seem insurmountable.

In the last half-century the country has made a slow but steady shift to valuing outcomes over inputs, except in special education. While IDEA and ESEA have added some emphasis on student achievement for children with disabilities, most school districts rely on more compliance and more services as the primary approach to helping students with disabilities. Given the unacceptable low level of achievement for students with special needs—even those with mild disabilities—it is time to focus on better, not more. If money were abundant, it would still be in children's best interest to implement every change outlined in this paper. The fiscal realities redouble the urgency to move away from compliance, over-regulation, and an insistence on more services.

At a picnic in the rain, it is easy and natural to complain about the weather. It's unfortunate and, worst of all, there is nothing you can do about it. Discussions of special education spending take on a similar air of inevitability. But they don't have to. If district leaders and parents recognize that cost effectiveness often means more learning at lower cost—not mean-spirited attempts to deny vulnerable kids needed services—there is hope for a brighter tomorrow.

But if we remain convinced that more learning can't happen until more funds surface, then don't be surprised when you gaze outside: It looks awfully stormy.

# Appendix A

## Maintenance of Effort for IDEA Funds: Demystifying Required Special Education Spending Levels

According to IDEA, any effort to control costs in special education must ensure that the district complies with the maintenance of effort (MOE) requirements. While the concept is simple, the calculation that determines compliance is quite involved.

A common misconception is that federal or state laws do not allow a district to reduce spending in special education. This is not the case; in fact, the law is much more complex. It includes four different “tests,” allows five exemptions, and permits the shift of some special education funds to certain general education programs.

A district must pass only one of the four MOE tests, after applying all the allowable exemptions:

- 1 Total local** spending for special education in a given year (after applying the allowable exemptions) cannot be less than the prior year’s total local special education spending.  
Or
- 2 Per student local** spending for special education in a given year (after adding back the allowable exemptions) cannot be less than the prior year’s per student local special education spending.  
Or
- 3 Total local plus state** spending for special education in a given year (after adding back the allowable exemptions) cannot be less than the prior year’s total local plus total state special education spending.  
Or
- 4 Per student local plus state** spending for special education in a given year (after adding back the allowable exemptions) cannot be less than the prior year’s per student local plus state special education spending.

Local spending includes all funds from the operating budget, reserve funds, and all other sources, except for monies received from the state or federal government that are earmarked to serve students with special needs, including benefit costs for the special education staff. State

spending includes any state grants or state provided funding, such as excess out-of-district cost reimbursement for students served in special out-of-district schools or general aid used for any special education costs.

Despite the sense in many districts that special education spending can *never* decrease, there are some cases where it can indeed do so and not run afoul of MOE.

**Examples of allowable decreases in special education spending:**

**Wage increases:** If staff receive wage increases (COLA, steps, or levels), the district is not obligated to increase spending to cover these increased costs.

**Inflation:** If special education services such as out-of-district programs, transportation, supplies, health insurance for staff or other fringe benefits increase, the district is not obligated to increase spending to cover these increased costs.

**Enrollment decreases:** If a district's enrollment decreases, then spending on special education can decrease proportionately.

**Enrollment increases:** If a district's enrollment increases, it does not need to spend more on special education or add additional staff.

**Increased state aid:** If the state increases its spending on special education in the district, then the district can decrease its spending by an equal amount.

The statute also provides for a number of modifications that allow a district to reduce spending on special education. A few examples include:

**Staff turnover and attrition:** If special education teachers, administrators, service providers, or paraprofessionals leave the district voluntarily (not laid off), then the district's special education spending may decrease by the amount of their salaries plus fringe benefits. If staff leave and are replaced by less expensive personnel, MOE can be decreased by the difference in salaries and benefits. This includes staff funded by state and federal grants.

**Fewer students on IEPs:** If a district has fewer students receiving special education services, due to better general education interventions, more accurate criteria, lower overall student enrollment or any other reason, then special education spending can be reduced proportionately. This is calculated on the absolute number of students, not the percentage of students in special education.

**Students in “exceptionally costly” programs leave the district or move to less costly programs:**

If a student in a costly program leaves the district, graduates, ages out, or shifts to a program that is not “exceptionally costly,” then spending may be reduced by the cost of the program plus related transportation expenses. Each state sets the threshold for defining an “exceptionally costly” program. It may be an absolute cost such as \$30,000 or a multiple of a typical student cost, such as four times the required per student spending.

