



**Cost Comparison of Educating Severely Disabled
Students in Public School Programs vs.
Private Special Education Day Schools**

December 2016

December 5, 2016

Erik Ryan
Arizona Association of Private Special Education Providers
875 South Cooper Road
Gilbert, AZ 85233

Dear Mr. Ryan:

At the request of management, we have completed our analysis of Special Education Costs in the private school environment versus public school environment and have summarized the results in this report for your review. Our analysis consisted primarily gathering data from The Arizona Association of Private Special Education Providers (Association) and surveying several Arizona public school districts (Districts).

To the extent we have performed our analyses using data and information obtained from the Association, we have relied upon such information to be accurate, and no assurances are intended and no representation or warranties are made with respect thereto or the use made therein.

This report is intended solely for the information and use of the Association and is not intended to be and should not be used by anyone other than the Association management and Board of Directors.

We would like to thank everyone at Arizona Association of Private Special Education Providers. If you have any questions or need any further assistance, please contact Karin M. Smith at (602) 277-9449 ext. 327.

Sincerely,

Heinfeld, Meech & Co., P.C.

Heinfeld, Meech & Co., P.C.
CPAs and Business Consultants

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Executive Summary

The purpose of this study is to compare the actual costs of educating severely disabled students in specialized district programs versus the tuition cost to educate the same students in private special education day schools using identical program models.

Question for the study: Is it less expensive for public school districts to educate severely disabled students within the district versus paying tuition to a private state approved special education day school?

No. It is **less** expensive for public school districts to pay tuition to private special education schools for their most severely disabled students in the categories of emotional disabilities, autism, severe intellectual disabilities and multiple disabilities.

The severely disabled students represented in this study comprise .0023 percent of the entire student enrollment in the state of Arizona and .0175 percent of all special education students (source: Arizona Department of Education). Because of the severe nature of their disabilities, these particular students require highly intensive educational and therapeutic programs in order to make progress. School districts in Maricopa County were included in this study.

For the purpose of this study, these significantly disabled students were divided into three tiers of severity of disability and each tier was assigned a program model based on the best practices for children with that severity of educational and therapeutic deficit. The actual cost for public school districts to implement those models was compared against the average tuition cost of private special education day schools which provide that same model.

All of the costs of a private day school placement are reflected in the tuition; however, not all of the costs associated with the funding of district programs could be captured in this study. Costs to the public schools that were not included in this study, but which are real costs to the bottom line of school districts include:

- Cost of building or repurposing of an existing school site
- Cost of equipping a building, playground and grounds for these unique needs
- Potential debt service costs
- Cost of excessive risk and liability incurred by the private school provider when they assume the educational services for these students who are self-injurious, physically aggressive and require physical management for their own safety and the safety of others. These excess costs are not included in the public school expenses.
- Cost of administrative and teacher burn-out resulting in staff turnover due to constantly dealing with students who exhibit self-injurious behavior and physical aggression against other students and staff.
- Cost to small districts to develop and maintain an intensive program for the few students who need that level of intervention when the costs of staff are high and there are not enough students over which to amortize those costs.
- Cost of damaged public relations in the community and on a school campus when severely aggressive students interact with peers and their behavior is out of control and often dangerous.

Heinfeld, Meech & Co., P.C., was selected by the Arizona Association of Private Special Education Providers to conduct this independent study. This company was selected because of its past experience in determining the costs of special education programming for the state of Arizona and the professional expertise of its management staff in the area of school finance.

Similar cost comparisons conducted by independent firms in the states of Massachusetts and New Jersey also confirmed that for severely disabled students, it was less expensive to tuition those students to state certified private special education day schools rather than provide comparable in-district programming. The Massachusetts and New Jersey studies were able to capture some of the costs that were unaccounted for in this study. In Massachusetts it was 35% less expensive to send students to private day schools and in New Jersey it was 31% less expensive. The executive summaries for those studies are included in the attached appendices of this document.

Conclusion: The cost comparison illustrates that the identifiable public school costs are higher for program models in Tier One, Tier Two and Tier Three than the private school tuition rates.

Background/Overview

The management of Arizona Association of Private Special Education Providers (Association) engaged Heinfeld, Meech & Co., P.C. (H&M) to conduct a comparable cost analysis of special education services offered in the public education environment compared to the private placement tuition costs.

It is often assumed that the cost for serving students with disabilities in a private school environment can be greater than the cost of serving a similar student in a public school environment. The costs associated with educating special needs children can be extensive given the wide spectrum of the disabilities these children face. With these inherent cost challenges, an educational approach delivering the appropriate levels of service in the most cost effective manner should be explored in depth. Therefore, a comparable cost analysis is explained in the subsequent section. It should be noted that this report does not address the average cost for all special education students. The analysis was limited to three specific program models provided by the Association.

Arizona Education Requirements

In regard to special education services for special needs students, Arizona Revised Statutes (A.R.S.) (Statute) has established a framework to determine what levels of services should be provided to each student based on individual needs. The needs of special education students can vary greatly on a case by case basis. As a result, Districts employ an Individualized Education Program (IEP) Team to evaluate a student's needs and develop the most effective approach to educate that student. Arizona Compulsory Education requirements state that children between the ages of six and sixteen, must be enrolled in school or receive home instruction. Students with specific disabilities may remain in public school until they are twenty-two years old.

It should be noted that within the State of Arizona, there are many school choice initiatives including charter schools, homeschooling and empowerment scholarships that were not evaluated, included, or considered in this study.

