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Special Education Financing Study for the District of Columbia

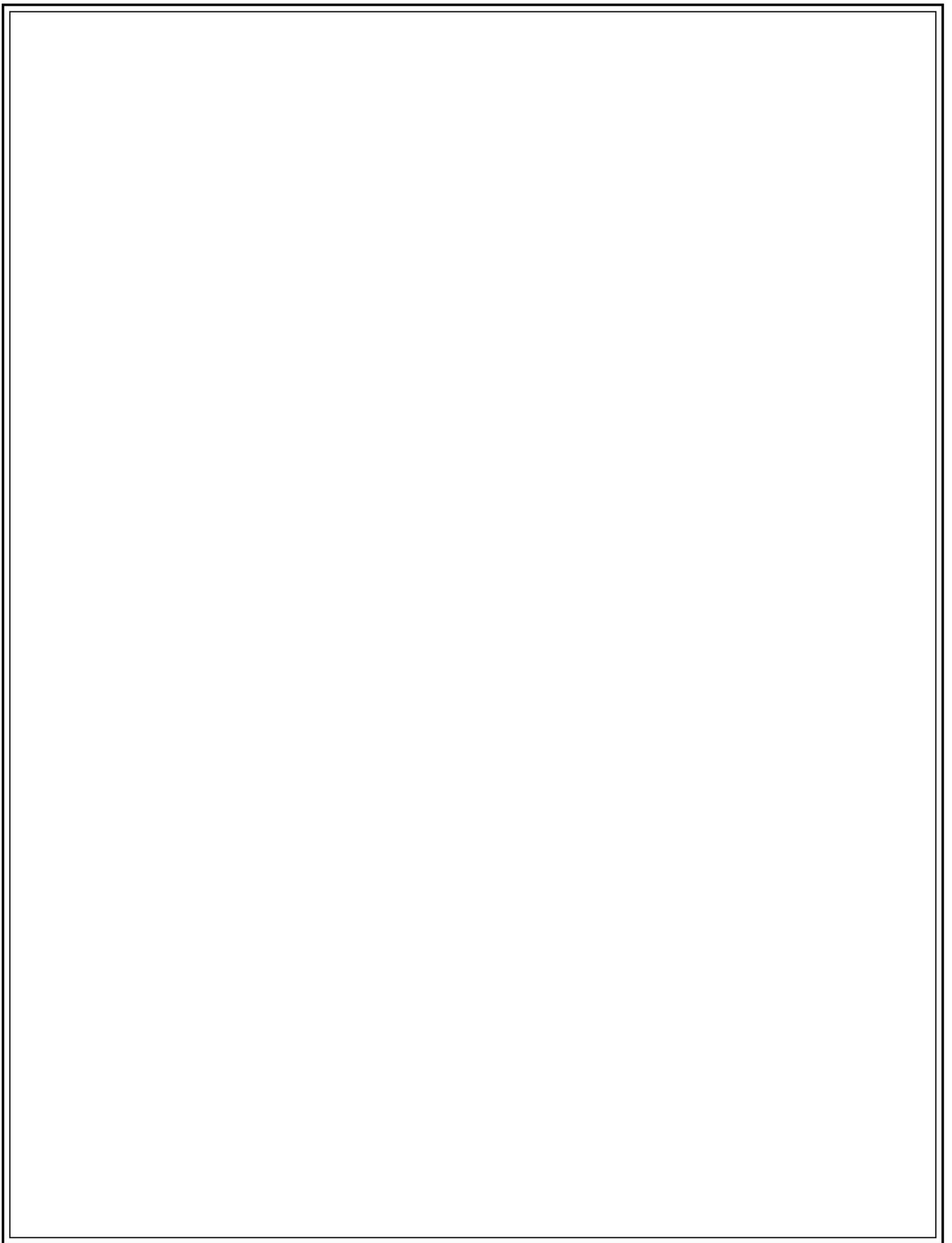
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Executive Summary

Study Background

This executive summary synthesizes the findings from a six-month study of special education finance in the District of Columbia (the District) conducted by the American Institutes for Research. The District has a long history of difficulties in regard to special education that have been well-documented by others and which are summarized in our findings below. Through this study, we have compiled and analyzed data, visited schools, and conducted interviews and focus groups to learn as much as possible about the current state of special education in the District. The purpose of these activities was not to further describe current problems, many of which are well-known, but to use this knowledge to inform fiscal recommendations intended to contribute to a brighter future for the special education children of the District and to avoid policies likely to maintain the status quo.

The current status of special education financing and provision in the District has led to some very serious concerns, and far-reaching and immediate change is needed. We conclude that a radical re-direction in current policies and practices in the District is imperative. While the financial commitment to special education in the District is substantial, a great deal of this money is being spent on relatively few students in NPS whose special education needs in terms of disability categories do not appear to set them apart, many of whom – it could be argued – are being served contrary to the least restrictive environment (LRE) requirements of the federal Individuals with Disabilities Education Act (IDEA). In addition, special education transportation consumes a considerable portion of the overall budget.

Many of the recommendations contained in this report take a long-term perspective and will likely take supplemental funds and time to implement. There is extensive work to be done to reverse the practices and trends we present in this study and for genuine reform to take hold. This will likely require substantial change and additional short- and long-term investments.

The District appears poised to undertake a tremendous level of reform on all fronts, and a number of educational policy and structural changes have already occurred over the brief period of this study. The time seems right for bold new directions and perspectives. Over time, if a large percentage of the funds currently being spent on NPS and special education transportation were channeled toward direct instructional and instructional support services for children, and if Medicaid billing could be implemented in a manner that is comprehensive and highly efficient, current resources would likely be sufficient to provide high quality special education programming in the District.

Given the historical and current context, there is grave urgency for decisive early action and comprehensive reform. While clear delineations of state responsibilities for the OSSE continue to be refined, it is critical that the OSSE, DCPS, and charter schools begin working together immediately to establish District-wide goals for special education.

Overview of Findings

Our findings suggest major concerns in regard to the overall current system of special education provision in the District:

- Special education identification is high. The percentage of students in special education in the District is at about 17.5 percent, as compared to a national average of about 13.8 percent, and also is higher than any of the similar urban settings included in our analyses.
- Special education placements are restrictive. Approximately a quarter of special education students in the District are served in external placements (public or private schools exclusively for special education students), as compared to less than 5 percent of the average state. This difference remains pronounced when comparing the District to other large urban districts.
- This high level of restrictive placements not only appears contrary to the LRE provisions of the IDEA, but also tends to be among the most expensive methods for serving children in special education, creating a cost burden for the system overall.
- Specifically, nearly 20 percent of special education students in the District are being served in private special education schools (non-public schools, or NPS) at District expense. The District's budget appropriation for NPS came to approximately \$57,700 per tuition grant student for fiscal year 2008
- On top of this, transportation costs for per special education student transported amounts to about \$19,000 per year (based on fiscal year 2008).
- An average total annual cost of approximately \$76,700 (\$57,700 plus \$19,000) per tuition grant student seems especially excessive when examining our best estimate of the relative needs of the children served in these placements.
- The difference in revenues for tuition grant placements in relation to school-level funding for Sharpe Health, a public special education school in the District, is approximately 2.5 to 1.
- Yet tuition grant students do not appear to substantially differ in relation to their disabilities than students currently being served in District of Columbia Public Schools (DCPS).

We believe funding policies are major components of many of the conditions described above. They are major drivers of the practices that evolve over time, and any funding decision made today must be aligned with overall special education policies and practices for which we are striving in the upcoming years. While we acknowledge that changes in fiscal policy alone will not guarantee a change in practice, we also believe that substantial changes in practice can not be realized without fiscal alignment and support.

Overarching Goals and Recommendations

Any fiscal recommendation we make as a part of this study have substantial potential to advance the District's overall vision for special education in the future, to maintain the status quo, or to set it back. The last Advisory Committee meeting held for this study in July 2007 included approximately 20 participants from varying components of District oversight and governance. They included representatives of DCPS, the Mayor's Office, St. Coletta Special Education Charter School, and others. As a part of the study team presentation for this meeting, longer term objectives were proposed for special education in the District.

While we concede that more time and a broader base of consideration is needed to develop definitive overarching objectives that should underlie District policy decisions, the meeting participants generally agreed upon the following:

- All children should receive high-quality services and programs appropriate to their needs in their public school of choice to the greatest extent possible.
- In these schools, a broad array of interventions and programs should be available within the context of regular education.
- Only children for whom it is determined cannot be fully served within the broad array of regular education services would be referred to special education for eligibility determination.
- If it is determined that a child is eligible for special education, these services should be integrated into the regular education program to the greatest extent appropriate to a child's individual needs as required under the IDEA.
- The amount of special education resources allocated by the overall District funding system should align with the needs of the child.
- Special schools (public or private) exclusively for special education students should be limited to low-incidence and/or severe cases where highly specialized services are needed.

With these fundamental goals in mind, we propose a series of recommendations, organized around six main themes.

Overarching Recommendations

1. **Form a District-wide stakeholder committee with the specific charge of special education reform to develop very clear specific special education goals for the District as a whole and develop fiscal provisions that actively promote and support them.**

While we identified goals in this evaluation to anchor our recommendations, broader consideration is needed to develop definitive overarching objectives that should underlie all District policy decisions. As a first critical step to special education fiscal reform, the District should convene a committee of stakeholders to deliberate and ultimately determine long-term goals for special education and ensure that current and future policies support these goals.

The research questions posed for this study were general in nature, intending to inform the District as to whether it should consider funding alternatives and what options were available. We did not attempt to propose specific implementation details for a new special education funding system for the District, as the overall direction of change need to be deliberated and determined by District stakeholders.

The overall approach and detailed funding provisions (e.g., basis of the weights and weight amounts) would need to be tied more specifically to a detailed discussion of the future goals,

objectives, and how these would be appropriately supported by special education funding. This would require a clear charge as well as the appointment of a fairly broad-based District stakeholder group that would be convened specifically for this purpose.

2. Design these fiscal policies for fundamental and substantial, rather than incremental, change.

This is an unprecedented time for education reform in the District. In order to maximize the potential for change to make an impact, the current structure should not be changed incrementally or in a piecemeal fashion. Rather, the development of new policies and the revision of existing policies should be comprehensive and extensive in scope.

3. Create and implement pre-referral alternatives to special education.

These types of programs are designed to ensure that alternative regular education interventions are used with increasing intensity to meet the needs of the child *prior* to referral to special education. In essence, special education should not be the first resort to serve struggling students. Further development and full implementation of the types of pre-referral intervention services currently being launched in the District should reduce referrals to special education over time.

4. Develop a master plan regarding the number of separate special education schools needed in the district into the future and the approximate percentage of students expected to be served in those settings.

As noted earlier, the District has an extremely high rate of separate special education settings. While the District has current targets to incrementally reduce private separate placements, a comprehensive special education master plan should be developed that specifies the extent to which separate special education schools (both private and public) are a part of the District's vision. If separate special education schools are deemed a part of this plan, national state and district data suggest that a reasonable goal for the District might be to serve between 400 and 800 students in separate special education schools. While individual school enrollments vary, this would suggest approximately two to four separate special education schools serving all students for whom such services are appropriate district-wide.

There are currently in excess of 25 public and private special education schools within the District, as well as more than 100 non-public sites in the 10 surrounding counties that serve the District's special education students. For each policy decision from this point forward, the District needs to consider whether it will help diminish the number of placements in separate special education (as well as the overall number of such facilities) or would be more likely to foster expansion.

5. To ensure independence, uniformity, and full compliance with the law, create an independent entity under the auspices of the OSSE to oversee special education assessments across all LEAs.

Through the creation of such an agency, students could be independently assessed (e.g., development of Individualized Education Programs, IEPs) and assigned a funding weight, irrespective of how or where they will ultimately be served. We consider this recommendation as especially important to implementing recommended changes to the UPSFF, as described below. Furthermore, it would facilitate equity in eligibility for services for all special education students in DCPS, charter schools, and NPS within the District. More uniform standards might be applied

to ensure that all students placed in special education truly require these services (as well as ensure that alternative interventions were attempted prior to special education identification).

6. Consider the creation of an independent agency under state control which would recruit and employ special education related service providers that would be available on a contract basis to all LEAs and individual DCPS schools.

An independent agency with a pool of qualified related service providers appears well suited for the District due to its many small LEAs (e.g., charters). Schools will often not have a sufficient number of students with therapy needs to employ their own staff. Given the national shortage of therapists, they may also find these services to be difficult to secure or inordinately expensive. To provide appropriate special education services for the students they enroll, it may be more efficient for the District to maintain a central pool of well-qualified and appropriately trained therapy specialists from which schools can choose to contract. If greater school-level discretion within DCPS (as discussed below) is realized in the future, this agency could also be an important resource for individual schools seeking to contract with providers.

It seems important, however, that the use of these service providers not be obligatory. Principals in schools with sufficient enrollments may want to employ their own school-site providers, or they may believe it more efficient to contract with private agencies. In other words, such a centralized pool may make sense as long as it was able to operate as the most cost-effective alternative that individual schools would choose. A further advantage of a central agency of providers available to all schools would be the consolidation, and possible efficiency, of Medicaid billing for the students served across LEAs.

Formula Specific Recommendations

7. Given student mobility in the District, continue to use the concept of the multiple pupil weights for the UPSFF.

The underlying structure of educational provision in the District is largely predicated on choice, student mobility, and LEA enrollment patterns that are generally not based on geography. Based on this, we believe the strongest basis for special education funding in the District is pupil weights. However, this does not suggest retention of the current pupil weighting system.

We propose the District adopt a modified weighting system with an independent assessment entity (described above) and changes to the basis of the weights (described below). Along with this, we recommend full reimbursement (or full funding) for the relatively few children in special education who under some form of a future Master Plan for the District might continue to receive services in separate special education schools.

8. Prorate these weighted funding allocations to allow for, or reflect, student movement during the year.

The current system of a fixed annual allocation seems to allocate special education resources on the basis of where students are initially enrolled rather than where they are primarily served throughout the school year. While it mitigates the fiscal impact on the LEA the student is leaving, it will often create fiscal problems in the LEA where the student is moving. It seems more

appropriate for the funding to follow the child to whatever LEA he or she attends within the District on a prorated basis.

9. Given the key goal of reducing restrictive placements, consider changing the basis of these weights from hours of service to a matrix of service needs.

Through the UPSFF, the District uses 8-hour increments of special education services per week as specified by each student's IEP to differentiate funding weights. A possible alternative basis for a District funding weight system would be a rating based on students' service needs, possibly modeled after the State of Florida's exceptional student matrix of services. Students would be rated based on detailed analyses of the exact types of services they require, which would be independent of primary category of disability or where they are placed.

Although the current system is also based on a very rudimentary measure of services (in 8-hour increments), it is a blunt measure and insufficient in distinguishing cost differences. The same number of hours across two students could look very different in terms of cost (e.g., 8 hours in a resource room with larger class size versus 4 hours of one-to-one therapy from related service providers plus 4 hours of resource room with a small class size). Ratings based on a matrix of services would allow for much finer distinctions between such cost variations. The creation of an independent assessment entity would minimize variation in the matrix ratings across LEAs that may be the result of local LEA practices and hence standardize this process across all special education students within the District.

10. Consider higher weights for inclusive placements.

Regardless of the basis of the weights, the District should be careful to ensure that they properly align with desired District goals over time. To accomplish this, it may be necessary to structure the funding weights to foster change. One incentive that might be incorporated into the funding system is a greater premium for categories of children for whom appropriate service alternatives seem currently lacking in public settings. Considering the large number of students in the District currently being served in NPS as a result of insufficient suitable programs within public schools, it may be important to place fiscal premiums on certain classifications of students to encourage the further development of appropriate public programs and services for them.

11. If hours of service are kept as the basis, allow dedicated aide time to be counted to support for more inclusive settings.

One way of accomplishing inclusion for students with intensive needs is to assign a full-time dedicated aide to support the student. However, only hours of instruction from special education teachers and related service providers such as speech therapy and psychological counseling qualify under the current UPSFF definitions. The fact that UPSFF weights do not count hours of services from an instructional aide likely contributes to the very high degree of segregated special education services found in the District. Improvement might be made by allowing dedicated instructional aides to be counted under the current direct hours of service formula. This would constitute a relatively minor change, but one that could have substantial implications for the flexibility needed to foster more inclusive placements while maintaining the basic UPSFF structure.

Broader Fiscal Recommendations

- 12. Develop and fully maintain data systems that capture eligibility for compensatory special education services, and charge the costs of compensatory services to the agency responsible for the need of these services.**

One goal of overall program reform should be to minimize compensatory special education services to the greatest extent possible. A step in this direction is to accurately track the provision of required special education services and systematically identify and provide services to students to compensate for missed services.

Furthermore, the cost of these services should be appropriately charged, to the extent possible, to the budget of the entity responsible for the gap in service. Thus, if these compensatory services result from assessment or procedural break downs, they would be charged to the independent assessment unit recommended above; if due to gaps in transportation services they should be considered a transportation expense; and, if due to LEA-level failure to provide required services, they would be charged to the responsible LEA.

- 13. The OSSE should encourage and work with DCPS to develop much greater school-level discretion over special education resources to facilitate principal ownership of special education students.**

Many the incentives we recommend to encourage certain practices are predicated on the notion of schools having sufficient discretion and control over local operations to take advantage of these incentives. Within DCPS, however, this level of discretion over the provision of special education services at the school level appears limited. While the UPSFF provides uniform funding to both charters and DCPS, more funding actually reaches charter schools as DCPS retains funds to provide for administration and centrally provided services.

If the UPSFF were altered to create fiscal incentives for inclusion settings (e.g., counting dedicated aide time), charter school leaders would have the discretion and local control needed to change practice. While DCPS as a whole might attempt to support inclusion generally, it is less clear how local school behaviors and practices would change in response to UPSFF modifications.

If a District goal is the development of strong special education programming at the local level as well as the full integration of special and general education, school-level discretion, authority, and accountability regarding the delivery of special education services will be essential. It seems unlikely that the goal of highly inclusive neighborhood programs within DCPS that can effectively compete with charter and NPS provision will be fostered without greater school-level resources, discretion, and ownership over special education.

- 14. Fiscal incentives should be created for LEAs to develop programs in regular education schools that will draw the types of students currently placed in NPS to public schools over time.**

We believe that without important structural changes, the goal of returning children from NPS to public schools is unlikely to be met in any meaningful way. To do so, it is imperative to build

school-level programs to attract current students back from NPS. While the District has attempted to launch model schools with this in mind, the best way to encourage individual schools to try to actively attract students away from NPS is to create funding incentives that make the appropriate inclusion of these students fiscally appealing. This might be accomplished through a combination of higher weights targeted towards students of certain classifications and start-up grants to create these programs. As mentioned above, a degree of school-level discretion over resources will be necessary to build responsibility and ownership of such programs.

- 15. Ideally, these program and fiscal objectives would be tied to a broader vision of education reform for all students in the District. Specifically, we believe that consideration of change to special education policy and practice must be clearly tied to an overall plan for general education reform.**

Challenges faced in special education are impacted – directly and indirectly – by the overall education context, particularly the adequacy of the general education program. Comprehensive reform efforts should consider and address the ways in which the overall system contributes to the special education issues raised in this study.

Recommendations regarding Separate Public Special Education Schools

- 16. Create a separate funding stream, based on regulated costs, outside the UPSFF under OSSE administration and oversight, for separate public special education schools serving students with severe needs. This would apply to all separate public special education schools in the District deemed appropriate by OSSE.**

We recommend that all special education schools ultimately deemed as appropriate and falling under a District master plan for special education be funded based on the full reimbursement of approved costs based on services provided. Cost accountability would come from State determination that the services provided are in accord with service standards to be developed by the state for programs and schools of this type.

By definition, these schools will be high cost, very specialized operations designed to serve children with intensive special education programming requirements regardless of where they reside within the District. Public oversight and regulation in regard to the nature, quantity, quality, and cost of the services provided will need to be closely monitored and regulated. We believe the best entity to oversee such highly specialized schools within the District is the OSSE

- 17. Change special education charter schools to the funding and governance provisions described in the recommendation above.**

Charter status seems inappropriate for separate special education schools based solely on definition. Charter schools are designed to be public schools of choice with a mandate of open enrollment for all students applying for admission. If demand exceeds supply, enrollment in the schools is determined randomly with possible priority given on the basis of sibling relationships and the like. A school that is designed specifically for children in special education with very high level and intensive special education programming needs does not fit within the charter concept.

18. Declare a moratorium on chartering exclusively special education schools until clearer District-wide special education goals are established.

We also strongly encourage that the DC Public Charter School Board declare a moratorium on chartering exclusively special education schools until definitive goals and master plan is developed. To discourage future special charter school expansion in the absence of a District-wide plan, we recommend that if additional special school charters are granted, they not be awarded special funding beyond what is provided under the UPSFF.

Recommendations regarding Non-Public Schools

19. NPS enrollments should be reduced to be more commensurate with the range of what is observed elsewhere in the nation.

This goal should be pursued through very tight compliance with procedural requirements under federal special education law and through the development of state of the art neighborhood school programs designed to fully meet the needs of students currently served in NPS. We recommend that OSSE assume future responsibility for contracting, oversight, and funding NPS.

Other Systemic Recommendations

- As a District-wide concern and expense, we recommend that special education transportation be administered in the future by the OSSE.
- Medicaid billing should be uniformly applied for all eligible children District-wide and made much more efficient. We believe this should be a District-wide effort, which should fall under the purview of the OSSE.
- A District-wide student special education data system is needed. The current system is housed at DCPS and as such largely only applies to this LEA. It is also largely dysfunctional and not recommended for larger application District-wide in its current form. As a District-wide need, especially given student mobility across LEAs, we recommend this as an OSSE function.
- All LEAs should bear responsibility for the students they enroll, and DCPS should not serve as charter schools' LEA for special education.

Next Steps

Special education fiscal policy changes need to align with changes in special education practice the District would like to see evolve over time. At the same time, the explicit definition of those ideal practices and goals is critical to future policy development. To facilitate the development of District-wide goals, a stakeholder group, steering panel, or oversight committee that represents the broad range of diverse governing bodies and interests within the District is needed. Broad representation is important as there are many layers of governance actively involved in the development of education policy in the District, and often these layers appear to act quite

independently. No single entity can fully carry out the scale of change that we propose in this study; rather, it will require collaboration and a general consensus.

The immediate charge of this group should be to specify District-wide reform goals, as well as serve as an advisory body to the OSSE regarding the details associated with implementing the kinds of policy changes outlined in this study. We believe OSSE should convene this committee within the next month if meaningful changes in special education policy are expected with the onset of the 2008-09 school year.

Conclusion

The current potential for serious reform in the District is unprecedented. A substantial financial commitment toward the provision of public education services is already in place. At the same time, a short-term infusion of additional funds will be needed to support the change initiatives necessary to alter the status quo and move forward into a new era. Over time, if these changes can be sufficiently implemented to result in a substantial redirection of existing funds (away from NPS and special education transportation services toward direct services of children allocated in accord with their needs), current levels of funding should be sufficient to realize the goal of a high quality education for all District children.

Chapter 1: Introduction

The American Institutes for Research (AIR) is pleased to submit this final report in which we synthesize findings from a six-month study of special education finance in the District of Columbia (the District). The District has a long history of difficulties in regard to special education that have been well documented by others and which are summarized below. Through this study, we have compiled and analyzed data, visited schools, and conducted interviews and focus groups to learn as much as possible about the current state of special education in the District. The purpose of these activities was not to further describe current problems, many of which are well-known, but to use this knowledge to inform fiscal recommendations intended to contribute to a brighter future for the special education children of the District and to avoid policies likely to maintain the status quo.

The current status of special education financing and provision in the District has led to some very serious concerns, and far-reaching and immediate change is needed. Some of the most alarming findings are the fact that nearly 20 percent of special education students in the District are being served in private special education schools (non-public schools, or NPS) at District expense, that the estimated average annual cost for these students including special education transportation nears \$80,000 per year, and that the best data we can find on these students shows that they are not substantially different in relation to their disabilities than students currently being served in District of Columbia Public Schools (DCPS). In addition, the District's transportation costs are estimated to be \$19,000 per special education student transported per year. Another very major concern is the extreme degree of separation between general and special education services and students in the District. Federal special education law very explicitly requires children in special education to be served in the least restrictive environment (LRE) appropriate to their needs. Nationally, less than 4 percent of special education students are served in separate schools exclusively enrolling special education students.¹ In the District, including the nearly 20 percent served in NPS cited above, this figure is 30 percent.

We conclude that a radical re-direction in current policies and practices in the District is imperative. While the financial commitment to special education in the District is substantial, a great deal of this money is being spent on relatively few students in NPS whose special education needs in terms of disability categories do not appear to set them apart, many of whom – it could be argued – are being served contrary to federal LRE requirements. In addition, special education transportation consumes a considerable portion of the overall budget.

Many of the recommendations contained in this report take a long-term perspective and will likely take supplemental funds and time to implement. There is extensive work to be done to reverse the practices and trends we present in this report and for genuine reform to take hold. This will likely require radical change and additional short- and long-term investments. A number of educational policy and structural changes have already occurred in the District over the brief period of this study. The time seems right for bold new directions and perspectives. Over

¹ Derived from data from www.IDEAdata.org. Note that the IDEA data for the District reported 24 percent of special education students in external placements in 2005-06. The October 2006 audit data showed about 30 percent. This should not be interpreted as an increase, as these are different datasets.

time, if a large percentage of the funds currently being spent on NPS and special education transportation were re-directed to direct services for children, and if Medicaid billing could be implemented in a manner that is comprehensive and highly efficient, current resources would likely be sufficient to provide high quality special education programming in the District.

Study Background

The District faces a number of serious challenges with special education, its funding, and the Uniform per Student Funding Formula (UPSFF). In particular, in April 2006 the U.S. Department of Education's Office of Special Education Programs (OSEP) designated the District as a high-risk grantee due to inadequate compliance with the requirements of the Individuals with Disabilities Education Act. In its grant award letter, OSEP noted that "ambiguous separation" of the District's state education agency and the local education functions administered by DCPS "resulted in inadequate oversight" of the federal education grant programs.² DCPS subsequently developed, but did not fully implement, a corrective action plan to state and local education functions to improve monitoring of all local education agencies (LEAs) – both DCPS and charters.

Concerns about the unclear and sometimes absent distinction between DCPS's state and local education agency functions, and its resulting conflict of interest, have been voiced for some time. Until recently, the DCPS Board of Education was also the DC State Board of Education, with the Superintendent of DCPS also serving as the District's Chief State School Officer – in other words, the Board and Superintendent monitored the policy they implemented.³ The DC Appleseed Center, for example, has noted a number of concerns including conflict of interest in DCPS overseeing itself and public charter schools.⁴ Moreover, historically state education functions have been embedded in other state agencies and DCPS, although some functions have transferred to the Office of the State Superintendent of Education (OSSE, formerly the State Education Office) since its creation in 2001. As we discuss later, under Mayor Fenty's leadership the DC Council has passed legislation that significantly reforms the District's governance of public education and further consolidates state-level education functions in the OSSE. Although these policy changes reflect a desire to greatly improve the education of all students, including those enrolled in special education, these changes are too new to have had an impact as of yet and significant issues related to special education funding and provision remain for the District. To address these and other concerns, the District commissioned AIR to study special education financing of the District's public schools, including charters. The following research questions guided this inquiry:

- What are the options for funding special education costs in the District? Are weightings applied to a foundation amount the most appropriate way to fund all special education students? Would cost-reimbursement or some other approach be a better system?