**If IDEA funding increases in a given year, then local special education spending can be reduced.**

If a district’s IDEA funding increases over the previous year, then the district may reduce its spending on special education from its local budget by 50 percent of the amount of the increase in IDEA funds. Given the large increases in IDEA funding through the American Recovery and Reinvestment Act (ARRA), many districts are in this situation.

There are three caveats to using the 50 percent rule mentioned above.

- 1 A more complex formula comes into play if the district also uses some of IDEA funds for non-special education “Early Intervening Services.”
- 2 To be eligible for the 50 percent reduction, the district must be classified by the state as “Meets Requirements” in special education, which is different from AYP.
- 3 The district cannot be classified by the state as having “significant disproportionality.” This is when the demographic profile of students with disabilities is very different from the district as a whole. The most common problem is identifying African American males for special education at a rate much higher than other students.

The statute also allows shifting of funds to some non-special education uses. Up to 15 percent of IDEA Part B funds (both K–12 and preschool grants) can be used for remediation and intervention efforts (“Early Intervening Services”) for students not on IEPs. These general education programs and staff, however, count toward the district’s special education MOE calculation. This allows the district to reduce special education spending, while adding reading programs, counseling, drug and alcohol support, whole school behavior programs, social workers, and Response to Intervention (RTI) services.

Since these general education early intervening services count toward special education spending, any savings from greater efficiency in special education can be shifted to support these valuable, often very cost-effective general education efforts.



## WHAT DOES THIS ALL MEAN FOR A TYPICAL DISTRICT?

Conventional wisdom says, “You can’t reduce special education spending.” Not true; reality is much more complex.

For many districts simply having zero increase in special education spending would be helpful. In nearly all cases a district will meet MOE if special education costs, including fringe benefits and transportation, are held flat year after year. A common misconception is that MOE rules require a district to maintain the same services, staffing patterns, and programs year to year. They incorrectly assume that effort means staff and programs; it means only spending—and with many exceptions.

Let’s examine a hypothetical example that illustrates the impact of applying allowable MOE exemptions. Take a look at Table A-1.

The table calculates required special education spending in year two, given \$25 million in special education spending in year one. A simple and incorrect understanding of MOE would suggest that \$25 million is also required in year two.

The section titled “Data Required for MOE Calculations” spells out what has changed in the district from year one to year two. Note that this case illustrates multiple factors that can lower required spending: IDEA funding and state support both increased while enrollment dipped, and the number of students on IEPs decreased. At the same time, the district had some staff leave, creating turnover, plus a few children returned from out-of-district special education placements.

The final section of the table calculates the budgetary impact of each of these changes on required special education spending. For example, due to decreased enrollment, \$250,000 less can be spent; due to fewer students on IEPs, reductions of more than \$1 million are allowed; hiring lower cost staff via turnover and other changes results in this hypothetical district being able to reduce local budget appropriations for special education by almost \$4.5 million—and still meet MOE requirements.

**The bottom line? A focus on outcomes would replace the MOE requirement with a demand for more learning; until then, however, districts do have some latitude—very likely more than they realize, even under current regulations.**

**Table A-1: Special Education Maintenance of Effort Sample Calculations**

DISTRICT PROFILE	YEAR 1	YEAR 2
Enrollment	10,000	9,900
Total budget (all sources)	\$100,000,000	\$103,000,000
Special education spending (including transportation, benefits, programs and staff)	\$25,000,000	\$20,530,875
<b>DATA REQUIRED FOR MOE CALCULATIONS</b>		
IDEA funds	\$4,250,000	\$4,377,500
State support for special education	\$5,000,000	\$5,150,000
% students on IEPs	10.0%	9.5%
Students on IEPs	1,000	960
Staff turnover/retirement rate	5%	
Salaries and benefits of special education staff leaving district	\$800,000	
Special needs students served out-of-district	200	190
Out-of-district students who graduate, age out, or move	17	
Students at out-of-district placements who return to in-district programs		10
Average cost of out of-district-program, including transportation	\$60,000	\$60,000
IDEA funds for general education remediation, intervention, reading, and counseling	\$0	\$656,625
<b>MAINTENANCE OF EFFORT CALCULATIONS</b>		
<b>PER THE REGULATIONS</b>		
Prior year spending		\$25,000,000
Less reduction due to decreased enrollment		(\$250,000)
Less reduction due to increased state support		(\$150,000)
Less reduction due to fewer students on IEPs		(\$1,012,500)
Less reduction due to special education staff turnover		(\$800,000)
Less reduction due to out-of-district students graduating, aging out, or moving		(\$1,000,000)
Less reduction due to students returning from out-of-district placements		(\$600,000)
Less IDEA funds for general education remediation, intervention, reading, and counseling		(\$656,625)
<b>Total allowable reductions</b>		<b>(\$4,469,125)</b>
<b>Required Maintenance of Effort spending</b>		<b>\$20,530,875</b>

