

Debunking a Special Education Myth

Don't blame private options for rising costs

Checked by Jay P. Greene and Marcus A. Winters

Can spiraling special education costs explain why educational achievement remained stagnant over the past three decades while real education spending more than doubled? Policy makers, education researchers, and school district officials often make this claim. Special education students—goes the argument—are draining resources away from regular education students.

In 1975, the federal government enacted the Education of All Handicapped Children Act, now called the Individuals with Disabilities Education Act (IDEA), which requires states to provide a “free appropriate public education” to all students with disabilities. Parents have the right to work with school officials to devise an individualized education plan for their child. They also have the right to pursue legal action if they and the district cannot agree on what services their child will receive and whether the public school or a private provider will deliver those services. Since the implementation of the federal law and subsequent state laws, the percentage of students in the nation identified as requiring special education has risen sharply, from 8.3 percent of all students in 1977 to about 13.7 percent in 2004, according to the U.S. Department of Education.

The “Two-Step”

A popular riff on the idea that special education students are bleeding public school budgets blames private place-

Table 1
Private Special Education Placements,
2003-04

State	Number	% of Total Enrollment
United States	88,156	0.18
District of Columbia	2,160	3.03
New Jersey	12,270	0.90
Rhode Island	1,366	0.85
Massachusetts	6,214	0.64
New Hampshire	1,156	0.56
Connecticut	2,967	0.52
Maryland	4,110	0.47
Vermont	473	0.47
New York	13,168	0.46
Maine	730	0.36
Illinois	6,386	0.31
South Dakota	386	0.30
Pennsylvania	5,033	0.27
California	15,432	0.24
Virginia	2,092	0.18
Arkansas	792	0.18
Colorado	1,314	0.18
North Dakota	144	0.14
Arizona	1,159	0.12
Oklahoma	746	0.12
Wyoming	92	0.10
Missouri	954	0.10
Hawaii	175	0.09
Montana	140	0.09
Minnesota	751	0.09
Delaware	103	0.09
Oregon	466	0.08
Mississippi	374	0.08
Ohio	1,314	0.07
Alabama	527	0.07
Indiana	710	0.07
Nebraska	187	0.07
Iowa	295	0.06
West Virginia	169	0.06
Tennessee	510	0.05
Kansas	229	0.05
Alaska	53	0.04
Florida	850	0.03
Idaho	83	0.03
Washington	310	0.03
Wisconsin	253	0.03
South Carolina	185	0.03
Kentucky	166	0.03
Michigan	456	0.03
North Carolina	295	0.02
Louisiana	87	0.01
New Mexico	35	0.01
Georgia	90	0.01
Texas	198	0.00
Nevada	1	0.00
Utah	0	0.00

Note: Data based on the December 1, 2003 count, updated as of July 31, 2004.

SOURCE: U.S. Department of Education, Office of Special Education Programs, Data Analysis System (DANS)

ments. A large number of mostly underserving disabled students and their clever parents, critics allege, have managed to get public schools to pay for attendance at expensive private schools. Tales of the “greedy needy”—disabled students who receive unreasonably expensive services—appear regularly in the media. The *San Francisco Chronicle* describes the case of a student with learning disabilities and an anxiety disorder whose parents “enrolled him in a \$30,000-a-year prep school in Maine—then sent the bill to their local public school district.” The *Chronicle* declares that similar situations are “playing out up and down California as more parents of special education students seek extra-special education at public expense: private day schools, boarding schools, summer camps, aqua therapy, horseback therapy, travel costs, personal aides and more.” The *Chronicle* cites a school finance consultant to the California Department of Education to make the harm to general education parents clear: “This is not sustainable... Special education is a growing portion of budgets in many districts, squeezing out services for other pupils.”

Time magazine relates a story about an autistic child whose parents put him in an expensive private school and then “informed Colorado’s Thompson school district it had to pick up the bill for Boston Higashi’s \$135,000 annual tuition.” *Time* warns, “Special ed costs threaten to eat into budgets for school endeavors that are not federally mandated, like athletics or the gifted-and-talented program. The money has to

come from somewhere, says Becky Jay, who was president of the local school board when the [family] first asked for tuition reimbursement, ‘and regular kids lose out.’”

The New York Times does a similar dance routine. The paper profiles a wealthy community—Westport, Connecticut—where “some [special education students] are getting as little as a few hours of weekly speech therapy. Others get tuition for private school or home tutoring.” The superintendent, we are told, has held the line on special education services: “His administration has denied many special education requests—horseback riding and personal trainers, for instance—that it deemed extravagant.” Again, we are warned that runaway

likelihood that disabled students will be placed in a private school has not grown in the last 15 years. While some of those private placements are indeed expensive, the overall cost of private placement nationwide constitutes a tiny portion of public school spending.