Federal Education Requirements

The Individuals with Disabilities Education Act (IDEA) requires that an IEP is completed for a student before any determination is made as to the placement where that student will be educated. According to Sec. 612(a)(5), students with disabilities are required to be educated in the "least restrictive environment." Least restrictive environment is defined as the educational placement that provides to the maximum extent appropriate, children with disabilities, including children in public or private institutions or other care facilities, are educated with children who are not disabled, and special classes, separate schooling, or other removal of children with disabilities from the regular educational environment occurs only when the nature or severity of the disability of a child is such that education in regular classes with the use of supplementary aids and services cannot be achieved satisfactorily.

By default, the least restrictive environment is the public school setting. However, the IEP will place the special needs child in a private school setting if the public school does not have the capability, means, services or capacity of accommodating that particular student's needs.

Arizona School Finance Primer

This report did not take into account the amount of funding provided on a per pupil basis to Arizona Public School Districts. However, to assist the reader, a small explanation of the funding model is provided. The current K-12 school finance system is based on a statutory formula enacted in 1980 and substantially modified in 1985. This formula aims to “equalize” per-pupil spending among school districts, taking into account student enrollment and property wealth. Under the current school finance formula, school districts receive approximately the same amount of maintenance and operations funding per pupil. The Weighted Student Count takes into consideration the relative associated cost of educating certain classifications of students and takes into account the size of the district, whether the students are in elementary or high school, the isolation of small rural school districts in the state, and special needs children. Weighted Student Count is specified per A.R.S. §15-943. Group A students are defined in A.R.S. §15-901 which includes funding for the regular education students and certain special needs students. Additional support level weights are provided for special needs and other students that were served the previous year. Funding for Extended School Year (ESY) is included within the funding generated by these additional weights.

Methodology

In order to make a commensurate comparison between the cost of private school education and public education for special needs students, several factors and assumptions need to be taken into account. Private placement tuition can vary from student to student based on need and the actual costs per student in the public education model are ambiguous and can appear to be hidden.

The levels of service required to accommodate special needs students can vary from student to student. Private schools and public schools may take different approaches on numerous facets of education, such as the average classroom size, case load, instructional resources and staffing models. Consequently, the costs required to educate special needs students are directly correlated to those levels of service. In order to properly delineate the costs of multiple levels of service required, the Association established three “tiers” of service for varying degrees of student special education needs.

Each model specifies the cost components that go into educating that type of special education student including the average tuition cost, the classroom staffing composition, and the type and level of disability related therapies provided. Each model assumed a 180 day school calendar and did not include any additional costs for transportation or extended school year services. The specific cost components associated with each model are provided.

A description of the needs of a typical student in each program type was provided by the Association. Additionally, the detailed program description and staffing model was provided by the Association. This study did not attempt to validate the student need description nor program description; rather for the purpose of this report; the student and program descriptions provided by the Association were assumed as accurate and reflective of the industry models.

Tier One Student/Classroom Description

The Association provided the following description of the students served and the model program to meet the student needs.

Description of Students Served

These students are primarily severely emotionally disabled children in grades 6-12 who exhibit continual physical aggression that is so severe that it creates an unsafe environment for other students and faculty. These students have behavioral incidents involving possession of weapons at school, drugs and criminal activity, destruction of property, extensive sexualized behavior and they frequently harm others severely. Many suffer from mental illness and have such diagnoses as paranoid schizophrenia, paranoia, obsessive compulsive disorder, oppositional defiant disorder and reactive detachment disorder. Many exhibit self-injurious behavior such as cutting themselves, overdosing on drugs and engaging in suicide attempts by such measures as running deliberately into traffic, jumping from moving vehicles, and hanging or jumping from tall structures. Many of these students have been physically and sexually abused. Most of these students possess intellectual capacity in the normal range but function far below grade level due to their being out of the classroom as a result of their behavior, mental illness, hospitalization and incarcerations, dysfunctional families and lack of consistent medication. Many of these students live in a rotation of group homes because their behavior is too dangerous to have them remain in their own homes.

Description of the Recommended Program

The class is taught by a full-time Arizona state certified special education teacher (1.0FTE) who is assisted by a full-time assistant teacher (1.0FTE) and a full-time behavior coach (1.0FTE). Although the capacity of the class is twelve students, the average enrollment is ten students due to turn over, transiency, psychiatric hospitalizations and incarcerations. The program includes a .25FTE specialist teacher responsible for comprehensive pre-vocational education, electives and special subjects such as music and art, animal therapy, social skills training and transition. Therapists in the area of counseling, speech, occupational therapy, physical therapy and nursing participate in the classroom based upon the needs of students and are included in the model at 30 minutes per student per week. They are available to provide cognitive behavioral therapy support, offer resources for the families, handle a large variety of crises, train educational staff, implement therapeutic programs in the classroom, and interact with the Department of Child Safety. Additional behavior coaches (.3 FTE) outside of the student's classroom are available to provide support if the student's behavior escalates in the classroom. Trained behaviorists are also an important classroom component of the program. In cooperation with the teacher the behaviorists develop assessments of behavior and behavior plans as well as monitor their effectiveness.

Some students require specific related services from licensed therapists as prescribed in their Individualized Education Plan (IEP). In the study, those services are delineated as "IEP Designated Related Services" and are included in the cost model as one hour per student per week.

