

Special Education Placements and Costs in Massachusetts

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Massachusetts school districts currently place more than 10,000 students with disabilities, about 1 percent of the total student population and 6 percent of the total population of students with disabilities, in out-of-district programs, including day and residential programs run by both public and private organizations.¹ In recent years, Massachusetts districts spent on average 6 percent of their total operating expenditures and 33 percent of their total special education expenditures on out-of district special education placements.² While the state has taken on a larger role in helping districts bear these costs through the Circuit Breaker program, there is an opportunity for districts to achieve cost savings by improving efficiency and expanding public programs. Efforts to reduce costs, however, must be mindful of program quality, student needs, and parental concerns.

This brief addresses a number of questions related to out-of-district special education placements and costs in Massachusetts. It looks at enrollment trends, program costs, transportation costs, the state's Circuit Breaker program, and issues to consider for reducing costs in the future. Among the findings:

- Sixty percent of students who are placed in out-of-district special education programs attend private schools; 40 percent attend public programs.
- The average outplacement cost for private day programs is just under \$51,000 per year and for public programs in collaboratives it is just under \$32,000 per year.
- Private residential programs on average cost \$105,000 per year.
- Districts spend more to transport students to private day schools, about \$9,600 per pupil per year on average, than other placement types.
- When IEP Teams make decisions about placing students, the team members are influenced by numerous factors, including but not limited to, legal requirements to place the student in the least restrictive environment, available resources in the school district, parental preferences, teacher preferences, and limited budgets.

What share of out-of-district placements are at public versus private facilities? What is the distribution of students with disabilities in out-of-district programs?

As stated, approximately 1 percent of students in Massachusetts are educated in out-of-district special education programs. Depending on student needs, out-of-district placements may be made to a variety of programs. Day programs are the most common placement option and include both public or collaborative programs and private programs. A smaller

¹ All figures obtained from October 1, 2007 student information management system unless otherwise noted.

² See http://finance1.doe.mass.edu/SchFin/sped/sped_exp_budget.aspx.

population of students requires education in residential settings, which are typically run by private providers.

Private programs themselves fall into two categories: approved and unapproved. Approved programs must meet the Massachusetts Department of Elementary and Secondary Education's (ESE) standards in order to be permitted to accept publicly funded students. Unapproved programs are treated differently. In order for a district to receive Circuit Breaker reimbursement for a placement in an unapproved program, the district must obtain ESE's approval in advance for each student placed. This requires the district to demonstrate that all appropriate ESE-approved programs have been pursued and that those facilities have indicated that they cannot serve the student. Districts must also ensure that the placement sought can provide the programs and services in the student's IEP in appropriate settings by appropriately credentialed staff; provide for the student's health and safety; and provide the student with all of the safeguards to which the student is entitled under federal and state special education laws.

Table 1 shows that 60 percent of outplaced students with disabilities attend private programs: 44 percent attend approved private day schools in Massachusetts, 10 percent attend approved private residential schools, also in-state, and smaller percentages are enrolled in a variety of other private programs. Forty percent of out-placed students attend public day schools run by education collaboratives.

Table 1: Out-of-district special education enrollment by type of school/program, school year 2007–2008

Type of School/Program	Students	Percent of outplaced population	Percent of special education placements
Approved private day schools in-state	4,586	44.0%	2.8%
Public collaborative day schools	4,219	40.5%	2.6%
Approved private residential schools in-state	1,021	9.8%	0.6%
Unapproved private day schools in-state	311	3.0%	0.2%
Unapproved private day schools out-of-state	107	1.0%	0.1%
Approved private residential schools out-of-state	76	0.7%	<0.1%
Unapproved private residential schools out-of-state	38	0.4%	<0.1%
Approved private day schools out-of-state	34	0.3%	<0.1%
Unapproved private residential schools in-state	26	0.2%	<0.1%

Source: SIMS October 1, 2007 dataset

What is the role of collaboratives?

Districts often use educational collaboratives as a means of delivering certain special education services or other programs. Collaboratives are public organizations formed through an agreement between two or more school committees to provide educational

programs or services for their member districts.³ By pooling resources, districts can better educate students with low incidence disabilities or with particular special education needs that they would not have the necessary programs, staff, or equipment to serve separately.

Collaboratives are managed by a board with representatives from their member school districts and are primarily funded through the tuitions that districts pay to send students to their programs. In addition to providing special education services, some collaboratives provide or help coordinate transportation services, manage cooperative purchasing agreements for fuel and other commodities, and offer vocational education and professional development programs. Collaboratives typically have their own facilities, but it is also not uncommon for collaboratives to lease program space from their member districts.