The Extent of Private Placement

The media dance would be an engaging one if the plural of anecdote were data. But the data on private placement are actually dancing to a very different tune. The U.S. Department of Education’s Office of Special Education Programs tracks the number of private placements. The information for each state and by disability classification is posted

percentage of all students who were privately placed has increased slightly since then, due to an increase in the percentage of students diagnosed as disabled, but there has been no surge in the proportion of special education students in private settings.

The fact is that private placement is extremely rare.

Instances of private placement that occur as a result of parental requests rather than at the initiative of school districts appear to be even more rare. In many cases, public schools simply do not have the facilities or staff to accommodate students with certain disabilities, and those students are sent by the public schools to specialized private schools. For example, some public schools are incapable of serving blind

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special education costs pose a threat: “The strain on the bottom line can be intense, even in Westport, where in the 2002–03 school year the \$10.9 million spent on special education consumed 15.9 percent of the district’s education spending.”

It’s a two-step. First, provide colorful anecdotes of unreasonably expensive-sounding private placement, and then warn about how general education may suffer.

As it turns out, the evidence contradicts the private placement myth. Only a very small fraction of disabled students are placed in private schools at public expense. And contrary to claims that this is increasingly common, the

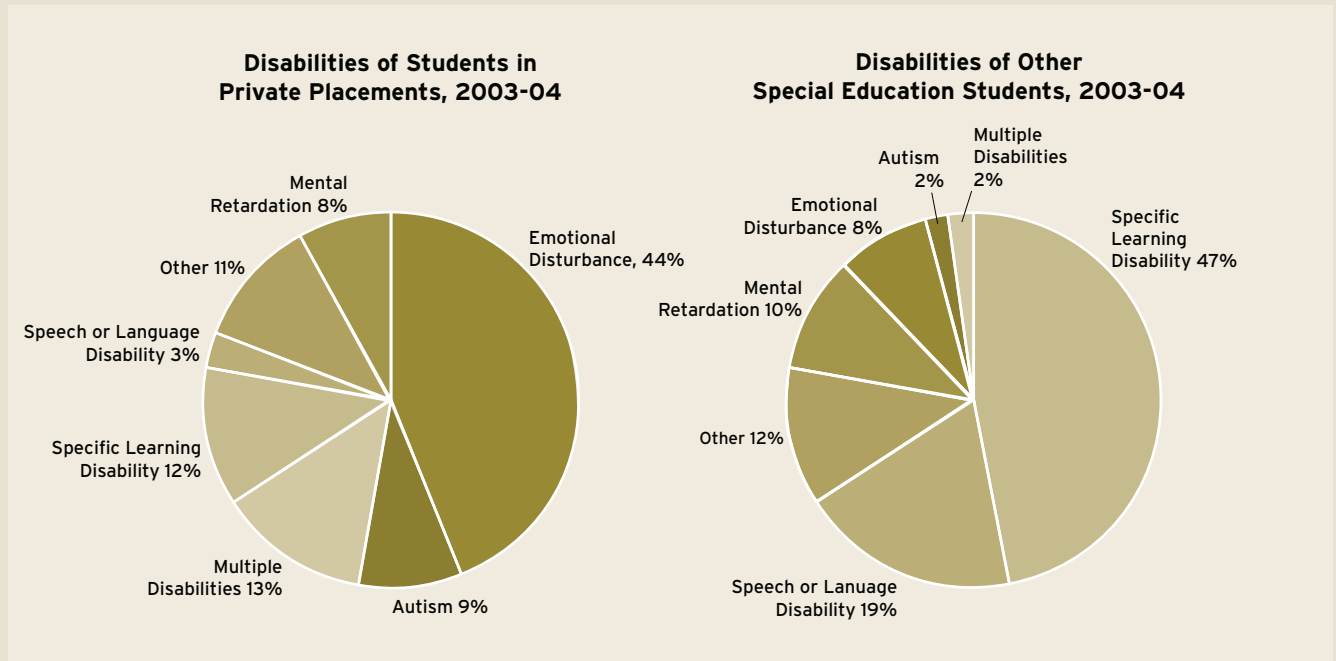
on its web site. We have reproduced the relevant information in Table 1.