² U.S. Department of Education. (2007). *Part B grant award letters and funding tables, Fiscal year 2007* (District of Columbia). Retrieved August, 2007, from <http://www.ed.gov/fund/data/award/idea/2007partb/index.html>. Note that the Department of Education designated DC a high risk grantee for all Department of Education grants under 34 CFR §80.12.

³ Levy, M. (2007). *How the DC public school system is governed*. Unpublished document.

⁴ DC Appleseed Center. (2003). "Letter to Councilmember Kevin Chavous, DC Board of Education President Peggy Cooper Cafritz, and State Education Officer C. Vanessa Spinner." Retrieved August, 2007, from <http://www.seo.dc.gov>; DC Appleseed Center. (2004). "Letter to Councilmembers, Mayor Williams, DC Board of Education President Peggy Cooper Cafritz, and State Education Officer C. Vanessa Spinner." Retrieved August, 2007, from <http://www.seo.dc.gov>.

- What are the advantages and disadvantages of using a weightings-based system for most special education categories but a different system for low-incidence, high-cost disabilities?
- Does the UPSFF weightings system encourage over-identification of students for special education?
- Are the current weightings, based on five levels of hours of service, well suited to the costs of providing legally mandated services? Should additional factors be included, such as category of disability?
- Should District public charter schools designed to serve only special education students be funded by the current weightings system, through contracting procedures, or by some other funding method?
- How should the costs of Extended School Year (ESY) services and Compensatory Services be addressed?
- What are the best practices derived from states for rate-setting for non-public special education schools and programs which provide guidance to the District given the particular needs of our students, the status of special education programming in the public school and our geographic location?

The experience of the AIR staff leading this study along with the requirements of the District's Request for Task Order informed the design of our inquiry and conceptual approach to this work, which involved both quantitative and qualitative methods. We explored and drew upon existing special education data for the District, other states, and the nation. District sources included ENCORE (special education database), DC Stars (enrollment information on all students, including charter schools), and fiscal files relating to special education. We examined all extant files on special education funding and expenditures, counts of special education personnel, and the student population (e.g., total enrollment, counts by disability and placement, poverty), across both DCPS and charter schools, to examine variations in special education funding and expenditures relative to the characteristics of the student population (e.g., severity of disability). We also collected and drew upon other available resources, such as prior studies and documentation pertaining to special education policy in the District (see Appendix A for a list of some of the prior work we reviewed). Additionally, data from AIR's national Special Education Expenditure Project (SEEP) provided a valuable source of information on special education program provision including current special education financing and staffing across the nation.

To help address some of the guiding policy issues, we examined the unique context in which the District operates, with a particular focus on soliciting the perspectives of local stakeholders. We collected this information through two meetings with a study Advisory Committee of individuals identified by OSSE and interviews with an array of policy, administrative, and senior District, OSSE, and school staff, as well as other stakeholders identified by the OSSE. We also attended and presented at meetings of the OSSE's UPSFF Technical Working Group and conducted three focus groups – one with representatives from public schools and two others with representatives from charter schools and non-public schools, respectively. Finally, we reviewed prior study reports and documentation regarding existing policies, regulations, and procedures related to special education finance generally and the UPSFF specifically. As the state's current financing

mechanism for appropriating funds to DCPS and charter schools, the UPSFF is one major focus of this report and its analysis and recommendations.

The Uniform Per Student Funding Formula

Prior to implementation of the UPSFF, the District based appropriations for public education on the budget request submitted by the Superintendent to the Board of Education (Board). This request started with the current year's budget and typically added proposed increases, which the Board followed by the Mayor and finally the DC Council (Council) reviewed. Prior to approving the budget request, these entities often modified the total value of the annual budget request. However, they lacked authority to revise specific line items, which the Board and Superintendent adjusted to align with the Council's enacted appropriations. The political budget-related debates included enrollment and programmatic considerations, but funding was not discussed in a methodical manner.⁵

The District's approach to funding public education was more systematic over the last decade following implementation of the UPSFF,⁶ which it now uses as the basis for appropriating funds to schools for instruction and pupil support as well as non-instructional services such as security. Following passage of the D.C. School Reform Act of 1995 and establishment of the District's two chartering boards, the Council of the District of Columbia (Council) adopted this formula as permanent legislation in 1998 and tied education funding to student enrollment under Title 38, Subtitle 38, Chapter 29. Per this mandate, pupil funding appropriated to the District of Columbia Public Schools (DCPS) and charter schools must be equal for similarly situated students (i.e., students in the same grade level and with similar needs). The District used a temporary version of the UPSFF to appropriate funds to charter schools beginning in fiscal year (FY) 1996, when the first charter began enrolling students, and to DCPS starting in FY 2000. Until FY 2008 appropriations to DCPS were based on enrollment counts from the previous year's annual independent audit, whereas appropriations to charter schools have always been based on current enrollment counts.⁷ This approach of appropriating DCPS funding based on student enrollment in the prior year helped to offset lost revenues due to declining enrollments, though it was partially offset by increasing special education enrollment. As of FY 2008, however, the Mayor and Council fund DCPS based on enrollment projections.

The UPSFF uses a foundation appropriation that is expected to provide an adequate general education for students without special needs enrolled in what was determined to be the least

⁵ M. Levy (personal communication, September 5, 2007).

⁶ Information on the UPSFF comes from four sources: 1) District of Columbia Office of the State Superintendent of Education. (no date). *Policy, research & analysis: Programs/projects*. Retrieved August, 2007, from <http://www.seo.dc.gov>; 2) District of Columbia State Education Office. (2006a). *Recommendations for revisions to the Uniform per Student Funding Formula*. Retrieved August, 2007, from <http://www.seo.dc.gov>; 3) District of Columbia State Education Office. (2005). *Special education funding in the Uniform per Student Funding Formula* (unpublished document, Special Education Study 2005). Washington, DC: Author; and 4) Levy, M. (June, 2006). *DC's Uniform per Student Funding Formula in brief* (unpublished document). Washington, DC: Washington Lawyers' Committee for Civil Rights & Urban Affairs.

⁷ Public charter schools are appropriated funds quarterly with the initial payment calculated using projected enrollment counts, the second appropriation based on the unaudited October 5 enrollment counts, and the last two appropriations determined by audited enrollment figures with adjustments for inaccuracies in the first two enrollment counts and related payments (Levy, 2006).

costly grade levels (grades 4-8). The UPSFF then uses percentage weightings applied to the foundation amount to provide additional funds (add-ons) for students with unique needs, including those who are English learners or receive special education services. The District appropriates funds for purchase, lease and major repairs or renovations of facilities separately through a capital budget for DCPS and a per-pupil facilities allowance for charter schools tied to DCPS capital funding. In the case of special education, separate funding is appropriated to DCPS alone for transportation and for tuition for special education students in private placements, functions for which only DCPS is responsible. The separate LEAs within the District (i.e., DCPS and the various charter LEAs) then determine how to internally allocate these funds. For example, DCPS has its own separate formula, known as the Weighted Student Formula (WSF).

Under the UPSFF, add-ons for students enrolled in special education are categorized into four levels based on the intensity of services, measured by the number of hours of instruction from special education teachers and related services as required by a student’s Individual Education Plan (IEP). The four levels and corresponding hours of services are shown in Exhibit 1.1. For example, a student identified as requiring more than 8 hours of direct special education service, but no more than 16 hours, would be designated for funding level 2. These supplementary appropriations are designed to cover all services including aides as well as assessments, assistive technology, supplies and materials, and costs related to management and reporting as specified in each student’s IEP and as required under federal special education law.

Exhibit 1.1. Number of Hours of Special Education Services per Week by UPSFF Funding Level

Level	Definition: hours per week of special education IEP services
Level 1	8 hours or less per week of specialized services
Level 2	More than 8 hours and less than or equal to 16 hours per school week of specialized services
Level 3	More than 16 hours and less than or equal to 24 hours per school week of specialized services
Level 4	More than 24 hours per week which may include instruction in a self contained separate school other than residential placement

Source: SEO (2005).

The UPSFF has always based the add-on amounts on estimates of their cost, setting weightings at each level to generate these amounts from whatever the current foundation level. Exhibit 1.2 displays historical and current add-on UPSFF weights for students enrolled in special education as well as the annual UPSFF foundation amount. An interesting point is the relative variability within these weights across the span of years. For example, the value of a Level 1 weight more than doubled from 2002 to 2003. In this same year, the values of Level 3 and 4 weights dropped. Level 4 weights especially have shown substantial variation, fluctuating annually from a high of 3.2 in 2002 to a low of 1.72 the year before.

Exhibit 1.2. Historical and Current Special Education UPSFF Weights, by Fiscal Year

Fiscal Year	Foundation Appropriation	Level			
		1	2	3	4
1999	\$5,097	0.22	0.80	1.73	1.72
2000	\$5,547	0.22	0.80	1.73	1.72
2001	\$5,728	0.22	0.80	1.73	1.72
2002	\$5,907	0.22	0.80	1.73	3.20
2003	\$6,419	0.55	0.85	1.50	2.70
2004	\$6,899	0.55	0.85	1.50	2.70
2005	\$6,904	0.55	0.85	1.50	2.70
2006	\$7,692	0.56	0.84	1.43	2.25
2007	\$8,002	0.54	0.82	1.41	2.47
2008	\$8,322	0.54	0.82	1.41	2.47

Prior to 2004, the UPSFF levels were based on placements (with greater funds for more restrictive placements).⁸ However, under threat of a complaint to the U.S. Department of Education, the placement categories were eliminated from the formula. While this change removed the direct link between the funding and restrictive placements, one respondent noted, “Other incentives and attitudes remained. I think the financial incentive was scarcely recognized in the placement process, and to the extent it was, [it] was overwhelmed by other factors.” In addition, as will be discussed in Chapter 4, the hours of service basis of the current UPSFF may create as many disconcerting incentives for restrictive placements as the prior basis that was more specifically tied to placement.

As mandated in the State Education Office Act of 2000, the SEO (now the OSSE) is responsible for reviewing and recommending changes to the UPSFF. The OSSE makes these recommendations with guidance from a Technical Working Group (TWG) comprised of various stakeholders including representatives of DCPS and the DC Public Charter School Board. Among its concerns is the adequacy of current and proposed formula provisions, including the foundation amount and add-on weights. For example, in its 2006 report to the mayor and the Council, the office recommended that the District increase the FY 2008 foundation amount to \$8,846 (from \$8,002 during the previous year) and to lower the amounts of the add-on weights to account for the additional appropriations generated from the increased foundation value. As shown in Exhibit 2, the approved foundation appropriation for the 2008 school year was less than the amount recommended in office’s report and that the weights for special education were not reduced.

It is important to distinguish between the UPSFF, which the District uses to appropriate funds to each local education agency (LEA) (i.e., DCPS, charter schools) within its jurisdiction, and the formula that DCPS uses to allocate funds to its schools. Similar to other LEAs, DCPS internally allocates its appropriated funds independent of the criteria the UPSFF uses to generate them. In fact, DCPS uses the Weighted Student Formula (WSF) to distribute funds to individual schools. The UPSFF appropriation for special education is intended to fund all of its costs including LEA central office management, whereas the special education component of the WSF excludes the costs of services and supports that are the responsibility of DCPS’s central office rather than

⁸ Formerly, UPSFF Level 1 was defined as regular class; special education services less than 6 hours/school week; Level 2: Resource room; special education services 7-15 hours/school week; Level 3: Separate class; special education services more than 15 hours/school week; Level 4: Separate DCPS or Public Charter School; Level 5: Residential; 24-hour intensity in a public charter school.

schools. As a result, the two formulas carry different base amounts and weightings. We provide greater detail about the differences between these formulas in Chapter 3 (e.g., see Exhibit 3.12). We present a more in-depth discussion of the context for the current study in the following two sections on special education in the District and political changes since the mid-1990s.

Special Education Context in the District

In 1975, Congress passed Public Law 94-142, the Education for All Handicapped Children Act. The goal of this federal legislation was to ensure access to an appropriate, free public education for all children, regardless of disability. The law was amended in 1997 and again in 2004 and today is known as the IDEA. The federal law was developed to ensure that all children with disabilities have equal access to free, appropriate public education designed to meet their varied and unique needs. Further, the law is designed to protect the rights of children with disabilities and their parents and to assist state and local education agencies in the provision of education for all children (Public Law 108-446, 108th Congress). Today, special education in the District consists of five primary categories of placement. These include options in DCPS regular education schools, DCPS special education schools (e.g., Sharpe Health School), public charter schools, a special education public charter school (St. Coletta), and private non-public schools (NPS).

Special education litigation in the District of Columbia is subject to Consent Decrees requiring the District to provide District youth with free appropriate public education in accordance with the IDEA mentioned above. The first Case, *Petties v. District of Columbia* (Civil Action No. 95-0148), requires the District to make timely special education tuition payments to special education schools, residential facilities and private providers of related services, as well as to provide requisite transportation for these services. The Court has appointed a Special Master to monitor compliance and work with the District and plaintiffs on provider payments, payment disputes, and other payment issues. The Court has also appointed a Special Transportation Administrator in charge of transportation.

The second Consent Decree, issued in 2006, is based upon two consolidated actions, alleging that the District of Columbia violated students' constitutional rights and a free and appropriate public education under IDEA by failing to provide due process hearings within 35 days of hearing requests, failing to provide Hearing Officer Determinations (HODs) within 45 days of hearing requests, and failure to implement the HODs and settlement agreements (SAs) in a timely manner. *Blackman v. District of Columbia* (Civil Action No. 97-1629) and *Jones v. District of Columbia* (Civil Action No. 97-2402) were consolidated, and are referred to as the "Blackman Jones" case. In addition to timely compliance, the 2006 Consent Decree requires the District to maintain a community-based service center for parents of special education students; maintain an accurate, reliable data system that will enable it to track and identify potential barriers to timely implementation of HODs/SAs; and provide compensatory education to members of the Blackman and Jones subclasses.

In 2005, DCPS set forth a strategic plan (Declaration of Education) that identified several key priorities for improving special education.⁹ These priorities included improving control of special education costs, implementing research-based instructional strategies to effectively serve special

⁹ District of Columbia Public Schools. (2005). *Declaration of education: Keeping our promise to the District's children* (Strategic Plan). Washington, DC: Author.

education students, improving the timeliness of assessment and service delivery, and developing model schools that use best practices to serve children in the least restrictive environment. The priorities also included reducing the number of students in non-public placements by 5 percent annually and reducing the number of special education complaints and requests for due process by 25 percent annually.

In the following year, DCPS presented a Master Education Plan (MEP) to help it attain its goals (e.g., offering an outstanding education to every student in a safe, health, and educationally appropriate environment) and to meet priorities laid out in its earlier declaration through specific strategies across eight areas critical to educational excellence.¹⁰ Relative to special education, the MEP prioritizes creating “a culture of inclusion that welcomes special education students into their neighborhood schools.” The MEP also set forth timelines for essential actions that DCPS must take, including transitioning students from non-public schools and special education center schools back to their local schools so they are taught in the least restrictive environment.

Despite DCPS’s vision and well-intentioned plans, during the following year the U.S. Department of Education (Department) labeled DCPS a high-risk grantee – a designation the Department continued in 2007 because of DCPS’s “failure to provide timely initial evaluations and reevaluations, to implement due process hearing decisions in a timely manner, to ensure placement in the LRE, and to identify and correct noncompliance.”¹¹ The Department identified a number of other concerns, including inadequate controls and oversight of federal grant funds and expenditures.

This study’s quantitative and qualitative findings raise additional concerns, which we explore in the body of this report. In summary, major context issues in the District include:

- Appreciable increases in the percentage of students in special education in the District over the past ten years;
- A much higher percentage of students generally in schools exclusively serving students in special education (i.e., DCPS special education schools, St. Coletta charter school, and NPS) than is found across the nation, as well as in comparable urban settings;
- A much higher percentage of students specifically in NPS than is found elsewhere
- Expenditures per student in NPS that are much higher than are generally found for special education students not in NPS;
- Despite much higher expenditures on average in NPS, questions about the relative severity of students served in NPS on average in relation to those served in public schools;
- Funding for St. Coletta that is derived on an entirely different basis than that of other charter schools and all other public schools in the District;
- A considerable disparity in regard to higher funding and much greater observed levels of service and overall conditions in St. Coletta as compared to other public special education schools we visited;
- Special education transportation costs that are exceptionally high in relation to national averages; and
- A growing number of students overall in charters in relation to those enrolled in DCPS.

¹⁰ District of Columbia Public Schools. (2006). *All students succeeding: A master education plan for a system of great schools*. Retrieved August, 2007, from <http://www.k12.dc.us/master.htm>

¹¹ U.S. Department of Education. (2007). *Part B grant award letters and funding tables, Fiscal year 2007* (District of Columbia). Retrieved August, 2007, from <http://www.ed.gov/fund/data/award/idea/2007partb/index.html>

Local Political Landscape

The political landscape of the District's public education system evolved significantly over the last decade due to the growth of charter schools and changes in education governance. With the passage of public charter school legislation, the District grew from a single LEA (i.e., DCPS) to more than 50 LEAs in the 2006-07 school year¹² – and this number will likely grow because the D.C. Public Charter School Board received applications as of April 2007 to open 13 new public charter schools beginning in the fall of 2008.¹³ Moreover, education governance in the District is currently undergoing a major reshaping, both at the state level (i.e., OSSE) and the local public school level (i.e., DCPS). In the case of the former, the OSSE is beginning to take on a more comprehensive set of responsibilities much closer in scope to that of other state education agencies. The expansion of its role is also reflected by its increased funding and staff. While the FY 2001 budget allocated just under \$1.7 million to the SEO, with nine full-time equivalent (FTE) staff,¹⁴ in FY 2006 the SEO's operating budget was more than \$84 million with 68 FTE staff. Its proposed 2008 budget (prior to the public education reform legislation) is for more than \$111 million with 85.5 FTE staff.¹⁵

Foremost, the *School Governance Charter Amendment Act of 2000* not only established the DC Board of Education but also authorized the DC Council to create a state education agency.¹⁶ Subsequent to this legislation, the Council passed the *State Education Office Act of 2000* (DC Act 13-387) creating the State Education Office (SEO), which in September 2001 became fully operational, headed by a State Education Officer under the Office of the Mayor. This Act mandated that the SEO assume from other District agencies, including DCPS, responsibility of four state-level education functions: administering federally funded nutrition programs, proposing UPSFF revisions to the Mayor and DC Council, setting rules for verifying the residency of students enrolled in public schools, and auditing public school enrollment counts annually.¹⁷

The education functions moved to the SEO in 2001 came from other District agencies. State and local nutrition service functions were part of the DCPS Food and Nutrition Services until 1998, when the state function was transferred to the Office of the Chief Financial Officer (CFO) because of a U.S. Department of Agriculture Office of Inspector General audit mandating this separation of state and local functions.¹⁸ In 2000 the state nutrition services function transferred to the Deputy Mayor for Children, Youth, Families and Elders until it moved to the SEO when it began operating the following year. Responsibility for UPSFF revisions transferred to the SEO

¹² Public charter schools have the option of electing DCPS to serve as their LEA, in which case DCPS is responsible for initial evaluations and charters forego LEA federal IDEA funds.

¹³ D.C. Public Charter School Board (2007). News releases: Board receives thirteen applications for fall 2008. Retrieved August, 2007, from <http://www.dcpubliccharter.com/home/index.html>

¹⁴ Government of the District of Columbia. (2001). *FY 2001 proposed operating budget*. Retrieved August, 2007, from <http://cfo.dc.gov/cfo/site/default.asp>

¹⁵ Government of the District of Columbia. (2007). *FY 2008 proposed budget and financial plan, "Moving forward faster," volume 2B*. Retrieved August, 2007, from <http://cfo.dc.gov/cfo/site/default.asp>

¹⁶ District of Columbia State Education Office. (2006b). *Timeline of state-level education functions, legislation, and documents in the District of Columbia*. Retrieved August, 2007, from <http://www.seo.dc.gov/seo/site/default.asp>

¹⁷ District of Columbia State Education Office. (2007). *Accomplishments report: 2000-2006*. Retrieved August, 2007, from <http://www.seo.dc.gov>

¹⁸ District of Columbia State Education Office. (2006c). *History of state-level function transfers to the State Education Office*. Retrieved August, 2007, from <http://www.seo.dc.gov/seo/site/default.asp>

from the DC Council Committee on Education, Libraries and Recreation whereas residency verification and annual enrollment audit functions moved to the SEO from the DC Financial Control Board, which was ceasing all operations at that time.

Several subsequent policy changes expanded the scope of the SEO's role in improving educational services and supporting the educational needs of the District's residents and students. These included multiple pieces of legislation mandating that the SEO assume responsibility of additional state education functions including:

- The DC Leveraging Educational Assistance Program (the Title IV student aid program) and DC Tuition Assistance Grant program, which the *Fiscal Year 2002 Budget Support Act of 2001* transferred from the Office of Postsecondary Education, Research and Assistance in the Department of Human Services;
- The Education Licensure Commission, which legislation in 1976 established and in November 2003 DC Law 15-39 moved to the SEO from the Department of Consumer and Regulatory Affairs; and
- The Office of Public Charter School Financing and Support, with authority originally established under the District's Department of Banking and Financial Institutions by the Fiscal Year 2003 Appropriations Act but transferred to the Office of the Mayor by the 2005 Appropriations Act and then to the SEO by the Mayor's order.¹⁹

To accomplish these and its other responsibilities, the SEO evolved into five departments responsible for different state-level education functions:

1. *Education Programs*, responsible for evaluating and licensing educational programs and preparing students for postsecondary education through academic and support services to groups of middle and high school students.
2. *Educational Facilities and Partnerships*, responsible for providing public charter schools with technical and financing assistance with acquiring or renovating facilities and supporting educational partnerships (e.g., creating relationships between public schools and private entities to improve educational services).
3. *Higher Education Financial Services*, responsible for improving access to information and resources about postsecondary educational opportunities and financial assistance programs; increasing postsecondary retention and graduation rates among students participating in the District's financial assistance programs; providing financial aid for postsecondary education (e.g., administration of the DC Tuition Assistance Grant Program); and streamlining the financial aid application process.
4. *Nutrition Services*, responsible for administering and expanding the Free Summer Meals Program for residents; administering the Child and Adult Care Food Program; and helping schools meet students' nutritional needs (e.g., administration of the School Breakfast Program).
5. *Policy, Research and Analysis*, responsible for monitoring the Adult Literacy and Lifelong Learning Initiative²⁰; publishing and distributing reports; and supporting the school budget process (i.e., audit of public school enrollment counts, development of

¹⁹ SEO. (2006c, 2007).

²⁰ The University of the District of Columbia is the state agency responsible for administering this program.

tuition rates for non-resident students, student residency verification, conducting studies of the costs of providing public education in the District and making recommendations for revisions to the UPSFF).

Since the creation of the SEO, the District and the SEO in particular have confronted the challenge of separating state education functions from DCPS. In 2003, the SEO contracted with The McKenzie Group to study the state-level responsibilities required by No Child Left Behind and to recommend an organizational structure that would enable the SEO to assume the state responsibility for leading and monitoring the legislation.²¹ Subsequently in September 2006, the SEO contracted with AIR to complete a one-month fact-finding study to identify the state-level education functions performed by District education agencies to support a more informed discussion about state-level oversight of education in the District. Other goals of this study included describing for each function the type and scope of services and management responsibilities currently performed and describing the capacity or infrastructure to carry out these functions (i.e., current staffing levels). As part of the final report, AIR noted that state education functions were spread across six entities in addition to the SEO: DCPS; DC Board of Education; DC Charter School Board; DC Department of Employment Services; DC Department of Human Services, Office of Early Childhood Development; and the University of the District of Columbia.²² Building on this earlier work, in February 2007, the OSSE contracted with KPMG and its partner organizations, including AIR, to identify existing, potential, and recommended state-level education functions along with the costs associated with performing these functions.

More recently, in June 2007, with the Mayor's leadership the Council of the District of Columbia passed a major education reform bill, the *Public Education Reform Amendment Act of 2007*, which had far-reaching implications for the organization and governance of public education in the District. Foremost, this legislation established DCPS as an executive branch cabinet-level agency, abolished the DC Board of Education by moving DCPS LEA educational functions to this agency, and shifted governance of the public school system to a Chancellor who is appointed by and accountable to the Mayor. An explicit duty of the Chancellor is to organize the agency for efficient operation. The Act also established a Department of Education, which is accountable to the Mayor, with oversight of the Office of the State Superintendent of Education (formerly the SEO), two newly created offices – Office of Public Education Facilities Modernization and Office of the Ombudsman for Public Education, and of the development of a district-wide data system that will track data across education, human service, and justice agencies. This new department has other duties including planning, coordination, and oversight of all public education and education-related activities within its jurisdiction. Per the legislation, the Ombudsman is responsible for reaching out to residents and parents and serving as a vehicle for them to communicate public education-related concerns and complaints.²³

The scope of the SEO's role in state-level education functions further expanded with passage of this Act, which changed the agency's name to the Office of the State Superintendent of Education (OSSE) and named Deborah Gist the District's State Superintendent and chief state school officer. The legislation transferred most state education functions from the DC Board of

²¹ The McKenzie Group. (2003). *A blueprint for the District of Columbia State Education Office*. Washington, DC: Author.

²² Honegger, S. H., Poirier, J. M., Webb, L. C., & Johnson, C. F. (2006.) *Final report on state-level education functions and costs in the District of Columbia*. Washington, DC: American Institutes for Research.

²³ Council of the District of Columbia. (2007). *Public Education Reform Amendment Act of 2007*. Retrieved August, 2007, from <http://www.dccouncil.washington.dc.us/lims/default.asp>

Education to the OSSE and mandated that it will, among other responsibilities, request, distribute, and monitor the use of federal grant funding; set state policy and regulations with the approval in many instances of the newly formed DC State Board of Education; support and advise the State Board of Education (Board); and oversee state-level functions related to early childhood education programs as well as standards, assessments, and federal accountability requirements for elementary and secondary education. Membership of the new Board is that of the former Board of DCPS. It consists of nine members, including five elected members and four members appointed by the Mayor and confirmed by the Council.²⁴ It is responsible for approving state academic and teacher standards, the state NCLB accountability plan, and certain other policies; advising the State Superintendent of Education on educational matters such as policies governing special, academic, vocational, charter, and other schools; state objectives; and state regulations proposed by the Mayor or the State Superintendent of Education.

Political changes in the District have been swift. By the middle of June, the Mayor terminated Superintendent Clifford Janey's position and appointed Michelle Rhee as the Chancellor of DCPS. This shift in leadership marked the beginning of what the Mayor and Chancellor hope to be a period of major reform for DCPS. While it is too early to predict how these changes will affect special education, interviews with staff members of the Executive Office of the Mayor and with Chancellor Rhee indicate that both leaders are committed to far-reaching, systemic restructuring in the District, with a particular focus on fiscal reform. These decisions have set in motion a range of other activities. The media report that Rhee "wants to bring in new upper-level managers and downsize the central administration by as much as 30 to 40 percent" and that she is preparing for the Council legislation that will enable her to terminate employees without reassigning them to other positions.²⁵

Overview of the Report

In the next chapter, we provide a more detailed description of the methods used in conducting this study. Chapter 3 presents the results of analyzing data on non-public, charter, and DCPS schools and reviews critical issues. Chapter 4 presents our responses to the study's research questions along with recommendations for improving special education fiscal policy provision in the District.

²⁴ Beginning January 2, 2009, all nine Board members will be elected – one from each of the eight Wards and one at-large member.

