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# Special Education

## SUMMARY

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**M**innesota has a longstanding commitment to public education for all children. The Legislature enacted its special education program in the 1950s, more than 20 years before Congress mandated a free, appropriate public education for every child. There is widespread agreement that, because of these initiatives, policy makers accomplished the major social goal of ensuring that children attend school regardless of disabilities.

Special education policy initially focused on the mechanics of the system, for example, identification of eligible children and the responsibilities of federal, state, and local governments. As the system has evolved, policy makers increasingly have turned their attention to the results, costs, and problems associated with special education. In April 1996, the Legislative Audit Commission directed us to study special education and to focus on the following questions:

- **How much does special education cost? How does the total cost per child for special education compare with regular education?**
- **What accounts for the increased cost and use of special education over time? How has the population of special education students changed?**
- **What does the federal government require of school districts? What additional requirements has the state imposed on school districts?**
- **What more could be done to contain special education costs? How could laws, rules, and practices be changed to encourage greater economy and efficiency?**

To answer these questions, we collected data and interviewed staff from the Department of Children, Families & Learning and the U.S. Department of Education. We reviewed the work of two legislatively mandated special education task forces and visited school districts where we saw special education services delivered first-hand. Our study included a detailed comparison of federal and state laws and rules, correspondence with special education interest groups, research on other states' special education funding methods, and a survey of the state's special education directors. We did not evaluate how well the Department of Children, Families & Learning regulates special education, potential variations in school districts' use of statewide special education criteria, the quality of special education services, nor the outcomes of those services.

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**It costs about twice as much to educate students who receive special education services than those who do not.**

Overall, we found that Minnesota school districts spent \$1.1 billion, or about 21 percent of their total budget, on special education students in fiscal year 1995. This amounted to \$12,100 per special education student, or about 2.1 times the cost per regular education student. Between 1988 and 1995, school districts' total expenditures rose 11 percent compared with 22 percent for special education services, after adjusting for inflation and increased student enrollment. The major reason for increased special education spending was a decline in the number of special education students per staff member, particularly aides and support staff.

Although Minnesota provides special education for students besides those that the federal government requires, we found that the state's percentage of special education students is slightly lower than national and regional averages. State laws and rules have recently been revised, partly to relieve local districts' administrative burdens, but state and local policy makers could take additional steps to contain costs and make special education more efficient.

## **SPECIAL EDUCATION POLICIES**

Special education policy in Minnesota is based on federal law, particularly the Individuals with Disabilities Education Act of 1975. The act defines disabilities, establishes identification procedures and service plans, and gives parents and students special legal rights. States establish eligibility criteria, monitor and enforce local compliance with special education laws and rules, and arrange for dispute resolution. In fiscal year 1995, federal categorical aid paid about 6 percent of the cost of designated special education services, state categorical aid 37 percent, special education property tax levies 17 percent, and school districts' general funds about 40 percent.

Federally required individual education plans specify in detail how school districts must individually serve each child who is assessed and found eligible for special education. A case manager and team of educators carry out various parts of the plan, which includes specific goals and objectives. Parents play a major role in developing and revising such plans but have no formal obligation to help with their children's education.

A guiding principle of special education is that students must receive services in the least restrictive environment, that is, alongside their nondisabled peers as much as possible. In this context, education is broadly defined to include nonacademic activities such as lunch, recess, study skills, making friends, and other activities where learning may occur. Academic learning objectives vary depending on the students' individual abilities, regardless of their age or grade in school. Typically, the students advance annually from one grade to the next, but they may remain as high school seniors if necessary until age 22.

## NATIONAL CONTEXT

Policy makers have for the past several years sought better, less expensive ways to provide special education. Last fall, Congress debated the issue but failed to reach agreement needed to reauthorize the Individuals with Disabilities Education Act. Although the basic outline of special education is not expected to change when the act is reauthorized, the U.S. Department of Education has proposed amendments that would put greater emphasis on student performance.<sup>1</sup> Another proposed change, which passed the U.S. House of Representatives in modified form, would be to base federal funds on the total number of children per state, rather than the number of special education students. In addition, federal proposals would encourage school districts to use regular education more effectively and rely less on special education.

