

Special Education Financial Narrative

Out-of-District Expenses

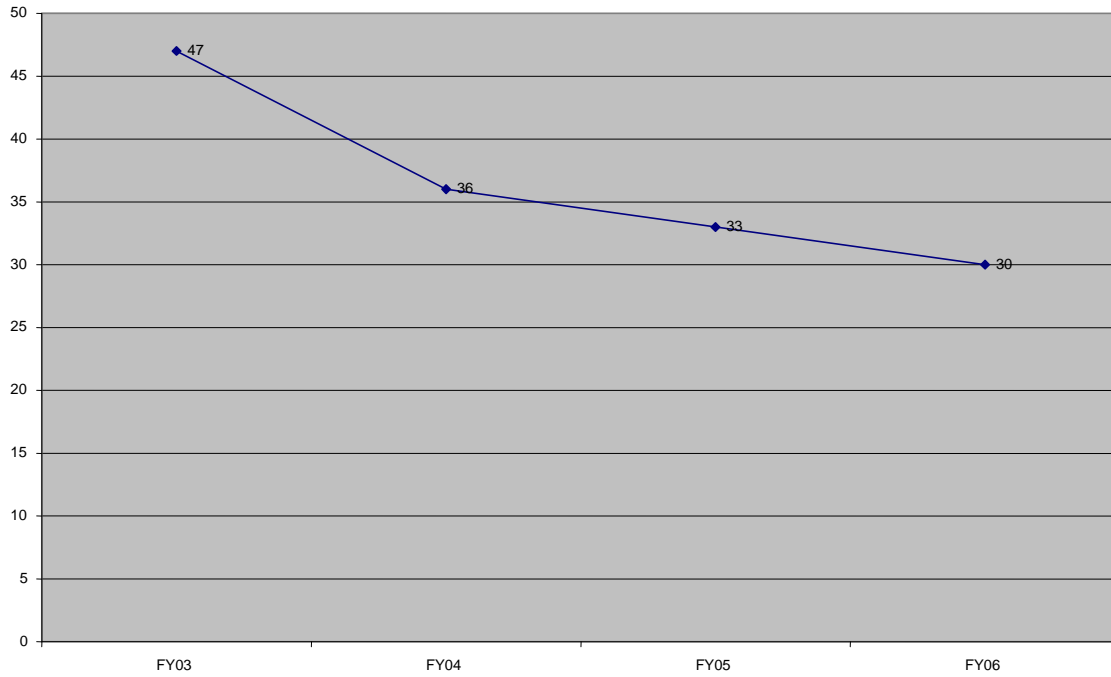
If Harvard is unable to provide an appropriate educational placement for a student eligible to receive special education services within the district, the student's special education Team must consider placement outside the district. Typically this placement involves either a *collaborative* program or one provided in a Department of Education approved *private school*.

A collaborative consists of a group of neighboring and/or similar communities. These districts band together to provide programs that meet their collective needs. Often collaboratives provide special education programs that a single district might not be able to provide. Placement in a collaborative is often the first choice of consideration for the student's Team when considering the appropriate placement for that student outside the school district. Because collaborative programs are typically housed within one of the member public schools, they offer the educational advantage of having the potential for interaction with peers in general education classes at that school, thus providing an education in a less restrictive environment. A financial advantage of collaborative programs is that they are non-profit organizations run by a Board of Directors consisting of representatives from the member towns. Costs for collaborative programs are typically much lower than for comparable private special education placements.

Harvard is a member in the Concord Area Special Education (CASE) Collaborative. Other member towns/districts include Acton, Acton-Boxborough, Bedford, Boxborough, Carlisle, Concord, Concord-Carlisle, Harvard, Lincoln, Lincoln-Sudbury, Littleton, Maynard, Nashoba Regional (Bolton, Lancaster, and Stow) and Sudbury. The Executive Director of CASE is hired by the Board of Directors which includes the Harvard Superintendent of Schools. Members of CASE are charged annual assessment based on the number of students it sent to the collaborative two years prior. This billing model allows for an accurate prediction of costs for any given fiscal year. Part of our responsibility as a member of this collaborative is to provide classroom space annually for one CASE program. Currently there is a CASE program housed in Harvard Elementary School. If CASE is unable to provide a program needed by a Harvard student, the district may also tuition the student into a program run by another collaborative on a space available basis.

If a collaborative placement is neither available nor the most appropriate educational placement for a particular student, he or she may be placed in a DOE approved special education program. Such settings have specialized programs or support systems tailored to address particular needs or disabilities. Tuition costs for these students are reflected in the budget line 03005-54810 Out-of-district tuition.