²⁵ Nakamura, D. (2007, August 29). Rhee seeks authority to terminate employees. *The Washington Post*. Retrieved August, 2007, from <http://www.washingtonpost.com>

Chapter 2: Methodology

As noted in our proposal, the questions posed for this study can be only partly answered through objective measures. Our approach to addressing the complex policy questions underlying special education provision and funding in the District reflects the unique context in which the District operates. With this in mind, we used multiple methods for this study. These included qualitative and quantitative data gathering and analysis, as well as a full examination of relevant reports and documentation. This chapter describes these methods in two sections. The first pertains to qualitative procedures and the second to data collection issues and procedures. A list of relevant reports and documents reviewed for this study is included in Appendix A.

Qualitative Methods

We solicited the perspectives of a large selection of local stakeholders using several qualitative methods. Our primary goal was to gain exposure to as broad a range of perspectives as possible. Accordingly, we held three meetings with a study Advisory Committee; conducted separate focus groups with representatives from charter, non-public, and special education public schools; observed and presented before the OSSE's UPSFF Technical Working Group (TWG); and conducted a broad range of individual interviews with policy, administrative, and senior District, OSSE, and school staff, in addition to other relevant parties and stakeholders. We also visited, observed, and conducted interviews at eight schools, including two DCPS regular education schools, two DCPS special education schools, two public charter schools, St. Coletta Special Education Public Charter School, and one non-public school. These qualitative data gathering efforts are summarized in the paragraphs that follow.

The Advisory Committee

This group had a broad-based membership of approximately 15 individuals whom the OSSE selected with guidance from AIR. Participants in the Advisory Committee included representatives from a number of DC government offices and other organizations, as well as OSSE consultants:

- District of Columbia Public Charter School Board;
- District of Columbia Public Schools, including staff with responsibilities related to the budget and resource allocations, non-public programs, and special education;
- Independent consultants;
- Office of the Chancellor (added following the appointment of Chancellor Rhee);
- Office of the Chief Financial Officer;
- Office of the Deputy Mayor;
- Office of the State Superintendent of Education;
- State Office of Special Education;
- St. Coletta Special Education Public Charter School; and
- Washington Lawyers' Committee for Civil Rights and Urban Affairs (OSSE consultant).

We convened the Advisory Committee at three different times during the course of the study – March 27, April 27, and July 31, 2007. AIR provided agendas, overviews of the study’s objectives, preliminary results from analyses, and alternative recommendations for the Committee to consider in these discussions.

At the initial meeting, we reviewed the objectives of the study and its design, discussed types of funding formulas and their trade-offs relative to policy outcomes, reviewed criteria for evaluating formulas (e.g., understandable, equitable, identification neutral) and provided an overview of special education fiscal policy observed across the nation. We then devoted discussion to delineating overarching state policy goals and issues (e.g., Medicaid reimbursement) as defined by the Committee.

At the first and second meetings, we also discussed other critical funding concerns, such as charter schools and students with low-incidence disabilities, and identified potential alternatives to the current formula in light of these issues. At the third meeting we presented preliminary results from analyses of available fiscal and student data including DCPS and charter school special education enrollment trends and projections, non-public and public special education enrollment trends, and preliminary findings based on the study’s research questions. As part of this discussion we also put forth ratings of the District’s current funding mechanism using special education funding formula criteria.

Focus Groups

In addition to the Advisory Committee, AIR convened three focus groups to engage in deeper discussion about issues specifically relevant to DCPS, charter, and non-public schools. A focus group unique to each of these sectors was comprised of four to six representatives of these school types. Lasting approximately two hours, each focus group explored and discussed special education fiscal and policy issues that may be unique to these school types. Each focus group included representatives from the following schools:

- Charter school focus group:
 - Bridges Public Charter School
 - City Lights Public Charter School
 - Maya Angelou Public Charter School
 - School for Arts in Learning (SAIL) Public Charter School
 - St. Coletta Special Education Public Charter School
- Non-public school focus group:
 - High Road School of Washington, DC
 - Sunrise Academy
 - The Lab School of Washington
- Public citywide special education school focus group:
 - Mamie D. Lee School
 - Prospect Learning Center
 - Taft Center

After this meeting, we also met with representatives of Phillips School, an organization planning to open a special education charter school in the District. We discussed their plans for opening this school, the background and context underlying these plans, and their thoughts regarding future special education funding provisions for the District.

Uniform Per Student Funding Formula Technical Working Group Meetings

We also participated in two meetings of the OSSE's UPSFF TWG. We observed its meeting on March 26, 2007 and presented a study progress report at its meeting on June 25. The latter meeting provided an opportunity for AIR to present preliminary findings, including recommendations, and to solicit questions and feedback from the TWG's members to inform and refine the final set of recommendations.

Individual Interviews

To supplement the perspectives of the committee, we conducted more than 30 individual interviews with key informants who were familiar with or in some way relevant to the District's special education finance, policies, and procedures – either from a contemporary or historical perspective. A number of interviewees included members of the Advisory Committee, which allowed for more in-depth, individual discussions. Other interviewees included present and past employees of DCPS, representatives of organizations such as the DC Public Charter School Cooperative, DLA Piper, and End-to-End Solutions for Special Education, as well as the District's transportation division. Participants also included former members of the DC Applesed Center study team and District government entities.

Although these interviews were generally open ended, largely following what each respondent uniquely could add regarding special education funding issues in the District, we developed a general protocol to lead these discussions. A copy of this protocol is attached as Appendix B.

A number of these interviews were conducted in person and on site, i.e., in the interviewee's office. Others were conducted via telephone. All interviews were led by a senior member of the research team and most were recorded (with permission) to ensure completeness in finalizing our notes from these conversations. Primary notation from these interviews, however, came from a research assistant, who participated in virtually all of these interviews for the purpose of taking notes and cleaning them for subsequent review and analysis.

School Visits

Eight school visits provided an opportunity to speak with school leadership and other representatives and contextualize variations in local conditions. The schools we visited included:

- DCPS General Education Schools:
 - Anacostia Senior High School
 - Lafayette Elementary School
- Charter Schools:
 - E. L. Haynes Public Charter School
 - Elsie Whitlow Stokes Community Freedom Public Charter School
- DCPS Special Education Schools:
 - Prospect Learning Center
 - Sharpe Health School
- Charter Special Education School:
 - St. Coletta Special Education Public Charter School
- Non-Public School:

- The Lab School of Washington

During the visits we toured the schools while they were in session and observed regular (if applicable) and special education classrooms. We met and spoke with senior administrators and staff about their views on current approaches to funding special education – perceived benefits as well as their concerns. We included such questions as the extent to which they perceived service levels to be equitable and appropriate for different types of schools and students, especially those with low-incidence but high-cost disabilities. As part of this inquiry, we also discussed issues related to the appropriate identification of students with disabilities, costs of extended school year services, and Medicaid reimbursement, and electing DCPS as the school’s LEA for special education (pertained to charters only).

Quantitative Methods

Concurrent with these qualitative methods, we collected, reviewed, and analyzed extant special education enrollment, placement, and finance data. In the following paragraphs we describe the data that we were able to obtain for this study, as well as challenges and concerns, including inconsistent school identifiers across data files and data inaccuracies. We conclude with a description of the database we developed for the analyses.

Data Collection

As an important analytical objective was to allow comparisons across DCPS, charters, and non-public special education schools (NPS), we attempted to collect student- and school-level data for all three types of schools from multiple sources. This process was challenged, however, by the lack of a single comprehensive database. As documented repeatedly by Thompson, Cobb, Bazilio & Associates, PC (TCBA), the firm commissioned by the OSSE to conduct annual full enrollment audits over the past six years, the District lacks a single, coherent reporting system for all schools (see TCBA, 2006, for their most recent review).

Not only does the District lack a reporting system that incorporates charter school students, DCPS students alone are tracked by three independent databases: ENCORE (maintained by the Office of Special Education), the Office of Bilingual Education system, and STARS. It is likely that the District’s disjointed data systems are, in part, products of the lack of a single authority over DCPS, charters, and NPS. Particularly problematic is the fact that charters operate as independent LEAs, and DCPS cannot mandate or enforce data submissions. This lack of authority, even when DCPS has carried out state education agency functions, seems to have contributed to the haphazardness of the special education data.

We obtained school-level information on total enrollment, race, and English learner (EL) status of students in DCPS and charter schools from the October 2006 District of Columbia Public Enrollment Census, supplied by the OSSE. In conducting this census audit, TCBA performed an enrollment and residency verification by reviewing each student’s file. For special education specifically, the census reports on the number of students in special education, by public school, as well as the level of special education services (e.g., Levels 1-4, which are used in determining the UPSFF and WSF funding). As these counts drive funding, the annual audit process includes verifying each student’s residency within the District; for the purpose of this report, we used the non-verified student counts to better understand the full population that schools in the District serve.²⁶ The audit also includes counts of District special

²⁶ In the aggregate, the differences between verified and non-verified students were minimal. For DCPS, there were a total of 72 and 8 non-verified students in special education in DCPS and charters, respectively.

education students in non-public schools and surrounding county placements, for whom DCPS pays tuition. We drew upon earlier census data in the aggregate for some analyses.

The OSSE also provided the percentage of students eligible for free and reduced-price lunch (used as a proxy for poverty) in 2006-07 for DCPS and limited NPS sites,²⁷ and information on allocations for DCPS and charters for Fiscal Year (FY) 2007. The DCPS Special Education Budget Officer and the DCPS Academic Services Billing Examiner provided non-public school tuition information. Mary Levy, a Washington attorney with extensive experience working with DCPS data, provided counts of full-time equivalent personnel by staff type and individual schools in DCPS for 2004-05, the most recent year for which accurate data were available. However, as these data were only available for DCPS, we were unable to compare student-staff ratios across school types.

The vast majority of data on individual special education students were obtained from the December 2006 DCPS special education database ENCORE. These data included the student's disability, educational placement, race, ELL status, funding level, services as specified on the IEP, and home zip code. The DCPS Office of Information Technology (OIT) supplied a separate data file for charters, not collected by ENCORE, containing data on students' school name and type, age, race, LRE placement, gender, and disabilities.

After the initial round of data collection, we compiled a summary of missing information and attempted to obtain those data. As the final dataset used in this analysis included only those schools that the October 2006 TCBA audit included, we identified missing information based on that list. We contacted the OSSE to follow up on missing free and reduced-price lunch eligibility data. We were informed that schools missing this information did not participate in the National School Lunch Program (NSLP); this was particularly an issue for NPS, as only three programs (representing nine sites) participate in the NSLP.

The lack of a comprehensive data source with accurate information for all three school types – DCPS, charters, and NPS – complicated the data analyses for this study. In addition to the challenging process of gathering data on three different school types from multiple sources, we encountered several other problems when creating a single dataset for the analyses. These included a lack of unique school identifiers, missing special education data for charter schools, and data inaccuracies.

School Identifiers

The most prevalent concern was the lack of consistent unique school identifiers across all files, which made merging the datasets very difficult. In the absence of consistent unique identifiers, we used school names to match the 349 schools in the dataset used for this report. Complicating this attempt was the fact that each individual data file referred to schools by slightly different names, and the alignment across files was not always straightforward. Thus, further investigation was required for a considerable number of schools to ensure a proper match across different data sources.

For example, one file listed “Academy for Ideal Education (lower)” and another listed “Ideal Lower School.” After several inquiries, we determined that these records were the same school. A further problem was that the AIR-created identifiers required continual checking and manual updating because of merging errors and receiving new data after having created identifiers. Additionally, the name of the school did not always identify whether a school was an independent institution or one of several campuses of a larger program.

²⁷ The poverty file contained data for only three main NPS serving SE students: Academy for Ideal (representing two sites); Kennedy Institute (four sites), and National Children's Center (four sites).

To improve our understanding of these intricacies, we were in frequent contact with Mary Levy, an OSSE consultant, who clarified the organization of the schools. These problems would have been minimized, however, if each school had a consistent unique numerical identifier across all files.

Charter School Data

Collecting student- and school-level data for charter schools proved to be one of the more difficult data collection tasks. As they operate independently, charter schools are not required to use DCPS's special education data system, ENCORE, which contained information for only 38 charter schools in the December 2006 version. The DCPS OIT provided supplementary student data not collected by ENCORE for 28 charter schools. However, 20 of these overlapped with the charter schools from ENCORE – that is, the supplemental charter file also included 20 schools that participated in ENCORE.

According to DCPS OIT, the accuracy of ENCORE data for charter schools could not be verified. Therefore, we defaulted to data from the supplemental non-ENCORE file in cases of overlap. As student identification numbers in ENCORE were not consistent with those in the supplemental non-ENCORE file, we were unable to eliminate individual student duplicates in cases where the school appeared in both files. Thus, in cases of overlap, we used the supplemental non-ENCORE data file for the entire school.

Unfortunately, even with these supplementary data, student-level data remained missing for 15 out of 60 charter schools (25 percent).²⁸ Furthermore, even in the schools for which we were able to obtain student-level data, certain data elements had high missing rates. Not including students classified by ENCORE as tuition grant, we were missing funding level data²⁹ and LRE placement data for approximately 22 percent of students. Home zip code data were missing for approximately 10 percent of students. For approximately 5 percent of students, we were missing disability, race, and region data (region specifies the type of school in which a student is enrolled). We were able to obtain 2005-06 data on counts of special education students by disability, placement, and ethnicity for 11 charter schools from the Director of State Reporting at the Office of Special Education, which were collected as part of the federal IDEA reporting requirements. Although we attempted to obtain the 2006-07 data, only nine of the 55 charter sites³⁰ had submitted these required federal data to the Office of Special Education by the August due date.

Several data files contained only higher-level program information, lacking data for individual school sites. This was particularly true for charter schools, for which a single charter might support three or four individual campuses. In cases where we had data on free and reduced-price lunch eligibility for the overall program (and not individual schools), we contacted seven individual charter school directors for this information and obtained information for five individual sites. One of the seven charter school directors instructed us to use the higher-level program information on free and reduced-price lunch eligibility.

²⁸ This does not take into account two schools which had no special education students, according to the 2006 audit: Appletree Early Learning PCS and Early Childhood Academy.

²⁹ ENCORE uses the variable label “WSF”; however, as the definitions match across both systems, these funding levels should be comparable to the student’s UPSFF funding level.

³⁰ This figure is different from the number of charter sites in our database (n= 60), as a single charter may report for multiple sites.

Data on Tuition Grant Placements

While ENCORE reported special education data on individual students for whom DCPS pays tuition, school-level data for these placements were largely unavailable. Specifically, we were unable to obtain school-wide data on race, English learners, or staffing data. As noted earlier, we obtained the percentage of students eligible for free and reduced price lunch for three NPS sites.

The Budget Officer of the Office of Special Education provided a file detailing DCPS payments made to NPS and other private vendors for individual students in January and February 2007. The file reported the cost per service (e.g., speech, occupational therapy) charged by each vendor for individual students. As students could receive services from multiple vendors, there were often multiple records for a single student. While we had hoped to analyze payments for individual students and link those students to their characteristics in ENCORE, the student identifiers did not match across the datasets.

We were also provided tuition rates for individual providers, which were reported inconsistently as daily, monthly, or annual rates. While we were able to standardize this information to a daily rate, the more problematic issue was the variation in the services captured by the tuition rate. For instance, some providers bundled all services (tuition and related services) into a single rate, while others charged separately for related services. However, these distinctions were not transparent in the file. Given these inconsistencies, we did not further analyze the rates, but instead estimated an average cost per tuition grant student using the January and February payment files.

Finally, to reiterate the problems with inconsistent (and sometimes missing altogether) school identifiers across the datasets, this was particularly problematic for tuition grant sites. For example, High Road has over a dozen sites, each referred to in a slightly different way across the files.

Data Inaccuracies and Other Issues

Data inaccuracies were another concern. In its annual census reports, TCBA has repeatedly called attention to discrepancies between its findings and ENCORE counts, such as mismatches in special education funding levels. For example, for the 2006-07 school year, ENCORE reported 1,794 Level 4 students, but the audit found 1,965 Level 4 students (TCBA, 2006). Similar to the TCBA findings, we also observed discrepancies in enrollments between the October 2006 audit and the December 2006 ENCORE records.

To a certain extent, some variation is expected, as students may enter or exit a given school during this two-month time period between the audit and the ENCORE reporting. At the same time, some of the differences were too large to be explained by this alone (e.g., ENCORE reported just 17 special education students at Options Public Charter School, while the audit reported 130). As the audit is conducted by an independent firm that reviews each student's IEP, we concluded that the audit is more reliable than ENCORE. However, because the audit does not collect other key special education data (e.g., primary category of disability and student placement), we continued to rely upon ENCORE for these additional data elements.

In addition, there is some information that would have been desirable to include in the analyses but that we were unable to obtain. For example, personnel data for charter schools and NPS were not available. Such data would have allowed comparisons of the levels of resources available to students with special needs at these schools types relative to DCPS public schools. For example, what are the relative ratios of special education student to special education professional staff at each of these three types of schools?

To what extent does each sector employ therapists for serving children with special education needs? Does one sector rely more on the use of instructional aides, as opposed to professionals, than the other? These are important questions for understanding the degree to which special education allocations actually transfer into special education resources for providing direct services to special education students. This could provide information about the degree of special education administration, as opposed to direct services, in the three sectors. In addition, the mix of instructional aides and certified instructional staff can provide an indication of the degree of inclusion services that are occurring within each sector.

Dataset Construction

Exhibit 2.1 shows which data we were able to collect for each school type and gives the percent missing for each data element. Student-level data for charter schools consistently has the highest rate of missing information. Furthermore, we were unable to collect many data elements for non-public schools at all, and one data element that we obtained, tuition information, was available for only a small percentage of non-public schools. Fortunately, fundamental data elements such as enrollment and special education funding levels had very low or zero missing rates for all school types, due to the TCBA audit.

The dataset we assembled for this study is based on the schools included in the October 2006 DCPS Enrollment Census, with several school records eliminated or collapsed. The audit lists 83 records for charter schools. However, we eliminated 13 from our dataset because they were adult programs: Booker T. Washington Evening, Carlos Rosario International Public Charter School (all eight campuses), and Education Strengthens Families (all four programs). Furthermore, we collapsed 16 records into six because we were only able to collect complete data for only the higher-level school and not for the individual campuses: five sites for Community Academy; two sites for Mary McLeod Bethune Academy; two sites for Maya Angelou PCS; two sites for School for Arts in Learning; three sites for Washington Academy PCS; and two sites for William E. Doar, Jr. PCS. Thus, our final dataset includes 60 charter school records. Similarly, the audit lists 166 District of Columbia Public Schools but our final dataset includes records for 162. This is because we eliminated four that are programs and not schools: DC Corrections Treatment, DC Detention Facility, HeadStart Consolidated, and the Pre-K Incentive Program.

The following chapter discusses the results of the data analyses of the final set of schools.

Exhibit 2.1. Data Obtained and Percent Missing, by School Type

Variable/description	Year	Source	(Y = data obtained) (% = % of missing schools) (n/a = Not applicable)		
			DCPS	Charter Schools	Tuition Grant Placements
School-Level data					
Enrollment (total, general education, and special education)	Oct. 2006	DCPS Public Enrollment Census (2006)	Y (0%)	Y (0%)	x (0%)
Special education funding levels (WSF)	Oct. 2006	DCPS Public Enrollment Census (2006)	Y (0%)	Y (0%)	n/a
Race	Oct. 2006	DCPS Public Enrollment Census (2006)	Y (0%)	Y (0%)	
English learner status	Oct. 2006	DCPS Public Enrollment Census (2006)	Y (0%)	Y (0%)	
Percent of students eligible for free/reduced-price lunch	2006-07	Office of the State Superintendent of Education (OSSE, formerly SEO)	Y (11%)	Y (10%)	
FTE Staffing Levels	2004-05	DCPS Schedule A (analysis by the Washington Lawyers' Committee for Civil Rights and Urban Affairs)	Y (6%)		
Allocations (for DCPS this is WSF funding amounts)	2006	Office of the State Superintendent of Education (OSSE, formerly SEO)	Y (7%)	Y (27%)	n/a
Tuition rate information (NPS only)		Budget Officer, Special Education, District of Columbia Public Schools	n/a	n/a	Y (64%)
Student-Level Data Aggregated to the School-Level*					
% of SE students by Disability	2006-07	ENCORE plus supplemental non-ENCORE data files for charter schools	Y (1%)	Y (25%)	Y (5%)
% of SE students by LRE placement	2006-07	ENCORE plus supplemental non-ENCORE data files for charter schools	Y (1%)	Y (28%)	Y (5%)
% of SE students by Race	2006-07	ENCORE plus supplemental non-ENCORE data files for charter schools	Y (1%)	Y (28%)	Y (5%)
% of SE students by EL status	2006-07	ENCORE plus supplemental non-ENCORE data files for charter schools	Y (1%)	Y (27%)	Y (5%)

Chapter 3: Discussion of Findings and Issues

In this chapter, we review major findings from the analysis of data we were able to obtain and issues as derived from stakeholder discussions and interviews. While these findings may not always appear to have a direct link with the UPSFF, they must be given careful consideration when evaluating and make modifications to the special education funding mechanism and the overall system. The reader is reminded that “tuition grant” placements in this chapter refer to placements for which DCPS pays tuition; these include special education placements in private schools (NPS) and facilities in surrounding counties.³¹ The terms “District” and “District of Columbia” (DC) refer to the wider geographical area of the state (which includes DCPS, charters, and NPS), while DCPS consistently refers to the public school district within the District.

The chapter is organized into two main sections: a review of the results from the data analyses and an overview of issues that emerged from the interviews and other interactions with local stakeholders.

Data Findings

This section presents the results from the study team’s analysis of data compiled for this study, including District data on school and student characteristics obtained from a variety of sources (described in Chapter 2) and comparative state and district data drawn from the federal reporting requirements for the IDEA and the Urban Special Education Leadership Collaborative. When possible, we compare patterns across DCPS, charter schools, and tuition grant placements.

Before discussing the results, we want to remind the reader of the issues with the data upon which many of these analyses are based, as described in detail in the prior chapter.

Districtwide Enrollment Trends

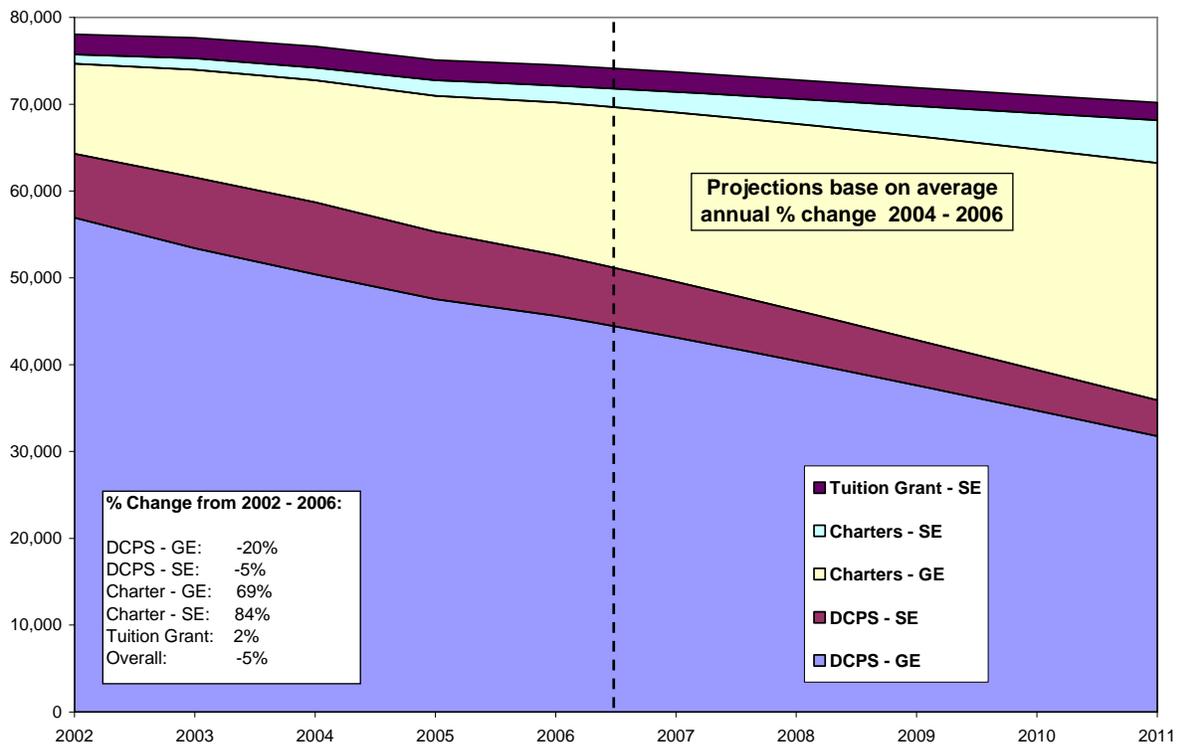
Understanding the overall enrollment trends across DCPS, charters, and tuition grant placements (including NPS and surrounding county placements) is important in considering changes to the UPSFF. For instance, the number of charter schools within the District has nearly doubled from 43 to 69 schools over the past four years.³² Will the UPSFF require design changes to support what has been a rapidly expanding charter population into the future?

³¹ Tuition grant placements also include special education placements made by the Child and Family Services Agency and the Department of Mental Health.

³² These figures appear in the forthcoming databook issued by the Office of the State Superintendent of Education, *The State of Education in the District of Columbia*.

Exhibit 3.1 depicts District enrollment trends from October 2002 to 2006, along with five-year projections based the average change over the last two years across these school types.³³ In addition to the steady decline in total enrollment from 2002 to 2006 (particularly for DCPS, which declined 18 percent), we observe a clear shift in students served by DCPS and charters. The total charter population swelled by 72 percent since October 2002, and its special education population outpaced this growth with a 105 percent increase. Even excluding St. Coletta, which changed from an NPS to charter just prior to the 2006-07 school year, the number of special education students in charters increased over this time period by 84 percent. At the same time, the DCPS special education population has dropped by 5 percent since 2002-03, while tuition grant placements have observed a modest increase of 2 percent (excluding St. Coletta students from 2002-03 to 2005-06).³⁴ By 2006, DCPS served 61 percent of the total special education population in the District, while charters and tuition grant placements accounted for 17 and 21 percent, respectively.

Exhibit 3.1. Fall Enrollment Trends across DCPS, Charters, and Tuition Grant Placements from 2002 to 2006 and Five-Year Projections



NOTE: Due to the change in St. Coletta's school type status from NPS to charter, these trends exclude the St. Coletta population to be consistent across the years. Its inclusion has only a negligible impact on the trends. Source 2002 - 2006: Fall Enrollment Audit Report, District of Columbia Public Schools; <http://seo.dc.gov/seo/cwp/view,a,1222,q,552345,seoNav,31195.asp>

The projections beyond 2006 presented in Exhibit 3.1 should not be interpreted as official, but rather as an exercise to illustrate the possible mix of students across school types in five years. If enrollments continue to change similar to the rates observed from 2004 to 2006, the overall population will continue

³³ To be consistent across the years, St. Coletta students are excluded from Exhibit 3.1 due to its change in school type from an non-public school to a charter school.

³⁴ Including St. Coletta students, tuition grant placements observed a decline of 2 percent between 2002-03 to 2006-07 (due to St. Coletta's change from an NPS to a charter school).

to decline.³⁵ However, charters will absorb an increasing percentage of students and are projected to serve about 45 percent of the total special education population by 2011 (over the current 17 percent). Conversely, with the projected declines, the DCPS is expected to serve just one-third of all special education students by that year.

The results of this exercise present a striking picture that may have important implications for the overall system. For example, the District may need to consider moving towards a more efficient use of staffing across both school types, or centralizing some activities such as special education assessments. Also of concern is the negligible change projected for tuition grant placements based on current trends. Barring substantial external change (e.g., increasing quality public alternatives), a projected 17 percent of the special education population will continue to be educated in NPS and surrounding county facilities, suggesting the need for a much more proactive approach to addressing this issue.