## STUDENTS

In fiscal year 1996, Minnesota's public schools provided special education to about 101,000 students, or 10.9 percent of Minnesota's total elementary and secondary school enrollees. Each student is categorized with one of 13 primary disabilities, although they may also receive services for other problems. Overall:

- **Just over half of Minnesota's special education students had learning disabilities (38 percent) or emotional/behavioral disorders (17 percent) in fiscal year 1996.**

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**Minnesota allows special education for more students than federally required but has a lower than average percentage of special education students.**

Another 19 percent of the students were in special education primarily because of speech or language impairments. Ten percent had some degree of mental impairment, also called mental retardation, and 9 percent had developmental delays or learning problems in early childhood. The remaining 8 percent of special education students were in seven low-incidence categories of disability: hearing, physical, and visual impairments, autism, traumatic brain injuries, deaf-blindness, and other health impairments.

Although the federal government defines various disabilities, states can expand upon these definitions and adopt criteria to determine which specific children qualify for special education. We found that:

- **Minnesota makes special education available to a broader population than is required by federal law.**

For example, Minnesota allows special education for students who may only have behavior problems. It is impossible to say how many special education students

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<sup>1</sup> According to the U.S. Department of Education, the educational achievement, postsecondary school attendance, and employment rate of students with disabilities are all less than satisfactory, especially for students with learning disabilities and emotional disorders. See U.S. Department of Education, *Individuals with Disabilities Education Act Amendments of 1995* (Washington, D.C., August 29, 1995).

have either or both behavioral and emotional problems, but the federal government does not require special education for students who have behavior problems but not “serious emotional disturbances.” In addition, Minnesota provides special education to children ages 3 through 5 who have developmental delays, for example in walking, although the federal government requires only that states serve children of this age if they have physical or mental disabilities. Also, Minnesota provides special education for infants and toddlers through age 2 if they have identifiable physical or mental conditions or developmental delays. The federal government does not require any special education for infants and toddlers.

Despite Minnesota’s broader spectrum of special education students, our study showed that:

- **In fiscal year 1995, Minnesota’s percentage of special education students was slightly lower than other Midwestern states and the nation as a whole.**

We estimated that 10.7 percent of Minnesota’s public and private students received special education services in 1995, compared with an average of 11.2 percent for the nation. Because states adopt various eligibility criteria, caution must be taken in state-to-state comparisons. However, we found an overall average rate of 11.2 percent of students in special education in ten Midwestern states. Of these states, five had higher rates than Minnesota, and five had lower rates.

## ENROLLMENT TRENDS

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**The proportion of students receiving special education services grew fastest in the late 1970s after federal requirements took effect.**

The number of special education students in Minnesota rose 43 percent, from 70,765 in fiscal year 1977 to 100,931 in 1996. To adjust for enrollment changes over this period, we calculated the percentage of special education students among all school enrollees and found:

- **The percentage of special education students increased from 7.4 percent in fiscal year 1977 to 10.9 percent in 1996.**

More than half of this growth occurred in the late 1970’s as the federal Individuals with Disabilities Education Act took effect. Between fiscal years 1977 and 1980, Minnesota’s percentage of special education students rose from 7.4 to 9.4 percent. Over the next 16 years, the percentage grew much more slowly, from 9.4 in 1980 to 10.9 percent in 1996.

Our study revealed that 91 percent of the initial growth in the special education population between 1977 and 1980 was due to an increase in the number of students with learning disabilities, which were then just gaining widespread recognition. Between 1980 and 1996, 93 percent of the increased population of special education students was due to increased numbers of students with emotional/behavioral disorders.