Tier One Average Special Education Day School Tuition Cost

\$150 per student day x 180 days	\$27,000
Plus average annual cost of 1 hour of IEP Designated Related Services per week - \$100 per hour for 36 weeks	<u>3,600</u>
Average Tuition per student	\$30,600

Tier One Staffing Model (4:1 Ratio)

- Up to 12 students per classroom – average occupancy is 10 students
- 1.0FTE Arizona Certified Special Education Teacher + .25FTE Specialist Teacher + 1.0FTE Teacher Assistant + 1.3FTE Behavior Coach
- Student Type – middle school/high school severely emotional disabled

Foundational Classroom Therapeutic Support

- 360 minutes of direct group cognitive-behavioral therapy per week per classroom based upon 30 minutes per student
- 360 minutes of direct group instruction with a behavior interventionist, speech, occupational, or physical therapist per week per classroom based upon 30 minutes per student

IEP Designated Related Services

- Calculated at 1 hour per student per week for 36 weeks

Tier Two Student/Classroom Description

The Association provided the following description of the students served and the model program to meet the student needs.

Description of Students Served

These students are kindergarten through grade 5 who are severely emotionally disabled, intellectually disabled or have higher functioning autism. All of the students have severe behavioral challenges. These students generally exhibit such behaviors as kicking, hitting, spitting, biting, scratching, stealing, threatening to injure or kill others, urinating on others, head butting staff, using classroom items as weapons, running away from school, fighting, throwing furniture or objects at others and deliberately trying to injure others or animals. Many have extremely short attention spans and are diagnosed as hyperactive with attention disorders. They may experience raging for significant lengths of time with uncontrolled screaming and physical violence.

Description of the Recommended Program

The class is taught by a full-time Arizona state certified special education teacher (1.0FTE) who is assisted by 1.5FTE assistant teachers and a full-time behavior coach (1.0FTE) in the classroom. In addition there are other behavior coaches (.3FTE) assigned to several classrooms to provide support when students are unable to remain in the classroom. Although the class is limited to ten students, the average number of students in the class is eight due to transitions, delay in new placements, transiency and psychiatric hospitalization. The program includes a .25FTE specialist teacher responsible for adaptive special subject classes such as physical education, music, art, career planning and transition. Therapists are assigned to provide direct foundational classroom support at the rate of 45 minutes per student per week. Therapists provide in-depth social skills instruction including anger management, conflict resolution, negotiation and stress reduction techniques. Counselors, speech therapists, occupational therapists, physical therapists, and nurses provide additional classroom level support and resources for the family. Counselors provide cognitive behavioral therapy, handle crises and communicate with the Department of Child Safety. Trained behaviorists conduct interventions and develop assessments of behavior and behavioral plans in conjunction with the teacher.

Some students also require specific related services from licensed therapists as prescribed in their Individualized Education Plan (IEP). In the study, those services are delineated as “IEP Designated Related Services” and are included in the cost model as 1.5 hours per student per week.

Tier Two Average Special Education Day School Tuition Cost

\$175 per student day x 180 days	\$31,500
Plus average annual cost of 1.5 hour of IEP Designated Related Services per week - \$100 per hour for 36 weeks	<u>5,400</u>
Average Tuition per student	\$36,900

Tier Two Staffing Model (3:1 Ratio)

- Up to 10 students per classroom – average occupancy is 8 students
- 1.0FTE Arizona Certified Special Education Teacher + .25FTE Specialist Teacher + 1.5FTE Teacher Assistant + 1.3FTE Behavior Coach
- Student Type – K-5 severely emotionally disabled or students with intellectual disabilities or high-functioning Autism Spectrum Disorder

Foundational Classroom Therapeutic Support

- 450 minutes of direct cognitive-behavioral therapy per week per classroom based upon 45 minutes per student
- 450 minutes of direct group instruction with a behavior interventionist, speech, occupational or physical therapist per week per classroom based upon 45 minutes per student

IEP Designated Related Services

- Calculated at 1.5 hours per student per week for 36 weeks

Tier Three Student/Classroom Description

The Association provided the following description of the students served and the model program to meet the student needs.

Description of Students Served

These students are severely autistic, severely intellectually disabled, or severely multiple disabled and they exhibit severe physical aggression. They frequently have no communicable speech and little receptive or expressive language. Many use technological augmented communication devices. They require a trained staff member to work with them individually to make academic progress. Each student is on a completely individualized program with his own materials.

The behaviors that these students exhibit include: hitting, biting, scratching, running away from staff, head butting, throwing themselves on the floor, urinating on others, using fecal material as a weapon, wandering, screaming uncontrollably with no apparent antecedent to cause the behavior, rocking, and severe self-injurious behavior such as the child attacking his own eyes with classroom implements, repeatedly banging his head on walls or desks, biting his own arms or hands, and pulling out handfuls of his own hair.

Description of the Recommended Program

The class is taught by 1.25FTE Arizona state certified special education teacher who is assisted by 2.0FTE assistant teachers and a full-time behavior coach (1.0FTE) in the classroom. In addition, other behavior coaches (.5FTE) are assigned to provide support when students' behavior prevents their remaining in the classroom. Although the class is limited to eight students, the average number of students in the class is 6 due to delay in new placements, transiency and hospitalizations. Very often it is not educationally prudent to place more students in the classroom environment due to the severe aggressive nature of the students and their inability to perform a task independently. Many of these students are not toilet trained and need personal hygiene assistance. A ratio of one staff member to one child is necessary for most of the instruction in order to make progress with a student. Intensive classroom support from the speech therapist, occupational therapist, physical therapist and nurse are required. They spend a significant amount of time in the classroom instructing classroom staff with regard to therapeutic techniques for particular students, monitoring progress and offering resources to parents and guardians. Behavior interventionists are also critical in the classroom for this program, especially since the students have so few verbal skills and the behavior program is greatly modified. Many of these students have severe medical issues as well.

Therapists are assigned to provide direct foundational classroom support at the rate of 60 minutes per student per week.

Some students also require specific related services from licensed therapists as prescribed in their Individualized Education Plan (IEP). In the study, those services are delineated as "IEP Designated Related Services" and are included in the cost model as two hours per student per week.