Comparative Special Education Indicators

This section presents comparative data on two key special education indicators – identification and educational placement rates. Using federal data as reported under the IDEA, we compare the District to the average state. As the District is a large urban setting (and not a traditional state), comparisons with states are not fully appropriate.

Accordingly, we supplemented IDEA state trends with data from the Urban Special Education Leadership Collaborative, which is comprised of 44 urban school districts. These comparisons are not entirely analogous either, as we are comparing data from the District as a whole (not just DCPS) with those from individual urban school districts.

Comparisons to other states and districts are complicated by the fact that the District is neither a single school district nor a state. Nonetheless, these comparisons set an important context for understanding special education practices in the District. We refrained from limiting the district comparisons to DCPS, as this would arguably present a skewed picture of what is happening in the District as whole. As the UPSFF applies to all students served in public schools in the District, we considered this as the best basis of comparison.

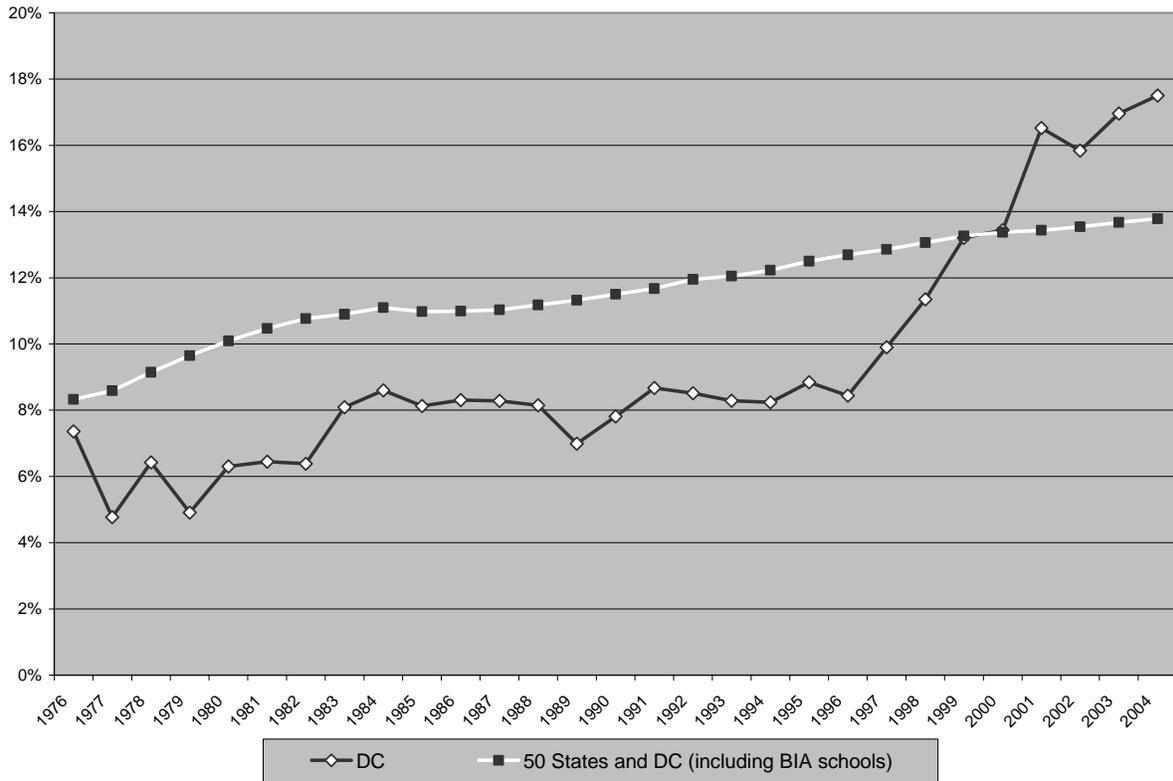
Special Education Identification Rates As Compared to States

As shown in Exhibit 3.2, the identification of children in special education in the District has risen dramatically over approximately the past ten years. The 1998-99 school year appears to mark the end of an extended period in which the District was well below the national average in terms of special education identification (11.4 percent in the District vs. 13.1 percent nationally). This pattern observed during this period seems to suggest under-identification of students in need of special education. However, starting in 1998 and continuing through 2004, the most current year in which these data are available, the District rose from well below the national rate to well above it. By 2004, 17.5 percent of total enrollment in the District had been identified for special education, while the nation stood almost 5

³⁵ The anticipated decline in the overall public enrollment is also documented by the National Center for Education Statistics, which projects a decline of 8.8 percent between 2003 and 2009. http://nces.ed.gov/programs/projections/tables/table_05.asp

points lower at 13.8 percent. This placed the District among the highest special education identification states across the nation.³⁶

Exhibit 3.2. Special Education Students Ages 3-21 as a Percentage of Total Enrollment, District of Columbia and the Nation, 1976 – 2004



Source: From data derived from <http://www.ideadata.org/docs/PartBTrendData/B1.xls>.

This rapid change in such a relatively short period of time appears to be at least partly due to improved data, as well as addressing a backlog of student assessments for determining special education eligibility. Addressing this backlog was the result of several factors, such as a compliance agreement with the U.S. Department of Education and pressure within the local government to stem the tide of costly private placements and attorney fees that resulted from failure to comply with procedural deadlines. In addition, the rates at which referrals were made appeared to snowball. As one respondent described, “As fast as assessments were done, more were requested. Apparently, [addressing the backlog] opened a gate to hundreds of referrals that otherwise would not have occurred because they had seemed futile.”

³⁶ Rhode Island, Maine, West Virginia, and New Jersey had higher special education identification rates, as a percentage of total enrollment, in 2004. When taken as a percentage of the total residential population (as opposed to total public enrollment), DC had the highest identification rate in 2004.

Special Education Identification Rates As Compared to Selected Districts

Exhibit 3.3 compares identification rates in the District overall to those of selected urban districts. As the District is comprised of many LEAs, including DCPS and individual charter schools, it is not totally comparable to single districts, as described above. However, urban districts do provide a second basis for comparison (as well as states). Among large urban settings, the District continues to stand out. While the rate for the District is closest to that of its geographical neighbor Baltimore, it is considerably higher than the selected urban districts shown in this exhibit.

Exhibit 3.3. Special Education Identification Rates in the District and Selected Urban Districts, 2004-05

	Special Education as a % of Total Enrollment
District of Columbia	17.50%
Atlanta	9.20%
Baltimore	15.40%
Chicago	10.80%
Los Angeles	10.50%

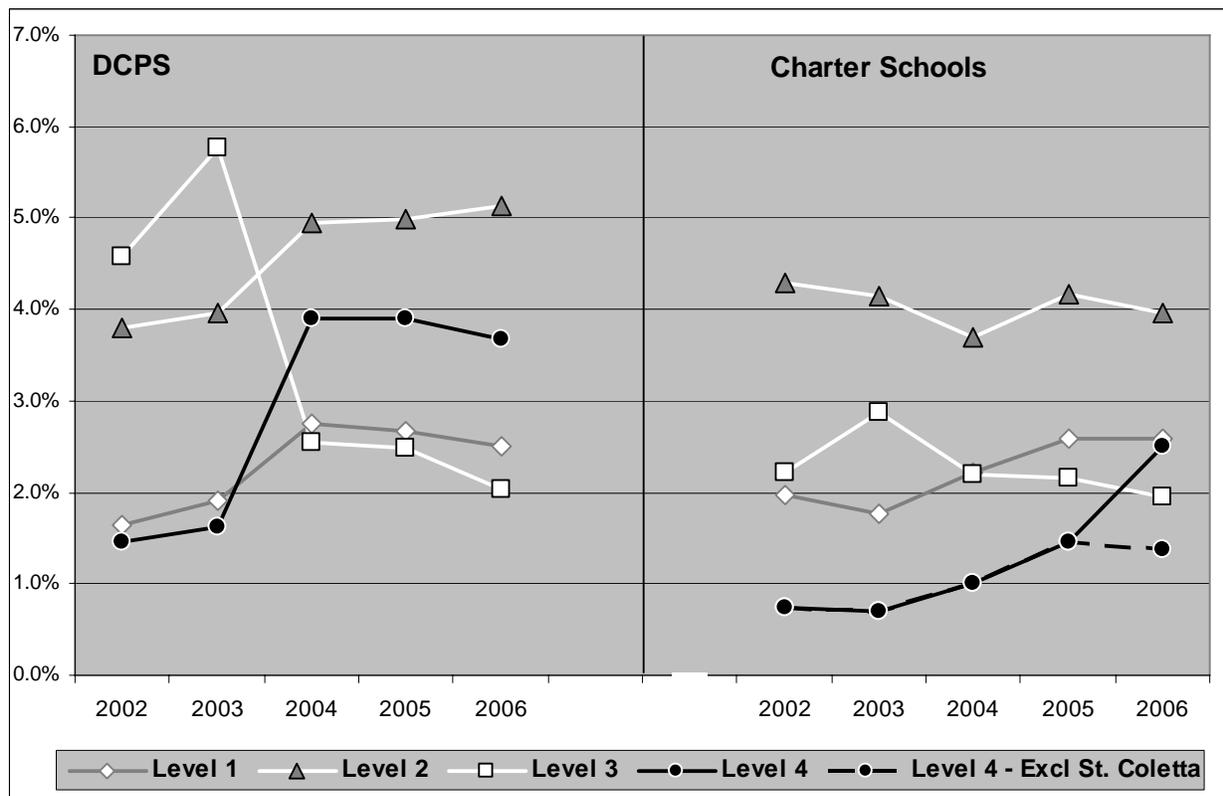
Source for DC: <http://www.ideadata.org/docs/PartBTrendData/B1.xls>

Source for other districts: The Urban Special Education Leadership Collaborative, 2004 Special Education Enrollment Analysis Report, September 2005

Changes in the Distribution of Special Education Students by Funding Level

The start of the increase in identification rates shown in Exhibit 3.1 appears to coincide with the 1998 adoption of the UPSFF. Indeed, one of the research questions posed for this study is whether the UPSFF weightings system encourages over-identification of students for special education. There is no conclusive evidence that this is the case; the trend shown above suggests that, until recently, the District had been considerably *under*-identifying special education students in relation to national practice. However, could certain funding levels be driving subsequent increases in identification rates? Exhibit 3.4 depicts the funding levels as a percentage of total enrollments in DCPS and charter schools, respectively, from 2002 to 2006.

Exhibit 3.4. Special Education Students by Funding Level as a Percentage of Total Enrollment, DCPS, Charters, and Overall, 2002 - 2006



Source: Verified residency. Fall Enrollment Audit Report, District of Columbia Public Schools; [http://seo.dc.gov/seo/cwp/view.a,1222,q,552345,seoNav,\[31195\].asp](http://seo.dc.gov/seo/cwp/view.a,1222,q,552345,seoNav,[31195].asp).

A notable trend in the exhibit above is fairly dramatic shifts in the percentage of special education students served at the varying funding levels within DCPS compared to relative stability with charter schools excluding St. Coletta. We present two trends for charter schools, with and without St. Coletta (the dotted line), since St. Coletta represents the introduction of an entirely new set of charter students rather than changes in funding category assignments within an existing pool of students.

During this five-year period, we observe a sharp decline in the percentage of Level 3 students in DCPS in a single year – from a high of nearly 6 percent of the total population in 2003 to 2.5 percent in the following year. At the same time, the other three funding levels showed increases, with the most striking increase in Level 4. To illustrate further, in 2003, 44 percent of all special education students in DCPS were Level 3, but only 18 percent were assigned that funding category by 2004. During this same time, Level 4 students rose from 12 percent of the DCPS special education population to 28 percent. It is important to note that these variations coincide with the change in the definition of the funding levels (e.g., eliminating placement category from the definitions).

Since 2004, Level 3 and 4 students as a percentage of the total enrollment in DCPS have tapered off in DCPS, along with Level 1 students, while the percentage of Level 2 students has grown incrementally. By 2006, most special education students in DCPS were assigned to Level 2 (39 percent), following by Level 4 with 28 percent. About 19 and 15 percent of the special education students were designated as Level 1 and 3, respectively.

As a group, charter schools showed more consistency in regard to the percentage of total enrollment assigned to the varying funding levels over this time span. Contrary to DCPS trends, Level 1 and 4 students appeared to have held constant since 2004 (however, when considering students enrolled in St. Coletta's, the percentage of Level 4 students increased considerably). While most special education students attending charters (not counting St. Coletta) were assigned to Level 2 (40 percent) in 2006, Level 4 had the fewest students (less than 14 percent).

While there is no conclusive evidence that the formula itself contributes to higher overall identification rates, nonetheless the trends shown above raise questions about the identification of students at various funding levels.

Identification Rates by Disability Category

Above, we explored whether the funding formula appeared to be associated with increases in overall identification rates. In this section, we examine the identification rates of disability categories in the District to the average state, as well as the distribution of funding levels within each disability. The purpose of this analysis is to identify disabilities that appear over- or under-identified in relation to national practices. For those that appear over-identified, do a disproportionate percentage of them fall into higher funding categories?

Exhibit 3.5 presents the percentage of the total population and special education students by disability category and funding level. Before discussing this exhibit, however, it is important to note the large number of students for which ENCORE was missing their funding level designation (Column H). Overall, nearly a quarter of the students in ENCORE did not have a funding level designation, whereas about 6 percent were missing a disability assignment. The reader should also be mindful that ENCORE did not include 27 percent of the charter schools, representing approximately 16 percent of the charter special education population.

In comparing the District to the average state in 2005, emotional disturbance, multiple disabilities, and mental retardation appeared to occur at a higher rate in the District as a percentage of the total population and as a distribution of the total special education population. For example, 2 percent of the total population in the District has been identified as having emotional disturbance (ED), while the average state identified less than 1 percent. Furthermore, the special education population in the District is comprised of more than twice as many students with ED (16 percent of all special education students) in comparison to the average state (8 percent).

Such a high percentage for ED appears unusual even for other urban settings. In 2003-04, New York City reported 13 percent, while 10 and 6 percent of the special education population were identified with ED in Chicago and Los Angeles, respectively.³⁷ What is noteworthy is that 30 percent of students with ED are in tuition grant placements, while another 28 percent have a Level 4 designation – two of the highest funding options. However, the high proportion of students with ED in tuition grant placements may be more a reflection of a lack of public treatment or educational programs for these students than a relationship to the differential funding available for those placements. The District shows a similar pattern

³⁷ For that year, 18 percent of the special education population in DC was identified with emotional disturbance. Source: Comprehensive Management Review and Evaluation of Special Education; Submitted to the New York City Department of Education, September 20, 2005 by Thomas Hehir, Ed.D.; Richard Figueroa, Ph.D.; Sue Gamm, J.D.; Lauren I. Katzman, Ed.D.; Allison Gruner, Ed.D.; Joanne Karger, J.D.; Jaime Hernandez, Ed.D. Downloaded 4-6-07 from: <http://schools.nyc.gov/NR/ronlyres/69D78629-9B1B-4247-A23B-C09B581AFAB1/6734/FinalHehirReport092005.pdf>

for multiple disabilities (MD), with twice as many students with MD in the special education population than the average state³⁸ and nearly 50 percent of these students funded as a Level 4 or tuition grant.

Exhibit 3.5. Percentage of the total population and special education students by disability category and funding level

	A		B		C	D	E	F	G	H						
	% of Total Population		% of SE Population								% of Funding Levels by Disability Category					
	DC	Average State	DC	Average State							Level 1	Level 2	Level 3	Level 4	Tuition Grant	Missing
Total	12.3%	9.5%			16.3%	21.9%	8.7%	15.0%	14.4%	23.8%						
AUT	0.2%	0.3%	1.9%	3.0%	9.7%	2.7%	3.0%	49.2%	16.7%	18.7%						
DB	.	0.0%	.	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%						
DD	0.2%	0.4%	1.3%	3.9%	13.6%	24.7%	7.3%	33.1%	4.6%	16.8%						
ED	2.0%	0.8%	15.9%	7.8%	7.8%	6.8%	5.1%	28.2%	29.9%	22.2%						
HI	0.1%	0.1%	0.4%	1.1%	11.1%	9.4%	13.7%	8.6%	6.8%	50.4%						
MD	0.8%	0.3%	6.8%	2.7%	7.2%	9.9%	7.2%	23.0%	26.3%	26.4%						
MR	1.4%	0.9%	11.2%	8.9%	6.1%	9.9%	18.9%	34.8%	13.1%	17.1%						
OHI	0.4%	1.0%	3.5%	10.1%	15.7%	19.8%	7.4%	13.2%	16.1%	27.8%						
OI	.	0.1%	.	1.0%	20.0%	14.3%	2.9%	48.6%	11.4%	2.9%						
SLD	5.9%	4.2%	47.9%	44.1%	20.6%	37.0%	9.9%	4.6%	10.4%	17.6%						
SLI	1.2%	1.8%	10.1%	19.0%	43.2%	18.4%	6.7%	4.6%	8.2%	18.9%						
TBI	.	0.0%	.	0.4%	22.7%	9.1%	4.6%	18.2%	31.8%	13.6%						
VI	0.0%	0.0%	0.2%	0.4%	30.8%	19.2%	0.0%	19.2%	19.2%	11.5%						
Missing					2.4%	4.7%	1.5%	2.5%	1.7%							

Source of columns A and B (2005-06): www.IDEAdata.org. Students ages 6 – 21. The special education identification rate (12.3 percent) is different than the rate (17.5 percent) presented previously, as Column A is based on total population.

Source of columns C-H: December 2006 ENCORE. Please see Exhibit 2.1 for an overview of missing ENCORE data. Approximately 27 percent of the charters do not appear in the ENCORE file, representing 16 percent of the special education charter population.

Disability categories: Autism (AUT); Deaf-blind (DB); Developmental Delay (DD); Emotional Disturbance (ED); Hearing Impairment (HI); Multiple Disabilities (MD); Mental Retardation (MR); Other Health Impairment (OHI); Orthopedic Impairment (OI); Specific Learning Disability (SLD); Speech Language Impairment (SLI); Traumatic Brain Injury (TBI); and Visual Impairment (VI).

Conversely, some categories appear at lower rates than in the average state. For instance, just 10 percent of the special education population has been identified with Speech and Language Impairment in the District as compared to nearly twice that amount nationally.

Concerns over High Degree of Restrictive Placements in the District

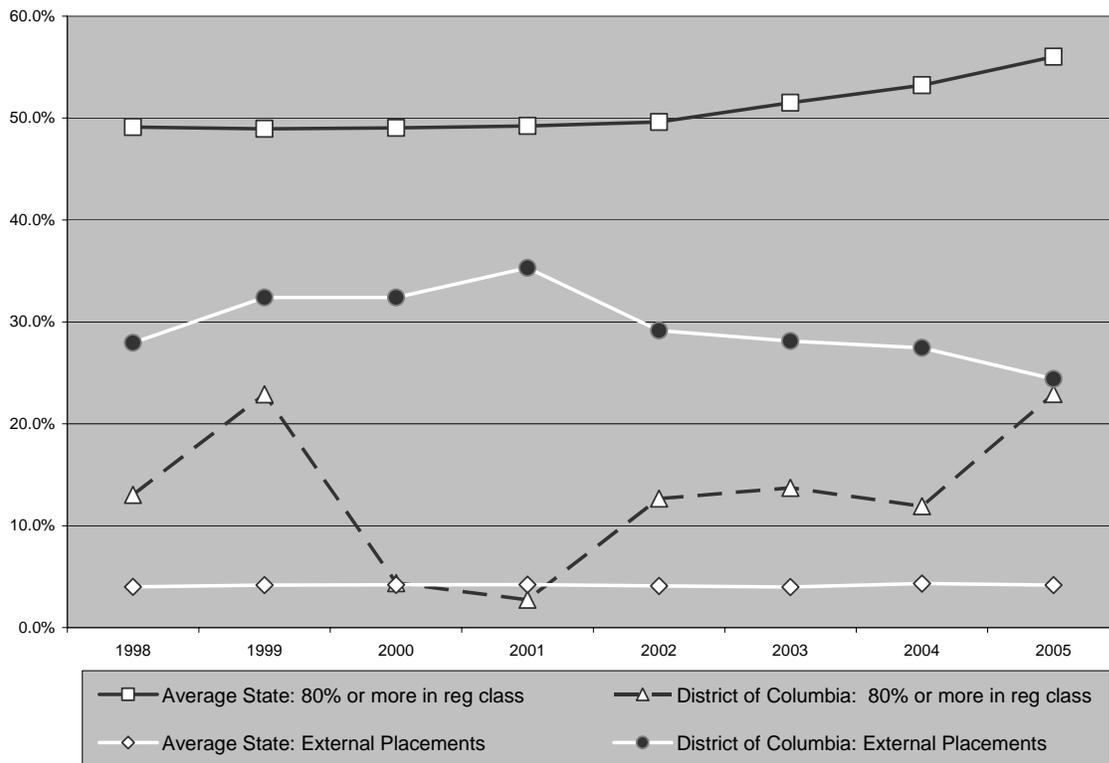
The most striking pattern that distinguishes the District from all other states and large urban districts is the high percentage of students in segregated public and private placements. According to the October 2006 census, 10 percent of the special education population in the District was placed in public separate

³⁸ Less than 3 percent of the special education population in New York City was identified as having multiple disabilities in 2003-04; less than 1 percent of the population in Los Angeles had this disability category. Data for Chicago were not available (Hehir, 2005).

schools (either DCPS or charter), while another 20 percent were in non-public special education schools (NPS) or separate placements in surrounding counties.

Exhibit 3.6 examines special education placements at the two extremes – the most inclusive environment reported to the federal government (80 percent or more of the day in a regular education classroom) and the most restrictive placements, which include separate or residential facilities (public or private) or home/hospital settings. By 2005, more than twice as many special education students in the average state spent the vast majority of their time in regular education classrooms, in relation to the District.

Exhibit 3.6. Percentage of the Special Education Population (ages 6 – 21) Spending 80 Percent or More Time in the Regular Education Classroom and Those in External Placements, District of Columbia and the Average State, 1998 to 2005



Source: Derived from longitudinal data files from www.IDEAdata.org.
External placements in this exhibit include public or private separate or residential facilities and home/hospital placements.

In addition, nearly a quarter of the special education population in the District was educated in public and private separate settings in 2005, in relation to less than 5 percent in the average state. However, the District does show some decline in external placements since the peak year of 2001, bringing them just under their 1998 rate. The data also show a substantial increase in the proportion of students in the most inclusive setting in the last year shown on this graph. However, this trend line is fairly erratic, e.g., showing a precipitous drop between 1999 and 2000. Until the data stabilize and the data collection for charter schools improves, the reader should be cautious about drawing conclusions from these recent changes. The one consistent finding from this exhibit is that DC is well above the average state practice in regard to segregated placements.

Exhibit 3.7 also shows the vast differences between the District and selected schools districts in the percentage of students spending 80 percent or more of their time in the regular education class. Even

when examining the latest year available for which it demonstrated dramatic growth, the District has about half as many students in the most inclusive setting as other districts shown. Among the 44 members of the Urban Special Education Leadership Collaborative in 2004-05, the District's separate setting rate was surpassed only by Trenton, New Jersey (not shown), which has a much smaller special education population of 2,500.³⁹ Although Baltimore was shown earlier to have a similar overall special education identification rate, the District had 2.5 times as many students in separate settings (both 2004-05 and 2005-06 data are presented for the District in Exhibit 3.7).⁴⁰

Exhibit 3.7. Special Education Placement Rates in the District of Columbia and Other Urban Districts

	% of SE Students in Reg Ed Class 80% or more	Separate Placements		
		Separate Day	Residential	Total Separate*
DC 2004-05	11.9%	25.3%	2.2%	27.5%
DC 2005-06	22.9%	24.4%	**	24.4%
Atlanta 2004-05	43.8%	1.3%	0.0%	1.4%
Baltimore 2004-05	40.8%	10.5%	0.1%	10.8%
Chicago 2004-05	36.7%	6.3%	0.2%	6.5%
Los Angeles 2004-05	40.5%	9.5%	0.2%	10.0%

* Total includes home/hospital placements (which are not included in the separate day and residential columns).

** Residential placement data suppressed in 2005-06.

Source for DC: www.IDEAdata.org

Source for other districts: The Urban Special Education Leadership Collaborative, 2004 Special Education Enrollment Analysis Report, September 2005.

These practices have come under the scrutiny of the federal government. A 2002 report by the Office of Special Education Programs (U.S. Department of Education) found that the District had not ensured that students with disabilities received services in the least restrictive environment (LRE) as required by the IDEA. This finding, among others, resulted in Special Conditions which the District needed to resolve to be eligible for federal IDEA funds. The report noted, "Given the serious and systemic nature of the findings included in this report, OSEP has grave concerns about [the District's] ability to resolve these issues in a timely manner."⁴¹ These concerns continue five years later, with repeated findings of noncompliance with the IDEA. Since 2006, the District has been designated as a "high risk" grantee, and the Special Conditions are ongoing.⁴²

As part of the monitoring process, all states need to submit an IDEA Part B State Performance Plan (SPP). Reflecting the long-standing trends shown above and OSEP concerns, the 2005-2010 SPP for the District sets measurable targets for educational placements, such as increasing the percentage of special

³⁹ Trenton reported 28.4 percent of its special education population in separate settings in 2004-05. The District is not a member of the Collaborative; based on federal data, 27.5 percent of special education students in the District were in separate settings that year. A distant third, Newark (NJ) reported 15.7 percent, and the average across all 44 Collaborative members was 5.4 percent.

⁴⁰ While we obtained 2005-06 data from the Collaborative, Baltimore did not report data for that year. Accordingly, we present the 2004-05 data for the Collaborative districts, which include Baltimore.

⁴¹ Although the OSEP letter referenced DCPS, we interpreted this to mean the District as a whole.

⁴² The current special conditions consist of 1) maintaining a current, comprehensive high-risk corrective action plan; 2) making required adequate progress in implementing corrective action plan and related reporting requirements; 3) providing Departmental officials with prompt access to records; and 4) ensuring compliance with program requirements. (<http://www.ed.gov/fund/data/award/idea/2007partb/dc-enclosed-2007b.doc>)

education students removed from the regular class less than 21 percent of the school day from 9.5 percent in 2004 to 15.5 percent by 2010. The SPP also established a goal of decreasing the percentage of special education students in public or private separate schools, residential placements, or homebound/hospital placements from 31 percent in 2004 to 25 percent by 2010.⁴³ According to OSEP analysis, the District met its interim 2005 targets for these objectives. Nonetheless, the target percentage of students in separate placements (25 percent by 2010) is a very modest goal and is considerably higher than current practice in any state.

To meet the goal of increasing the percentage of students in the most inclusive setting, the SPP identifies a series of improvement activities, which include staff development (e.g., on differentiated instruction, the use of accommodations and modifications of general education curriculum, and the implementation of standards and increasing the number of model inclusion programs in schools). Specifically, the District states that it will create three pre-K-12 model schools that use best practices to ensure that students with disabilities are taught in the least restrictive environment; establish inclusion programs in every quadrant of the city; expand inclusion programs in every LEA; and maintain model inclusion schools in 2010-2011 school year.