## COST PER STUDENT

The cost of educating special education students varies greatly and includes regular education, transportation, and all of the usual costs of public education besides special education services and equipment. Considering all of these costs, we estimated:

- **On the average in fiscal year 1995, Minnesota public schools spent about 2.1 times as much on special education students (\$12,100) as on regular education students (\$5,800).**

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**The cost of educating special education students includes disability-related services, some regular instruction, and all the usual costs of public education.**

Our method of estimating the cost of special education per student was similar to but more conservative than that used in national research. Studies over the years have shown that schools have spent 1.9 to 2.3 times as much on special education students compared with regular education students.<sup>2</sup>

Of course, average figures mask extremely low- and high-cost cases, and there is great variation from one student to the next although both may have the same type of disability. Unfortunately, existing data did not permit us to estimate the median or range of costs per student nor cost figures for students within the state's 13 disability categories.

A little more than half of the \$12,100 per-student estimated cost of special education was for services specifically designated for special education. Another 15 percent of the per-student cost was for the students' instruction through regular education, and about 8 percent was for the students' transportation. Overall, we estimated that:

- **Special education students accounted for about 21 percent of school districts' total expenditures in fiscal year 1995.**

## SPENDING TRENDS

In raw numbers, spending designated for special education services rose from \$396 million in fiscal year 1988 to \$693 million in 1995. During the same time period, the index of state and local government inflation rose by 26 percent, and total school enrollment increased 13 percent. After correcting for inflation and enrollment growth, we found that:

- **Between fiscal years 1988 and 1995, spending designated for special education increased by 22 percent in constant dollars while total education spending increased by 11 percent.**

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<sup>2</sup> Mary T. Moore, E. William Strang, Myron Schwartz, and Mark Braddock, *Patterns in Special Education Service Delivery and Cost* (Decision Resources Corporation Washington, D.C., 1988), and Stephen Chaikind, Louis C. Danielson, and Marsha L. Braven, "What Do We Know about the Costs of Special Education: A Selected Review," *Journal of Special Education* 26(4) (1993): 344-370.

Looking at changes over time in the type of special education services that school districts provided between 1988 and 1995, almost half of the increased spending was related to emotional/behavioral disorders. Over the same time period, the population of special education students with emotional/behavior disorders rose by 42 percent. All of the specifically designated low-incidence disability services together accounted for about 16 percent of the spending increase between 1988 and 1995.

## REASONS FOR INCREASED SPENDING

Existing, comparable data allowed us to analyze the trend in spending since fiscal year 1988, but only for services specifically designated for special education. We also determined the amount of increase in the cost of these services that was due to changes in the student population, student-staff ratios, staff salaries, and other objects of expenditure. The results showed:

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**The main reason for increased spending between 1988 and 1995 was fewer special education students per staff member.**

- **A declining number of students per staff explained about 66 percent of the growth in spending on designated special education services between fiscal years 1988 and 1995, after adjusting for inflation and enrollment growth.**

Overall, there were 6.6 special education students per staff member in 1988 compared with 5.2 in 1995. The staff increases were mainly for aides and support staff rather than teachers or administrators. Another 11 percent of the increased spending was due to the increased population of special education students. Additional factors included equipment, supplies, and miscellaneous (8 percent), special transportation services (8 percent), and fringe benefits (5 percent). However, our analysis showed that staff salaries had a negligible effect on increased spending for special education services over the 1988-95 time period.

Other hard-to-measure factors may also have affected the trend in special education spending. Among them could be the increased frequency of litigation, the state's deinstitutionalization policy, demographic changes, social change, high technology, medical advances, parents' heightened awareness of special education, and changes in regular education.

