

Evaluating Cost and Benefit in Special Education

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All over the country, special education is being scrutinized, and often criticized, especially with respect to cost. But cost should not be the only factor considered—benefit must also enter into the discussion.

Money spent on education—be it general or special education—represents an investment in individuals and society. Given the high cost to society of unemployment and human services, benefit must be part of the equation, along with cost, in making decisions about programs and placements.

The Wildwood Institute has created a model—the first of its kind—that decision-makers can use to evaluate the cost versus the benefit of special education programs. This paper introduces the model and discusses some of the significant issues that led to its development.

A Time of Crisis

Special education has become one of today's most contentious issues. The institution was essentially created in the mid-1970s when passage of Public Law 94-142, now widely known as the Individuals with Disabilities Education Act, or IDEA, affirmed in law the right of students with disabilities to a free and appropriate public education. Today special education provides instructional and other services to roughly twelve to thirteen percent of the nation's K-12 students. Over the past two decades it has grown, however, not only in terms of the number and proportion of students it serves, but also in the scope of disabilities it recognizes, the mixture of professional and paraprofessional supports it employs, and, correspondingly, the level of financial resources it requires.

Special education could be said to be in its "adolescence." Being young and with a mandate to create "appropriate" programs without the constraints of traditional curriculum, the best special educators have excelled with concepts such as school to work transitioning, multidisciplinary programming, family involvement in the planning process, and the delivery of instruction such that it accommodates multiple learning styles. On the other hand, immaturity and its status as an entitlement have created a certain level of excess in the system. Some students are inappropriately referred to special education; some are provided programs with elements of dubious merit. In the absence of established evaluation guidelines, it is not surprising that questions of benefit have arisen.

The more urgent question, however, is one of cost. Some participants in the public discourse have, in fact, no interest or motivation other than cost reduction. There is the question of whether or not the cost is excessive. There are also questions about what general education and enrichment programs may be underfunded, or not funded at all, as a result of the legislative mandate to provide, at whatever cost, special programs to students with disabilities. Cost is *the* critical issue.

Interestingly, there is not sufficient data available to identify conclusively the total cost of special education. The most recent federal study of cost was conducted in the late 1980s; and, given a wide variance in the availability and quality of information at the state level, a variance that continues to this day, even that study was largely inconclusive.

There are statements, however, that the available data do seem to validate. First, special programs are universally more expensive than their general education counterparts. While special program expenditure levels vary widely, a consensus estimate that they cost roughly 2.3 times that of a general program is emerging. Second, special education expenditures now represent a significant and growing proportion of most every school district's total budget. Finally, it is generally evident that aggregate special education costs are rising at a rate faster not only of that of inflation, but at a pace that exceeds even the already accelerated rate of general education.

While the above statements can be readily agreed upon in most forums, there is not consensus on what is driving the numbers. Numerous possible factors have been implicated. These factors can be separated into two distinct groups: those that are related to the number of students enrolled in special programs; and, those that relate to the growth in direct program costs. The following is a list of some of the arguments that have been set forth. They appear in no particular order.

Growth in Enrollment

- *The availability of supplemental state and federal funds for special programs has created an inappropriate over-referral of students from general to special education.*
- *Lack of teacher preparation with regard to special education practice has had a similar over-referral effect.*
- *As the practice of special education has developed, teachers have become more capable of identifying learning difficulties that were once hidden, thus increasing the number of referrals.*
- *As the overall needs of students have increased, general education has become less "appropriate" for a greater number of students; thus, they are being referred to special education.*
- *Greater societal incidence of drug and alcohol abuse are resulting in an overall increase in the number of children born with birth defects or other disabilities; children much more likely to require special programs.*
- *Advances in medical technology are allowing a greater number of prematurely born children to survive. Again, these children are more likely to have special needs.*

Growth in Program Costs

- *Rising salaries paid to educators are increasing program costs across the board.*
- *A growing reliance on clinical staff – for example, occupational and physical therapists – is further enriching an already rich mix of professional participation in special programs.*
- *There has been, especially over the past couple of years, a dramatic increase in the utilization of expensive adaptive technology devices.*
- *P.L. 94-142's support of special education as an entitlement has resulted in significant levels of litigation. This costs districts not only in terms of legal expenses and time, but in additional, and sometimes inappropriate, placements.*