Collaborative-run programs afford a number of advantages to school districts. First, collaborative day school programs are typically less expensive than private special education day schools. Second, because collaborative programs are regional consortia, usually consisting of towns in a relatively small geographic area, districts can save money on transportation over what it would cost to send a student to a private day school that might be farther away. Third, collaboratives are often able to use classrooms in member school districts rather than forming a day school in a separate location. Students who might otherwise be sent out-of-district can remain in a less restrictive classroom setting, allowing them the opportunity to be included in a typical school community to the greatest extent possible.

What is the range of tuition rates for a day school and residential placement?

Special education tuition rates for approved private day and residential schools are set by the state's Operational Services Division (OSD). The rates set by OSD vary depending on the nature of the program or services. Based on the current OSD rates for fiscal year 2009, there are 76 approved private day school providers in the Commonwealth offering a total of 94 different programs. These programs range in cost from a low of \$26,000 per year to a high of \$149,000 per year. Residential programs typically serve high-need students and cost substantially more money. There are 51 approved private residential schools in Massachusetts offering 63 different programs at costs ranging from \$51,000 to \$292,000 per year. These prices are comparable to approved programs provided in other states.

OSD also sets tuition rates for individual students in unapproved private day and residential schools once the placement is approved by the ESE. These rates are established on a case-by-case basis using relevant program information and are not published.

What is the difference in cost between public and private placements?

Collaboratives set their own tuition rates, independent of state oversight, so rather than look at tuition rates the best way to compare public and private programs is to use average program costs. Table 2 shows the total tuition charges incurred and the number of students

³ All education collaborative agreements must be approved by the commissioner of elementary and secondary education under the provisions of MGL Chapter 40, Section 4E.

sent by Massachusetts districts to public and private outplacements in fiscal year 2007. Using these data, the average per pupil cost of collaborative day school programs was just under \$32,000 per year and the average placement at a private special education day school, both in-state and out-of-state, was just under \$51,000 per year, or 60 percent more. This suggests that, where appropriate, collaborative programs can offer districts significant cost savings over private school alternatives. While not comparable with day programs, private residential placements on average cost \$105,000, including both in-state and out-of-state programs.

Table 2: Average placement costs for public and private day and residential schools, fiscal year 2007

Placement category	Total expenditures	Students	Average cost per pupil
Collaborative day schools	\$134,330,402	4,229	\$31,779
Private day schools	\$276,113,944	5,447	\$50,691
Private residential schools	\$145,184,370	1,380	\$105,206

Source: Fiscal year 2007 End of Year Pupil and Financial Reports

How do transportation costs factor in?

Districts are obligated to transport students with disabilities to their out-of-district placements. Transportation costs are determined separately from tuition rates and vary based on student needs. While specific data on transportation rates are not available, the Department does collect information on the total amount spent to transport students in different placement categories along with the total number of students transported. With this data it is possible to calculate a per pupil transportation cost by placement category.

Table 3: Average special education transportation cost per pupil by placement category, fiscal year 2007

Placement category	Total expenditures	Students transported	Average cost per pupil
Private day school	\$43,299,563	4,489	\$9,646
Public school programs	\$11,207,465	1,408	\$7,960
Collaborative day school programs	\$18,763,276	2,407	\$7,795
Private residential school	\$4,074,076	531	\$7,672
In-district programs	\$123,365,334	47,354	\$2,605

Source: Fiscal year 2007 End of Year Pupil and Financial Reports

Table 3 shows that districts spend the most to transport students to private separate day schools, which makes sense given the needs of the students who attend these schools and the frequency of the service. Transportation to public school programs, collaborative programs, and private residential schools cost just below \$8,000 per year on average. By

comparison, the average annual cost to transport a special education student attending school within the district is \$2,600.

Economies of scale are a factor in driving up transportation costs for students with disabilities. One of the reasons why costs are so high is that districts often transport only one or two students to a private school program. This can create situations where multiple vehicles arrive at these schools on a daily basis transporting just a single student. While restrictions on how much time students with disabilities can spend being transported to and from a placement⁴ can make cost-sharing difficult, state and local officials are exploring new ways to deliver special education transportation services in a more cost-effective manner.

For the past four years, \$300,000 a year was allocated from the state's Circuit Breaker account to support a pilot program to develop regional transportation networks for students attending private day schools. Funds were given to three educational collaboratives to lead the initiative: ACCEPT, Assabet Valley, and Lower Pioneer Valley Education Collaborative. These three were chosen because of their experience providing transportation services to private day schools for their member districts.

The goal of the program was to encourage other collaboratives to launch new transportation networks, expand existing networks, promote collaborative bidding of out-of-district transportation services, and improve efficiency through the use of transportation routing software. A University of Massachusetts Donahue Institute evaluation of the pilot program from the summer of 2008 found the initial results of this effort to be encouraging. Collaboratives were able to demonstrate cost savings for participating districts and districts that were new to participating in collaborative-managed transportation reported being satisfied with the quality of the services they were receiving. While the development of new collaborative networks was modest, Donahue found that collaboratives were developing needed experience and preparing for expansion. Sustaining momentum and realizing the opportunities for growth will depend on strong leadership and access to information.⁵

What is the role of Circuit Breaker?

