



EXECUTIVE SUMMARY

Stop talking about cost-cutting. Talk instead about cost-effectiveness. It's a difference that cuts to the heart of the matter. Cost-cutting assumes that we are taking something away from children. No one wants to support it. Cost-effectiveness means getting the same or better results for less money. No one wants to not support that.

– Nathan Levenson

‘A Win-Win Approach to Reducing Special Education Costs’

Introduction

To address the continuing pressure that special education places on local district budgets, the New Jersey School Boards Association embarked on a major study in January 2013. Creation of the Special Education Task Force represents a key initiative of NJSBA's executive director, Dr. Lawrence S. Feinsod. "The goal is to reduce special education costs to local school districts without diminishing the quality of needed services. There is a dire need to develop strategies that will maintain quality services, without negatively affecting resources for general education programming," he explained.

Appointed by NJSBA President John Bulina, the Task Force is comprised of local board of education members, a chief school administrator, and a school business administrator. It is chaired by Dr. Gerald J. Vernotica, associate professor at Montclair State University, former New Jersey assistant commissioner of education, executive county superintendent, and a former district superintendent, principal, teacher, and director of special services. The Task Force was charged with reviewing the state's current process for funding special education; studying other states' systems of providing special education; exploring alternative funding methods; and identifying cost-efficient strategies to fund and deliver special education services.

History of Funding As far back as 1911, state aid was established to cover the excess cost of special education, that is, those costs that exceed expenditures for general education. State funding initially covered half the cost of special education. Later, the funding was based on the category of disability. In 1996, state funding shifted from categorical aid allocated according to program to a distribution method based on four tiers defined by disability. Additional aid for extraordinary circumstances was added in 1996 and refined by a law enacted in 2002. State funding for speech-language services was built into general education aid because it was such a common service that separate funding was not needed.

Since 2001, special education expenditures have increased faster than state funding. As a result, the percentage of special education costs covered by state aid dropped by about one-quarter. Additionally, the local levy cap law (*P.L.* 2010, c.44), restricted the ability of school districts to budget for increased local revenue to offset the lack of state aid. Federal aid was initially based on a per pupil reimbursement but changed in the 1990s to a formula that included a base amount, a factor to reflect enrollment growth, and a poverty factor. When the federal special education law, the Individuals with Disabilities Education Act (IDEA), was first enacted in 1975, the

federal government promised to cover 40% of the cost of implementing required special education services. However, the amount actually covered by federal funding is less than one-tenth of required special education services.

In 2007, the NJSBA commissioned a study, "Financing Special Education in New Jersey." This year-long research project included statistical analysis of state and federal data, independent data collection, and on-site visits to school districts. (The full 225-page report can be accessed at: <http://www.njsba.org/specialeducation/>.) The study found that the growth in special education costs, which then totaled \$3.3 billion for roughly 240,000 students, could be largely attributed to tuition and transportation for out-of-district programs.

According to the 2007 study, the intensity of special education programs had increased over the previous decade, with more students placed in out-of-district autism programs and related services. For local school districts, that trend is critical because, as indicated in the study, 57% of special education costs are borne by local property taxpayers. The remainder comes from the state (34%) and the federal government (9%).

In 2008, New Jersey enacted a new school funding formula, which made several changes in how the state provides aid for special education. The School Funding Reform Act bases one-third of special education funding—that is, the proportion awarded to districts regardless of wealth—on the average percentage of students that receive special education services statewide, which at the time of the law's enactment was 14.69%. In fact, the number of classified students in an individual district could be far greater. In addition, the formula distributes the other two-thirds of state funding on ability to pay, rather than the number of students served, thereby driving up the local share of special education costs.

Focus of Project The NJSBA Special Education Task Force began its work in January 2013 and met 13 times, concluding the project in March 2014 with the production of this report. During its deliberations, the Task Force consulted with national and state special education experts, key personnel in the New Jersey Department of Education (NJDOE), special education advocates, practitioners, and academics.