## SPECIAL EDUCATION SPENDING IN 1995

To estimate the total amount of spending on special education students, we added the amount specifically designated for special education services to the estimated cost of regular education services used by special education students. Results showed:

- **During fiscal year 1995, Minnesota school districts spent approximately \$1.13 billion for special education students, including**

**\$693 million that was designated for special education services and \$432 million for regular education and indirect services.**

Nineteen percent of the \$693 million was for services to help with learning disabilities, 18 percent for emotional/behavioral disorders, 17 percent for mental impairments, 9 percent for speech/language impairments, and 8 percent for early childhood special education. Hearing, visual, physical, and other health impairments, autism, and traumatic brain injuries collectively accounted for about 8 percent of the \$693 million. Another 20 percent of this amount was for special transportation, special education administration, and services used by students with any category of disability.

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**States are constrained by federal law, but they can set broader eligibility criteria and impose special requirements on school districts.**

## **STATE VERSUS FEDERAL REQUIREMENTS**

Generally speaking, the federal government provides the framework for each state's system of special education. Federal requirements involve basic eligibility, legal protections, individual education plans, services that may be needed, and the settings where special education can occur. States follow these requirements as a condition for receiving federal funds. They are free to define unique populations of special education students but must ensure local compliance with laws and rules.

We compared the federal requirements under the Individuals with Disabilities Education Act to the requirements placed on school districts by the state. We found more than 50 ways in which Minnesota laws and rules differ from or are more specific than federal requirements. Of these differences, the most significant was previously mentioned, namely that Minnesota makes special education available to a broader population than is federally required. We found also that:

- **Minnesota imposes more administrative tasks and deadlines on special educators than the federal government.**

For example, state regulations call for at least two instead of one annual meeting to discuss students' individual education plans. Another example is the state requirement for districts to assess all students within 30 school days of parent consent and to produce a written summary of assessment results for all students who are assessed. There is no federal deadline for completing assessments, which must be summarized only for students tested for learning disabilities (38 percent of Minnesota's special education students are classified as learning disabled). In addition, the state, but not the federal government, requires a written summary for some individual students who no longer need special education.

Such requirements may make special education in Minnesota more expensive than necessary, but the opposite could also be true. Through the additional meetings, for example, education plans might be improved, misunderstandings avoided, and compliance with federal rules enhanced. And documentation is critical in the event of litigation, which we found has increased. In general, the special educa-

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**Minnesota's regulations are more specific and demanding than federally required.**

tion system is fraught with paperwork and regulation because (1) a written plan is the basis of every student's special education, and (2) parents have due process rights that the state and federal government must ensure.

One distinction between state and federal requirements that may or may not help to hold down future increases in special education spending is that Minnesota requires regular teachers to try two different approaches to help students before sending them to be assessed for special education eligibility. Federal regulations do not place such requirements on regular teachers although the U.S. Department of Education has recommended greater reliance on regular education to help students with learning difficulties. It is impossible to say whether this difference between state and federal regulations has any relationship to Minnesota's somewhat low percentage of special education students compared with other Midwestern states.

## LOCAL CONCERNS

Special education directors in our survey identified various aspects of special education that, in their opinion, waste school districts' money. One such concern involved the state's criteria for determining students' eligibility for special education. The directors and others have questioned the clarity and precision of the criteria, particularly for emotional/behavioral disorders, learning disabilities, and other health impairments which include attention deficit and hyperactivity disorders. A task force recommended changes to the criteria, but the Legislature has not yet responded.

Another area of the directors' concern was the state's many specific deadlines and administrative requirements to ensure due process for students and parents. For example, Minnesota and not the federal government requires administrative hearings within 30 days of parents' request. Directors also were concerned about administering the state's due process requirements because:

- **Legal disputes between parents of special education students and school districts have increased in the past few years.**

We found 32 formal complaints in fiscal year 1990, or a rate of 39 per 100,000 special education students, compared with 68 complaints in 1995, a rate of 70 per 100,000. There were 7 administrative hearings in 1995 compared with a maximum of 4 per year between 1990 and 1993. In addition, parents and districts can pursue disputes through hearing reviews, conciliation conferences, mediation, and state or federal court.