The Circuit Breaker program was initiated by the state in fiscal year 2004 to help districts deal with the rising cost of providing special education services. It is designed to provide districts with relief once the costs for a special education student reach a certain threshold. Circuit Breaker funds reimburse districts for high cost students with disabilities in both in-district and out-of-district programs.⁶ The threshold is equal to four times the statewide foundation budget per pupil, which in fiscal year 2008 was \$35,409. By law, districts are reimbursed for 75 percent of the cost in excess of this amount, subject to appropriation.

⁴ 603 CMR 28.06(8)(a)

⁵ University of Massachusetts Donahue Institute, "A review of the outcomes to date of the special education transportation pilot program," August, 2008. See http://finance1.doe.mass.edu/transport/pilot_evaluation.html

⁶ This constituted a significant expansion of the program that preceded Circuit Breaker, known as the 50/50 Program, which reimbursed districts for half the cost of sending students to residential placements.

Funds that are distributed in the current fiscal year are to reimburse districts for costs incurred in the prior fiscal year. In recent years, total statewide reimbursements have hovered around \$200 million.

In order to qualify for Circuit Breaker funds, districts must submit claim forms for each of their eligible students on an annual basis. These claims are analyzed and approved by Department staff and are subject to audits. Districts receive their reimbursement payments on a quarterly basis and must deposit the funds in a special revolving account that can only be spent on approved special education services. Importantly, Circuit Breaker funds cannot be spent on transportation services.⁷

What are some challenges to reducing costs?

Opportunities exist to reduce private school tuition and transportation costs. One option is for districts to develop more capacity to serve students with low incidence disabilities or with unique special education needs. Developing in-district programs, however, requires significant work, commitment, and, sometimes, start-up funds. Expanding the role of collaboratives can help ease this burden and produce cost savings, but there are a number of issues that must be considered with regard to creating more public programs, whether at the district level or at collaboratives.

Capacity: In many cases, districts lack sufficient resources, both human and financial, to develop programs that serve students with certain disability types. Capacity shortages at the district level account for one reason why many students are placed outside of districts in the first place. Table 4 shows the frequency of disability types among students who were outplaced in the 2007–2008 school year. The data suggest that, in general, districts lack the capacity to educate students with severe emotional and behavioral disabilities. Furthermore, with the incidence of autism increasing by 59 percent since 2004, see Figure 1, districts have had a difficult time keeping pace with the influx of students in this disability category.

Building space: Member districts typically make rooms available in a few age-appropriate school buildings in order to house particular collaborative programs. If these student populations were to rise, many districts would be unable to provide additional space.

Special education legal framework: Special education law requires that districts and parents⁸ work together to determine an appropriate IEP for the student, and the least restrictive environment in which that IEP is to be delivered. Though districts may want to reduce costs by bringing outplaced students back to the district, they are not permitted to

⁷ 603 CMR 10.07 (5)

⁸ Or guardian, or a student who has reached the age of majority and has elected to retain educational decision-making authority.

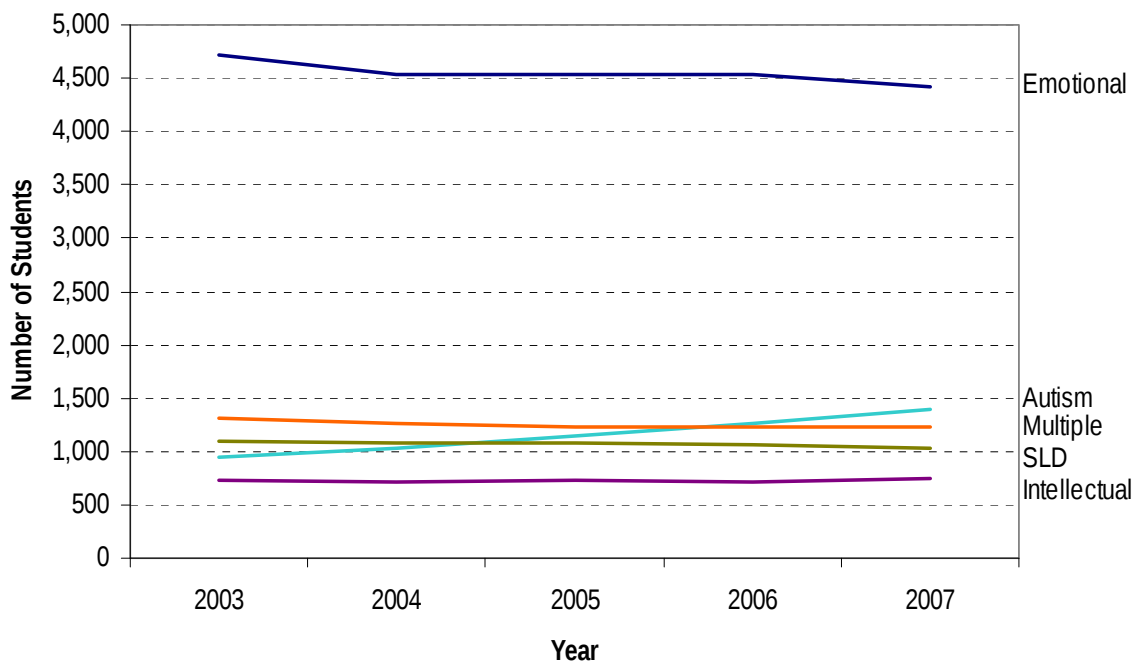
Table 4: Out-of-district special education enrollment by disability type, school year 2007–2008