# Appendix B

## Data and Methods

Data for this study were collected from a number of sources, including:

**National Center for Education Statistics (NCES) Common Core of Data (CCD) 2008–09:**

District data including total student enrollment; number of students on an Individualized Education Plan; total expenditures per student; percentage of students eligible for free or reduced-price lunch.

**National Digest of Education Statistics:** National public education enrollment statistics for fall 2008; national average base salary for public school teachers in 2007–08; national and state expenditures per pupil for 2007–08.

**Respective state department of education:** State and district NCLB achievement data for 2009 and 2010.

**NAEP Data Explorer (NCES):** Performance data on the 2011 NAEP.

**U.S. Census Bureau:** State demographic statistics for years 2008–10.<sup>35</sup>

Beyond publicly available information, we contacted each of the five state departments of education in summer 2011. We requested data for every district in the state on the number of FTE personnel; the total amount spent for each type of special education staff; the number of children served out of district and the cost of their tuition; and the amount spent on contracted services and transportation for special education students, among other costs. Additional data for the matched pair analyses were collected via district requests (see Appendix C) and publicly available reports and budget documents. Finally, we conducted a limited number of interviews and classroom observations in the target districts with administrators and teachers.<sup>36</sup>

Achievement was calculated based on the percentage of special education students performing proficient or better on high school state assessment exams. The data are a composite of math and English over two years (2009–10 and 2010–11). We measured achievement at the high school level since it comprises many students' cumulative learning over their time in the school district (but certainly not all given mobility) and because high school proficiency often constitutes a requirement for graduation. Still, a review of achievement data at grades five and eight yielded similar patterns.

Data availability limits the scope of the analysis. A recent report noted that “state special-education expenditures are not easy to obtain; states are not required to report these data to the federal government, and few volunteer to disentangle their special-education expenditures from their reported general education expenditures.”<sup>37</sup> The data problem is further aggravated because general operating budget line items are often labeled differently from IDEA budget line items, preventing summation of similar spending from different funding sources. In all cases, spending figures are based on all funding sources, not just local operating budgets.

All data were normalized relative to total student enrollment. Figures are reported per thousand students enrolled in the district. For example, if district A has 10,000 students total (with and without special needs) and district B has 9,000 students, each with 100 special education teachers, the data would be compared as follows:

*Table B-1: Comparing Staffing Levels in Districts of Differing Enrollments*

District	A	B	Difference
Enrollment	10,000	9,000	
Special education teachers (FTE)	100	100	
<b>Special education teachers per 1,000 students</b>	<b>10.0</b>	<b>11.1</b>	<b>11.1%</b>

## STATE SELECTION CRITERIA

We analyzed two pairs of similar districts in five geographically diverse states: Florida, Massachusetts, Minnesota, Ohio, and Texas. In addition to geography, these states were selected because of differences in their per-pupil spending levels, average teacher’s salary, and approaches to serving students with severe special needs. (Cross-state comparisons were not considered due to incompatible proficiency tests and differences in state special education regulations, including how students with special needs are identified.)

Texas, for instance, has one of the lowest rates of identifying students with special needs while Massachusetts has one of the highest. In 2009–10, the identification rate was 9.1 percent for the former and 17.8 percent—almost twice as high—for the latter (Table B-2). Massachusetts serves

1.7 percent of all students living in the district—generally the more severe disabilities—in out-of-district placements, mostly specialized schools, while Texas serves nearly all such students within its districts.<sup>38</sup>

The states also vary in our other selection criterion, average per pupil costs (a high of \$14,240 in Massachusetts to a low of \$10,596 in Texas).<sup>39</sup> In addition, Florida is near the national average relative to spending on teachers' salaries while Massachusetts is well above and Texas below (see Table B-3).

The five states differ in educational outcomes too, as evident in their 2011 average NAEP scores. Table B-4 shows Massachusetts is ranked first for the highest eighth-grade math scores versus Florida, which is ranked forty-second nationally. Demographically, the states reflect a cross section of America with a comprehensive range of adult education levels, median household income and minority populations (see Appendix D).