Tier Three Average Special Education Day School Tuition Cost

\$204 per student day x 180 days	\$36,720
Plus average annual cost of 2 hours of IEP Designated Related Services per week - \$100 per hour for 36 weeks	<u>7,200</u>
Average Tuition per student	\$43,920

Tier Three Staffing Model (2:1 Ratio)

- Up to 8 students per classroom – average occupancy is 6 students
- 1.25FTE Arizona Certified Special Education Teacher + .25FTE Specialist Teacher + 2.0FTE Teacher Assistants + 1.5FTE Behavior Coach + .16FTE LPN or equivalent
- Student Type – Multiple disabled, multiple disabled severely sensory impaired, severe intellectual disabilities, or low-functioning autism spectrum disorder

Foundational Classroom Therapeutic Support

- 480 minutes of behavior interventionist or psychologist per class per week based upon 60 minutes per student
- 480 minutes of speech, occupational and/or physical therapies per week per class based upon 60 minutes per student

IEP Designated Related Services

- Calculated at 2 hours per student per week for 36 weeks

Foundation for Comparison of District Programs and Special Education Day School Programs

The services provided by private and public schools are not always proportionate for a number of elements. These elements include average employee compensation, average employer paid benefits, frequency and duration of services, and training and resources provided to a classroom. To compensate for these factors, the tiers identified these factors as variables in which the costs of different levels of service provided can reasonably be compared between the private and public schools.

The average cost to provide the level of services specified by the Association for each tier is straightforward and transparent due to the per day tuition that is charged per student. However, to enable an accurate comparison between private and public school costs, the associated public school costs that go into providing that tier level of service must be identified and converted to a per pupil basis.

Several public school districts were surveyed on the special education costs incurred by that district. The districts surveyed were a sample from Maricopa County, Arizona of small, medium, and large districts from each within the elementary, union, and unified district grade level compositions. The purpose of this cross sectional district approach was to provide comparisons among small to large districts, elementary to unified districts. Within public school districts in Arizona, the district size and grade level composition can provide differences in staffing models and compensation for employees. It is important to reflect these factors in determining average costs.

The following districts responded to the survey request:

District Name	Grade Levels Served	District Size
Avondale Elementary School District	K-8	Medium
Cartwright Elementary School District	K-8	Large
Tempe Elementary School District	K-8	Large
Washington Elementary School District	K-8	Large
Fountain Hills Unified School District	K-12	Small
Paradise Valley Unified School District	K-12	Large
Buckeye Union High School District	9-12	Small
Phoenix Union High School District	9-12	Large
Tempe Union High School District	9-12	Large

The survey consisted of various special education costs such as average salaries, average case-loads, and special education enrollment.

The calculation of averages was not inclusive of all survey responses in all cases. There were situations where a particular respondent answered “yes” to certain expenses but did not provide a dollar figure, or in some cases did not provide a response to the specific question. There were also situations where respondents did not have that given expense due to outsourcing of a position. In those situations, those outliers were excluded from the sample to prevent skewing of the averages.

The public school costs were broken out into four categories:

1. Instruction/Classroom – Salaries and associated costs with teachers, aides and behavioral coaches.
2. IEP Designated Related Services – Behavioral, physical, occupational, speech therapy costs.
3. Foundation Therapeutic Classroom Support (individual or small group) - Behavioral, physical, occupational, speech therapy costs.
4. Indirect Costs – Administrative, facilities, and classroom supplies costs.

Instruction/Classroom

Instruction category positions include the salaries of those positions listed as well as the additional costs incurred by the public schools to provide these positions. Examples of these additional costs include paid time off, substitute teacher wages, performance pay, stipends, employee insurance, pensions, professional development, unemployment insurance, and employment taxes. All of these additional costs were included in the total cost of employment for the public schools. For comparability, these total employment costs were divided by the average classroom size of that respective tier to provide a per pupil amount.

Total salary and employment costs of the related therapies positions consist of the same components used to calculate the total cost of employment for the instructional positions referenced in each tier. Each tier specifies how many minutes of service each student receives on a weekly basis. In order to reasonably compare district employment costs to the specified level of those services delivered within each tier, the employment costs were allocated on a per pupil basis based on 0.0125 FTE for every thirty minutes of services provided weekly (40 hour week equals 2400 minutes per week. $30/2400 = .0125$ FTE).

IEP Designated Related Services

IEP Designated Related/Services are those direct therapeutic services that the IEP team specifies for a particular child in addition to the Foundational Therapeutic classroom support that the child already receives. These may be administered by a counselor, psychologist, behaviorist, speech pathologist, occupational therapist, physical therapist or other specified professional.

The Association estimated the following average of Designated IEP Related Services per student:

- Tier 1 – one hour per week
- Tier 2 – one and one half hour per week
- Tier 3 – two hours per week

IEP Designated Related Services were defined by the private school environment as individualized or small group therapies that would be provided based on the IEP with an additional tuition fee assessed.

A complete copy of the survey used to gather information from the public school districts can be found in Appendix A.

Foundation Therapeutic Classroom Support

This support by therapists is available to all students in the program and the cost is included in the daily tuition. It would entail such services as behavioral consultation; training of staff; animal therapy; educating all students in areas such as appropriate peer relationships, conflict resolution, anger management, negotiation, consequences of drug use and criminal activity; speech; occupational therapy; physical therapy screenings and consultations; student observations; handling of crises; family support interactions with the Department of Child Safety, law enforcement and medical professionals involved in any child's treatment.

