

## The Cost of Special Education

**2007 NJSBA Report** The New Jersey School Boards Association commissioned a study to address the “actual costs” of special education in New Jersey in 2007. The study used an empirical approach to examine trends affecting the cost and delivery of special education programs and services. It found that local, state and federal special education expenditures in New Jersey totaled \$3.3 billion. The main cost-drivers were out-of-district placements, programs for students with autism, transportation, related services, and resource programs. The NJSBA study reaffirmed the need for a fair, adequate and equitable funding formula. The study also identified other cost-drivers, including high classification rates, exclusionary placements, and impediments to shared services.

**Trends in Expenditures** Statewide budget data, as reported by school districts to NJDOE, show the following trends in special education spending in light of classification rates.

- Expenditures identified as special education increased approximately 8% from 2008-09 to 2011-12. The increase was twice as large as the rate of growth in expenditures for general education during that same period. It was also double the rate of growth in the number of students receiving special education services.
- In 2011-2012, statewide expenditures to cover the additional costs of serving special education students accounted for over one-fifth of the total expenditures for K-12 education.
- From 2008-09 to 2011-12, the number of classified students in regular operating (or non-Abbott) districts grew by 4%, while total enrollment in those districts remained flat. During the same time period, the number of special education students in the former Abbott districts remained flat.
- The percentage of students in the former Abbott districts taught in the most restrictive settings is more than double that in regular operating school districts.
- Due to inconsistencies in coding of expenditures by some districts over time, any dollar-per-student figure for special education spending at the individual district level could be inaccurate.

**University of Maryland Study** Also in 2007, the Education Law Center (ELC) released an independent review of special education funding in New Jersey. The study (Kolbe, McLaughlin and Mason, University of Maryland, 2007) focused on factors that should be considered by policy-makers in their efforts to establish a new funding formula. This study recognized the need for reliable data when making special education policy decisions. Specifically, Kolbe *et al.* found the following:

1. The overall proportion of students identified as needing special education in New Jersey was higher than the national average for students of certain racial and ethnic backgrounds.
2. New Jersey districts placed students in segregated special education settings both inside and outside of the home district at higher rates than did other states.
3. While the number of legal disputes in New Jersey is relatively small compared to the number of students receiving special education, these challenges significantly impact districts through

increased spending on litigation and lost instructional time on the part of teachers, while straining school-parent relationships (p.5).

**Identified Needs** The NJSBA and ELC studies independently came to similar conclusions: There is a need for adequate, fair and equitable funding, accurate and reliable data on costs, and closer examination of cost-effectiveness.

In 2008, New Jersey adopted a new funding formula aimed at remediating the constitutional infirmities of previous statutory funding mechanisms.