**Table B-2: Identification Rates for Targeted States**

STATE	2009–10 IDENTIFICATION RATE OF STUDENTS WITH DISABILITIES (%)	RANK	2009–10 SPECIFIC LEARNING DISABILITY (SLD) AS PROPORTION OF ALL STUDENTS	RANK
FL	14.1	26	6.0	10
MA	17.8	2	5.9	12
MN	14.7	19	3.7	46
OH	14.8	17	5.7	14
TX	9.1	50	3.9	44

**How to read this table:** Of the fifty states, Florida had the twenty-sixth-highest identification rate of students with disabilities in 2009–10.

**Source:** Janie Scull and Amber M. Winkler, *Shifting Trends in Special Education*, Thomas B. Fordham Institute, May 2011, [http://www.edexcelencemedia.net/publications/2011/20110525\\_ShiftingTrendsInSpecialEducation/ShiftingTrendsInSpecialEducation.pdf](http://www.edexcelencemedia.net/publications/2011/20110525_ShiftingTrendsInSpecialEducation/ShiftingTrendsInSpecialEducation.pdf), p.12.

**Table B-3: Education Spending Indicators for Select States**

STATE	2007–08 TOTAL EXPENDITURES PER PUPIL (\$)	RANK	2007–08 AVERAGE TEACHER'S SALARY (\$)*	RANK
FL	11,626	21	48,680	26
MA	14,240	10	58,680	10
MN	11,943	19	55,040	14
OH	11,982	18	55,680	13
TX	10,596	35	47,520	28

\* Average base salary for full-time teacher with master's degree as highest degree earned.

**How to read this table:** Of the fifty states, Florida had the twenty-first-highest total expenditures per pupil for public elementary and secondary education in 2007–08.

**Source:** *National Digest of Education Statistics*, National Center for Education Statistics, <http://nces.ed.gov/Programs/digest/>.

**Table B-4: Achievement Data for Select States**

STATE	2011 NAEP GRADE 8 READING (ALL STUDENTS)*	RANK	2011 NAEP GRADE 8 MATH (ALL STUDENTS)*	RANK
FL	262	35	278	42
MA	275	1	299	1
MN	270	9	295	2
OH	268	15	289	15
TX	261	36	290	10

\* Average scaled score.

**How to read this table:** Of the fifty states, Florida had the thirty-fifth-highest average scale score in reading for eighth grade (all students).

**Source:** National Center for Education Statistics, NAEP Data Explorer, <http://nces.ed.gov/nationsreportcard/naepdata/>.

## DISTRICT SELECTION

Next we identified matched pairs of school districts in the target states. We matched them based on percent of students qualifying for free and reduced-priced lunch (FRL), rates of students identified for special education, and total enrollment. If these criteria were not similar within pairs, we specified that the higher performing district have the more challenging students—that is, greater proportions of low-income students. Indeed, the higher achieving districts have an average of 8 percent more students who are FRL eligible than do their counterparts.

Once all districts in a targeted state were grouped by like demographics, we searched within each grouping for districts that had similar or better results for students with disabilities at the same or lower spending to comprise the first member of the pair. (Achievement was measured by high school proficiency on state tests over two years, 2009–11.) The second member was a higher-spending, lower-achieving district in the group. If multiple districts within a group met the requirements, availability of data guided the selection. Two pairs were selected from each state.

The pairs themselves also cover a wide and representative range of districts, including both urban and suburban settings, as well as low income, middle class, and upper income areas. They range in size from about five thousand students to over ninety thousand.

# Appendix C

## Data Requests

### Request to State Departments of Education

For every district in your state, please provide the information below:

- 1** **Staffing information.** All staffing information should be provided in both dollars spent (\$) and FTE personnel.
  - A. Special Education Teachers
    - The number of FTE special education teachers who work within the district
    - The dollar amount spent on special education teachers who work within the district
  - B. Therapists
    - The number of FTE special education therapists and therapist assistants who work within the district in the following areas:
      - Speech and language therapy
      - Occupational therapy
      - Physical therapy
    - The dollar amount spent on special education therapists and therapist assistants who work within the district in the following areas:
      - Speech and language therapy
      - Occupational therapy
      - Physical therapy
  - C. Psychologists
    - The number of FTE psychologists who work in special education within the district
    - The dollar amount spent on psychologists who work in special education within the district
  - D. Paraprofessionals (teaching assistants, aides, etc.)
    - Special Education paraprofessionals
      - The number of FTE paraprofessionals who work in special education within the district
      - The dollar amount spent on paraprofessionals who work in special education within the district
    - Non-Special Education paraprofessionals
      - The number of FTE paraprofessionals who do not work in special education within the district