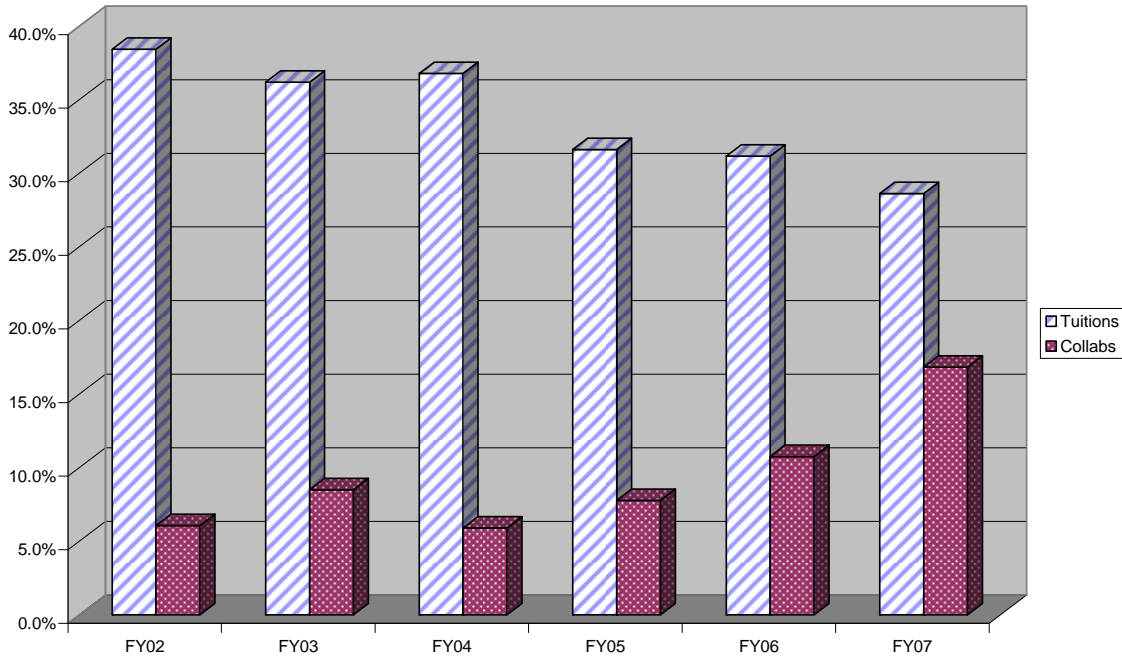
Graph One
Out of District Placements



Graph One Data Source: Harvard Special Education Department Data

Recent years have seen a decline in the number of Harvard students tuitioned out of district. One reason for this decrease is the creation of the integrated preschool. State and federal law requires that we identify and provide appropriate services for children with special needs beginning at age three and extending to age twenty-two, unless they graduate. Prior to the creation of our preschool our only option for students, aged three to five, that required specific programs was an out-of-district program.

Graph Two
Tuitions & Collaboratives as a % of Total Special Ed Expenditures



Graph Two Data Source: Town of Harvard Finance Database

The cost of tuitioning students to programs out of district has historically been a significant portion of the total special education expenditures. Examined over time, the percentage of the special education budget dedicated to tuitions in private special education programs and collaboratives has amounted to approximately 40% of the total special education budget. Graph Two shows the trend from FY02 through FY07 indicating a pattern in which collaborative tuitions have been increasing, whereas private tuitions are decreasing. Please note, however, that changes in CASE enrollments are not immediately reflected by commensurate changes in assessments. This is due to the previously mentioned billing structure. In the past two years (FY07 and FY08) there has been a decrease in the actual number of students enrolled in CASE by Harvard, a reduction generated mostly from students returning to programs within the district.

Cost Sharing and Reimbursement from the Commonwealth

Prior to FY03 the State reimbursed districts for half the cost of residential placements of special education students. Through the 50/50 Program, 50% of the residential placement costs were paid directly to the service provider by the State. While this provided some relief to cities and towns for costly residential placements, it did not cover reimbursements for non-residential day placements which represent the large majority of students placed out-of-district.