Even without addressing the individual merits of the above arguments, some of which are contradictory, it is not difficult to understand why special education has become such a controversial issue. Complicating the situation is the fact that the stakeholders in the public discourse are firmly entrenched in their beliefs. Said stakeholders, like the arguments presented above, can be easily separated into two distinct groups. With all public expenditures under extraordinary scrutiny, one finds that policy and decision-makers have an intense interest in the reduction of systematic costs. An equally strong group of interests, however, can be found among families, practitioners, and human service advocates who claim real needs for and benefits from special programs. A dramatic dearth of objective tools and models with which to evaluate costs and benefits has increased the distance between the two groups. Without objective and reliable information with which to make decisions, the public discourse has become embroiled in arguments based on personal philosophy, emotions, and anecdotal evidence. Continuance along this course is almost certain to result in deficient public policy.

A Foundation for Rational Discussion

Though there are very serious issues to address with regard to special education, it is too important to jeopardize or lose altogether. Not only can it be legitimately posited that its experience over the last twenty years provides a foundation of principles for widespread reform of all education, but the needs of students with disabilities that led to the passage of P.L. 94-142 are just as relevant today as they were in 1977. Indeed, there may be excesses and mistakes being made, but there are successes and innovations being realized as well. Additionally, the best indicators available today clearly show employment trends that will be decidedly challenging, to say the least, for people with disabilities. Even those having marginal skill levels, but without an identified disability, will face serious difficulties as they seek to participate productively in the emerging new world of work. Thus, what is needed is a reasoned approach to reform rather than quick reactions that are made in haste.

So as to provide a foundation for rational discussion that leads to sound and effective public policy, the Wildwood Institute has worked over the past year with a national panel of distinguished advisors to create a model for evaluating together cost and benefit in special education. The panel consists of recognized leaders from education, government, business, and academia alike. The model that has emerged from their work is described in the Institute's soon to be issued self-directed analysis guide, *Framework for the Evaluation of Cost and Benefit in Special Education*. Designed explicitly for policy and decision-makers – boards of education, district superintendents, state policy-makers, and directors of special education – the *Framework* describes an objective model that allows decisions to be made based on reliable and objective information.

The Framework Model

The overall approach to performing a program evaluation using the *Framework* is relatively simple, though the distinct experiential knowledges of multiple individuals will most certainly be required for completion of an analysis. To appraise a special program the evaluator would first calculate the financial investment to be made in an individual student's program. Given that district accounting practices to date have not provided decision-makers with reliable and consistent cost information, the *Framework* document describes a number of program models and provides guidelines and worksheets which can be used to ascertain the relative cost of a program.

Noteworthy is the fact that the *Framework* model considers the “premium” cost of a special program to be the investment amount, or cost. That is, given the belief that “dropping out” of school is not a viable option, a district will incur at a minimum for any student the average per pupil general education cost. The investment in a special program therefore is the premium amount above and beyond the average cost per general education student.

Once the cost of a special program is established, the evaluator must evaluate the program based on a student's strengths and weaknesses in such a way as to correlate them to probable life results. That is, the evaluator must ask and answer the question, “To what degree does this program enhance the student's ability to achieve in adult life to their fullest potential in terms of independence and productivity?”

The evaluator is asked to answer the above question within the scope of two fundamental indicators of life success: vocational achievement and independence; and, residential independence. These indicators were chosen for the following four reasons.

- They are relatively easy to quantify.
- They are not controversial. Our society indisputably values self-sufficiency through productive work and residential independence.
- There is an identifiable, and often significant, public cost to supporting those that

don't achieve self-sufficiency. The public has a vested interest in minimizing such expenditures.

- They force the evaluator to ask fundamental questions about the objectives and means of an education program. This process is, in and of itself, of significant value.

For each indicator two projections are made by the evaluator. In essence, the first projection quantifies the level of independence a person is realistically expected to achieve given the implementation and delivery of the program being evaluated. The second quantifies the probable level of independence assuming that the student receives an education commensurate with that provided through a general program. The difference between the two projections yields the net benefit for the respective indicators; the net benefits taken together yield the total program benefit. The *Framework* document itself provides extensive detail on the complete process as well as researched data to use in the quantification of the projections.