As of 2004, private schools served, at public expense, a total of 88,156 students with disabilities of the 5,963,129 students with disabilities nationally, which amounts to 1.48 percent. And these privately placed students amounted to 0.18 percent of the 47,917,774 students enrolled in public education. Nor has the percentage of students who are privately placed substantially increased in recent years. According to the *Digest of Education Statistics*, a similar proportion, about 1.6 percent, of students receiving services under IDEA were educated in a private school setting in 1989. The

and deaf students, who constituted 3,022 of the 88,156 privately placed students in 2004. Another 19,876 students in private placements are mentally retarded, have multiple disabilities, or have suffered a traumatic brain injury. The lion’s share of the 38,510 emotionally disturbed students attending private school at public expense were also likely sent because public school officials believed that they were unable to handle the students’ needs. The number of private placements for students with mild disabilities that resulted from parental action is likely to be a very small portion of the 88,156 students in private placements. (See Figure 1 for a breakout of private placements by disability.) Media

Differently Abled (Figure 1)

Overall, students in private placement look quite different from other special education students and are much more likely to be classified as autistic, experiencing “emotional disturbance,” or having multiple disabilities. Public school special education students are more likely to have a “specific learning disability” or a “speech or language disability.”



Note: “Other” disabilities include blind-deafness, orthopedic impairments, visual impairments, developmental delay, traumatic brain injury, hearing impairments, and all other health problems.

SOURCE: Individuals with Disabilities Education Act (IDEA) 2006 data, IDEAdata.org

reports are often just the tip of the iceberg, but in this case there may not be much more beneath the waterline.

Evidence on Cost

Perhaps the private placement of disabled students is so expensive that it still diverts significant resources from general education. To estimate the additional cost involved in placing disabled students in private schools, we relied on a study sponsored by the U.S. Department of Education. According to the Special Education Expenditure Project, the average cost of a private placement in 2000 was \$25,580. The project report also provides the average cost of serving students in a public school setting, broken out by disability type (e.g., specific

learning disability, mental retardation, autism, etc.). Weighting the costs by the type of disabilities among students placed in private schools, we can estimate that the average privately placed student would have cost \$15,117 if he had instead been served in a public school. That is, we estimate that private placement cost an additional \$10,463 per student.

This estimate likely overstates by a fair margin the additional cost of serving disabled students in private schools. It assumes that the cost of serving a privately placed student would be the same as the cost of serving the average student with the same disability. But we have good reason to believe that most privately placed students are more severely disabled and therefore more

expensive to educate than the average student in the same disability classification. An emotionally disturbed student who requires private placement, for example, is likely to be more challenging and expensive to educate than the average emotionally disturbed student who remains in public schools. With the law’s emphasis on providing services in the least restrictive environment, the severity of the disability is likely to increase the probability of private placement.

Given the conservative estimate of \$10,463 per pupil as the additional cost of private placement and given 88,156 privately placed students, the total additional cost of placing disabled students in private schools may be as high as \$922 million. This sounds

Blaming Special Education

Following anecdotes about expensive and unreasonable-sounding private placements, news stories often segue into reports of the total cost of special education—not private placement costs per se. Perhaps special education as a whole is the legitimate target of complaint.

This claim also appears at odds with the facts. It is true that special education enrollments have been increasing at a rapid rate, but that doesn't mean special education costs are rising faster than the resources available for regular education. To estimate the relative burden of providing special education services over time, we use information on the cost of these services by disability type reported by the Special Education Expenditure Project. We know the number of students in each disability classification over time from the U.S. Department of Education's *Digest of Education Statistics*. If we multiply the number of students in each disability category by the cost of services in each disability, we can estimate the total cost of special education services.

Of course, we only have information on the costs per disabled student from a recent study, and it is possible that the cost of serving students in each disability classification has increased in real terms over time. To adjust for this, we assume that the change in the real cost of special education services is commensurate with the change in student-teacher ratios. Making that adjustment, special education services cost roughly \$17.7 billion in 1977, when federal protection for special education began; spending almost doubled to \$34.3 billion by 2003 as the number of students in special education increased by 76 percent.

The near doubling in special education costs is not attributable to a rise in rare and expensive disabilities. Media reports often emphasize the growth in students with autism but their numbers remain very small, less than 0.3 percent of enrollment. The total cost of special education services for autism does not exceed 0.45 percent of all spending. Severe disability categories like mental retardation, which are costly to serve, have actually experienced a decline in enrollment. The bulk of special education cost increases comes from explosive growth in the specific learning disability (SLD) category, which is among the least costly to serve. Students in this category grew from 796,000 in 1977 to 2,848,000 in 2003.

Still, the large cost increase doesn't mean that special education is taking away more resources from general education. Total revenue for public education also nearly doubled between 1977 and 2003, adjusted for inflation. Special education costs constituted roughly the same share of total public school revenue (8.3 percent) in 2003 as in 1977. While special education does consume more money over time, the relative financial burden of special education on public education has not increased because public schools are also receiving significantly more money.