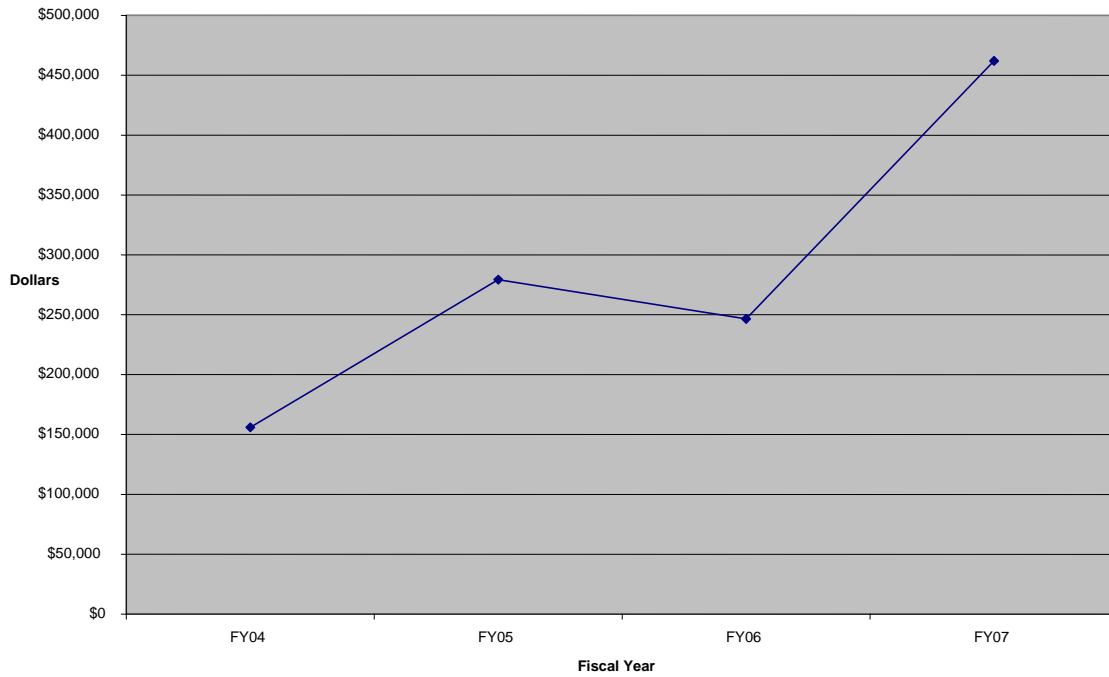
Beginning in FY04 the State began a reimbursement program entitled the *Circuit Breaker*. The *Circuit Breaker* program reimburses districts for up to 75% of the difference in cost of educating a special education student beyond the threshold of 4 times the *foundation budget*. The *foundation budget* identifies a base per pupil expense using a formula created by the Department of Education for purposes of determining basic education costs in their distribution of Chapter 70 aid. In FY07 the per pupil foundation budget was \$8,425. This figure continues to be adjusted upward annually.

For purposes of explanation, assume the tuition and related costs of a hypothetical student's placement are \$74,000. The district is responsible for the first 4 times the foundation amount (\$8,500 x 4 = \$34,000). Of the remaining \$40,000 the state will reimburse the district 75%, or \$30,000, with the district assuming the remaining balance of \$10,000. In this example the district assumes responsibility for \$44,000 total while circuit breaker reimbursement is \$30,000. Transportation costs for individual special education students are not eligible for circuit breaker reimbursement. (note: organizations such as Massachusetts Association of School Superintendents (MASS) and Massachusetts Association of School Committees (MASC) have endorsed and lobbied for a change in the circuit breaker formula that would include transportation costs. This Task Force endorses that change.)

\$74,000	tuition and related costs
<u>-\$34,000</u>	4x foundation budget – district cost
\$40,000	balance
<u>-\$30,000</u>	75% - state reimbursement
\$10,000	25% - district cost (for a total of \$44,000)