Disability type	Students*	Percent of outplaced population*
Emotional	4,416	42%
Autism	1,389	13%
Multiple	1,222	12%
Specific learning disability	1,031	10%
Intellectual	753	7%
Neurological	366	3%
Communication	328	3%
Hearing	320	3%
Health	305	3%
Developmental delay	166	2%
Deafblind	83	<1%
Physical	61	<1%
Vision	52	<1%

Source: SIMS October 1, 2007 dataset.

*Outplaced population does not include approximately 1,400 students in collaborative programs that are located within schools and thus considered substantially separate.

Figure 1: Most commonly outplaced students by disability type, 2003–2007



change the IEP or placement without a parent's written consent. There are also provisions in IDEA that allow parents to seek reimbursement for unilaterally placing their child in a private school if they do not believe the child was receiving a free and appropriate public education (FAPE) in the public school. However, parents may do so only if they notify the district in advance of their intention to withdraw their child and seek reimbursement. In many cases, a parent will have to request a hearing with the Bureau of Special Education Appeals (BSEA) in order to get any reimbursement under these circumstances.

Districts generally seek to obtain the parent's cooperation rather than engaging in a legal dispute, which may be protracted, expensive, and divisive. However, if the parents believe that a change in placement is not the right choice for their child, it can be very difficult or impossible to change that placement. Should a district propose a new placement in the IEP, a parent can choose to reject the new IEP. A rejected IEP results in what is called "stay put," which means that the student stays where they are under the provisions of the last accepted IEP until the disagreement is resolved. Cases like these oftentimes make their way to the BSEA, which can be time-consuming and costly for all parties.

On balance, districts seeking to develop in-district options should engage parents in that development effort so that parents' interests for their children are as well-served as the district's interests.

What are some implications for the future?

Districts across the Commonwealth face the difficult challenge of providing all students with disabilities the high quality services that they are entitled to in the least restrictive environment. While the current fiscal crisis adds a new, unprecedented level of complexity to this challenge, the federal stimulus package provides an opportunity for districts to leverage new funding to develop more cost effective ways to deliver special education services. Local efforts to collaborate on program development and service delivery hold the most promise, and the state can further promote these strategies by:

- Supporting the creation of more in-district programs that provide a wide range of special education services,
- Advocating for an expanded role for education collaboratives in delivering special education programs, and
- Encouraging the continued development of cost-effective special education transportation networks.

Program quality cannot suffer at the hands of cost effectiveness. Developing more public programs must be done with an emphasis on involving parents in the development efforts and providing students with the best possible educational opportunities. *

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Appendix table 1: Total special education enrollment by placement and disability type, school year 2007–2008

Disability type	Full inclusion	Partial inclusion	Substantially separate	Public day	Private day	Residential	Other	TOTAL
Specific learning disability	39,112	16,957	4,597	313	635	63	20	61,697
Communication	20,097	4,839	2,235	56	106	9	157	27,499
Developmental delay	10,649	2,801	2,818	87	47	N/A	31	16,433
Emotional	4,015	1,796	3,497	2,188	1,794	332	102	13,724
Intellectual	1,858	2,644	5,973	384	246	102	21	11,228
Health	7,388	2,089	757	126	127	19	33	10,539
Autism	2,803	1,582	2,894	410	683	281	15	8,668
Neurological	3,762	1,200	662	98	206	41	21	5,990
Multiple	1,157	905	1,628	389	504	220	109	4,912
Physical	1,187	170	129	16	25	N/A	19	1,546
Hearing	528	211	227	37	242	40	N/A	1,285
Vision	352	96	55	6	32	13	N/A	554
Deafblind	67	25	44	9	60	13	N/A	218
TOTAL	92,975	33,315	25,516	4,119	4,707	1,133	528	164,293

Source: SIMS October 1, 2007 dataset.