Once the costs and benefits have been calculated, the evaluator is given instructions on how to interpret the results and how to use them to compare programs and approaches. The evaluator, for example, can calculate the payback period of a special education investment. This measure of program results is commonly used in other types of cost-benefit analysis. It is particularly well-suited for ranking a variety of approaches to determine an optimal course of action.

Also described is the *Cost-Benefit Matrix*, which is shown in *Figure 1* below. This graphical tool allows for the visualization of the analysis results such that quick, but sound, observations can be made about a program, or programs. In the matrix, programs are classified as follows.

- **Low Benefit, High Cost** The implied action with regard to programs classified in this way is to abandon their use and explore alternative approaches.
- **High Benefit, High Cost** Programs classified in this way carry a high price tag, but because of the benefits they produce, they may be worthy of implementation and use. Note, however, that because of their high cost, their use should be limited as the finite availability of resources will effectively prohibit their use for large numbers of students.
- **Low Benefit-Low Cost** There are a couple of implied approaches to programs categorized in this way. Those scoring as very low benefit should probably be abandoned. However, those that are close to the benefit threshold may be ideal candidates for improvement that enable them to become high benefit.
- **High Benefit-Low Cost** Programs that provide significant benefits at a relatively low cost are ideal programs. These are the programs that districts should not only use whenever possible, but whose practice they should share so that the entire education

community is able to replicate them and benefit from their use.

- **Discuss** There will inevitably be a large number of programs whose categorization will fall in the middle of the matrix. These programs are labeled as “Discuss” since they don’t clearly fall into one classification or another. Given that the *Framework* takes into account only a subset of the total impact education has on an individual’s life, it is left to the evaluator(s) to discuss factors beyond residential and vocational independence to reach a final conclusion about the cost-effectiveness of these programs.

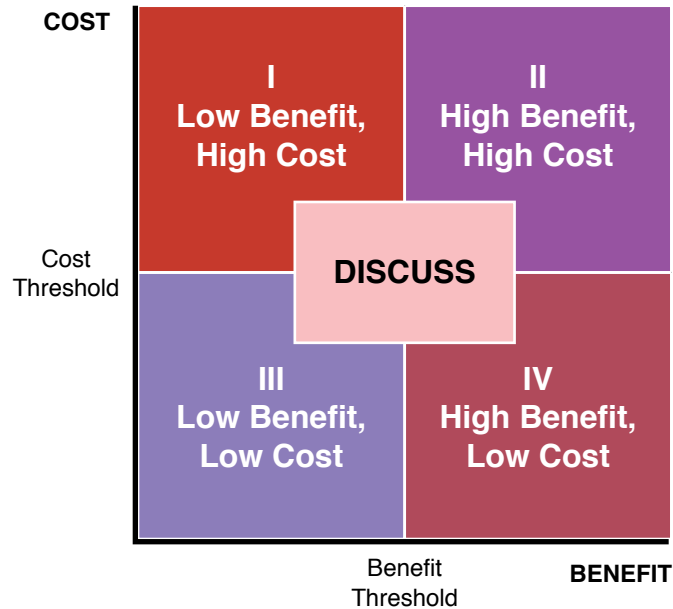


Figure 1: The Cost-Benefit Matrix

Reform Based on Best Practices

The Wildwood Institute will be using the *Framework for the Evaluation of Cost and Benefit in Special Education* over the next several years in the pursuit of its mission of “promoting practices and policies that enable people with disabilities to lead productive and independent lives.” Our goal is to use the *Framework* to identify practices that are demonstrably successful in addressing the individual’s need to maximize his or her independence as well as the public’s demand for the responsible investment of public financial resources. As these best practices are identified, we will through various means of advocacy endeavor to support their replication through policy initiatives.

The stakes for both general and special education have never been higher. The general prosperity and social stability of our nation in the next century will be dependent on the ability of education to provide all students with the skills and personal characteristics they

will need in a world that will be markedly different from the one we know today. If nothing else, the *Framework for the Evaluation of Cost and Benefit in Special Education* prompts policy and decision-makers to begin to ask questions about what it will mean to be a worker and a citizen in the coming years. Ideally, it will become a meaningful tool for answering those questions in such a way that education, special and general alike, is influenced and encouraged to change and adapt in ways that it successfully meets the needs of all students.