In addition to the SPP targets, the Declaration of Education (DCPS, 2005) identified several key priorities for improving special education that mirror those in the SPP. These priorities are further highlighted in the Master Education Plan (DCPS, 2006), which identifies as a key strategy, “Create a culture of inclusion that welcomes special education students into their neighborhood schools” (p. 58). Among the special education priorities, DCPS set a target of reducing the number of students in non-public placements by 5 percent annually and developing model schools that use best practices to serve children in the least restrictive environment. At the same time, the Master Plan calls for the creation of four small model centers to serve students with emotional and learning disabilities who transition from non-public schools and continue to need restricted settings. In progressing towards these goals, the Prospect Learning Center became the first demonstration center; DCPS conducted staff development on instructional practices that foster inclusion; and a group of pilot schools were identified to develop inclusion plans with input from their communities and a review committee. Monthly sessions continue to support the pilot schools’ activities.

While the creation of new public separate settings or reconfiguring existing public separate schools may foster movement from NPS, it will not reduce the overall percentage of students in restrictive placements.

Restrictive Placement Patterns and Funding Levels

The issue of separate placements provides an important context for evaluating the current funding formula, which may have contributed to prior trends and might be modified in ways to facilitate progress towards future targets and priorities. Indeed, the federal government raises this issue in the IDEA regulations, stating that a state funding mechanism must not result in placements that violate the LRE. At the same time, the regulations stipulate that mechanisms based on educational settings shall not deny children with disabilities a free, appropriate education based on their needs. In other words, the law requires a continuum of placements in order to meet the unique needs of students in special education.

Prior to 2004, the UPSFF levels were based on placements (with greater funds for more restrictive placements),⁴⁴ and under threat of a complaint to the U.S. Department of Education, the placement

⁴³ http://www.k12.dc.us/DCPS/frontpagepdfs/DCPS%20State%20Performance%20Plan%20_SPP.pdf

⁴⁴ Formerly, UPSFF Level 1 was defined as regular class; special education services less than 6 hours/school week; Level 2: Resource room; special education services 7-15 hours/school week; Level 3: Separate class; special

categories were eliminated from the formula. While this change eliminated the direct link between the funding and restrictive placements, one respondent noted, “Other incentives and attitudes remained. I think the financial incentive was scarcely recognized in the placement process, and to the extent it was, [it] was overwhelmed by other factors.”

Given these other factors and incomplete data, measuring the relationship between placements and the UPSFF is not straightforward. Using the DCPS Weighted Student Formula (WSF) level from ENCORE, which theoretically aligns with the UPSFF levels, we examined the distribution of special education students across placements by funding level. Exhibit 3.7 presents the results for regular public schools; however, given the number of charters that do not use ENCORE, the exhibit includes only 66 charter students. Separate public special education schools were excluded, given the inconsistencies with their data.⁴⁵

As shown in Exhibit 3.8, nearly 85 percent of students with Level 4 designation (defined as more than 24 hours per week of services) are in the most restrictive setting for non-separate school students. However, this does not mean that Level 4 funding has directly resulted in these placements. By definition, it may be unusual for students who spend the majority of their day in the regular education classroom to receive more than 24 hours per week of special education services. Conversely, one might expect Level 1 students to be predominantly in the most inclusive setting (e.g., outside regular education less than 21 percent of the time). However, this is not the case, as a majority of Level 1 students are outside regular education between 21 and 60 percent of their day. This analysis raises questions about the reliability of the ENCORE data and suggests that only limited inclusion is occurring even at Level 1.

Exhibit 3.8. Percentage of special education students by Special Education Funding Levels and Educational Placement, Public Regular Schools, December 2006

Funding Level	Outside reg ed less than 21%	Outside reg ed less betw 21% & 60%	Outside reg ed more than 60%		
	%	%	%	%	
1	38.8	58.4	2.8	100	
2	4.6	94.5	0.9	100	
3	2.4	77.9	19.6	100	
4	0.8	14.6	84.6	100	
Total	12.6	68.9	18.5	100	

Source: December 2006 ENCORE

Characteristics of Special Education Students by School Type

According to the October 2006 census, DCPS served 61 percent of the special education population in the District, while charters enrolled 19 percent, and 21 percent were educated in NPS or surrounding counties

education services more than 15 hours/school week; Level 4: Separate DCPS or Public Charter School; Level 5: Residential; 24 hour intensity in a public charter school.

⁴⁵ Among the 880 ENCORE students enrolled in DCPS special education schools, 155 had an WSF level other than a Level 4 (105 had WSF Level 1; 15 had WSF Level 2; and 35 had WSF Level 3). According to the October 2006 audit, only 24 of the 854 students in DCPS special education schools had a funding level other than Level 4. Furthermore, the WSF funding file for FY 2007 shows no students enrolled in DCPS special education schools as assigned Levels 1 -3.

(e.g., Prince George's County) for which DCPS pays tuition.⁴⁶ Exhibit 3.9 on the following page compares key characteristics across DCPS, charters, and tuition grant placements. It further delineates between separate public special education or alternative schools,⁴⁷ and the largest 11 tuition grant settings which served more than half of all children with those placements.⁴⁸ This separation is important, as the characteristics of students in these settings can bias overall estimates. A primary purpose of this analysis is to determine how different these schools look in relation to each other, particularly in terms of severity of student need.

One variable of interest is the level of poverty, as defined by the percentage of students eligible for free and reduced price lunch (Row 9 of Exhibit 3.9). Although poverty is not consistently associated with higher levels of special education identification, it is a commonly accepted proxy indicator of student educational need. For example, the federal government uses this measurement to determine a portion of the IDEA funds. Unlike other measures, such as the percentage of students identified for special education services, poverty is generally considered an exogenous factor beyond the control of the schools. Based on the data available for 2006-07, charter schools have a higher average poverty level (70 percent) in relation to schools in DCPS (56 percent). While this does not mean that charters have more students with more intensive special educational needs, it suggests that they may serve populations with more challenging overall needs.

As only three NPS programs (representing 10 individual schools) participated in the National School Lunch Program for which we have poverty measures, we generated an alternative indicator. The 1999 U.S. Census income data and the residential zip codes of special education students attending DCPS or placed in NPS and surrounding counties (e.g., tuition grant placements) provides an indication of differences in the socio-economic status of the students served (Row 10 of Exhibit 3.9). As the student-level zip codes came from ENCORE, we were missing this information for more than two-thirds of the charter schools, and therefore we do not report those results.⁴⁹

Based on these data, the average median household income of the areas in which students attending DCPS reside averages \$33,000, in relation to \$38,000 for students in tuition grant placements. This analysis does not include students who are wards of the state and have out-of-state residential zip codes (e.g., Maryland). When examining the 11 tuition grant placements serving the most District students, we observed a range of school-level averages from \$30,800 to more than \$65,000. While many tuition grant students reside in neighborhoods comparable to those of the average public school special education student, on average they come from more affluent areas.

⁴⁶ It is important to note that tuition grant students in surrounding county placements are wards of the state (e.g., foster care children), for which DCPS is responsible. These students (n = 206) represent approximately 9 percent of the tuition grant placements analyzed in this report. Prince George's County serves the most students (178 in October 2006), while other counties served between 1 to 6 students each.

⁴⁷ While the October 2006 audit does not identify alternative special education charter schools, we grouped Bridges, Options, and SAIL together as alternative schools given their high special education identification rates (average of 50 percent)

⁴⁸ We initially attempted to analyze the largest 10 placements; however, the 10th and 11th largest sites had the same number of students.

⁴⁹ As we cannot determine the reliability of ENCORE data on students' residential zip codes, we have data concerns. In comparison to the total counts of special education students in the October 2006 audit, the total counts of students in ENCORE appear to be under-reported by 30 percent for NPS and by 66 percent for charters; for DCPS, the total counts *exceed* the audit count by 12 percent. Based on the limited data, the median family income of the residential areas served by charter schools appears fairly similar to the DCPS estimate.

Exhibit 3.9. Comparisons between DCPS, Charters, and Tuition Grant Placements, 2006

	DCPS					Charters					Tuition Grant Placements	
	Excluding SE and Alternative Schools		SE Schools	Alternative Schools	Sharpe Health	Excluding SE and Alternative Schools		SE Schools	Alternative Schools	St. Coletta	All	Largest 11 NPS/County Placements*
	A	B	C	D	E	F	G	H	I	J	K	L
1 # of schools	161	144	14	3	1	60	55	2	3 <4>	1	128	11
2 Total Enr	52,170	51,025	951	194	140	18,260	17,426	280	554	226	2,707	1,572
3 % of Total Enr	71%	70%	1%	0%	0%	25%	24%	0%	1%	0%	4%	2%
4 # of SE students	7,076	6,153	878	45	137	2,178	1,627	280	271	226	2,372	1,269
5 % of SE population	61%	53%	8%	0%	1%	18%	14%	2%	2%	2%	20%	11%
6 % SE (based on total enr)	14%	12%	92%	23%	98%	12%	9%	100%	50%	100%	88%	81%
7 % Minority (based on total enr)	94%	94%	100%	99%	100%	97%	97%	95%	99%	94%		
8 % EL (based on total enr)	8%	8%	2%	0%	1%	5%	5%	0%	6%	0%		
9 % Poverty <1>	56%	56%	61%	73%	51%	70%	69%	81%	75%	69%		
10 Median household income of student's residential area <2>	\$33,184										\$38,097	\$30,860 to \$65,122
% of SE pop by disability category <3>												
11 Autism	2%	3%	0%	0%	0%	3%	0%	13%	1%	16%	3%	2%
12 Deaf-Blind	0%	0%	0%	0%	2%	0%	0%	0%	0%	0%	0%	0%
13 Developmentally Delayed	4%	4%	1%	0%	3%	3%	2%	4%	6%	5%	1%	1%
14 Emotional Disturbance	12%	7%	48%	41%	0%	9%	7%	11%	6%	0%	33%	28%
15 Hearing Impairment	1%	1%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%
16 Specific Learning Disability	48%	53%	14%	32%	1%	52%	65%	5%	52%	0%	29%	38%
17 Multiple Disabilities	6%	4%	16%	6%	53%	11%	6%	31%	15%	33%	13%	12%
18 Mental Retardation	11%	11%	12%	12%	10%	7%	1%	34%	4%	42%	9%	6%
19 Other Health Impairment	4%	4%	4%	0%	18%	4%	5%	1%	6%	3%	5%	6%
20 Orthopedic Impairment	0%	0%	1%	0%	10%	0%	0%	0%	0%	0%	0%	0%
21 Speech Language Impairment	10%	11%	2%	0%	1%	9%	11%	0%	9%	0%	5%	4%
22 Traumatic Brain Injury	0%	0%	0%	3%	2%	0%	0%	1%	1%	1%	0%	0%
23 Visual Impairment	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
24 % SLD/SLI	58%	64%	16%	32%	1%	61%	76%	5%	49%	0%	34%	43%
25 Average SEEP-based Expenditure per SE Student	\$ 14,832	\$ 14,480	\$ 17,275	\$ 14,904	\$ 20,489	\$ 15,042	\$ 13,770	\$ 19,632	\$ 15,850	\$ 20,468	\$ 16,312	\$ 15,823

* Prince George Count (serving 178 special education students as of October 2006) is the only county placement included in this group.
 <1> Unweighted average (average across schools). Overall average poverty for DCPS is based on 143 sites; the DCPS alternative school poverty is based on one main campus only. Average poverty for charter schools is based on 54 sites.
 <2> Based on the 1999 U.S. Census income data and students' residential zip codes.
 <3> Missing disability information for all students in 27 percent (n = 16) of the charters. Percentages will not add up to 100% due to student records in ENCORE that do not have a disability category.
 <4> Represents 7 individual sites.

These results should not be construed to mean that the needs of special education students from more affluent areas are less severe, but it raises questions as to the areas of the city from which tuition grant students come, in relation to DCPS. To further illustrate this point, 2 percent of DCPS students reside in areas with a median household income of \$65,000 or more in comparison to 11 percent of tuition grant students. It suggests tuition grant placements seem to favor a disproportionate percentage of students from higher income areas.

In terms of special education identification rates and by type of disability category, there are notable differences across school types (Rows 11 to 23 of Exhibit 3.9). For example, a larger proportion of the special education population in DCPS has ED, in relation to the charter school population. The reverse is true for students with Multiple Disabilities. While Exhibit 3.9 shows variations by individual disability category, we aggregated this information into the percentage of students with Specific Learning Disability (SLD) and Speech Language Impairment (SLI) (Row 24 of exhibit). Although not universally true, high-incidence disabilities such as SLD and SLI are generally considered less severe than other categories. Regular charter schools (i.e., excluding special education or alternative schools) serve a greater proportion of students with these disabilities (76 percent), in relation to regular schools within DCPS (64 percent).

When comparing students in NPS to their separate public special education school counterparts, we find that NPS and surrounding county settings serve far greater numbers of students with SLD or SLI. Over a third of their population was identified with these disability categories, whereas only 16 percent and 5 percent of the students in DCPS and charter special education schools, respectively, had these disabilities. (The reader should note that the previous paragraph pertains to non-special education schools, while this paragraph refers to separate special education schools.)

Indeed, this pattern is stronger when considering the largest tuition grant placements for District students, in which nearly 40 percent of the population alone had SLD. Moreover, less than 16 percent of students in private separate facilities nationally were diagnosed with having SLD or SLI in 2005 (see Exhibit 3.10). These results suggest that the disabilities of District students in tuition grant placements, on average, may not be as severe as those of students attending public special education schools or even those in private placements across the nation. At the very least, there appear to be many more students with SLD in tuition grant placements than might be expected for the most restrictive type of special education placement, i.e., separate special education school.

Exhibit 3.10. Percentage of Students in Public and Private Settings by Disability Category, the Nation and the District

	Public separate/ residential facility		Private separate/ residential facility	
	Nation	District	Nation	District*
SLD	9.4%	11.7%	11.7%	29.4%
SLI	1.3%	1.6%	3.8%	4.6%
High Incidence	10.7%	13.3%	15.5%	34.0%
AUT	8.1%	3.1%	11.1%	2.7%
DB	0.2%	0.2%	0.2%	0.0%
DD	0.5%	1.3%	0.3%	1.1%
ED	30.2%	39.6%	40.3%	33.1%
HI	6.0%	0.2%	2.3%	0.5%
MD	13.9%	19.5%	13.9%	13.1%
MR	21.6%	17.2%	8.0%	8.6%
OHI	4.2%	3.1%	6.2%	5.2%
OI	2.1%	1.1%	0.7%	0.2%
TBI	0.6%	0.5%	0.9%	0.3%
VI	2.0%	0.0%	0.7%	0.2%
Low Incidence	89.4%	85.8%	84.6%	65.0%

Source for national data: www.IDEAdata.org, Fall 2005

Source for District data: December 2006 ENCORE.

* The District column for private separate/residential facilities includes students in NPS as well as surrounding county facilities.

We derived an additional proxy measure of the severity of the disabilities of the student populations in these school types (Row 26 of Exhibit 3.9). Based on the distribution of disability categories, we estimated spending per special education student using national spending patterns from the Special Education Expenditure Project (SEEP).⁵⁰ We applied average total spending (including both general and special education services) per public school student by disability category, as derived from SEEP, to the counts of students in each disability category. From this, we estimated the average spending per special education student by school type (Row 25). It is important to note that this is not actual spending for these schools, but rather averages based on national estimates.

The ratio of these overall spending estimates to the SEEP expenditure of the average special education student provides an indicator of the degree of “severity” of the disabilities of populations served in various school types. Although this exercise uses national expenditures for public school students, which are lower than those for NPS,⁵¹ we wanted to compare the projected expenditures of these students if they were served in public settings. Furthermore, disability category alone is not necessarily a good indicator of student need. For example, Chambers et al. (2004) found that only 10 percent of the variance in special education expenditures. Despite these caveats, this type of exercise is still helpful in better understanding the mix of student needs served by these schools.

⁵⁰ SEEP was a nationally representative study on special education expenditures, conducted for the 1999-2000 school year. See Chambers et al. (2004) for a description of the study and per student estimates.

⁵¹ SEEP did not estimate expenditures by disability category for students in non-public schools.

The results of this severity index (Row 26) align well with the patterns observed above in the percentages of students with SLD or SLI, who have the lowest SEEP expenditures. While DCPS and charters regular schools have similar indices, DCPS has a slightly higher severity level according to this measurement. The severity index for tuition grant placements, particularly the largest 11 sites, have far lower severity indices (1.11 and 1.07) than public special education schools (1.17 for DCPS and 1.33 for charter schools). Although this type of index is an imprecise measure of severity differences, it provides one basis for suggesting that on average children served in NPS may not be that different in their special education needs than those served in public settings. This seems striking, given the much higher levels of special education spending on NPS students as described in the next section.

As a last point of comparison, we examined the characteristics of students enrolled in DCPS Sharpe Health Special Education School and its charter school counterpart, St. Coletta. Although the distribution of disabilities varies, the two schools seem quite similar in that they serve generally more severe, low-incidence needs and have identical severity indices (1.39). However, as will be discussed in the following section, these schools receive quite different levels of fiscal support under the current funding system to educate what appears to be a fairly comparable group of students.

As another possible proxy measure for severity, Exhibit 3.11 shows the distribution of public school students by funding levels which are based on intensity of special education services (tuition grant students do not generate funding levels). These data also suggest that charter schools are serving fewer intensive need students. Only 5 percent of the special education population in regular charter schools are Level 4 students (more than 24 hours of service per week), in comparison to 18 percent of the students in regular schools within DCPS.

Exhibit 3.11. Percentage of Special Education Students by Funding Level, DCPS and Charter Schools, October 2006

SE Funding Level	DCPS					Charters				
	All	Excluding SE and Alternative Schools		SE Schools	Alternative Schools	Sharpe Health	All	Excluding SE and Alternative Schools		St. Coletta
		SE Schools	Alternative Schools					SE Schools	Alternative Schools	
Level 1	19%	21%	1%	11%	2%	24%	30%	0%	12%	0%
Level 2	38%	44%	1%	27%	6%	37%	47%	0%	13%	0%
Level 3	15%	17%	1%	7%	3%	18%	20%	0%	25%	0%
Level 4	28%	18%	97%	56%	89%	23%	5%	100%	47%	100%

Source: Fall Enrollment Audit Report, District of Columbia Public Schools, October 2006

Variations in Funding

Before discussing revenues across school types, it is important to understand the distinction between the state’s UPSFF and the Weighted Student Formula (WSF) that DCPS uses to distribute funds (including UPSFF funds) to individual schools. As noted earlier, the UPSFF provides DCPS (as an LEA) and individual charters uniform funding per student, adjusted by grade level and student need, as defined by English learner status or intensity of special education services. It also includes weightings for summer school, residential, and adult program students. DCPS and individual charters are allowed to distribute these funds internally as needed without respect to the basis by which the funds were generated. Accordingly, there is a separation between UPSFF and the funds that DCPS schools receive through the WSF.

While the number of service hours for each special education level is the same across both systems, the formulas support different educational activities.⁵² For example, the UPSFF for special education is intended to fund all special education costs, including special education teachers, classroom aides, local school special education coordinators, classroom supplies and materials, related services, assessments and re-assessments, dedicated aides, assistive technology, tracking paperwork, and special education administration. The special education component of the WSF, on the other hand, excludes related services, assessments, dedicated aides, assistive technology, paperwork, and central office management, as those are funded centrally through DCPS. As a result, the two formulas carry different base amounts and weightings, as delineated in Exhibit 3.12.

Exhibit 3.12. Comparisons between the UPSFF and DCPS Weighted Student Formula for Fiscal Year 2007 (2006-07 school year) <sup>1>

	Foundation Amount	Level 1	Level 2	Level 3	Level 4 <sup>2>
UPSFF	\$8,002				
WSF	\$4,922				
Elementary Grade 3					
UPSFF	1.03	0.57	0.85	1.44	2.5
	\$8,242	\$4,698	\$7,006	\$11,868	\$20,605
WSF	1.10	0.67	1.1	1.72	2.97
	\$5,414	\$3,627	\$5,955	\$9,312	\$16,080
Difference	\$2,828	\$1,071	\$1,050	\$2,556	\$4,525
% UPSFF to schools	66%	77%	85%	78%	78%
% to central DCPS	34%	23%	15%	22%	22%
Middle Grades 7-8					
UPSFF	1.00	0.54	0.82	1.41	2.47
	\$8,002	\$4,451	\$6,758	\$11,621	\$20,358
WSF	1.08	0.65	1.07	1.7	2.95
	\$5,311	\$3,519	\$5,793	\$9,204	\$15,971
Difference	\$2,692	\$932	\$965	\$2,417	\$4,386
% UPSFF to schools	66%	79%	86%	79%	78%
% to central DCPS	34%	21%	14%	21%	22%
Senior Grades 9-12					
UPSFF	1.17	0.71	0.99	1.58	2.64
	\$9,362	\$5,852	\$8,160	\$13,022	\$21,759
WSF	1.08	0.65	1.07	1.7	2.95
	\$5,311	\$3,519	\$5,793	\$9,204	\$15,971
Difference	\$4,052	\$2,333	\$2,367	\$3,819	\$5,788
% UPSFF to schools	57%	60%	71%	71%	73%
% to central DCPS	43%	40%	29%	29%	27%

Source: Mary Levy, Washington Lawyers' Committee for Civil Rights and Urban Affairs (September 2007). The amounts for Levels 1 – 4 are the add-on amounts, and do not reflect the combined foundation and special education amounts.

<sup>1> All WSF figures have been rounded in this table. The base funding factor was \$4,921.74

⁵² Under both systems, aide support time does not count towards the hours of special education services as aide time is not reported on the IEP. The IEP services include services from special education teachers or related service providers.

<2> Some DCPS schools do not receive Level 4 add-on funding; instead they receive services funded through a central district account.

Although there is no requirement that DCPS expend or allocate the UPSFF special education funds on special education, Exhibit 3.12 provides an approximation of the percentage of UPSFF special education funds that go to the schools through the WSF and what is retained by the central district. While charters receive the full amount of the UPSFF, schools within the DCPS receive between 60 to 85 percent of the state special education funds. In some cases, it is less; for an estimated 40 percent of the Level 4 students, schools receive services funded by a central account in lieu of fiscal support.⁵³ The assumption is that DCPS retains between 15 and 40 percent of the UPSFF special education add-ons to cover the costs of the central activities noted above (e.g., related services and assessments), for which charters are fully responsible. Charter schools which have elected DCPS as their LEA for special education purposes will be discussed later.

While we acknowledge that schools receive in-kind services in return for the funds retained by DCPS, it nonetheless means less school-site control over the provision of special education services. The decision to retain Level 4 funds at the central district was made by DCPS largely on the basis that many principals were not supporting their schools' special education program. However, this has the effect of not providing resources to sites that do support their students and removes incentives for sites to build their own programs.

Charter schools, on the other hand, have flexibility with the full amounts of the UPSFF (as shown in the above exhibit). The trade-off is that they are fully responsible for the provision of related services and for those that are their own LEA, for special education assessments.

St. Coletta received about 2.5 times as much in revenues as its DCPS counterpart, Sharpe Health. In 2006-07, Sharpe Health received approximately \$19,900 per student (including the foundation and add-ons for free/reduced price lunch and special education). Due to the special arrangement in which the state agreed to provide gap funds to St. Coletta to cover the difference between the UPSFF funds and actual costs, St. Coletta received \$50,621 per student (SEO, 2007).⁵⁴ This raises questions about the equity of funding for these two schools that serve fairly comparable populations. It is important to note, however, that this difference is overstated, as the direct school funding for Sharpe Health does not include centrally funded services (e.g., technology, utilities) nor does it reflect the assignment of central staff to DCPS special education centers.

Another point of contention with respect to funding inequity is placements for which DCPS pays tuition. Averaging the costs of services for which DCPS paid in January and February 2007, we estimated that DCPS disburses about \$52,200 per student in NPS over a 10-month period.⁵⁵ Although this is comparable to the payments to St. Coletta, our analysis showed (Exhibit 3.9) that the severity of the disabilities of these students is far lower than that observed in St. Coletta and indeed not much different from that of the average charter or school in DCPS. Although a

⁵³ This is a rough estimate based on the number of Level 4 students in the special education central account, as shown in the WSF Fiscal Year 2007 funding files. However, this number includes "empty seats" (not actual students); therefore, the figure is an estimate only.

⁵⁴ St. Coletta would receive \$35,297 per student under the UPSFF (inclusive of all weightings) (SEO, 2007).

⁵⁵ Excludes residential (room and board) costs. This is an approximation based on actual payments made over a two-month period. As vendors invoice at different times (e.g., monthly, three months), not all providers were reflected in these payment files. While it is possible that a small number of the payments in those months were for surrounding county placements, these payments would have only a negligible impact on the average (particularly since Prince George's County was not reflected in the payment files).

continuum of service provision is needed to appropriately meet the needs of special education students, the very high percentage of students in private placements provokes concern about the inequity of funding associated with those placements in relation to schools serving more severely disabled populations.

Other Issues

In addition to analyzing quantitative data for this study, we also drew upon stakeholder meeting discussions and interviews with key individuals knowledgeable about special education in the District. From this data collection, we identified critical issues that have implications for considering changes to the UPSFF and the system as a whole. These pertain to special education transportation and tuition costs and charters selecting DCPS as their LEA for special education.

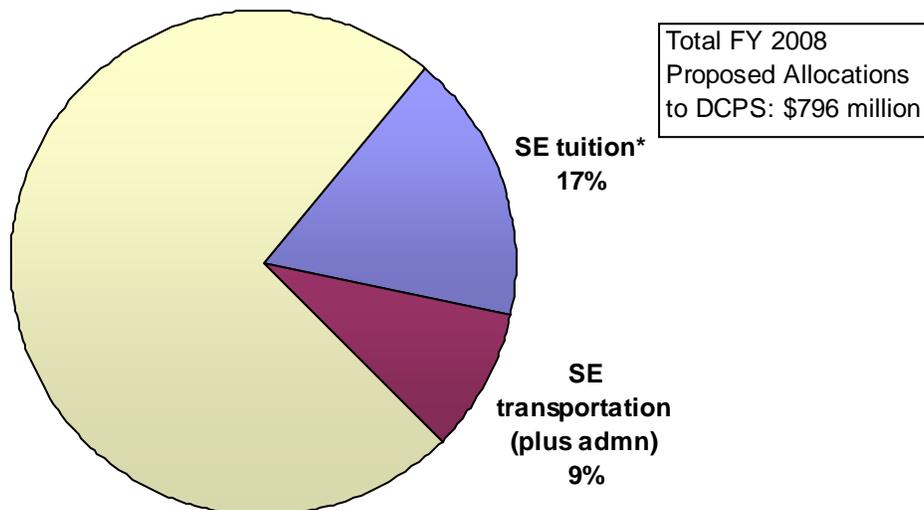
Special Education Transportation and Tuition Costs

The issues regarding transportation and tuition payments are two-fold: the substantial costs associated with these activities, and the question of whether the funding for this state function should continue to be directed to DCPS.

Substantial Costs

In Fiscal Year (FY) 2008, the proposed local budget for DCPS includes \$73 million for special education transportation (including administration) (9 percent of the total \$796 million budget for DCPS) and \$137 million for special education tuition (17 percent), which includes NPS placements and special education placements made by Child and Family Services Agency (CFSA) or Department of Mental Health (DMH) (3 percent). Together, these functions comprise more than a quarter of the budgeted allocations for DCPS, as depicted in Exhibit 3.13.

Exhibit 3.13. Special Education Tuition and Transportation Allocations as Percentages of the DCPS Fiscal Year 2008 Budget



* Tuition allocation includes allocations for private placements and placements made by Child and Family Services Agency and the Department of Mental Health.

According to the anticipated number of students in the budget estimates, tuition payments are expected to amount to an average \$57,700 per student.⁵⁶ Based on the estimate that 3,800 students will require transportation, the cost per student is budgeted at more than \$19,000 for FY 2008. For the average tuition grant student, this comes to a combined cost in excess of \$76,700. Transportation allocations alone have jumped 170 percent since 2001, but this may be largely due to compliance with the requirements of the *Petties* case. Special education tuition allocations grew by 91 percent. Clearly, these functions consume a disproportionate percentage of the budget in relation to the number of students served.