In the private school model, therapists are scheduled to provide direct intervention to students five hours per day; however, due to time lost as a result of student absences, field trips, testing, crises, escalated student behavior, time spent escorting the student to and from therapy sessions and other intervening student activities, therapists average four hours of direct intervention per day. The remainder of their time is spent in planning, consultation with teachers and parents, development of mandated Individual Educational Plans (IEPs) and attending meetings for IEPs, MultiEducational Team (MET) and Extended School Year (ESY). Because therapists are employed for 8 hours per day and can only provide direct service to students 4 hours per day, the actual cost of delivery per hour is twice the cost of the therapists' hourly salary and associated costs and benefits.

The amount of Foundational/Therapeutic Classroom Support was determined according to the degree of severity of the disability.

Indirect Costs

Indirect costs and overhead costs were compiled from several sources. The per pupil administrative and facilities costs were gathered from the Fiscal Year 2014 Classroom Spending Reports (Classroom Spending Reports) issued by the Arizona Auditor General's Office. Arizona School District Spending (Classroom Dollars), Fiscal Year 2014, prepared in response to the Arizona Revised Statutes §41-1279.03 requirement to determine the percentage of every dollar Arizona school districts spend in the classroom. The report also analyzes non-classroom spending, which includes administration, plant operations, food service, transportation, student support, and instruction support; and includes a financial stress assessment for each District.

Administrative Costs include: Salaries and benefits for superintendents; principals; business managers; and clerical and other staff who perform accounting, payroll, purchasing, warehousing, printing, human resource activities, and administrative technology services; and other costs related to these services and the governing board.

Per the Classroom Spending Reports for the responding districts, the per pupil administrative costs were reported as following:

Elementary Average: \$737.75
Union Average: \$767.00
Unified Average: \$830.50
All Average: \$768.11

Facilities Costs include: Plant operations salaries, benefits, and other costs related to equipment repair, building maintenance, custodial services, groundskeeping, and security; and costs for heating, cooling, and property insurance.

Per the Classroom Spending Reports for the responding districts, the per pupil facility costs were reported as following:

Elementary Average: \$808.08
Union Average: \$1,252.19
Unified Average: \$1,004.46
All Average: \$999.76

Within the private school model tiers (i.e., tuition costs include these costs), there were certain assumptions made for facility and programming space. The following assumptions were included as costs included in the tuition collected.

- Classroom(s) = 600sf per Classroom, or 3,000sf for 5 classrooms
- Multi-Purpose Room = 600sf
- Student Sensory/Therapy Room = 500sf
- Recovery Space(s) = 400sf
- Kitchen/Meal Planning = 300sf
- Conference/Meeting Room(s) = 300sf, or 600sf for two conference/meeting rooms
- Administrative Offices = 200sf, or 600sf for three administrative offices
- Therapy Offices = 150sf, or 450sf for three administrative offices
- Common Areas/Hallways/Storage = 1,500sf
- External Space (Playground) = 2,500sf

Some indirect costs are driven by the size of an entity's operations. Private and public schools can vary greatly in the size of their schools in terms of student enrollment and number of classrooms. Private schools on average are comprised of a significantly smaller number of classrooms in comparison to public schools. Consequently, the private schools incur additional indirect costs (administrative and facility) to support these smaller campuses. In order to provide a comprehensive comparison, the Association provided an assumption that the indirect costs of private schools should be adjusted by a factor to reflect the smaller campus sizes.

To determine the factor to be used, the average number of classrooms on a public school campus had to be determined. (26 for elementary, 35 for unified and high school) The current enrollment figures per the Classroom Spending Reports for each school in the sample were divided by the average number of classrooms listed above. This provided the average number of classrooms per public school district. Next, the average number of classrooms figure was divided by the number of schools in that district per the Classroom Spending Report to provide the average number of classrooms per public school. Lastly, the average number of classrooms per public school was divided by the assumed average number of classrooms per private school (six). This ratio was factored against the per pupil administrative and facility costs derived from the Classroom Spending Reports. The following two charts demonstrate how this factor was applied to the administration and facilities per pupil expenditures.

	Administration		
	Per Pupil	Multiplier	Total
Elementary	737.75	4.45	\$ 3,280.17
Union	767.00	7.95	\$ 6,096.50
Unified	830.50	3.00	\$ 2,493.78
All	768.11	5.29	\$ 4,065.50

	Facilities		
	Per Pupil	Multiplier	Total
Elementary	808.08	4.45	\$ 3,592.88
Union	1,252.19	7.95	\$ 9,953.00
Unified	1,004.46	3.00	\$ 3,016.14
All	999.76	5.29	\$ 5,291.57

The classroom supplies costs are inclusive of technology, software, resources, and supplies. These expenses are difficult to delineate on a per pupil basis for public schools due to the multiple funding sources and account codes used to track these expenses. Consequently, the Association provided the average cost of \$475 incurred by private schools, to project onto the public schools' per pupil costs.

The average classroom sizes assumed in the three tiers is based on 100% student enrollment. However, 100% is not always attainable or realistic. It was assumed by the Association that both district and private schools on average have a 20% vacancy rate for students with such severe disabilities; therefore, tuition was reduced by 20%.

It should be noted that the administrative and facilities costs identified above are inclusive of only “current expenditures.” District expenditures such as debt service and capital outlays for purchasing items such as land, buildings and equipment are excluded from these per-pupil costs. These costs provide benefits which are consumed over multiple years. Consequently, allocating these costs on a per-pupil, annual basis would be prohibitively difficult. Nonetheless, while these costs are not allocated in this cost model, they should not be disregarded in an abstract analysis as they are real costs paid for by the tax payer. Conversely, all private school costs, measurable on a per-pupil basis or not, are covered by tuition revenues and identifiable fees. The sum of the identifiable costs are what it costs a public school on average to educate a special needs student at that given tier level of service.