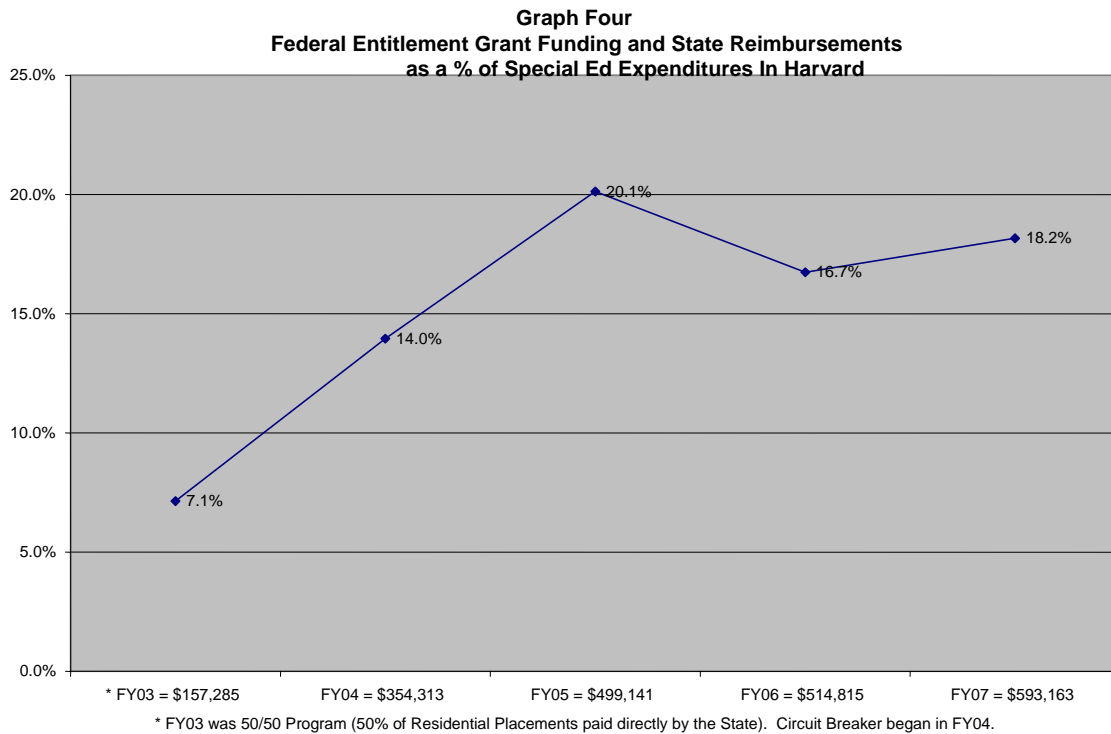
The district is eligible to receive Circuit Breaker reimbursement for any special education student, regardless of placement, assuming that the total district cost of educating the student exceeds the threshold of 4 times the foundation budget (currently \$34,000). Districts receive Circuit Breaker reimbursement based on eligible expenditures from the previous year. One drawback of the delayed reimbursement model is that the district must assume responsibility up front for the first year of eligible costs.

Graph Three
Harvard Circuit Breaker Receipts



Graph Three Data Source: Town of Harvard Finance Database

Graph Three shows the history of Circuit Breaker receipts Harvard has received since FY04. The substantial increase in receipts for FY07 is primarily due to several placements new to the district in FY06. While the total number of out-of-district placements has not increased in recent years, the total out-of-district tuition has grown as a result of increased tuitions. In FY07 the district also received \$209,405 in extraordinary relief. Districts are considered for extraordinary relief, if their out-of-district tuition cost grew by over 25% in any given year.



Graph Four Data Source: Town of Harvard Finance Database

Graph Four (Federal Entitlement Grant Funding and State Reimbursements as a % of Special Education Expenditure) shows that between FY03 and FY05 grant funding increased not only as a total dollar revenue, but also as a percentage of special education expenditures. Since that time there has been a slight reduction in the percentage despite an increase in actual dollars. This demonstrates that in Harvard the reimbursements from the Circuit Breaker have not kept pace with the overall increase in costs. Across the State Circuit Breaker reimbursement covers only 11.5% of special education spending.

Table One
Comparisons in Special Education Expenditures
between Harvard and Other Communities

	2006/2007 10 th grade ELA (English/Language Arts) pass rate (%)	2006/2007 10 th grade Math pass rate (%)	# of students on IEPs (district total) October 2006	% of students on IEP's October 2006	Per Pupil In-District Expenditures Special Ed FY2005 (most recent year available)	Median Home Value 2006 (\$\$)
“High MCAS towns” with special ed pop between 150 and 250						
Cohasset	98.1/93.2	97.6/91.4	171	11.3	25,820	825,126
Harvard	98.6/100	96.9/100	203	14.9	9,312	629,546
Hull	82.5/91.5	78.7/92.3	204	16.2	15,878	417,944
Millis	97.3/95.5	96.9/93.8	199	14.9	12,616	380,804
Rockport	94.6/97.1	86.9/86.6	211	19.9	14,859	550,415
West Bridgewater	96.6/94.2	98.0/94.6	140	11.4	19,015	352,555
“Neighboring Towns”						
Ayer	88.4/92.2	84.2/85.6	223	17.1	18,086	296,635
Littleton	93.2/93.1	89.8/89.3	262	16.5	16,420	415,767
Lunenburg	92.5/94.5	90.5/92.6	260	14.0	9,658	304,179
Maynard	89.6/93.3	87.6/91.8	215	15.5	16,942	354,013