- The dollar amount spent on paraprofessionals who do not work in special education within the district
- E. Administrators
- The number of FTE special education administrators who work within the district
  - The dollar amount spent on special education administrators who work within the district
- F. Other Special Education personnel not included in A–E
- Please provide, in as fine a detail as possible, descriptions of the roles of these staff members
  - Combined, categories A–F should include ALL special education staff in each district
  - Please include any other special education staffing data not included in categories A–F

## 2 Out-of-District Tuition

- A. The number of children who are educated in out-of-district placements
- “Out-of-district placement” refers to a child who is placed in a special education program outside of his/her school system; the school district is responsible for paying the costs associated with this placement. This does not include magnet or charter schools.
- B. The gross dollar amount (i.e., total dollar amount, rather than net dollars) spent on the children who are educated in out-of-district placements
- Gross dollar amount refers to costs before any reimbursement

## 3 Contracted Services

- A. The dollar amount spent by the district on contracted special education services for the district

## 4 Transportation

- A. The dollar amount spent by the district on transportation costs for special education students, including transportation for students receiving services out-of-district.

## 5 Other

- A. Any other costs related to special education within the district not included in 1–4, along with an explanation of these costs
- B. Combined, sections 1–5 should cover ALL costs associated with special education in every district in the state
- Please include any other costs not covered in sections 1–5, along with a definition of that cost

## VOLUNTARY REQUEST TO DISTRICTS

July 11, 2011

Dear Superintendent,

We are asking for your voluntary support of this important research effort, even though this request could be made through the Freedom of Information Act. Your involvement will help your district, as well as many others. This research is being conducted by The Thomas B. Fordham Institute, an educational research organization dedicated to improving our nation's K–12 schools. The study will enable a deeper understanding of funding for special education in America's public school districts. Please be assured that **your information will be averaged and will not be identified by specific school district name.**

We request the following information from the 2010–11 school year:

- 1 The number of special education students attending out-of-district placements, including special education collaborative programs.
- 2 The total number of Full Time Equivalent (FTE) special education teachers in the district and the number who spend most of their day in in-district substantially separate classrooms.
- 3 The total number of Full Time Equivalent (FTE) special education paraprofessionals in the district, and the number who spend most of their day in in-district substantially separate programs.
- 4 The number of students served in in-district substantially separate programs.
- 5 The number of Full Time Equivalent (FTE) staff from all funding sources who are employed in the district as occupational therapists, speech and language therapists, and physical therapists. Please list each type of therapist separately.
- 6 The dollars budgeted, if any, for subcontracted occupational therapists, speech and language therapists, and physical therapists for the current school year. Please list each type of therapist separately.

This information can be provided in two ways. If you wish, the information can be entered on the paper form attached to this letter and then mailed or faxed to us, or it can be entered online at: <http://tinyurl.com/FordhamRequest>. A copy of the final report will be sent to all districts that submit their information online.

Thank you for your cooperation and timely response to this request; this study will likely make a significant contribution to the public understanding of school finances in special education. Please do not hesitate to contact us with questions or concerns; an email address and telephone number are below.

Thank you for your consideration of this request, and your participation in this research.

Sincerely,

The Thomas B. Fordham Institute

## SUBSEQUENT FOIA REQUEST TO DISTRICTS

September 6, 2011

Dear Superintendent,

We are requesting your participation in a research effort through the Freedom of Information Act. We did request this information voluntarily on July 11, 2011, but did not receive a response. If you have already responded, please disregard this request. Your involvement will help your district, as well as many others. This research is being conducted by The Thomas B. Fordham Institute, an educational research organization dedicated to improving our nation's K–12 schools. Please be assured that **your information will be averaged and will not be identified by specific school district name.**

We request the following information from the 2010–11 school year:

- 1 The number of special education students attending out-of-district placements, including special education collaborative programs.
- 2 The total number of Full Time Equivalent (FTE) special education teachers in the district, and the number who spend most of their day in in-district substantially separate classrooms.
- 3 The total number of Full Time Equivalent (FTE) special education paraprofessionals in the district, and the number who spend most of their day in in-district substantially separate programs.
- 4 The number of students served in in-district substantially separate programs.
- 5 The number of Full Time Equivalent (FTE) staff from all funding sources who are employed in the district as occupational therapists, speech and language therapists, and physical therapists or therapist assistants. Please list each type of therapist separately.
- 6 The dollars budgeted, if any, for subcontracted occupational therapists, speech and language therapists, and physical therapists (and therapist assistants) for the 2010–11 school year. Please list each type of therapist separately.