Personnel Expenses

To determine the total compensation costs, Districts were surveyed to identify their average salary amounts for each position during the 2016-17 fiscal year. In addition to the salary amount, employer paid benefits were added to determine a total compensation cost. Employer paid benefits included: social security, medicare, retirement, long term disability, workers compensation, unemployment insurance and employer paid health insurance. While some of these employer paid benefits are the same across Districts (social security, medicare, retirement, long term disability) other costs were averaged among responding districts (workers compensation, unemployment insurance and employer paid health insurance). Additionally, it should be noted that workers compensation is typically calculated at two rates for school district employees, high risk and low risk. For the purposes of this study, we assumed the high risk for these calculations.

Observations

The cost analyses illustrated in the attached tables compare the average costs of the three tiers of service for elementary, union, unified, and all districts compared to their private school counterparts. The cost comparison illustrates that the identifiable public school costs are higher for all program models for students in Tier One, Tier Two, and Tier Three when compared against the private school tuition rates.

Table A – Comparison Costs for Programs Included in Tier One

The Tier One program typically includes students in middle or high school in ED-P. Based on the comparative data provided by the Districts, the average annual cost to provide these services in the public school environment is \$466.75 more than the tuition collected for similar students in the private school environment. This does not include district costs of construction, repurposing a building, long term maintenance and debt service. See the table below for a detailed explanation of the comparison.

Tier One		
Students per classroom		
10		
		Response Average
Instruction/Classroom		
SPED Teacher (1.25 FTE)		\$ 78,161.93
Aide		\$ 27,452.01
BX Coach (paraprofessional) (1.3 FTE)		\$ 36,678.66
Foundational/Classroom Therapeutic Support		
Cognitive-Behavioral Therapy (licensed) (.15 FTE)		\$ 11,404.59
BX Interventionist, Speech, OT, or PT (.15 FTE)		\$ 12,885.01
Total related therapies		\$ 24,289.60
IEP Designated Related-Services		
Includes direct svcs., planning, IEP dev., etc. (.25 FTE)		\$ 21,475.02
Total Salaries and Therapies per classroom		\$ 212,346.82
Total per pupil		\$ 21,234.68
Administrative Costs multiplied by Private School Factor		\$ 4,065.50
Facility Costs multiplied by Private School Factor		\$ 5,291.57
Classroom Supplies		\$ 475.00
Total indirect costs per Pupil		\$ 9,832.07
Total public school costs per pupil		\$ 31,066.75
Average private school tuition		\$ 27,000.00
Additional therapies fees		\$ 3,600.00
Private school less expensive by		\$ 466.75

Table B – Comparison Costs for Programs Included in Tier Two

The Tier Two program typically includes students in grades kindergarten through fifth grade in ED-P and students with intellectual disabilities or high functioning autism spectrum disabilities. Based on the comparative data provided by the Districts, the average cost to provide these services in the public school environment is \$2,783.51 more than the tuition collected for similar students in the private school environment. This does not include district costs of construction, repurposing a building, long term maintenance and debt service. See the table below for a detailed explanation of the comparison.

Tier Two		
Students per classroom		
8		
		Response Average
Instruction/Classroom		
SPED Teacher (1.25 FTE)		\$ 78,161.93
Aide (1.5 FTE)		\$ 41,178.01
BX Coach (1.3 FTE) (paraprofessional)		\$ 36,678.66
Foundational/Classroom Therapeutic Support		
Cognitive-Behavioral Therapy (licensed) (.1875 FTE)		\$ 14,255.73
BX Interventionist, Speech, OT, or PT (.1875 FTE)		\$ 14,255.73
Total related therapies		\$ 28,511.46
IEP Designated Related-Services		
includes direct svcs., planning, IEP dev., etc. (.30 FTE)		\$ 25,770.03
Total Salaries and Therapies per classroom		\$ 238,811.56
Total per pupil		\$ 29,851.44
Administrative Costs multiplied by Private School Factor		\$ 4,065.50
Facility Costs multiplied by Private School Factor		\$ 5,291.57
Classroom Supplies		\$ 475.00
Total indirect costs per Pupil		\$ 9,832.07
Total costs per pupil		\$ 39,683.51
Average private school tuition		\$ 31,500.00
Additional therapies fees		\$ 5,400.00
Private school less expensive by		\$ 2,783.51

Table C – Comparison Costs for Programs Included in Tier Three

The Tier Three program typically includes students all grades with MD/MDSSI and students with severe intellectual disabilities or low functioning autism spectrum disabilities. Based on the comparative data provided by the Districts, the average cost to provide these services in the public school environment is \$14,389.53 more than the tuition collected for similar students in the private school environment. This does not include district costs of construction, repurposing a building, long term maintenance and debt service. See the table below for a detailed explanation of the comparison.