The testimony of David Gilmore, the court-appointed Independent Transportation Administrator, before the District of Columbia City Council in July 2007 provided striking evidence of transportation inefficiencies stemming from conditions he cites as beyond his control. He attributed the high costs to the number of routes and the distance traveled due to the school placement system (e.g., students not enrolled in neighborhood schools). With a fixed cost of \$100,000 per route, he proposed bringing students back into neighborhood schools as by far the most significant cost-reducing alternative. Mr. Gilmore further described the failure of the Office of Special Education to maintain accurate data on student riders as another contributor to inefficiencies.

The costs of tuition payments have long been a concern, particularly as there have historically been no cost controls over what vendors charge DCPS. With no contracts in place, DCPS is unable to regulate the providers, such as negotiating rates for service provision or require them to submit documentation for Medicaid reimbursement. An audit in 2002 reported further concerns of billing irregularities and mismanagement of payments, including the finding that DCPS had paid millions of dollars without verifying the accuracy or legitimacy of the charges. Recent legislation, however, is expected to amend these circumstances by authorizing the city to set rates for the payment of tuition and related services. Even with established rates, there remains the concern that students in NPS do not appear to be as severely disabled as public school students, as described earlier in this chapter.

State Functions

The emergence of the “state” as defined by OSSE (and formerly the SEO) has generated questions about the appropriate delineation between state- and LEA-functions. Historically, the city has provided funds to DCPS to support the costs of “state-level” functions such as transportation and tuition payments for special education students within the District.⁵⁷ However, charter and NPS students, in addition those attending schools in DCPS, receive special education transportation if required by their Individualized Education Programs (IEPs). Furthermore, tuition payments support NPS students even if they formerly attended a charter school. Therefore, DCPS bears the responsibility of the administration and oversight of these payments, although they pertain to students not necessarily enrolled previously in DCPS. While a draft transition plan

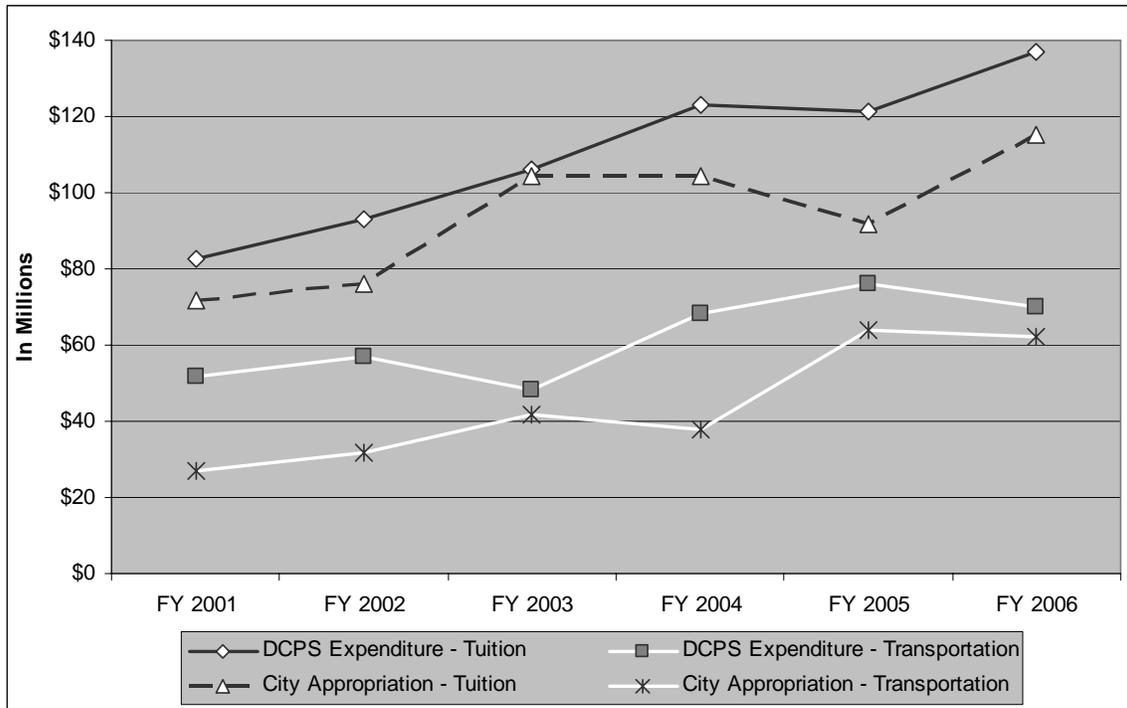
⁵⁶ Based on the October 2006 special education tuition grant enrollment of 2,421. Earlier in this report, we presented an estimate of \$52,200 over a 10-month period based on actual payments made to vendors in January and February 2007. This lower figure in relation to the budget estimate may be due to excluding residential costs, students enrolled for longer than 10 months, or payments not reflected in the months used for our estimates.

⁵⁷ “State function” line allocations to the DCPS in Fiscal Year 2008 included special education tuition (including private, CSFA, and DMH placements) foster care tuition for general education, transportation and administration, other special education functions, “seven point plan,” attorney fees, charter school oversight, swing space transportation, state enforcement, and the Blackman-Jones settlement.

proposes transferring some state-level funding for specific functions to OSSE for FY 2008,⁵⁸ most of what might be considered District-wide special education issues and concerns in regard to special education provision and financing remains with DCPS. This seems to include special education tuition, transportation, and attorney fees. The transition plan indicates that tuition and transportation may transfer later to OSSE, but only after further study.

As Exhibit 3.14 demonstrates, the actual expenditures for these functions have consistently exceeded the city allocations. In FY 2006, DCPS distributed \$137.1 million for tuition payments, whereas the budget for this function was set at \$115.4 million. Such funding shortfalls have implications for the amount available for the WSF (as well as UPSFF as a whole). Although funding transfers have been difficult to document, one respondent noted that funds from the WSF (the non-personnel accounts in particular) offset some of the funding deficit, and the rest is gleaned from non-WSF services for local schools (e.g., textbooks, summer school, substitutes). The encroachment of state function expenses upon DCPS school activities merits serious consideration for moving these allocations to OSSE, particularly as some of the students that benefit from these services attend charter schools, or in the case of tuition grant students, may have formerly attended charters.

Exhibit 3.14. DCPS Expenditures on and City Appropriations for Special Education Tuition Grant Placements* and Transportation, Fiscal Years 2001 to 2006



* Tuition grant placements include private schools and placements made by the Child and Family Services Agency (CFSA) or Department of Mental Health (DMH).
 Source: Based on CFO data obtained from Mary Levy, Washington Lawyers' Committee for Civil Rights and Urban Affairs (September 2007).

⁵⁸ The draft transition plan proposes sending Blackman-Jones, state special education functions, and special education investigation funding to OSSE.

Charter Schools Selecting DCPS as LEA for Special Education

The DC School Reform Act of 1995 requires that each charter school determine whether it will be its own LEA (“LEA-charter”) or elect DCPS (“District-charter”) as its LEA for special education. This issue was a point of considerable confusion among our stakeholder group, in terms of the exact nature of the relationship and funding implications. Of the 60 charter sites included in our analyses, 22 had selected DCPS as the LEA for special education, representing more than a quarter of the special education population enrolled in charter schools.

According to the D.C. Public Charter School Board (PCBS) website, “District-charters will be required to meet DCPS standards for certification and evaluation of special education personnel and to implement Individualized Education Programs developed in conjunction with DCPS special education staff.”⁵⁹ DCPS is responsible for special education assessments for these charter schools; however, District-charters can seek reimbursement for the costs of evaluations they conduct on their own.

From a funding standpoint, District-charters receive their full UPSFF amount, but DCPS retains their federal IDEA funds in exchange for the assessment services.⁶⁰ In Fiscal Year 2006, the “state” retained 15 percent of the \$14.98 million in Part B IDEA funds. DCPS received \$11.06 million, of which approximately \$650,000 was on behalf of charters that selected DCPS as their LEA for special education. This averaged to \$1,430 per special education students attending DCPS and District-charter schools. Charters serving as their own LEA for special education were allocated \$1.67 million, or about \$1,050 per special education student.⁶¹

The distinction between LEA-charters and District-charters seems to end there. The guidance provided on the PCSB website states that if a charter (whether an LEA- or District-charter) determines that it cannot serve a student with disabilities within the UPSFF allocations, it should contact DCPS. As DCPS has a dual role as the LEA for District-charters and as the “State Educational Authority (SEA)” for special education for LEA-charters, DCPS assumes responsibility for charter students for whom the IEP team approves placement in an NPS or public special education school. In the case of alternative placements, the charter school must remit to DCPS the student’s UPSFF amount, prorated for the time remaining in the school year.

Stakeholders raised concerns about this, as the burden of the most intensive need students falls back on DCPS. As one participant noted, “Charters are supposed to be self-sustaining. The whole point is that charters are supposed to be able to provide services that any child needs. If that is not possible, it seems unfair to make exceptions for the most expensive kids.”

Based on the results presented in this chapter and the wealth of information gleaned from our Advisory Committee discussions, interviews, and site visits, the following chapter provides responses to the research questions posed for this study.

⁵⁹ Source: <http://www.dcpubliccharter.com/home/faqspeceddistrict.html>

⁶⁰ The IDEA award letter to District-charters from the Office of Federal Grants Program reads, “Schools that have elected to be a part of the DCPS LEA, for the purpose of Special Education, will receive services rather than funding in the amount of their allocation.”

⁶¹ According to communication with the Office of Federal Grant Programs, the funding mechanism for distributing the funds is the same across all LEAs.

Chapter 4: Response to the Research Questions and Other Recommendations

As described in the introduction to this report, the District is poised to undertake a tremendous level of reform on all fronts. This is an especially ideal time to tackle special education issues as part and parcel of these reform efforts and implement improvements that will enhance compliance, strengthen the quality of services, and make adjustment to funding procedures that align incentives with program goals and help contain the crippling costs of non-public placements associated with one-fifth of the District's special education students as well as with special education transportation.

Given the historical and current context, there is grave urgency for decisive early action and comprehensive reform. While clear delineations of state responsibilities for OSSE continue to be refined, it is critical that OSSE, DCPS, and charter schools begin working together immediately to establish District-wide goals for special education.

With this as a backdrop, this chapter addresses the specific research questions presented for this study. To reiterate from Chapter 1, these questions are:

- What are the options for funding special education costs in the District? Are weightings applied to a foundation amount the most appropriate way to fund all special education students? Would cost-reimbursement or some other approach be a better system?
- What are the advantages and disadvantages of using a weightings-based system for most special education categories but a different system for low-incidence, high-cost disabilities?
- Does the UPSFF weightings system encourage over-identification of students for special education?
- Are the current weightings, based on five levels of hours of service, well suited to the costs of providing legally mandated services? Should additional factors be included, such as category of disability?
- Should District public charter schools designed to serve only special education students be funded by the current weightings system, through contracting procedures, or by some other funding method?
- How should the costs of Extended School Year (ESY) services and Compensatory Services be addressed?
- What are the best practices derived from states for rate-setting for non-public special education schools and programs which provide guidance to the District given the particular needs of our students, the status of special education programming in the public school and our geographic location?

Many of these questions pertain to fairly detailed adjustments to the District's current system of special education funding. However, we believe concerns with the current system are sufficiently grave to call for the consideration of dramatic changes in the way special education is provided within the District, and consequently in the way it is funded. Thus, while we will attempt to provide separate answers to each of the study questions, we believe none of these questions should be considered in isolation, but rather within the context of needed major revisions to the overall plan for special education provision across all LEAs in the District.

For example, data for the District as a whole suggest major concerns in regard to the overall current system of special education provision:

- Special education identification is high. The percentage of students in special education in the District is at about 17.5 percent, as compared to a national average of about 13.8 percent, and also is higher than any of the similar urban settings included in our analyses.
- Special education placements are restrictive. Approximately a quarter of special education students in the District are served in external placements (public or private schools exclusively for special education students), as compared to less than 4 percent in the average state.⁶² This difference remains pronounced when comparing the District to other large urban districts.
- This high level of restrictive placements not only appears contrary to the least restrictive environment (LRE) provisions of the federal Individuals with Disabilities Education Act (IDEA), but also tends to be among the most expensive methods for serving children in special education, creating a cost burden for the system overall.
- For example, the District's budget estimates \$57,700 per tuition grant student for FY 08.⁶³
- On top of this, transportation costs for per special education student transported amounts to about \$19,000 per year based on the FY 2008 budget.
- An average total annual cost of approximately \$76,700 (\$57,700 plus \$19,000) per tuition grant student seems especially excessive when examining our best estimate of the relative needs of the children served in these placements. Based on the primary category of disability and estimates of the average expenditure of serving public school students within these disability categories, tuition grant students do not appear to have needs for special education services that much exceed what is observed in the District's public schools.
- This is despite an estimated revenue differential for students in external tuition grant placements versus Sharpe Health, a public special education school, of approximately 2.6 to 1.

In addition, as described earlier in this report, the District has had other difficulties with special education provision that have come to the attention of the federal government and the courts. Currently, special education within the District is under court ordered corrective actions in regard to basic procedural rights (*Blackman-Jones*) and special education transportation (*Petties*). In addition, a recent information packet from the mayor's office on "Improving Public Schools" includes five major initiatives, one of which is entitled, "Fixing Special Education."

⁶² Derived from data from www.IDEAdata.org. Note that the October 2006 audit data showed about 30 percent. This should not be interpreted as an increase, as these are different datasets.

⁶³ Based on the October 2006 tuition grant enrollment of 2,372. Although not defined in the budget, it is the research team's assumption that the budgeted amount includes residential costs.

The consideration of more micro-questions, such as whether the funding system should use pupil weights or cost-reimbursement, depends on a larger set of special education questions. Rather than piecemeal solutions to short-term questions, we encourage District policy makers to take a longer-term view as they move to “fix” special education.

We are aware of previous statements of intent to make progress in addressing special education concerns, as have been discussed in previous chapters of this report. These include the fairly recently issued DCPS’s Declaration of Education (2005) and the State Performance Plan for 2005-2010 as required by the IDEA. They tend to discuss incremental progress that will be made towards goals such as returning children from NPS to public schools and increasing the percentage of students in the most inclusive setting by 1 percent per year through 2010. However, we believe that without important structural changes, these goals are unlikely to be met in any meaningful way.

For example, the conversion of an NPS to a charter school, regardless of the merits of the individual case, does not represent meaningful change in reducing the number of special education students served in separate settings. While it resulted in an appearance of progress in moving children from private to public schools, it did not make progress in the overall restrictiveness of special education programming in the District. Setting goals and benchmarks with regard to reform without altering the underlying conditions that caused the problems in the first place seems unlikely to succeed. In addition, goals based on 1 percent improvement a year, even if successful, would not align the District with national special education practice.

We believe funding policies are major components of these underlying conditions. They are major drivers of the practices that evolve over time, and any funding decision made today must be aligned with overall special education policies and practices for which we are striving in the upcoming years. Special education fiscal policy changes need to align with changes in special education practice we would like to see evolve over time. While we acknowledge that changes in fiscal policy alone will not guarantee a change in practice, we also believe that substantial changes in practice cannot be realized without fiscal alignment and support.

With this perspective in mind, what are the overarching goals for special education for the District? The last Advisory Committee meeting held for this study at the end of July 2007 included approximately 20 participants from varying components of District oversight and governance. They included representatives of DCPS, the Mayor’s Office, St. Coletta Special Education Charter School, and others. As a part of the study team presentation for this meeting, longer-term objectives were proposed for special education in the District. Any fiscal recommendation we make as a part of this study have substantial potential to advance the District’s overall vision for special education in the future, to maintain the status quo, or to set it back.

While we concede that more time and a broader base of consideration is needed to develop definitive overarching objectives that should underlie District policy decisions, the meeting participants generally agreed upon the following:

- All children should receive high-quality services and programs appropriate to their needs in their public school of choice to the greatest extent possible.
- In these schools, a broad array of interventions and programs should be available within the context of regular education.

- Only children for whom it is determined cannot be fully served within the broad array of regular education services would be referred to special education for eligibility determination.
- If it is determined that a child is eligible for special education, these services should be integrated into the regular education program to the greatest extent appropriate to a child's individual needs as required under the IDEA.
- The amount of special education resources allocated by the overall District funding system should align with the needs of the child.
- Special schools (public or private) exclusively for special education students should be limited to low-incidence and/or severe cases where highly specialized services are needed.

With these goals in mind, we proceed to the specific questions included in the RFP. However, if our answers appear broadly based and reach beyond the specifics of the question, it is because we believe that there are currently unprecedented opportunities for change in the District. Now is the time for substantial new directions in special education within the District.

At the same time, the answers below do not attempt to propose the specifics of a new special education funding system for the District. For example, we do not recommend a definitive direction regarding the exact basis for the weights or the exact amounts. As discussed above, the exact details of what will ultimately be appropriate for the District should be deliberated and determined by District stakeholders. While we have started this type of stakeholder discussion through this project, the tenor of the questions for this study were more general in nature as to whether the District should even consider alternatives and what alternatives were available. Our conclusion based on our work to date is that while the primary approach should be pupil weights, substantial changes to the current weighting approach are needed.

We believe it is premature to try to specify the exact bases for the weights (e.g., defining level of service), their specific value, and the detailed provisions that would underlie their administration. This would need to be tied more specifically to a detailed discussion of the future goals, objectives, and vision of the District for special education and how these would be appropriately supported by special education funding. This would require a clear charge as well as the appointment of a fairly broad-based District stakeholder group that would be convened specifically for this purpose. Because the best fiscal policy for the District is one that will support future goals and can be implemented from both operational and political perspectives, only District stakeholders can make these final determinations. If the District decides to pursue these next steps based on the recommendations in this report, or on other bases, outside consultants could provide national context, offer analytical and research support, and suggest possible policy recommendations in conjunction with these future deliberations.

Our responses to the research questions build around the following recommendations, which will be described in greater detail:

Overarching Recommendations

1. Form a District-wide stakeholder committee with the specific charge of special education reform to develop very clear specific special education goals for the District as a whole and develop fiscal provisions that actively promote and support them. (For the purposes

- of this report, we assume the desire to substantially reduce the high percentages of restrictive placements and to substantially increase the percentage of students served in their neighborhood school of choice as quickly as possible.)
2. Design these fiscal policies for fundamental and substantial, rather than incremental, change.
 3. Create and implement pre-referral alternatives to special education.
 4. Develop a master plan regarding the number of separate special education schools needed in the district into the future and the approximate percentage of students expected to be served in those settings.
 5. To ensure independence, uniformity, and full compliance with the law, create an independent entity under the auspices of OSSE to oversee special education assessments across all LEAs.
 6. Consider the creation of an independent agency under state control which would recruit and employ special education related service providers that would be available on a contract basis to all LEAs and individual DCPS schools.

Formula Specific Recommendations

7. Given student mobility in the District, continue to use the concept of the multiple pupil weights for the UPSFF. Weights should also be derived to fund extended school year services.
8. Prorate these weighted funding allocations to allow for, or reflect, student movement during the year.
9. Given the key goal of reducing restrictive placements, consider changing the basis of these weights from hours of service to a matrix of service needs.
10. Consider higher weights for inclusive placements.
11. If hours of service are kept as the basis, allow dedicated aide time to be counted to support for more inclusive settings.

Broader Fiscal Recommendations

12. Develop and fully maintain data systems that capture eligibility for compensatory special education services, and charge the costs of compensatory services to the agency responsible for the need of these services.
13. OSSE should encourage and work with DCPS to develop much greater school-level discretion over special education resources to facilitate principal ownership of special education students.
14. Fiscal incentives should be created for LEAs to develop programs in regular education schools that will draw the types of students currently placed in NPS to public schools over time.

15. Ideally, these program and fiscal objectives would be tied to a broader vision of education reform for all students in the District. Specifically, we believe that consideration of change to special education policy and practice must be clearly tied to an overall plan for general education reform.

Recommendations regarding Separate Public Special Education Schools

16. Create a separate funding stream, based on regulated costs, outside the UPSFF under OSSE administration and oversight, for separate public special education schools serving students with severe needs. This would apply to all separate public special education schools in the District deemed appropriate by OSSE.
17. Change special education charter schools to the funding and governance provisions described in the recommendation above.
18. Declare a moratorium on chartering exclusively special education schools until clearer District-wide special education goals are established.

Recommendations regarding Non-Public Schools

19. NPS enrollments should be reduced to be more commensurate of the range of what is observed elsewhere in the nation. This goal should be pursued through very tight compliance with procedural requirements under federal special education law and through the development of state of the art neighborhood school programs designed to fully meet the needs of students currently served in NPS. We recommend that OSSE assume future responsibility for contracting, oversight, and funding NPS.

Other Systemic Recommendations

20. As a District-wide concern and expense, special education should be administered in the future by the OSSE.
21. Medicaid billing should be uniformly applied for all eligible children District-wide and made much more efficient. We believe this should be a District-wide effort, which should fall under the purview of the OSSE.
22. A District-wide student special education data system is needed. The only current system is housed at DCPS and as such largely only applies to this LEA. It is also largely dysfunctional and not recommended for larger application District-wide. As a District-wide need, especially given student mobility across LEAs, we recommend this as an OSSE function.
23. All LEAs should bear responsibility for the students they enroll, and DCPS should not serve as charter schools' LEA for special education.

In the following sections, we address the research questions in detail and further explain the above recommendations.

What are the options for funding special education costs in the District of Columbia? Are weightings the most appropriate way to fund? Would cost-reimbursement or some other approach be a better system?

Of the options currently used by states for funding special education, we will discuss three as relevant to what is most appropriate for use within the District. Of these, we believe the basic concept of the current approach – pupil weighting system – is appropriate for the District. (We will, however, recommend some important changes to the underlying basis for this formula.) A second approach, percentage reimbursement, will be recommended for very limited use within the District. A third approach, which is used by the federal government to allocate the majority of IDEA Part B funds and by a number of large states, is census-based funding. While we will briefly discuss a census-based approach, we do not consider it appropriate for the District.

Pupil Weights. These systems in varying forms are used by 19 states, as of 1999-2000 (Parrish et al., 2003), as the primary basis for allocating special education funds. As is true for the District’s Uniform per Student Funding Formula (UPSFF), most pupil weighting systems use multipliers as the basis for allocating special education funds. These multipliers generally apply against a base which has been determined to be the amount of funding deemed appropriate for a regular education student. Weights for special education are derived by applying multipliers to this base to reflect the supplemental amounts needed for students with special needs.⁶⁴ A weighting system for a state may simply apply to students in special education, but more often extends to other types of special needs categories, such as children in poverty and English learners.

Most states use funding weights to differentiate among the vast array of students in special education by some criteria that are believed to be associated with variations in cost. Perhaps the most common approach is to differentiate children for weighting purposes by their primary category of disability. Because some categories of disability show higher average levels of spending than others (Chambers et al., 2005), differential funding weights can be calculated and assigned on this basis. For example, students with a primary disability category of Mental Retardation would generally have a higher funding weight than students with Speech and Language Impairment.

Other bases for multiple weights are intensity of service or educational placements. The District currently uses four weight classifications that are based on the levels of service provided to its special education students (a fifth weight has not been used for several years). The basic concept underlying the UPSFF is the greater the level of special education service provided, the higher the level of funding. As context, the national Special Education Expenditure Project (SEEP) for the 1999-2000 school year found spending on the average special education student across the nation to be approximately 1.9 times that for a child only receiving regular education services.

Applying the simplest version of a pupil weight, the state of Oregon applies a funding weight of 2.0 for all qualifying students in special education.⁶⁵ Most states with funding systems using

⁶⁴New Jersey and Indiana, which have a form of pupil weighting formulas, set absolute dollar amounts for their special education supplements, which are not applied to a strict “base.”

⁶⁵ Some special education students in Oregon do not generate a full 2.0 funding weight due to caps on the percentage of students allowed for special education funding in the state.

weights, however, go beyond a single weight for special education. As the population of special education students represents a vast array of supplemental education needs, a single weight is generally considered insufficient to capture this variation. For example, a student in special education may receive only a few hours of speech therapy a month, while other students may require intensive daily services. As the costs vary widely across these service extremes, funding weights can be differentiated among categories of students in special education to approximate the costs inherent in these service differences.

Having said this, none of the existing state weighting systems varies to the degree that would be needed to cover the full range of students' special education needs. However, with multiple funding weights, there is a stronger relationship between a child's funding weight and the varying costs of meeting his or her differing special education needs.

Percentage Reimbursement. The first research question for this study includes the question of whether a cost reimbursement system is an alternative the District should consider as a full or partial basis for funding special education. This type of approach is used by seven states, as of 1999-2000 (Parrish et al., 2003). The basic concept is that districts are funded for special education services based on actual eligible costs. There are usually some limitations with regard to categories of special education spending that can be approved for reimbursement.

Six of the seven states have partial reimbursement systems, e.g., 50 percent of approved spending, leaving Wyoming as the only 100 percent reimbursement system. In a sense, the District already is employing a combination of pupil weights and full reimbursement. While public schools in the District are funded on the basis of the UPSFF, St. Coletta Special Education Charter School and all NPS are largely funded on a reimbursement model.

A reimbursement funding system is not recommended for the District. First, such a system would require extensive accounting with regard to the supplemental services being provided as the basis for determining total additional spending on special education at each LEA. From an accounting perspective, this could be quite cumbersome and burdensome in regard to resource tracking, accounting, and reporting. Second, the more separate the special education services being provided, the easier the accounting, creating possible incentives for isolated special education services. This is not appropriate for most children in special education and generally would likely continue current practices in the District that are in poor alignment with federal LRE requirements. Third, unless the state very strictly controlled what is appropriate, what is provided, and what is charged for students in varying categories of special education need, what was actually being provided to children with similar needs under a reimbursement system might vary considerably across the District, leading to concerns about equity.

In addition, as LEAs in the District do not have local revenue sources, a percentage reimbursement system within the District would likely have to be full reimbursement. This could lead to concerns about a lack of cost controls. However, if in an effort to control costs services were strictly defined by category of child with clear limits being placed on what could be provided and reimbursed, the overall system starts looking much more like a fixed per-pupil amount, which is much more easily administered under a pupil weighting system.

"Census-based" funding. The third type of funding system is one the federal government and some states have adopted in response to concerns about possible fiscal incentives for over-identifying students as eligible for special education. As the percentage of students identified as special education has increased every year since the inception of IDEA in the mid-1970s, arguments were made that this was at least partially due to the supplemental funding generated by

children in special education through funding provisions like the two types of systems described above, i.e., pupil weights and percentage reimbursement.

Census-based funding was designed to circumvent possible fiscal incentives to over-identify children for special education. These incentives are removed under a census-based system because the amount of funding a state or an LEA receives is based on the total number of school-aged children residing in a state or the total number of children enrolled in a district – measures that are totally independent of the number of children identified for special education, their primary category of disability, services provided, or the primary setting in which they are provided.

While the federal government has used a census basis for the majority of their special education funding formula for nearly a decade, and a number of populous states, such as California, Pennsylvania, and Massachusetts have adopted this as the primary basis for their state special education funding formulas, we do not believe this is a viable approach for the District.

One reason is the underlying implicit assumption that children with special education needs are largely randomly distributed across LEA geographic boundaries. If we believe that the overall need for special education services is more or less randomly distributed across LEAs and that variations in practice are based more on local decisions regarding how children will be served than differences in their true need for special education services, it is reasonable to argue that special education funding that is solely based on overall LEA size makes sense. In addition, it is said to have the advantage of removing any possible fiscal incentives for placing more children in special education or for providing expensive services that may be beyond what is truly needed.