This information can be provided in two ways. If you wish, the information can be entered on the paper form attached to this letter and then mailed or faxed to us, or it can be entered online at: <http://tinyurl.com/FordhamRequest>. A copy of the final report will be sent to all districts that submit their information online.

Thank you for your cooperation and timely response to this request, as required by the Freedom of Information Act. This study will likely make a significant contribution to the public understanding of school finances in special education. Please do not hesitate to contact us with questions or concerns; an email address and telephone number are below.


Thank you for your participation in this research.

Sincerely,

The Thomas B. Fordham Institute

## DISTRICT DATA REQUEST FORM AND DISTRICT RESPONSE

**Figure C-1:**



**THOMAS B. FORDHAM INSTITUTE**  
ADVANCING EDUCATIONAL EXCELLENCE

**Special Education Information Request**

QUESTIONS?  
Please call: (202) 223-2816  
or email:  
FORDHAMREQUEST@EDEXCELLENCE.NET

District Name: \_\_\_\_\_ State: \_\_\_\_\_  
Submitted By: \_\_\_\_\_ Date: \_\_\_\_\_

Please feel free to use the summary form below. You may also submit your information online at:  
<http://tinyurl.com/FordhamRequest> Districts that supply their information online will receive a copy of the final report.  
 Thank you for your participation. *Please note that all data is for the 2010-2011 school year.*

1. **What is the number of special education students attending out of district placements, including special education collaborative programs?**  
*(Out of district placement refers to a child being placed in a special education program outside of his/her school system; the school district is responsible for paying the costs associated with this placement. This does not include magnet schools or charter schools.)*
2. **What is the total number Full Time Equivalent (FTE) special education teachers?**  
*Do not include related service therapists, school psychologists, administrators, or staff that provide mostly testing and evaluation service.*
3. **How many of the above teachers spend most of their day working in in-district substantially separate classrooms?**  
*(Substantially separate programs are designed to meet the needs of students who cannot spend a significant portion of their day in the general education setting.)*
4. **What is the total number of Full Time Equivalent (FTE) special education paraprofessionals in the district?**
5. **How many of the above paraprofessionals spend most of their day working in in-district substantially separate special education programs?**
6. **What is the number of students in in-district substantially separate programs?**
7. **For each type of therapist, please provide the following:**
  - The number of FTE staff (employees of the district) from all funding sources, including IDEA grants, etc.
  - The dollar amount budgeted for subcontracted therapists (not employees of the district).
  - Please include therapist assistants in your FTE counts and budget numbers.

	<b>FTE Staff (employees of the district) from all funding sources</b>	<b>Budget for subcontracted therapists (not employees of the district)</b>
Speech & language therapists	_____	_____
Occupational therapists	_____	_____
Physical therapists	_____	_____

PLEASE FAX THIS FORM TO: (202) 318-8397

THANK YOU!

**Table C-1: District Response to Special Education Staffing and Spending Request**

*Continued*

STATE	NUMBER OF DISTRICTS	NUMBER OF STUDENTS	STATE	NUMBER OF DISTRICTS	NUMBER OF STUDENTS
AK	4	79,827	NJ	22	149,706
AL	25	241,506	NM	10	92,408
AR	11	105,028	NV	1	6,170
AZ	31	398,679	NY	87	542,039
CA	158	1,920,884	OH	62	425,565
CO	6	49,665	OK	14	139,567
CT	23	125,275	OR	16	163,533
FL	21	890,762	PA	55	281,192
GA	48	660,501	RI	3	12,227
HI	1	180,196	SC	33	351,261
IA	16	140,742	SD	2	16,518
ID	9	41,018	TN	24	335,557
IL	97	1,067,335	TX	131	1,976,058
IN	38	288,003	UT	15	293,592
KS	12	106,927	VA	33	388,609
KY	24	287,557	WA	52	543,740
LA	17	285,022	WI	31	307,936
MA	26	119,961	WV	15	140,400
MD	11	373,486	WY	3	16,882
ME	4	16,999	<b>TOTAL</b>	<b>1,411</b>	<b>15,434,512</b>
MI	87	539,134			
MN	15	76,459			
MO	40	350,848			
MS	20	131,457			
MT	1	3,688			
NC	46	689,717			
ND	2	17,589			
NE	7	52,826			
NH	2	10,461			