Tier Three		
Students per classroom		
6		
		Response Average
Instruction/Classroom		
SPED Teacher (1.5 FTE)		\$ 93,794.32
Aide (2.0 FTE)		\$ 54,904.01
BX Coach (1.5 FTE) (paraprofessional)		\$ 42,321.53
LPN (.1667 FTE)		\$ 9,302.59
Foundational/Classroom Therapeutic Support		
BX Interventionist (licensed) (.20 FTE)		\$ 15,206.11
BX Interventionist, Speech, OT, or PT (.20 FTE)		\$ 17,180.02
Total related therapies		\$ 32,386.13
IEP Designated Related-Services		
includes direct svcs., planning, IEP dev., etc. (.30 FTE)		\$ 25,770.03
Total Salaries and Therapies per classroom		\$ 290,864.74
Total per pupil		\$ 48,477.46
Administrative Costs		
Administrative Costs		\$ 768.11
Facility Costs multiplied by Private School Factor		\$ 5,291.57
Classroom Supplies		
Classroom Supplies		\$ 475.00
Total indirect costs per Pupil		\$ 9,832.07
Total costs per pupil		
Total costs per pupil		\$ 58,309.53
Average private school tuition		\$ 36,720.00
Additional therapies fees		\$ 7,200.00
Private school less expensive by		\$ 14,389.53

Appendices

Appendix A – Public School Survey Request

Survey Information			Survey Input									
Job Title	Class-ification	Job Description	Work Calendar Days	Annual # of PTO/Leave Days Allocate	Substitute provided?	Average Number of Sub Days per Year	Salary Data			Benefit Data		Comments
							Average Salary	Performance Pay	Stipends	Health Insurance	Professional Development	
Certified Teacher (Resource, ED, DD)	Certified											
Adaptive PE Teacher	Certified											
Adaptive Technology Teacher	Certified											
Behavioral Assistant	Classified	Assists the Behavioral Therapist in the implementation of behavior plans.										
Behavioral Therapist	Certified	Assists with development, data collection, evaluation of students, establishes Behavior Plans.										
Counselor/Social Worker	Classified	Provides social service related services including small group instruction.										
Instructional Assistant/Para Professional	Classified	Includes various parapro staff who work within the special education program.										
Intervention Specialist	Certified	Provides academic intervention, non-RTI programming.										
Occupational Therapist	Certified											
Occupational Assistant (COTA)	Classified	Developing and implementing appropriate occupational therapy intervention activities with the supervision of the OT.										
Physical Therapist	Certified											
Psychologist	Certified											
Speech Language Pathologist Assistant	Classified	Developing and implementing appropriate speech and language intervention activities with the supervision of the SLP.										
Speech Language Pathologist Technician	Certified	The Speech Language Technician is distinguished from the SLP in that the SLP evaluates and diagnoses disorders and disabilities.										
Speech Language Pathologist Therapist	Certified											
Transition Specialist	Certified	Provides transition from 8th grade to high school and high school to post secondary and/or community based programming.										

Survey Information			Position Requirements			Comments
Job Title	Class-ification	Job Description	Minimum Degree Required	Minimum Experience Required	Certification/ License	
Certified Teacher (Resource, ED, DD)	Certified					
Adaptive PE Teacher	Certified					
Adaptive Technology Teacher	Certified					
Behavioral Assistant	Classified	Assists the Behavioral Therapist in the implementation of behavior plans.				
Behavioral Therapist	Certified	Assists with development, data collection, evaluation of students, establishes Behavior Plans.				
Counselor/Social Worker	Classified	Provides social service related services including small group instruction.				
Instructional Assistant/Para Professional	Classified	Includes various parapro staff who work within the special education program.				
Intervention Specialist	Certified	Provides academic intervention, non-RTI programming.				
Occupational Therapist	Certified					
Occupational Assistant (COTA)	Classified	Developing and implementing appropriate occupational therapy intervention activities with the supervision of the OT.				
Physical Therapist	Certified					
Psychologist	Certified					
Speech Language Pathologist Assistant	Classified	Developing and implementing appropriate speech and language intervention activities with the supervision of the SLP.				
Speech Language Pathologist Technician	Certified	The Speech Language Technician is distinguished from the SLP in that the SLP evaluates and diagnoses disorders and disabilities.				
Speech Language Pathologist Therapist	Certified					
Transition Specialist	Certified	Provides transition from 8th grade to high school and high school to post secondary and/or community based programming.				

Analysis of Special Education Costs

Survey Information			Average Case-load/Class Size			Comments
Job Title	Classification	Job Description	Minimum	Average	High	
			Certified Teacher (Resource, ED, DD)	Certified		
Adaptive PE Teacher	Certified					
Adaptive Technology Teacher	Certified					
Behavioral Assistant	Classified	Assists the Behavioral Therapist in the implementation of behavior plans.				
Behavioral Therapist	Certified	Assists with development, data collection, evaluation of students, establishes Behavior Plans.				
Counselor/Social Worker	Classified	Provides social service related services including small group instruction.				
Instructional Assistant/Para Professional	Classified	Includes various parapro staff who work within the special education program.				
Intervention Specialist	Certified	Provides academic intervention, non-RTI programming.				
Occupational Therapist	Certified					
Occupational Assistant (COTA)	Classified	Developing and implementing appropriate occupational therapy intervention activities with the supervision of the OT.				
Physical Therapist	Certified					
Psychologist	Certified					
Speech Language Pathologist Assistant	Classified	Developing and implementing appropriate speech and language intervention activities with the supervision of the SLP.				
Speech Language Pathologist Technician	Certified	The Speech Language Technician is distinguished from the SLP in that the SLP evaluates and diagnoses disorders and disabilities.				
Speech Language Pathologist Therapist	Certified					
Transition Specialist	Certified	Provides transition from 8th grade to high school and high school to post secondary and/or community based programming.				