In the District, this underlying assumption falls apart immediately because enrollment across LEAs in the District is not based on geographic location. Children may enroll in a charter school or in DCPS, and if they choose a charter school that is over-subscribed, they are enrolled in DCPS by default. Thus, rather than the assumption of relatively stable student populations in districts that are largely governed by geography, the District education governance system is largely predicated on the concept of movement and choice. Census systems are not designed for this type of underlying structure. As funding under this system is the same regardless of the number of children actually served in special education, there would be clear fiscal incentives in the District not to identify children as in need of special education.

What is the recommended approach for funding special education in the District?

As discussed above, the exact answer to this question should be largely determined by the desired future objectives for special education in the District. All fiscal policy decisions provide incentives for certain types of behavior and decisions regarding programming, identification, and placement, and over time, special education provision may come to mirror the way in which it is funded. As certain practices and behaviors are likely to be influenced by fiscal provisions, an important underlying goal is to develop a system that neutralizes existing incentives that appear most troublesome and re-direct behaviors toward the desired direction of change.

Pupil weights are recommended as the primary special education funding approach

The underlying structure of educational provision in the District is largely predicated on choice, student mobility, and LEA enrollment patterns that are generally not based on geography. Given this, as well as the types of possible goals for the District stated earlier in this report of fostering to the greatest extent possible high-quality, appropriate programs for children in special education in their neighborhood schools, it would seem that the strongest underlying basis for special education funding in the District is pupil weights.

However, this does not suggest retention of the current pupil weighting system

We propose the District adopt a modified weighting system with some unique features regarding student assessment and classification. Along with this, we recommend full reimbursement (or full funding) for the relatively few children in special education, who under some form of future Master Plan for the District, would still receive services in separate schools exclusively for students in special education. This will be described further in response to questions 2 and 5 below.

Advantages of a student weighting system for the District

A pupil weighting system has the potential to tie funding to individual students in accord with their special education needs and the potential to travel with students wherever they attend school and when they move. We consider this a very important feature given the high degree of movement in the District. This funding weight can also be prorated to ensure that funds follow students as they move across LEAs during the school year.

Student weights also allow for variable funding levels for students with different special education needs. Weights can be adjusted to place premiums on certain types of students or settings and to encourage schools to attract and retain them. For example, students with certain characteristics might generate a lesser weight for their school when served in a segregated setting as opposed to a greater weight associated with the provision of more integrated services.

Disadvantages to pupil weights

These are largely associated with the bases by which students in special education are sorted into funding weight classifications. As mentioned, Oregon has attempted to circumvent these problems through the use of a single weight for all students. However, as discussed, a single weight would not work well in the District given the degree of student mobility inherent to the system across individual schools. With the same funding weight applied to all students in special education, there would be substantial fiscal incentives for a school to encourage enrollment of children with Individualized Education Programs (IEPs) that are relatively low cost as opposed to higher cost students.

While weights by category of disability can show research-based cost differences to substantiate their use (e.g., Chambers et al., 2005), these findings also show greater spending variability within than across category of disability. In fact, category of disability explains only a small part of the variance in spending. Possible fiscal incentives also remain as a concern. For example,

Oregon adopted a single special education funding weight to avoid possible fiscal incentives associated with assigning one primary category of disability to a student over another.⁶⁶

Other states use primary placement as the main criterion for differentiating among special education funding weights. Under this type of weighting scheme, students served in special schools often have higher funding weights than those served in a special class within a neighborhood school, as opposed to a lower rate yet for students primarily receiving special education services on a more intermittent basis within a resource room. Some states use a combination of these two factors (i.e., category of disability and type of placement) to create weights.

Again, weightings based on placement have the advantage of reflecting cost differentials borne out by the history of provision in these alternative settings. Fiscal incentive concerns with this approach, however, are arguably even greater than those associated with differentials based on primary category of disability, as will be discussed further below.

Concerns with the current hours of service basis for the UPSFF

Through the UPSFF, the District uses 8-hour increments of special education services per week as specified by each student's IEP to differentiate funding weights. Only hours of instruction from special education teachers and related services such as speech therapy and psychological counseling qualify. As IEPs do not report hours of service from aides, the weights do not include this support.

Although the District's current UPSFF funding system is not based on placement per se, many of the same concerns apply. In fact, it is our understanding that the basis for funding underlying the UPSFF was specifically changed to hours of service for the express purpose of moving away from weightings specifically based on category of placement. While in a strict sense the current system is no longer based on placement, many of the same problems that were likely associated with the old formula are still in place.

For example, the fact that UPSFF weights do not allow services by an instructional aide to be included in this calculation is undoubtedly one reason for the very high degree of segregated special education services found in the District. While fiscal considerations are not the only reasons for this degree of segregation, it will be hard to bring about substantial change in long established practices when the funding system not only fails to support change, but in fact discourages it.

Under the UPSFF, by far the easiest and perhaps the only way to generate higher UPSFF weights for students needing more intensive special education services is to provide these services in separate classrooms within neighborhood schools or in separate special education schools. However, such services will often violate the LRE requirements. As mentioned, the most appropriate, least restrictive placement for many students in special education with fairly intensive overall supplemental service needs may be virtually full time integration in a regular education class.

One way of accomplishing inclusion for students with intensive needs is to assign a full-time dedicated aide to support the student. In addition, to make this inclusive placement work, a

⁶⁶ Personal statement to report authors by Nancy Latini, Oregon State Director of Special Education.

number of certificated special education professionals may need to interact with this student on a part-time basis and spend a fair amount of time in consultation with the regular classroom teachers. However, under current UPSFF provisions, the time this student spends with the aide does not count as direct service time, and it is not clear if the IEPs capture indirect consultation time between the student's educators and other providers.

If such a student needs Level 3 funding to make an inclusion model successful given his or her overall needs, it is difficult to achieve this, as the student needs 16 hours or more per week with a direct professional service provider to qualify for Level 3 funding. This degree of interaction with a special education professional is easy if we cluster a number of special education students with a single teacher for an extended period of time. However, if the purpose is to avoid this degree of separation and to integrate students into regular education to the full degree that is appropriate to their needs, it does not appear likely under the current definition of what can qualify as direct service hours.

While a version of inclusive services whereby a special education class is combined with a regular education class and co-taught by special/general educator team, could be implemented and count for funding under the UPSFF system, this constitutes shaping a program to fit the funding possibilities, rather than having the fiscal flexibility needed to design a program most appropriate to the child's needs. Many children in special education who can benefit from inclusive services will be best able to do so if they are not clustered with other children with special needs, but rather are more immersed with non-disabled peers.

While the UPSFF is not strictly based on type of placement, its basis in hours of service clearly has the potential to dictate placement from a financial perspective. Given District statistics regarding the restrictiveness of special education placements, it would be very difficult to argue that these funding provisions do not affect the placement decisions.

In addition, the UPSFF clearly seems a considerable barrier to the District goal of reducing the percentage of students served in restrictive placements (at least in public schools). To dramatically increase inclusive services being provided to District students in special education, fiscal policies that clearly support these practices are needed.

A pupil weighting system appears the only viable funding alternative for the District

In summary, we believe pupil weights to be the best funding approach for the vast majority of special education students in the District, but that the current basis for the weights used, i.e., hours of direct special education service, must change. Below, we describe two bases the District might consider as alternatives for a revised UPSFF. The first makes what appears on the surface as a fairly minor change to the current system, while the second would move to an entirely different basis for future UPSFF weights.

Option 1 – Add instructional aides as direct service time

Considerable improvement in regard to some of the primary concerns associated with the UPSFF could be made by allowing dedicated instructional aides to be counted under the current direct hours of service formula. This would constitute a relatively minor change, but one that could have substantial implications for the flexibility needed to foster more inclusive placements while maintaining the basic UPSFF structure. Currently, DCPS has 93 dedicated aides, and it is

reasonable to assume that some of the students served by these aides could be educated in regular education settings. By counting aide hours, students assigned a full-time (dedicated) aide could be fully included in regular education classrooms, with consultation and periodic direct service provision from certificated staff, and still qualify for Level 3 or 4 funding.

While this would make significant strides in making mainstream placements much more fiscally viable, alone it may not result in substantial progress in reducing the very large number of restrictive placements within the District. Perhaps the principal advantage to this approach is that, while on the surface at least it appears a fairly minor change to the current UPSFF approach, it should be much more immediately doable than some of the more extensive recommendations made below.

On the other hand, while this seems a fairly minor adjustment to the current UPSFF on the surface, questions about exactly how this would be implemented remain. For example, the cost implications of granting an hour of aide time the same fiscal value as an hour of professional time is unknown. If multiple children are assigned to a single aide and each could receive credit for a full hour of service in response to this, it could result in a much less expensive way to qualify for high levels of funding. On the other hand, if a child were removed from a special education self contained class of twelve students to receive services from a one-to-one aide, the aide service might actually be more costly than the student's prorated share of a self contained setting with a certificated teacher.

To promote inclusion through this move, it might make the most sense to limit the addition of aide hours under the UPSFF to one-to-one aides assigned specifically to promote integration of special education services in a regular education classroom. The exact details of implementation, however, would need further consideration. The cost implications of this change would likely be negligible to start, as these students may be already generating Level 3 or 4 funding under the current system.

Option 2 – Base pupil weights on services provided following the Florida model

A possible alternative basis for a District funding weight system would be a rating based on a student's service needs, possibly modeled after the State of Florida's exceptional student matrix of services.⁶⁷ That is, students would be rated based on detailed analyses of the exact types of services they require. The design of such a system is to provide an assessment of the degree of support a child will need to succeed educationally regardless of their primary category of disability or where they are placed. The ratings would be integral to the assessment of the child's needs for supplemental services and support that is a part of the IEP process, and the resulting service plan for each child should be well connected to supplemental service costs.

Although the current system is also based on a very rudimentary measure of services (in 8-hour increments), it is a blunt measure and insufficient in distinguishing cost differences. The same

⁶⁷ Please refer to *Use of the Exceptional Student Education Matrix of Services* (2002), Appendix A. Bureau of Instructional Support and Community Services, Division of Public Schools and Community Education, Florida Department of Education. Downloaded August 2007 from: <http://www.fldoe.org/ese/pdf/matrixnu.pdf>

number of hours across two students could look very different in terms of cost (e.g., 8 hours in a resource room with larger class size versus 4 hours of one-to-one therapy from related service providers plus 4 hours of resource room with a small class size). Ratings based on a matrix of services would allow for much finer distinctions between such cost variations.

The most important advantage over the current UPSFF system, however, is the ability to separate the derivation of service-based cost estimates from the exact type of placement for the child. That is, we seek a basis for special education weights that are derived and reflect the costs of a child's service needs, while retaining the flexibility to allow this child to receive that weight (and these services) in whatever setting is most appropriate to the child's needs. While it is true that the current UPSFF system is not placement based, per se, its major limitation is that it clearly appears to constrain placement in the LRE.

Florida has a decade of experience in implementing such a model and has made some substantial modifications to arrive at its current system. It is largely a service-based model currently limited to students with more severe needs to ease the associated paperwork burden (prior to 2001, a matrix was completed for all students in special education). While Florida's decision to limit the use of the matrix to students whose disabilities are "more severe" may make sense from an efficiency perspective, it raises important questions such as where the line between severe and non-severe disabilities should be drawn.

A common desire in special education funding policy is to develop a simpler form of funding for the majority of special education students, who tend to have "less severe" needs and more elaborate bases of funding for children with more complex service needs. Again, the problem is how to best distinguish between these two populations of special education students.

For the District, this problem may be more easily managed through the creation of a state entity, located within or overseen by the OSSE, with oversight over the assessments of all special education students.⁶⁸ Through the creation of such an agency, students could be independently assessed and assigned a funding weight, irrespective of how or where they will ultimately be served.

Recommend creation of an independent assessment authority for the District

Without such independent authority, LEAs would be in charge of completing a service matrix that directly affects how much funding they would receive from the state. Without independence between these two functions, i.e., rating for funding purposes and receiving the funds resulting from these ratings, children on average across the District might appear much needier than is actually the case. In addition, some LEAs might attempt to be more conservative on their ratings while others may inflate the services, resulting in cross-LEA disparities in funding that are not independently or completely objectively determined.

The District, due to its relatively small size, could realize a separation between the agency making assessments and funding determinations from that in charge of providing services. In fact, given the atypical way LEAs are formed in the District in relation to states, an independent assessment agency would seem not only obtainable, but desirable, under any type of funding system, e.g., funding option 1 or 2 as described above.

⁶⁸ This would not supersede the IEP team membership requirements as specified by the IDEA.

Procedurally, we would envision a system where all future referrals for special education would be forwarded by the appropriate LEA to an independent state agency which would be responsible for all required assessments and for ensuring that all mandated procedural requirements are met. First, this independent agency would determine whether the referred child qualifies for special education. If yes, IEP development would follow, in which LEA and school representatives and parents would participate as required by law but would not control the final outcome.

As described above as a part of the diagnostic component of IEP formulation where the needs of the child are fully evaluated and appropriate services are delineated, a matrix delineating the service needs of the child would be completed by the IEP team with oversight from an independent assessment entity, with final sign-off authority reserved for the state agency representative on each team.

The current system of a fixed annual allocation allocates special education resources on the basis of where students are initially enrolled rather than where they are primarily served throughout the school year. While it mitigates the fiscal impact on the LEA the student is leaving, it will often create fiscal problems in the LEA where the student is moving. It seems more appropriate that the funding follow the child to whatever LEA he or she attends within the District on a prorated basis. That is, if a child were to generate an additional funding amount of \$9,000 for a 9 month term, \$7,000 of this amount would travel with them if they transferred LEAs after two months. If in the future UPSFF counts will be based on projections rather than actual fall enrollments, these projections could be based on the FTE count of students by level from the prior year. That is, if three Level 4 students were enrolled in an LEA for one month each, together they would figure into the enrollment projection for the next year at a weight of .33 of a Level 4 student (three students multiplied by one month out of nine ($3*(1/9)$)).

On the one hand, moving funds with students could be problematic to the extent that DCPS and charter schools plan and hire based on anticipated fall enrollments. If students leave, the LEA in which they are initially enrolled may have to retain these teachers, aides and related service providers.

At the same time, it would seem that we would want to create an incentive for LEAs to try to hold onto the students they enroll and that when they are not able to do that to have the impact shared across the losing LEA as well as one that ultimately ends up serving the child. Of course the exact details of this would have to be worked out, and it may be considered better to do a partial movement of funds for mid-year transfers to more equally mitigate the fiscal impact on the transferring and receiving LEAs.

We would recommend that these same concepts apply within LEAs, although the OSSE would likely not have the authority to require this. That is, we believe that funds should also follow students as they move from school to school within LEAs.

How would the weights associated a Florida-type service be determined?

One option would be to simply adopt the Florida system, weights and all. As noted, Florida currently uses the matrix for students with severe disabilities, but this type of demarcation could also be adopted by the District and as mentioned above would actually be rendered more feasible by the formation of an independent assessment agency. A differential funding weight (or multiple weights) could be used for the majority of special education students with less severe disabilities.

As mentioned above, determination of the exact weights that might be used under such a system is beyond the scope of the current study. A lot of time and effort could be spent on determining very precise weights to apply, or extant national data might be used as an important resource to draw upon in making these determinations.

As mentioned above, the best source for national fiscal data in regard to special education comes from SEEP, which derived them from profiles of the services received by over 10,000 special education students across the nation in the 1999-2000 school year. However, SEEP provides information on actual expenditures, which should not be construed as what *should* be spent in order for special education students to reach a desired outcome (e.g., test scores). This can be an important distinction if one were to use SEEP data as a basis for deriving funding weights. Ideally, weights are based on the full consideration of what is needed rather than just a reflection of what is currently being provided.

In the case of special education, however, spending information comes much closer to desired estimates of cost (to reach an outcome) due to the nature of the special education process, where the services provided to each child are the result of a thorough review process required by law to involve a multi-disciplinary team of service professionals appropriate to the needs of the child.

Given this, we believe SEEP could be used as an important source of information for considering appropriate funding weights if the District wanted to transition to a differential funding approach based on the services needs of individual students. In addition, the District already has expenditure information for classes of children based on services currently provided, which could also be a resource in such a determination. A major problem, however, is that these reflect expenditures on service patterns currently in place in the District, many of which we would like to displace or discourage in the future. However, it would seem that District cost information could be joined with the information from SEEP and perhaps existing weightings from Florida to assist in the formation of weights to be applied in the type of system described above.

Monitoring provision

We see SEEP data as potentially useful in at least two ways. First, SEEP provides valuable information regarding what is being provided on average across the nation for students with varying characteristics as well as spending estimates by type of service. In addition to serving as a resource for informing future funding weights for the District, descriptions of the actual services received on average by certain classes of students could be used to assist the state in future monitoring responsibilities it will undoubtedly need to assume (as do all state agencies) in regard to oversight of special education.

A major objective of the types of funding systems described above is that, although the special education funding received by an LEA would be linked to the service profiles of the students they enroll, they would have considerable flexibility in exactly how to best use these resources within the confines of what is required by federal law, e.g., that students be served in the LRE.

Flexibility, however, tends to exacerbate accountability concerns related to the sufficiency of provision. SEEP data can provide an important basis for linking, in a general sense, the services that would be expected to be provided in a given LEA given the mix of special education students enrolled based on national practice. For example, if the numbers and service characteristics of an LEA's population of special education students suggest the need for approximately 3 full-time speech therapists in an LEA based on national norms as reflected in SEEP, monitors may wish to

probe more deeply regarding the appropriateness of what is being provided if only one (or perhaps no) therapist services were employed by this LEA.

Aligning funding with District goals

Regardless of the basis of the weights, the District should be careful to ensure that they properly align with desired District goals over time. To accomplish this, it may be necessary to structure the funding weights to foster change. For example, weights might be derived based on some combination of a child's service needs and the primary setting in which he or she is served. With a higher premium associated with inclusive as opposed to segregated services, LEAs would see increased fiscal support to help them to transition and maintain more inclusive services for children in special education.

Another form of incentive that might be incorporated into the funding system is placing a greater premium on categories of children for whom appropriate service alternatives seem currently lacking in public settings. As we further consider the large number of students in the District currently being served in NPS as a result of insufficient suitable programs within public schools, it may be important to place fiscal premiums on certain classifications of students to encourage the further development of appropriate public programs and services for them.

DCPS and the District overall have set goals to reduce the number of District children currently served in NPS and move to a more appropriate balance of services in accord with federal LRE requirements. We believe that the only way such children will be drawn back to public (as opposed to non-public) offerings over time is the creation of top quality and fully appropriate public school services for the full array of children within the District with special education needs. Accordingly, such programs are needed in the District immediately, and we believe that an important component of this is to provide heightened fiscal support for program development in areas where the courts and hearing officers have consistently found programs in the District to be lacking and therefore have ordered NPS placements.

What are the advantages and disadvantages of using a weightings-based system for most special education categories but a different system for low-incidence, high-cost disabilities?

Multiple funding systems for special education are currently found in the District, with most students falling under the UPSFF, but with students served at St. Coletta and NPS being funded under a different model. The question above seems to refer to whether such model differentiation might be incorporated into a future funding scheme for the District in a more rational way.

In one sense, many states have supplemental "insurance" type funding adjustments for high cost students. In most instances, however, rather than two completely different funding systems, all children fall under a single system, with a type of "insurance" pool to which districts can apply for supplemental funding in instances when they can demonstrate that spending on an individual child far exceeds the funding provided through the standard formula. The threshold at which districts become eligible for the supplemental funding varies from state to state. Generally, states reimburse LEAs beyond this cap amount on a percentage basis. For example, if the maximum state revenue for a high-needs special education child is \$30,000, the state might fund 80 percent of special education spending on that child that exceeds some amount in excess of this, e.g.,

\$40,000. Of course, LEAs in states are different than in the District. While local jurisdictions in other states generate part of their revenues through local taxes, LEAs in the District are completely reliant on District government funds (supplemented by federal IDEA dollars).

The problem with a completely separate funding formula for high-need, low-incidence students and a different formula for all other students in special education is the simple fact that the special education population does not neatly fall into two categories. There are many students in special education with more basic needs for supplemental services such as resource room and speech therapy who may be easily distinguished from the much smaller population of students with very intensive needs. However, these two sets of children represent extremes upon a continuum of needs, and the population as a whole will not fall cleanly into low-incidence, high-cost and high-incidence, relatively lower cost groups.

Clear fiscal lines across this continuum where children on one side of the line will be funded quite differently from students on the other create concerns about fiscal incentives associated with getting children on the more fully funded side. We know of no state that melds two completely different funding systems to bifurcate the continuum of special education needs.

Whether a separate, reimbursement type of system will be needed for children for whom separate special education placement is deemed most appropriate is somewhat dependent on the level of funding generated for these children under a revised weighting system. It could be that the weights and resultant funding amounts emanating from a matrix of services approach (described earlier) would be sufficient to provide appropriate funding for all students regardless of where they are served.

Does the UPSFF weightings system encourage over-identification of students for special education?

We have not seen or heard clear evidence of this. While it is true that the overall special education identification rate in the District, at 17.5 percent, is well above the national average and also that this rate has risen appreciably within the District over the past decade, it is not clear that there are UPSFF-based fiscal incentives that are driving this. First, the identification rates in the district a decade ago were well below the national average, hovering at somewhat over 8 percent while the nation on average was 12 percent. As the identification rate for the nation as a whole is currently at about 13.5 percent, the identification rate for the District may be considered by some as within the upper bounds of what is reasonable.

Nonetheless, a reasonable goal for the District would be a reduction in the percentage of children served in special education. To the extent possible and appropriate, children should be supported as needed without being identified as special education. In other words, special education should not be the first option for struggling students. However, it seems unlikely that a reduction of UPSFF funding would help in this regard.

What would seem better advised is bolstering education in the District to the extent that a higher percentage of students will have their needs fully met without needing supplemental special education services. In addition, further development and full implementation of the types of pre-referral intervention services currently being launched in the District should reduce referrals to special education over time. These types of programs are designed to ensure that alternative

regular education interventions are used with increasing intensity to meet the needs of the child prior to referral to special education.

In addition, if an independent agency were responsible for all special education assessments across DCPS, charter schools, and tuition grant students, as described above, more uniform standards might be applied to ensure that all students placed in special education truly require these services (as well as ensure that alternative interventions were attempted prior to special education identification).

Are the current weightings, based on five levels of hours of service, well suited to the costs of providing legally mandated services? Should additional factors be included, such as category of disability?

We know that concerns have been expressed regarding the need for greater alignment between the cost of services and the corresponding weights associated with the increments of direct service time that underlie the current formula. While this may be true, we believe the problem to be much larger than this. Even if current UPSFF weights were better aligned with true costs, they would still be providing supplemental funding for practices that we believe the District must discourage: a very high degree of restrictive placements, often in separate special education schools.

In addition, as mentioned above, disability categories have been shown to explain only a small percent of the variance in spending on special education students (Chambers et al., 2004). While adding disability categories within each of the service levels may allow for better cost differentiation than the current structure, it will likely introduce too much complexity into the system and create additional incentives (e.g., identifying certain disability categories). As alternatives, we pose two options above – allowing aide time and basing weights on a matrix of services – earlier in this chapter that may be better suited to funding the costs of special education and also counter the long-standing trend of restrictive placements.

Should D.C. public charter schools designed to serve only special education students be funded by the current weightings system, through contracting procedures, or by some other funding method?

We believe a major issue that underlies the consideration of how to fund charter schools designed to serve only special education students is the degree to which current levels of special education segregation found in the District should be fostered in the future. At a time when many education jurisdictions are looking to close separate special education schools, the District appears to have a number of practices for further expanding such offerings.

Thus, we believe the question pertains less to special education charter schools, per se, than the overall number of private and public schools that should exclusively serve special education students in the District into the future. Once there is a determination of a target number of these schools, consideration should also be given to their governance and funding structure. This is a

prime example of the need for an overarching special education plan for the District to guide these types of individual governance and funding questions. In considering a reasonable number of separate special education schools (whether public or private), it is important to emphasize that this target determination should be based on the needs and characteristics of children in special education and the LRE requirement of the IDEA.

While the vast majority of special education students nationwide are in regular schools, the LRE for some children due to their highly specialized needs is placement in a school designed to serve only children in special education. The most current national data show that about 4 percent of children ages 6-21 in special education are in separate special education schools (including both public and private). Selected large urban districts show a higher percentage of students – an average of 7 percent – in separate schools.⁶⁹ This may be due to the differing characteristics of children residing in urban settings, or simply reflect different practices there. Regardless, our best estimate of the percentage of children in special schools in these urban settings (approximately 7 percent) seems to provide a reasonable upper boundary of the target percentage of children in special education within the District who might best be served in separate special education schools.

First, a special education master plan should be developed that specifies the extent to which separate special education schools are a part of the future vision for the District. If separate special education schools are deemed a part of this plan, based on the current count of special education students in the District, these lower and upper percentages (4 to 7 percent) suggest that a reasonable goal for the District might be to serve between 400 and 800 students in separate special education schools. While individual school enrollments vary, this would suggest approximately two to four separate special education schools serving all students for whom such services are appropriate district-wide.

We realize that there are currently in excess of 25 public and private special education schools within the District, more than 100 non-public sites outside the district, and 10 surrounding counties that serve the District's special education students. However, each incremental decision from this point forward needs to be made with the consideration of whether it contributes to the overall need to diminish the number of placements in separate special education (as well as the overall number of such facilities) or would be more likely to further foster expansion.

Charter status seems inappropriate for existing separate special education charter schools based solely on definition. Charter schools are designed to be public schools of choice with a mandate of open enrollment for all students applying for admission. If demand exceeds supply, enrollment in the schools is determined randomly with possible priority given on the basis of sibling relationships and the like. A school that is designed specifically for children in special education with very high-level, intensive special education programming needs does not fit within the charter concept.

It also seems inappropriate for separate schools to fall under the purview of a single LEA within the District, even a large one like DCPS. By definition, these schools will be high-cost, very specialized operations designed to serve children with intensive special education programming requirements regardless of where they reside within the District. Public oversight and regulation in regard to the nature, quantity, quality, and cost of the services provided will need to be closely

⁶⁹ This represents an average across Atlanta, Baltimore, Chicago, and Los Angeles. Atlanta is below the national average with just 1.3 percent of its population in separate settings. Based on the Urban Special Education Leadership Collaborative, 2004 Special Education Enrollment Analysis Report, September 2005.

monitored and regulated. We believe the best entity to oversee such highly specialized schools within the District is the OSSE.

In such a scenario, all separate special education schools in the District would be publicly regulated and funded based on the full reimbursement of approved costs based on the services provided. The services provided by these schools would be determined solely based on an independent assessment of the needs of the children enrolled (as required by the IDEA) and funding for all of them would be comparable in the sense that they would be tied to the cost of the services determined to be appropriate for the students enrolled. Whether these schools were technically public or private in their governance would be of secondary importance to the fact that they would all be at least quasi-public in that they would be fully publicly funded and accordingly would have a high degree of state-level oversight.

In summary, we recommend that all special education schools ultimately deemed as appropriate and falling under a District master plan for special education be funded on a cost reimbursement basis. Cost accountability would come from State determination that the services provided are in accord with service standards to be developed by the state for programs and schools of this type. We also strongly encourage that the DC Public Charter School Board declare a moratorium on chartering exclusively special education schools until there are clearer District-wide goals and policy framework. To discourage future special charter school expansion in the absence of such a plan, we recommend that if additional special school charters are granted, they not be awarded special funding beyond what is provided under the UPSFF.