*Table C-2: Comparison of Sample Districts to Nation as a Whole*

		PERCENTAGE OF DISTRICTS	
		Sample	Nation
<b>Poverty</b>	High	41%	43%
	Medium	45%	44%
	Low	15%	13%
<b>Region</b>	Northeast	17%	22%
	South	33%	21%
	Midwest	29%	36%
	West	22%	21%

Source: National Center for Education Statistics (NCES) Common Core of Data (CCD) 2008–09.



# Appendix D

*Table D-1: Selected Demographics for Participating States*

STATE	% OF POPULATION 25 YEARS AND OLDER WITH BACHELOR'S DEGREE OR HIGHER (2009)	PERCENTILE	2008-10 MEDIAN HOUSEHOLD INCOME (\$)	PERCENTILE	2010 NON-WHITE POPULATION (%)	PERCENTILE
FL	25.3	37	45,350	25	25	58
MA	38.2	96	60,923	87	20	46
MN	31.5	79	55,063	73	15	29
OH	24.1	25	47,752	33	17	38
TX	25.5	40	47,601	40	30	65

**Sources:** U.S. Census Bureau, People and Households, <http://www.census.gov/people/>; U.S. Census Bureau, *Educational Attainment in the United States: 2009*, <http://www.census.gov/prod/2012pubs/p20-566.pdf>.

# About the Author

Nathan Levenson is a Managing Director at The District Management Council, an organization that partners with public school district leaders to improve student outcomes, operational efficiency, and resource allocation. As Managing Director, he oversees all consulting activities and directs the development of technology tools and systems to facilitate the implementation of best practices. Levenson previously served as superintendent of the Arlington, Massachusetts, Public Schools. He is a graduate of Dartmouth College and earned an MBA from Harvard Business School.

# Endnotes

1. National Center for Education Statistics, National Assessment of Educational Progress (NAEP) Data Explorer, <http://nces.ed.gov/nationsreportcard/naepdata/>.
2. The Pew Charitable Trusts, “The Local Squeeze: Falling Revenues and Growing Demand for Services Challenge Cities, Counties, and School Districts,” June 1, 2012, <http://www.pewstates.org/research/reports/the-local-squeeze-85899388655>.
3. Proficiency measured by a composite of tenth-grade math and English scores on state accountability tests for 2008-09 and 2009-10.
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5. New America Foundation, “Individuals with Disabilities Education Act – Funding Distribution,” <http://febp.newamerica.net/background-analysis/individuals-disabilities-education-act-funding-distribution>. Figure is for FY 2009.
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7. Juan Diego Alonso and Richard Rothstein, *Where Has the Money Been Going? A Preliminary Update*, Economic Policy Institute, October 28, 2010, <http://www.epi.org/page/-/pdf/bp281.pdf>.
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9. National Center for Education Statistics, NAEP Data Explorer. Disability status of students includes those with 504 plans. The change in the average scaled scores in reading is between 1998 and 2011. The change in the average scaled scores in math is between 1996 and 2011. We focused on grade eight because trend data for grade twelve are more limited.
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11. Christopher B. Swanson, *Special Education in America*, Editorial Projects in Education Research Center, November 3, 2008, [http://www.edweek.org/media/eperc\\_specialeducationinamerica.pdf](http://www.edweek.org/media/eperc_specialeducationinamerica.pdf), p. 19.
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13. Scull and Winkler.
14. Office of Special Education Programs, Office of Special Education and Rehabilitation Services, “Process and Criteria Used to Evaluate a Request by States to Waive Maintenance of Effort (MOE) Requirements Under Part B of the Individuals with Disabilities Act,” U.S. Department of Education, June 2010.