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like a lot of money, but to public schools it is almost a rounding error. In the school year ending in 2000, the same year as our cost estimates, public schools spent \$382 billion. The \$922 million for private placement amounts to just 0.24 percent of the total budget. The cost of family-driven private placement is certainly less.

The Exceptions Do Not Make the Rule

There are some school districts and states where private placement is more burdensome. In Washington, D.C., for example, privately placed students constitute 3.03 percent of enrollment as of 2004. According to the *Washington Post*, the cost of private placements

represents 15 percent of the school district's budget.

But Washington, D.C., is the exception, not the rule. No state has more than 1 percent of its students privately placed. Only four states (Connecticut, Massachusetts, New Hampshire, and New Jersey) have more than 0.5 percent of their students attending private schools at public expense. And to repeat, nationwide only 0.18 percent of all students are privately placed. Nor is D.C. typical for a large urban school district. According to the *New York Times*, New York City schools have 2,000 privately placed students at a cost of \$24 million. That amounts to only 0.19 percent of student enrollment and only 0.17 percent of the budget.

Why do some places have an unusually large proportion of privately placed students? In Washington, D.C., the explanation might be found in the dysfunction of the school district (see "Old Wine, New Bottles," *forum*, Fall 2001, and "How Vouchers Came to D.C.," *features*, Fall 2004). The D.C. schools struggle to provide an adequate education to any of their students. Disabled students are entitled under federal law to demand an adequate education and to obtain one in a private school if the public schools are unable to provide it. The nondisabled students who remain in D.C. public schools lack the same mechanism for exiting failing schools. That is, the high rate of private placement in D.C. may be more a function of the quality of D.C. public schools than a function of special education per se.

The higher rate of private placement found in D.C. and a handful of northeastern states could also be explained by a self-reinforcing process. Once some students obtain private placements, it is easier for others to do so. A network of parents and lawyers develops as private placements become more common, spreading information about options and strategies. So private placement may beget more private placement.

If obtaining a private placement requires a battle with school officials, parents with greater awareness of their legal rights and greater resources to engage in the fight are more likely to win. Washington, D.C., and north-eastern states have a high concentration of wealthy and well-educated parents. Because it is the nation's capital, D.C. has an unusually high number of lawyers, disability advocates, and policy-savvy parents.

Why So Few?

Recent evidence from Florida's McKay Scholarship Program for Students with Disabilities seems to indicate that the real question is why private placements

more parents pursue private placements? The simple answer is that it is not always easy for parents to secure their preferences if those preferences differ from the judgments of school authorities. IDEA regulations require school districts to provide services in the "least restrictive environment" possible for the child to reach full educational potential. Typically, officials consider the least restrictive environment to be the local public school.

Litigating against a school district costs time and money that many parents don't have, and school districts are increasingly willing to spend. Determined public schools can outspend and outlast almost any family. In California, school officials "fought so hard to block

a McKay voucher than they had received in public schools. Second, McKay offers the promise of slowing growth in the percentage of students identified as disabled. It provides schools with a disincentive for over-diagnosis, as each student identified as disabled becomes a voucher-eligible student who could leave public schools and take all of the money devoted to her education with her. Third, the McKay program should help contain legal costs, both for school districts and families. And, by allowing private placement without the cost of a legal struggle, it increases access to private placement for lower-income families. We found that lower-income families used McKay vouchers to gain access to

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are so rare. This program provides all students in special education with a generous voucher that they can use to attend a private school, eliminating the need for dissatisfied parents to sue their school. According to the Florida Department of Education, 16,144 students currently use a McKay Scholarship, about 4 percent of the students receiving services under IDEA. Given that only 1.48 percent of special education students are privately placed nationally, the experience with McKay suggests a pent-up demand for private schooling among the disabled.

In a phone survey, only one-third of parents who participated in the McKay program reported that they were satisfied with their child's previous public school. If these results can be generalized to other states, then why don't

the claims of a student that Judge Oliver W. Wanger of United States District Court took 83 pages to berate the district's 'hard-line position' and its law firm for 'willfully and vexatiously' dragging out the case so long that the former student is now 24." Litigated cases are extremely rare; media reports of a tidal wave of special education lawsuits are contradicted by an examination of the data. In California, only 0.6 percent of students with a disability file a formal complaint over their educational services. Far fewer ever reach the courts.

McKay as an Alternative

The McKay program offers a number of benefits. First, our evaluation found that families reported obtaining higher-quality services in a private setting with

private placement at about the same rate as higher-income families.

Programs like Florida's McKay voucher for disabled students would also address the concerns that people have with the cost of private placement. The amount of the voucher is equal to what would be spent by a public school to educate a student with the same type and severity of disability. This would guarantee that private placement costs the public no more than serving the student in the public school.

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