## LOCAL INNOVATIONS

We asked special education directors statewide whether they have adopted any new practices or procedures to help contain special education costs or improve services for parents and students. Most of the special education administrators in



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### **School districts have taken many steps to contain costs.**

our survey said that they have recently taken steps to try to contain special education costs or improve services.

The directors mentioned many specific innovations that fell into a few general strategies. These were to use staff more efficiently, adhere more closely to laws and rules, reexamine local policies and practices, coordinate services with other agencies, and obtain third party reimbursement for providing health-related services. Our study showed that about 20 percent of school districts obtained third party payments in the past few years.

Some of the school districts have made a concerted effort to improve special education through experimental programs. Among school districts now running such programs are Minneapolis, St. Paul, St. Cloud, Elk River, and White Bear Lake. The main focus of the experimental programs is to better serve students who have or are likely to develop learning disabilities or emotional/behavior disorders.

Unfortunately, because of limited participation and the recent implementation of most of these programs, it is impossible to judge overall results. However, the St. Paul district's "prevention" program has been the subject of evaluation since it began in 1990, and results suggest that it has reduced teachers' administrative time, improved students' math and reading skills, and reduced the rate of referrals to special education. In general, the prevention program allows the district to provide specialized instruction to low-performing students without first finding them formally eligible for special education.

## **STATE FINANCING OF SPECIAL EDUCATION**

About two-thirds of all states have recently tried or succeeded in changing the way that they finance special education. Most have tried to contain rising costs by removing fiscal incentives for districts to identify students as disabled or place them in more expensive, restrictive settings.

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### **Minnesota uses a complex funding method that adds to districts' paperwork burden.**

States generally use one of four funding approaches, each of which has strengths and weaknesses. These are: flat grants, percent reimbursement, resource based, and pupil weighting systems. The 11 states using the flat grant approach appropriate a fixed amount of special education funding per student based on either total enrollment or special education enrollment. Ten states, including Minnesota, use a percent reimbursement approach where funding is based on a certain percentage of expenditures. Ten other states use a resource based system in which funding is based on resources allocated to special education, such as teachers or classroom units. The remaining states use pupil weights where special education students generate various multiples of the amount allowed for regular students.

The easiest to administer is the flat grant approach, which pegs funding to student enrollment but in practice provides special funding for high-cost cases. When based on total enrollment rather than special education enrollment, the flat grant

approach also has the advantages of (1) disbursing a predictable level of funding, and (2) neither discouraging nor encouraging districts to place students in special education. In contrast, the percent reimbursement, resource based, and pupil weighting approaches are complex and may create incentives to identify special education students and serve them in more expensive settings.

States also differ in the degree of flexibility they give school districts in spending special education dollars. About half the states, like Minnesota, generally restrict special education funding to programs for students who are formally eligible. The remaining states allow districts some latitude to spend money on students who may not have been formally assessed for special education. For example, school districts in Vermont can spend special education aid on remedial or compensatory instruction for regular education students. Besides recognizing local control, such flexibility can help to reduce paperwork and discourage school districts from unnecessarily placing students in special education.

Overall, our examination of special education funding policies suggested that Minnesota's policies are more restrictive and burdensome than some other states. With minor exceptions, school districts are reimbursed only for services provided to special education students. Also, Minnesota's reimbursement-based funding formula requires its own accounting system and lacks clear incentives to contain long-term spending.

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**State and local policy makers could do more to contain special education costs and improve services.**

## CONCLUSION

State policy makers have done much to encourage economy, efficiency, and experimentation in local delivery of special education. The Legislature has commissioned task forces, authorized experimental programs, amended laws, changed the special education funding formula, and required the Department of Children, Families & Learning to give more help to school districts. Most districts have also taken steps to contain costs and make the system run more smoothly. Among other steps that the Legislature could take to help districts contain future costs and improve special education services are to act upon task force recommendations, give districts greater administrative freedom in delivering services and spending money, continue to encourage the use of regular education and other alternatives to special education, and adopt a simpler funding system.