The Task Force interviewed and received presentations from the following individuals:

- Kevin Dehmer, Director, Research and Data Analysis, Office of School Finance, NJDOE
- Dr. Peter Griswold, Chair, Special Education and Counseling, William Paterson University
- Dr. Monroe Helfgott, Inclusion Coordinator, Montclair Public Schools
- Dr. Lauren Katzman, Assistant to the Superintendent, Special Education, Newark Public Schools
- Dr. Howard Lerner, Superintendent, Bergen County Technical and Bergen County Special Services School Districts
- Linda Mithaug, Director of Pupil Services, Montclair Public Schools
- Judy Savage, New Jersey Council of County Vocational-Technical Schools
- John Worthington, Esq., Manager, Office of Special Education Programs, NJDOE
- Dr. Matthew Jennings, Superintendent, Alexandria Township School District
- The Honorable Teresa Ruiz, Chair, Senate Education Committee, 29th Legislative District

In addition, Dr. Vernotica, chairman, consulted with the following individuals:

- Dr. Bruce Baker, Professor, Rutgers University, Graduate School of Education
- Dan Bland, Assistant Superintendent, Dr. Carole Baker, Supervisor, and Jonathan Hart, Assistant Director of Special Services, Flemington-Raritan Regional School District
- Susan Bruder, New Jersey Department of Education, Division of Early Education, K-3
- Christopher Cerf, Commissioner of Education, State of New Jersey
- John B. Comegno II, Esq., The Comegno Law Group, P.C.
- Brenda Considine, New Jersey Coalition for Special Education Funding Reform
- Stephen Cornman, Statistician, Director, National Center for Education Statistics
- Barbara Gantwerk, Assistant Commissioner, NJDOE
- Dr. Barry Galasso, Director, Bucks County, Pennsylvania, Intermediate Unit
- Dr. Kristopher Harrison, Superintendent, Irvington Union Free School District, New York
- Nathan Levenson, Managing Director, District Management Council
- Ruth Lowenkron, Esq., Education Law Center
- Dr. Peggy McDonald, Director, Office of Special Education Programs, NJDOE
- Mari Molenaar, Ed.D., Special Education Consultant, former Senior Research Analyst at the New Jersey Department of Education, and co-author of NJSBA's 2007 study, "Financing Special Education in New Jersey"
- Dr. Thomas Parrish, Director, Center for Special Education Finance
- Dr. Erin Servillo, Director of Student Services, Lawrence Township Public Schools
- Sandra Simpson, Chief Operating Officer, Southern Westchester BOCES, New York
- Dr. Harold Tariff, Former Director of Special Services, School District of the Chathams, Interim Director of Special Service for several school districts, Mediator
- Daniel Vorhis, Director of Professional Education, Bucks County, Pennsylvania, Intermediate Services Unit

Dr. Vernotica also met with various focus groups, consisting of county supervisors of child study and directors of special services.

As part of its work, the Task Force conducted two surveys: a national survey looking at alternative methods of funding, such as lotteries, business fees, and foundation grants; and a statewide survey of superintendents and special education directors that focused on staffing and expenditures.

During its deliberations, the Special Education Task Force focused on the following questions:

- *How does New Jersey currently fund special education?*
- *How do other states fund special education?*
- *How do we identify equitable, adequate and fair funding mechanisms?*
- *What are the current levels and sources of funding and how do they relate to outcomes?*
- *What laws and regulations provide for the delivery of special education programs and services?*

- Does the upcoming reauthorization of IDEA present opportunities to improve outcomes for both general and special education students?
- *What are some promising themes and practices associated with effective, inclusive schools?*
- What outcomes do we expect for special education programs and services? How can we meet these expectations in a cost-effective manner?
- *What role should county special services schools, jointure commissions and educational services commissions play in supporting local school district efforts to provide special education services in the least restrictive environment? What can be learned from other states that have county or regional service models?*
- How can we strengthen general education so that it provides greater support to all students in all environments and averts over-classification? What roles can Response to Intervention (RTI) and Universal Design for Learning (UDL) play in improving the achievement of all students?
- *Can we provide improved training for our child study teams to reduce destructive Individual Education Program-related conflicts and build greater trust with parents so that such issues can be resolved to the satisfaction of districts, parents and students?*
- Can we systemically change the prevailing mindset of special education from a “place we live” to “a place we visit”?

NJSBA Policy Current policy of the New Jersey School Boards Association is based on the belief that all educationally disabled students should receive an appropriate public education within our state and, where possible, within the general education environment. The Task Force was also charged with recommending changes to NJSBA’s *Manual of Policies and Positions on Education*, if appropriate. Recommended policy changes begin on page 47 of this report.