Additional District Data	Data Input
Current Special Education Enrollment (District-wide)	
School District Special Education Capacity	
Special Education Program Offerings (list program offerings)	
Special Education Classroom Supply Budget (if applicable)	\$ -
FY14 Special Education Capital Expenses (xxx.2xx.xxxx.67xx.xxx)	\$ -

Appendix B – Executive Summary of Similar Studies Conducted in Massachusetts and New Jersey



The Bottom Line Report

**Understanding Rising Special Education Costs in Massachusetts
and the Real Cost to State Taxpayers**

December 2012



The Bottom Line Report

Understanding Rising Special Education Costs in Massachusetts and The Real Cost to State Taxpayers

December 2012

- Executive Summary -

Between 2006 and 2012, special education costs in Massachusetts increased by 56% compared to 36% for all public education. School budgets are being stretched and families of children with severe disabilities, who require intensive and costly services, are sometimes blamed for taking more than their fair share of the school budget. As the educators of students with the most severe disabilities, C766 schools are also often blamed for what appear to be high tuition prices.

This report compares the structure of special education costs in public schools, collaboratives and C766 schools, where there are substantial differences regarding the severity of student disability, staff to student ratios, the length of the school year and staff compensation. The cost comparison also includes all costs to the state taxpayer, who subsidize school districts and collaboratives by hundreds of millions a year for teacher retirement pensions and school building construction. The cost comparison demonstrates that C766 school costs are 35% lower than that of public schools and collaboratives, after the differences in staff compensation, length of the school year and hidden costs to taxpayers are considered.

Bottom Line Findings

1. Public school and educational collaboratives administrators erroneously claim that they can serve students at less cost than a C766 school can. This assertion is not based in fact and does not consider hidden costs to the taxpayer, differences in the severity of student disability, staff to student ratios and the length of the school year.
2. It would cost public school districts \$80,000 per pupil, or \$20,000 a year more, to provide the same level of services of a typical C766 day school at a cost of \$59,000.
3. The only way in which a student could be served at less total cost by a public school or collaborative is by providing less service to the student.
4. Public school and collaborative salaries are generally 44% higher than C766 school salaries.

5. Massachusetts state taxpayers pay public school and collaborative fringe benefit costs at a rate of 36.72% of wages, compared to 23.54% for C766 schools.
6. Taxpayers subsidize public school district teacher and other professional educator pension payments by \$107 million a year. This is a cost to the taxpayer which is not paid by school districts.
7. Taxpayers subsidize public school occupancy costs by \$730.5 million a year. Again, this is a cost not paid by school districts
8. Taxpayers subsidize collaborative teacher pension payments by an estimated \$8.5 million a year.
9. Collaboratives have an unfunded actuarially accrued retirement benefit liability to retirees which could be as high as \$224 million.
10. There is little meaningful public accountability or transparency for collaborative costs.
11. In addition to educating students at significantly lower costs than public schools and collaboratives, C766 schools:
 - a. Tuition rates include all costs to the taxpayer
 - b. Receive no annual subsidy from the Commonwealth's taxpayers
 - c. Contributed \$25.3 million in private funds to subsidize public education in FY '11 and over \$300 million since 1990
 - d. Have no unfunded liability for retiree benefits
12. C766 schools attract over 1,600 students from all over the U.S. and the world due to their unparalleled expertise in providing highly specialized education and treatment. The tuition payments for these students make a net contribution of \$189 million each year to the state economy – not derived from state taxpayers.

Recommendation – Lower Special Education Costs and Improve Services

Massachusetts taxpayers deserve to know the real, total cost of providing special education services to our most disabled students. This report demonstrates that C766 schools costs are 35% lower than public school and collaborative costs. At the same time, C766 schools compete successfully on a national and global basis for students, who are attracted to the advanced expertise and high quality services. C766 schools should be allowed and encouraged by the state legislature and the Department of Elementary and Secondary Education to expand their services and work in partnership with public school districts to provide in-district, substantially separate and inclusive programs to students with special needs. These new programs could improve services and lower costs and would benefit both students and state taxpayers.

12/7/2011

The Full Cost to Taxpayers of Self-Contained Classrooms for Students with Complex Disabilities:

**A Comparative Analysis of
Local District, County-Based, and
Private Special Education Programs in New Jersey**

December 2011



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December 2011

Education reform advocates in New Jersey and nationwide are encouraging increasing parental choice as a way to create competition, improve outcomes for students, and help reduce costs. Unfortunately, many of these choices—charter schools, interdistrict school choice, and others—do not address the needs of students with significant disabilities, and in some instances, specifically exclude them.

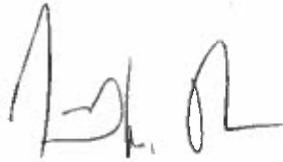
Private special education has been a federally-mandated option for students with disabilities for more than 40 years. But recent regulatory reforms in New Jersey have made it increasingly difficult for private special education schools to open and operate, and created administrative roadblocks for parents and local districts seeking placement for children at these schools. It is contradictory public policy to increase choice and options for students in general education, while simultaneously narrowing real options for students in special education.

Private special education schools in New Jersey have a long and proud history of success, both for students with disabilities, and for our state's taxpayers. As such, private schools for students with disabilities must be included and supported as part of any agenda aimed at reducing cost and improving outcomes.

Our outcomes study shows that students with disabilities who attend private special education schools are successful. While most return to local public programs within a few years, those who remain in a private school graduate well-prepared to live independent lives as adults. Our cost study, which was reviewed by independent auditors, J. H. Cohn, LLP in accordance with standards established by the American Institute of Certified Public Accountants (see Appendix 5), shows that for students needing highly specialized services and support, private

schools are a less costly option for our state's taxpayers than comparable programs provided by public schools.

This report—in conjunction with ASAH's Outcomes Study—is provided to Trenton's decision-makers in the hopes that it will inform public policy discussions and drive decision-making such that the needs of students with disabilities are more directly considered.

A handwritten signature in black ink, appearing to read "Gerard Thiers". The signature is stylized and cursive.

Gerard Thiers, Executive Director, ASAH