How should the costs of Extended School Year (ESY) services and Compensatory Services be addressed?

If ESY services are sufficiently uniform, a single ESY weight may be most appropriate. As described above, this single weight might be based on current spending on ESY services in the District (if these prior services are deemed to be fully adequate) and/or some combination of current spending information on ESY provision from the District as combined with ESY national expenditure information from SEEP.

On the other hand, varying ESY weights depending on the mix of services provided may be needed. If this is the case, we recommend that ESY services for students in special education be funded as a natural extension of the District-wide, independent assessment team and weights based on the matrix of services described above. That is, an ESY funding weight would be assigned based on the child's service needs as reflected in the service matrix.

In regard to the compensatory services referred to in the question above, we understand these to be those services provided to children in special education to "compensate" them for services they should have received, but for some reason did not. It is our understanding that these reasons could include such conditions as the failure to meet certain procedural deadlines, the failure of transportation support services to deliver the child to specified services, and other break downs in the overall system of special education service provision.

It would seem that the primary goal in relation to these costs is to reduce and, eventually, largely eliminate them. As the District embarks on reform, specified special education services should be increasingly received on time and with sufficient consistency that compensatory service would be substantially reduced.

However, in the interim, and likely to some degree into the future, compensatory services will continue to be needed. To minimize the overall cost of providing these services and to maximize efficiency, the need for District-wide special education databases that are fully current, accurate, and well-supported are essential, as described further below.

Specifically, the ability to tie information about the degree to which special education services specified for individual children were actually delivered is an important first step in using existing information to efficiently determine who is eligible for compensatory services. Between well-documented timelines for individual assessment proceedings, a comprehensive billing system for services that can be claimed through Medicaid, transportation logs, and attendance records, it may be possible in the future to obtain information regarding specific services that were missed in a fairly systematic fashion.

Last, they should also serve as the basis for systematically recording exactly what was delivered to whom of a compensatory nature as a full accountability loop on the completion of required services and the expenditure of supplemental compensatory funds. It would seem that the cost of these services would be most appropriately charged to the budget of the entity where the gap in service occurred. Thus, if these compensatory services result from assessment or procedural breakdowns, they would be charged to the independent assessment unit recommended above; if due to gaps in transportation services they should be considered a transportation expense; and, if due to LEA-level failure to provide required services, they would be charged to the responsible LEA.

In summary, in addition to overall program reform that is designed to minimize compensatory special education services to the greatest extent possible, we recommend development and full maintenance of data systems that capture eligibility for these services, that specify appropriate compensatory alternatives and costs, and that efficiently track their receipt. Last, we recommend that the cost of these services be charged to the greatest extent practicable to responsible agencies to encourage full and on time special education service provision.

What are the best practices derived from states for rate-setting for non-public special education schools and programs which provide guidance to the District given the particular needs of our students, the status of special education programming in the public schools and geographic location?

Rate-setting and clear and uniform contractual terms need to be established for all non-public special education schools (NPS) receiving funding to serve District students. Most current NPS serving District students already have their rates set and reviewed by the neighboring states of Maryland and Virginia. However, some NPS only serve District children and therefore do not fall under the purview of these states. For these schools, rate-setting should be enacted immediately.

While the District could develop its own rate-setting structure for all of the NPS with which it does business, we recommend that existing mechanisms from Maryland and/or Virginia be applied to NPS enrolling District students where rates are not already in place. While the District clearly needs to regulate the rates and contractual terms for all private schools enrolling District students, the goal over time is to dramatically reduce the number of these placements. Thus, we think the use of rate-setting and contractual provisions that have already been developed and are in place from other states is more efficient for the District at this time than the development of anything new or unique. While the implementation of these types of provisions is of the utmost

importance to the conduct of sound future business in the District, we believe the major thrust of innovative efforts in the District should be toward developing the strong procedural compliance provisions and the programs in public general education schools in the District that will be needed to appropriately serve current NPS students in public schools over time.

Other Issues

Special education transportation

While special education transportation in the District was not a specified focus of this study, bringing these exorbitant expenditures in check seems an essential element to reaching the kinds of goals listed above for special education provision in the district over time. Our charge, as we see it, is to make recommendations to OSSE that will result in sound special education fiscal policy for the future. As mentioned above, to do this we believe it essential to consider future policy goals for the District and to try to design these fiscal provisions to support these desired new directions to the greatest extent possible. In the District, rather than minor adjustments to the system, major changes in direction appear imperative.

The need to reduce the restrictiveness of special education placement in the District is clear. This means a substantial reduction in the number of public special education schools as well as in the number of special education children currently served in NPS. However, if this occurs, where will these children be served? In addition, how can the considerable movement toward NPS be reversed?

We believe the two major ways to tackle these questions are to substantially tighten special education procedural compliance within the District and to foster and develop state-of-the-art special education programming in public schools. Both of these needed new directions will take a substantial investment. Where will the money for this come from? Given its magnitude, special education transportation has to be a key place to look.

Why does special education transportation cost so much? One needs only look to the testimony of the Special Education Transportation Director for the District, David Gilmore, for the answer. He is crystal clear and seemingly right on target when he describes the root of the problem and what needs to be done about it. In essence, if children can be served in their neighborhood schools to a much greater extent or at least in public schools within the District he reports that these costs could be reduced dramatically.

Because existing patterns of provision will not change over night, hopes for dramatically reducing special education costs in the short term seem unlikely. However, the amount currently spent on special education transportation is indicative of the total resources already being allocated to the provision of special education services in the District. To build the state-of-the-art programs that will be needed to bring children back to public schools seems likely to require a fairly substantial investment over what is being spent now. Over time, however, if a good portion of the current transportation investment could be redirected to provide direct instructional and support services for students in special education, the resources should be sufficient to make these services among the best in the country.

In the short term, transportation officials indicated that more could be done at the administrative level to formulate agreements with surrounding jurisdictions. They cited a driver who goes from the District to Richmond, Virginia and back to transport one child under District jurisdiction

currently residing in Richmond. It would seem that with greater pro-activity and greater administrative support at the highest levels, increased cross-jurisdiction cooperative arrangements could be developed that would provide some immediate special education transportation cost relief.

It is also our understanding that special education transportation services in the District serve all District students with transportation services specified in their IEPs. This is true whether they are charter, DCPS, or NPS students. While separate funding is associated with these services, it is our understanding that the amount budgeted generally has resulted in less than what is needed and that the residual comes from UPSFF funds allocated to DCPS. If DCPS is to bolster substantially and alter the types of special education services they have historically provided, at a minimum they will need all the funds they are currently allocated for these purposes through the UPSFF. In addition, they need to be rid to the extent possible of major financial drains and distractions such as special education transportation that in fact are District-wide services. For these reasons, we recommend that special education transportation funding and provision be moved as a state-level function.

NPS savings

A great deal has been said above regarding NPS provision and the need for change. The only point to be added here is that characterizations of special education transportation cost (above) also clearly applies to the vast current expenditure currently going to NPS. As reported above, an average of \$57,700 per year is budgeted in FY 2008 as an estimated average cost of students served in NPS. Adding an average of \$19,000 for special education transportation results in an estimated average expenditure of \$76,700 per student per year served in NPS with transportation services. This amount also has to be considered within the context of what appears to be the relative severity of these children's special education needs in relation to other children in special education in the District. If, over time, these funds could be refocused into public schools, we say again that the resulting resources should be sufficient to make these public school services among the best in the country.

Medicaid

Medicaid is another area on which we were not specifically asked to comment, but which came up fairly consistently in our interviews with administrative and service provider staff. For example, questions came up as to why levels of Medicaid reimbursement were lower for charter than for DCPS schools for comparable services. However, perhaps the major concern was reported by therapists we met at the schools we visited who reported on the incredibly unwieldy and time-consuming nature of the current system of filing claims.

They discussed how long it takes to claim an hour of direct service provision given the inefficient design and repetitiveness of the claim forms and the fact that the computer system they use for filing these claims works so poorly. They described starting a claim and working on it for up to an hour just to have it lost in the system, and therefore having to start all over again. For the most part, Medicaid administrators with whom we discussed these issues did not dispute these administrative difficulties. In fact, they were among the most adamant in calling for better solutions.

In short, we believe OSSE should be concerned about therapists who are highly trained, well compensated, and nationally in short supply spending extensive periods of time struggling with

such an inefficient claim system when their talents would be much better used providing direct services to students. One therapist reported that it takes her on average an hour per claim. Thus, when she provides an hour of group therapy to four students, it takes her approximately four hours to claim this service for these four students through Medicaid.

While we do not dispute that Medicaid should be fully tapped as a revenue source for the District as a whole, we believe that currently this is far from being realized and that what is being recovered is costing way too much. The need to develop a very efficient Medicaid claim process for all public school children who could qualify in the District seems clear. In addition to a much more efficient computerized data collection process, remaining manual efforts associated these claims might best be handled by lower cost administrative support staff with input from the professional service providers.

Medicaid seemingly has the potential to be an important revenue source for District-wide efforts to make major changes in special education. However, to realize this, there should be a clear goal of maximizing the receipt of qualifying revenues and minimizing collection costs. If it costs two dollars to claim one, which may be true under the current system, the effort is perhaps better not made. On the other hand, if a dollar of qualifying revenue can be very efficiently and broadly claimed across all qualifying public school students in the District (whether enrolled in DCPS, or charter schools), at a low cost of collection, the net revenues from Medicaid could seemingly constitute an important basis for supporting District-wide special education reform. In addition, if these revenues are returned to the school where they are generated, substantial incentives might be created to complete these claims fully and on time.

Again, we recommend the development of a very efficient system for claiming revenues to benefit all public school children, a District-wide responsibility – rather than strictly a DCPS responsibility. The current system is tied to data systems currently run by DCPS that are broken and need to be fully reconsidered and revised. We believe that as these systems are developed, they should be made to apply District-wide and should not be unique to DCPS. For this reason, we recommend that the Medicaid claim process be redesigned to be much more efficient and to apply District-wide. As such, we recommend these processes fall under the purview of OSSE.

Data needs

The extreme difficulties we encountered in compiling data for this study have been described in previous chapters. As mentioned above, we believe a substantial redesign of the system is needed to provide a student-level database with unique identifiers that can be tracked over time, across data systems, and as students move across LEAs in the District is needed. As such, we see this as a District-wide responsibility for which OSSE should take the lead.

The ENCORE data system currently used by DCPS epitomizes this problem. While this student tracking system may be as good as any other, it clearly does not work well within the District. It has been reported that the underlying software has not been kept current, that the computer hardware is insufficient to fully support this system, and that it has insufficient technical and operational support.

Making student tracking systems like ENCORE much more efficient and applying them District-wide seem essential elements to improving the accountability and efficiency of special education provision. It should be determined immediately whether ENCORE itself is the problem, or whether it has simply not been well-implemented and supported by DCPS. If ENCORE is shown

to be working well elsewhere, upgrading and applying it District-wide should be a top priority. If not, the acquisition and implementation of an entirely different system will be needed.

DCPS as the special education LEA for charter schools

When pressed, most of the respondents for this study expressed confusion as to exactly what it meant for a charter to choose DCPS as its special education LEA. On the provision side, it seems fairly clear that DCPS assumes special education assessment responsibilities for District-charters. In cases in which any public charter determines it cannot meet the needs of a student with disabilities, DCPS becomes the responsible entity. However, individual LEAs should bear responsibility for all students they enroll, and DCPS (as an LEA) should not be burdened financially with students that other LEAs are not able to serve. This distinction has been muddled previously, given DCPS's dual role as both an LEA and state education agency. With the emergence of a clear separate state authority through OSSE and the creation of an independent assessment entity, there is no need for DCPS to serve as charter schools' LEA for special education.

Who should oversee and assume NPS responsibilities in the future?

Again, this is a question we were not asked, but one that we believe cannot be ignored when attempting to make broad recommendations regarding future special education fiscal policy in the District. As discussed above, when charter schools were first authorized, it was intended that charters selecting DCPS as their special education LEA would have issues related to possible legal actions in conjunction with NPS taken care of by DCPS for them. The assumption seemed to be that charters not electing this option would not be exempt in this way.

The reality, however, is that when the UPSFF included funding for special education tuition and transportation of all District students in a separate stream to DCPS, any possible need for this option was removed. The funding of legal representation and complainants' attorneys' fees arose later on a basis never explained. There is now some discussion that this should end, and even that charters confronted with legal action in regard to NPS placements would assume all such responsibilities just the same as DCPS. In fact, it seems unlikely that this would commonly occur and that by far the major burden for NPS would continue to fall on DCPS.

Again, we see this is as a District-wide phenomenon which should be overseen and monitored by OSSE. We believe a new start is needed in regard to perhaps the largest problem currently facing the District from the perspective of getting its special education funding picture in order. On the other hand, to substantially reduce NPS placements in the future, we believe DCPS has a lot to deal with in regard to developing the kinds of top quality public alternatives it will take to reduce future NPS enrollments.

An important question, however, is how to avoid the creation of policies that will likely result in DCPS and other LEAs being indifferent about future NPS placements. Under current policies this may be true already for the charter schools, which seem currently not to have to bear responsibility for NPS placements. If OSSE were to take over funding and oversight responsibility for NPS, it might place DCPS on a more equal footing with all other LEAs in the District with regard to their special education responsibilities. However, to make meaningful inroads in reducing NPS placements over time, it seems we need all LEAs to be responsive to this need.

We suspect that the best way to encourage LEAs to try to actively attract students away from NPS is to create funding incentives that make the appropriate inclusion of these students fiscally appealing. For example, it seems likely that if the dollars were really designed to follow the child, funding at a rate of considerably less than the \$60,000 plus per year currently going to NPS on average would be sufficient to create incentives for the development of appropriate programs for attracting and retaining these students.

School-based management within DCPS

Recognizing that the OSSE can only advise DCPS regarding LEA governance, much of the discussion above is geared toward creating incentives for special education program goals, i.e., serving students in the least restrictive environment, building school-level programs to attract current students back from NPS, serving future generations of special education children in the District in fully integrated public schools, and restructuring Medicaid reimbursements so there are local incentives to fully pursue eligible claims. However, many these incentives are predicated on the notion of schools having sufficient discretion and control over local operations to take advantage of these incentives.

In DCPS, however, this level of discretion over the provision of special education services at the school level appears limited. Central office control of related services and other special education provision (as described in Chapter 3) was a consequence of concerns about inadequate services at the school sites. Another problem with the large degree of centralization found in the DCPS is the amount of funding that goes to support district administration and support services. As shown in Chapter 3, while the UPSFF provides uniform funding to both charters and DCPS, more funding actually reaches charter schools.

However, if a District goal is the development of strong special education programming at the local level as well as the full integration of special and general education, school-level discretion, authority, and accountability regarding to the delivery of special education services will be essential. Special education programs that are well-integrated and nearly seamlessly provided in conjunction with general education at the school level seem very unlikely to occur in an environment in which local principals have virtually no control over, or responsibility for, their schools' special education program. To the extent that special education providers are seen as totally independent of the school and local leadership, separate general and special education provision will continue. Lacking discretion, principals may not place a high priority for the welfare and academic outcomes of the special education students they enroll.

These concerns are further accentuated by the growing charter school sector. As charter schools have discretion over the full UPSFF amounts, charter school leaders are likely to have much greater autonomy, responsibility, and therefore ownership for the special education students they enroll.

If the UPSFF were altered to create fiscal incentives for inclusion settings (e.g., counting dedicated aide time), charter school leaders would have the discretion and local control needed to change practice. However, it is less clear how principals in the DCPS would be able to respond to such fiscal incentives created through a revised UPSFF. While DCPS as a whole might attempt to support inclusion generally, it is not clear how local behaviors and practices would change in response to UPSFF modifications.

To allow DCPS schools to be competitive with charters and NPS, it seems that strong school leaders will need to be fostered, with a large degree of discretion over the special education programs provided at the local level. It also seems likely that a much larger portion of the funding allocated through the UPSFF will need to reach the local school level. Highly inclusive special education programs with local ownership should evolve through enhanced resources at the local level and strong leaders granted the responsibility and authority over the full range of programming being provided.

Regarding special education accountability concerns, given the competitive market conditions now prevalent in the District, where students may move from one school to the next, local leaders may be impelled to provide appropriate services to maintain the students they enroll. This would seem especially true if DCPS schools facing substantially decreasing enrollments were closed. For special education students with more severe needs, similar motivation to develop strong, appropriate programs at the local level might evolve through fiscal premiums that might be associated with these students, as described above.

Of course, the responsibilities of DCPS to provide special education oversight and monitoring would remain in place, as well as bolstered monitoring from OSSE when it is fully charged with these responsibilities for all the LEAs in the District.

In summary, some of the accountability measures and an appropriate degree of fiscal incentives to encourage and ensure appropriate special education service provision at the local level would need to be developed under a decentralized system. It seems unlikely that the goal of highly inclusive neighborhood programs within DCPS that can effectively compete with charter and NPS provision will be fostered without greater school-level resources, discretion, and ownership over special education.

Creation of a central pool of related service providers

In accord with the recommendation above to foster and develop school-level control, responsibility, and ownership over special education, OSSE should consider creating an independent agency under state control which would recruit and employ special education related service providers that would be available on a contract basis to all LEAs and individual DCPS schools (assuming greater local discretion of UPSFF funding).

Such an agency may make sense due to the many relatively small LEAs (often individual charter schools) currently operating in the District. These schools will often not have a sufficient number of students with therapy needs to employ their own staff. Given the national shortage of therapists, they may also find these services to be difficult to secure or inordinately expensive. To provide appropriate special education service for the students they enroll, it may be more efficient for the District (in its state capacity) maintain a central pool of well-qualified and appropriately trained therapy specialists from which schools can choose to contract. If neighborhood DCPS schools were also given the kind of discretion and control over special education services described above, principals also may wish to contract for therapy services from this pool.

It seems important, however, that the use of these service providers not be obligatory at the local level. That is, principals with sufficient enrollments of students in need of a given therapy may find it more efficient to employ a service provider directly, or individual schools may wish to pool funds to employ a therapist, rather than to contract with this central agency. In addition, if individual charter or DCPS schools found it more cost-effective to seek contracts with individual

therapists or with private agencies, as opposed to from this centralized pool, they should be given the freedom to do so. In other words, such a centralized pool may make sense as long as it was able to operate as the most cost-effective alternative that individual schools would choose. If there were not demand for the services this agency were offering, it would cease to exist.

A further advantage of a central agency of providers available to all schools would be the consolidation, and possible efficiency, of Medicaid billing for the students served across LEAs.

What might the District do immediately to initiate reform?

We strongly believe that the District needs to take a long term view of special education reform, and the recommendations outlined above generally reflect this perspective. The substantial and far reaching changes that are needed would represent a major sea change within the District.

Accordingly, we believe it is essential to start by:

- Developing a set of clear reform goals;
- Specifying the changes in current operating procedures and policies that will lead to these changes;
- Identifying the criteria and timeline against which progress toward these objectives will be measured; and
- Determining processes and procedures for reviewing these measures and in making mid-course adjustments when the desired objectives are not being met.

First, it is important to be clear about exactly what the District is attempting to accomplish. Second, to achieve any of these objectives (even incremental progress), substantial changes in current policies and procedures are needed. If the goal is substantial progress in a relatively short, but perhaps achievable period of time, e.g., five years, then a very major redefinition of special education in the District will need to commence immediately.

To facilitate the development of District-wide goals, the District will require a diverse oversight committee that represents the broad range of governing bodies and interests within the District. Although geographically small in relation to states, many layers of governance appear actively involved in the development of education policy in the District, and often these layers appear to act quite independently.

The need for these diverse interests and bodies to come together to work in the best interests of all students in the District, including those in special education, is clear. Without some degree of working consensus regarding what is needed and desired over time (i.e., changes in which at least a majority of representatives from these parties can agree upon and which conform to federal special education law), meaningful progress toward improving some of the very disturbing statistics presented in this report seems unlikely.

If there is ever a time well-suited for moving mountains, this may be it. A number of key changes regarding education governance are very recent within the District. Allegiance with prior policies, practices, and beliefs in regard to education provision is likely at an unprecedented low. Given this prime opportunity for change, we believe that a policy advisory body needs to be formed, or perhaps an existing one redirected, to develop a new master plan for special education for the District. We are aware that documents described as such have been produced in the fairly recent past within the District, such as the Declaration of Education (DCPS, 2005) and the Master Education Plan (DCPS, 2006). However, we believe that they are not fully reflective of new

governing structures nor take full advantage of the recent commitment toward substantial change in the District. In addition, we believe the purpose of this committee should not be to write another report describing how incremental progress will be made toward general goals without defining the specific major changes in funding, governance and oversight that will be needed to ensure meaningful progress.

We recommend that this committee have the following characteristics:

- It should be convened, directed, and report to the OSSE.
- It should have as its focus District-wide special education reform.
- Accordingly, its members should draw from the full range of agencies currently providing special education services to students in the District (i.e., DCPS, charter LEAs, selected NPS, and perhaps the current office for special education transportation).
- Representatives of relevant government agencies should be included, e.g., the Mayor, other relevant District agencies, and perhaps the courts and the federal government.
- It needs to include members with extensive special education knowledge, experience, and interests to include parents, local special education directors, service providers.
- It should include school administrators from DCPS and charter schools.
- It should be diverse enough and of a high enough level to be comprehensive in its coverage, to be able speak for the agencies and constituencies members represent, but also small enough to make sure it can function efficiently and complete its initial work on a fairly short timeline, e.g., three to four months.
- It should continue as an entity probably indefinitely. Once initial District-wide goals are set, this group will need to continue to monitor progress toward these goals and to make adjustments as needed. Changing special education in the District is a long term proposition and even as the District changes, national special education policies and practices will also continue to move.

The immediate charge of this group should be to set District-wide reform goals. In addition, it should serve as a policy advisory body to the OSSE regarding the kinds of specific policy changes outlined in this report. For example, this report recommends an independent assessment entity and a Florida-type basis for determining funding weights. The committee would determine if these changes would move the District in the direction of its established goals. Additionally, the committee would need to guide the details of implementing such measures.

Conclusion

The District is unique in its mix of local and state governance, as well as in the high degree of public school choice it offers. Unfortunately it stands out in other ways as well. We believe the percentage of students in private schools (and consequently, the disproportionate percentage of the education budget attributed to them), special education transportation expenditures, the very high degree of restrictiveness in the placement of special education students District-wide, and the extreme paucity and inaccessibility of data to be unparalleled across the nation either in states or in urban districts.

At the same time, through this study we encountered extremely dedicated individuals attempting to forge improvement and change for children as best as they could, even though in some instances it appeared to be a struggle. We found the individuals interviewed to be thoughtful and very forthcoming in regard to their experiences, ideas, frustrations, and hopes for public education in the District. Even the considerable difficulties we confronted in trying to assemble

data did not occur because people were not trying to help us. We met no one who appeared indifferent in regard to the quality of education that all children in the District deserve.

The current potential for substantial change in the District is unprecedented. A substantial financial commitment toward the provision of public education in the District is already in place. At the same time, a short-term infusion of additional funds will be needed to support change initiatives to challenge the status quo and to move forward into a new era. Over time, if these changes can be sufficiently implemented to result in a substantial redirection of existing funds (away from NPS and special education transportation services toward direct services of children allocated in alignment with their needs), current levels of funding should be sufficient to realize the goal of a high quality education for all District children.

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Appendix A: List of Reports and Materials Reviewed

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- Committee on Education, Libraries, and Recreation. (2006). *Council of the District of Columbia Report: Bill 16-668, the "Placement of Students with Disabilities in Nonpublic Schools Amendment Act of 2006"*. Washington D.C.
- Office of the District of Columbia Auditor. (2002). *D.C. Public School Medicaid Revenue Recovery Operations Require Substantial Improvements* (020:02:OW:VH).
- Office of the District of Columbia Auditor. (2002). *Mismanaged Special Education Payment System Vulnerable to Fraud, Waste, and Abuse* (025:02:LD:SDG:LB:HA:gk).
- The District of Columbia Public Schools. Office of Special Education. (2007). *Proposal: Therapeutic emotionally disturbed day program: Submitted by Marla Oakes, Executive Director of Special Education*.
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- Handouts from Ward 4 meeting 8-10-07. District of Columbia. (2007). *Improving Public Schools*.
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 - Levy, M. (2003, September). *The Costs of Providing Special Education Services to Students Served within the Public Schools in the District of Columbia.* Report to the State Education Office of the District of Columbia.

Appendix B: Interview Protocol

1) Background of respondents

- a. Name/title/school (school type)
- b. Types of special education students served

2) Do you have concerns with the current funding system? If so, we'd like to discuss these in detail. What are some issues with the current funding system (what works/what doesn't in what types of situations)?

- a. Is the mechanism for how funds are allocated (levels by services) appropriate for serving students in your particular school?
- b. Is it equitable across types of schools (e.g. non-charter charter, private) and for individual schools?
- c. Is it appropriate/equitable for different types of students, particularly high cost students?
 - i. **RTO question:** What are the advantages and disadvantages of using a weightings-based system for most special education categories but a different system for low-incidence, high-cost disabilities?

Related RTO questions:

- Are the current weightings based on five levels of hours of service well suited to the costs of providing legally mandated services?
- Are weightings applied to a foundation amount the most appropriate way to fund all special education students?
- Should D.C. **public charter schools designed to serve only special education students** be funded by the current weightings system, through contracting procedures, or by some other funding method?

- d. Are the funding amounts themselves sufficient for meeting student/school needs in your school?
Are they sufficient for meeting the needs of high cost students?

3) Do you have suggestions for alternative approaches to the current funding system? If so, please describe these.

Related RTO questions:

- Should additional factors be included, such as category of disability?
- Would cost-reimbursement or some other approach be a better system?
- What are the advantages and disadvantages of using a weightings-based system for most special education categories but a different system for low-incidence, high-cost disabilities?
- Also see the alternatives raised in the RTO question above on SE schools.

4) Other related topics, such as Medicaid, extended school-year, and over-identification:

- a. **RTO issue:** To what extent are the costs of Extended School Year (ESY) services and Compensatory Services appropriately included in the current allocation formula?
- b. **RTO issue:** Do you believe the UPSFF weightings system in any way encourages or discourages the appropriate identification of students for special education?
- c. What works well and what are the challenges associated with seeking reimbursement for Medicaid? Are there ways the DCPS/SEO can better support this effort?

5) Specific charter school questions

- a. For charters in which DCPS is the LEA: What special education services are provided by DCPS? What has been your experience with these services (e.g., quality, responsiveness)?
- b. For own-LEA charters: What special education services are provided (if any) by DCPS? What has been your experience with these services (e.g., quality, responsiveness)? Why did you choose to be your own LEA for special education, and what challenges do you have in being your own LEA?

6) Specific NPS questions

- a. What types of special education students does your school serve? In your judgment, in what ways are they the same or different from students attending public schools in the district?
- b. One of the research questions we've been asked to examine involves rate-setting for non-public schools. Do you serve students for which other states, such as Maryland and Virginia, have established rates? What has been your experience with those rates (e.g., Do they differ substantially? Are they appropriate for your students)?

- c. What concerns do you have about the issue of rate-setting? What should we be aware of as we examine other states' rate-setting and/or consider possible rate setting for the district?
- d. What processes exist at your school for transitioning students back to public schools? Does your school in particular regularly transition students back into district public schools? Do you keep data on this?
- e. Reports have stated that serving students in NPS is of substantially higher cost than serving like students in district public schools. What is your perspective on this assessment?

Related RTO question:

- What are the best practices derived from states for rate-setting for **nonpublic special education schools** and programs which provide guidance to the District given the particular needs of our students, the status of special education programming in the public school and our geographic location?