15. Ibid.
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17. Nirvi Shah, "Feds Back Off on Easing Special Ed. Funding Restriction," *Education Week*, April 11, 2012, <http://www.edweek.org/ew/articles/2012/04/11/28speced.h31.html>.
18. Lawrence Siegel, *The Complete IEP Guide: How to Advocate for Your Special Ed Child* (Berkeley, CA: Nolo, 2009), p. 24.
19. Scull and Winkler, p. 2.
20. National Center for Education Statistics, *National Digest of Education Statistics*, 2010, <http://nces.ed.gov/programs/digest/d10/>.
21. Proficiency levels are for grade ten in Florida, Massachusetts, Minnesota, and Texas, and for grade eleven in Ohio.
22. This study selected districts with similar rates of identifying students with special needs. National data indicates very significant variation in the rate of identification between like districts, which is a significant driver of cost and perhaps achievement. The impact of differing identification rates is beyond the scope of this paper.
23. Utah State Office of Education, "SY 2009-2010 School Level Class Size (Elementary)." Data on Utah state only. Depending on the district, elementary covers kindergarten through sixth grade.
24. *National Digest of Education Statistics*. Salary is for teachers with a master's degree as their highest degree; Robert M. Costrell and Michael Podgursky, "Teacher Retirement Benefits," *Education Next*, Spring 2009, <http://educationnext.org/teacher-retirement-benefits/>. Costrell and Podgursky draw data from the U.S. Department of Education for the 2005-06 school year.
25. No national paraprofessional salary data are available. The average paraprofessional in our sample earned \$22,000 plus an estimated 32 percent in benefits, which is the estimate that we used.
26. U.S. Department of Education, Remarks by Secretary Arne Duncan, "The Race to the Top Begins," <http://www2.ed.gov/news/speeches/2009/07/07242009.html?exp=4>.
27. Transportation costs are influenced in general by the district's strategy for meeting the needs of special needs children. If more students are served in out-of-district placements, transportation costs will increase. If students with special needs are clustered in magnet schools or serviced at neighborhood schools, transportation costs will also differ. While these two factors are within the district's control, the physical size of a district can also impact transportation spending. This research did not account for differences in district size, and as such, does not focus on difference in transportation costs.
28. Median is the better average in this case since it accounts for the outliers. Further, the distribution of staffing costs is a median derived from only those districts where the reporting permitted categorization of costs into the five major special education staffing categories.
29. There are many factors that influence salary levels, including collective bargaining agreements, seniority, and local cost of living differences.

30. The Nation's Report Card, 2011 NAEP Results, [http://nationsreportcard.gov/reading\\_2011/nat\\_g8.asp?tab\\_id=tab2&subtab\\_id=Tab\\_7#chart](http://nationsreportcard.gov/reading_2011/nat_g8.asp?tab_id=tab2&subtab_id=Tab_7#chart); Swanson, p. 19.
31. Eric A. Hanushek, *The Economic Value of Higher Teacher Quality*, National Bureau of Economic Research, December 2010, p. 3. Hanushek has summarized both his own research and that of others thusly: "Teachers are very important; no other measured aspect of schools is nearly as important in determining student achievement." Some teachers can lead their students to a year and a half of achievement gain while others teachers, working with equivalent students, produce only half a year of gain.
32. Michael F. Giangreco, "Paraprofessional Support of Students with Disabilities," University of Vermont, <http://www.uvm.edu/~cdci/archives/mgiangre/paraprofessional.html>.
33. American Institutes for Research, prepared for U.S. Department of Education, *Implementation of the 1 Percent Rule and 2 Percent Interim Policy Options*, 2009, <http://www2.ed.gov/rschstat/eval/disadv/nclb-disab/nclb-disab.pdf>. Figures are for the 2005-06 school year.
34. This practice has since improved in Texas based on discussions with a sample of districts, but based on 2009-10 data, some districts still follow a similar pattern.
35. The percentage of each state's population twenty-five years old and above is for 2009. The state median household income is a three-year average from 2008 to 2010. The percentage of each state's non-white population is for 2010.
36. Some detailed data are captured by staff head count from some sources, by spending from others. In some cases, both spending and staffing were available. When only staffing levels were available, statewide average teacher's salary was used to compute total line item spending. When only spending levels were known, average salaries were also used to estimate staffing levels. Not all item details were available for all districts, since some desired data are not tracked at the national, state or district level. The level of detailed information available varied from state to state and district to district.
37. Scull and Winkler, p. 12.
38. District and Community Partners, *Special Education Staffing*. Internal District Management Council report slated for release in 2012.
39. *National Digest of Education Statistics*; Scull and Winkler, p. 7. Data for per pupil expenditure are for 2007-08. Data for identification rates are for 2008-09.