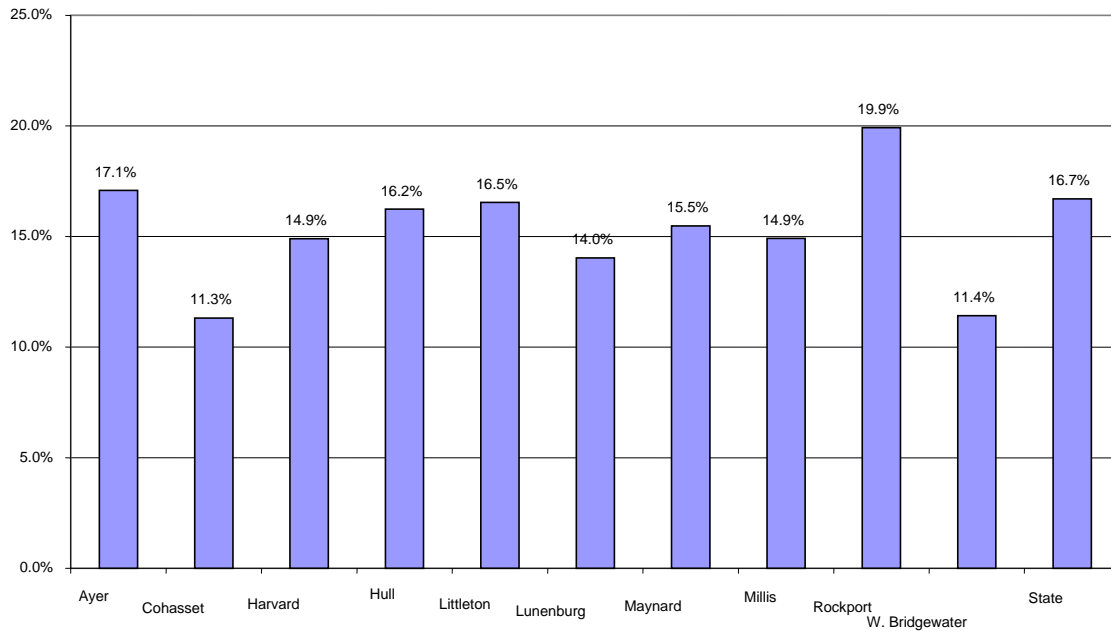
High MCAS towns						
Acton	98.0/96.7*	96.9/96.1*	397*	13.5*	15,118	542,140
Boxboro	98.0/96.7*	96.9/96.1*	397*	13.5*	15,118	565,638
Carlisle	98.2/98.6*	95.6/98.6*	183*	14.1*	20,932	825,035
Concord	98.2/98.6*	95.6/98.6*	183*	14.1*	20,932	922,372
Dover	99.3/99.1*	99.3/99.5*	111*	10.2*	23,116	1,125,323
Lincoln	97.7/97.5*	95.6/95.3*	271*	16.5*	18,155	1,053,265
Sherborn	99.3/99.1*	99.3/99.5*	111*	10.2*	23,116	770,925
Sudbury	97.7/97.5*	95.6/95.3*	271*	16.5*	18,155	702,816
Wayland	98.8/97.4	98.5/98.0	486	16.8	18,185	690,898
Weston	98.5/98.4	97.9/96.0	368	15.2	19,134	1,339,054

• denotes regionalized high school district: Acton-Boxboro, Concord-Carlisle, Dover-Sherborn, Lincoln-Sudbury
Table One Data Source: All data but median home value from DOE website <http://www.profiles.doe.mass.edu>. Median home values from <http://www.mass.gov> “At a Glance”

For purposes of comparison we identified three groups of towns. The first group was identified which included “high MCAS towns which serve between 150 and 250 students on Individualized Educational Programs”. We applied this methodology using the assumption that districts serving like-sized special education populations would have similar opportunities and restrictions in development of specialized programming. This group includes Cohasset, Hull, Millis, Rockport, and West Bridgewater. A second group was “neighboring” non-regionalized communities of similar size. Towns included were Ayer, Littleton, Lunenburg, and Maynard. In the third group it is assumed that larger communities can more easily create a higher degree of in-district programming. These communities were ones with very high MCAS, regardless of their size or if they were regionalized. This group includes Acton, Boxborough, Carlisle, Concord, Dover, Lincoln, Sherborn, Sudbury, Wayland, and Weston. (Note: with the exceptions of Acton and Boxborough, each of these communities has a higher median home value than Harvard.)

This comparison Table 1 shows us that Harvard is in an unusual position of being small and non-regionalized, with consistently very high MCAS scores. The data indicates that most other communities with very high MCAS scores have either regionalized their school systems, are significantly wealthier (as measured by median home values) and/or large enough to support a higher degree of in-district programming than Harvard.

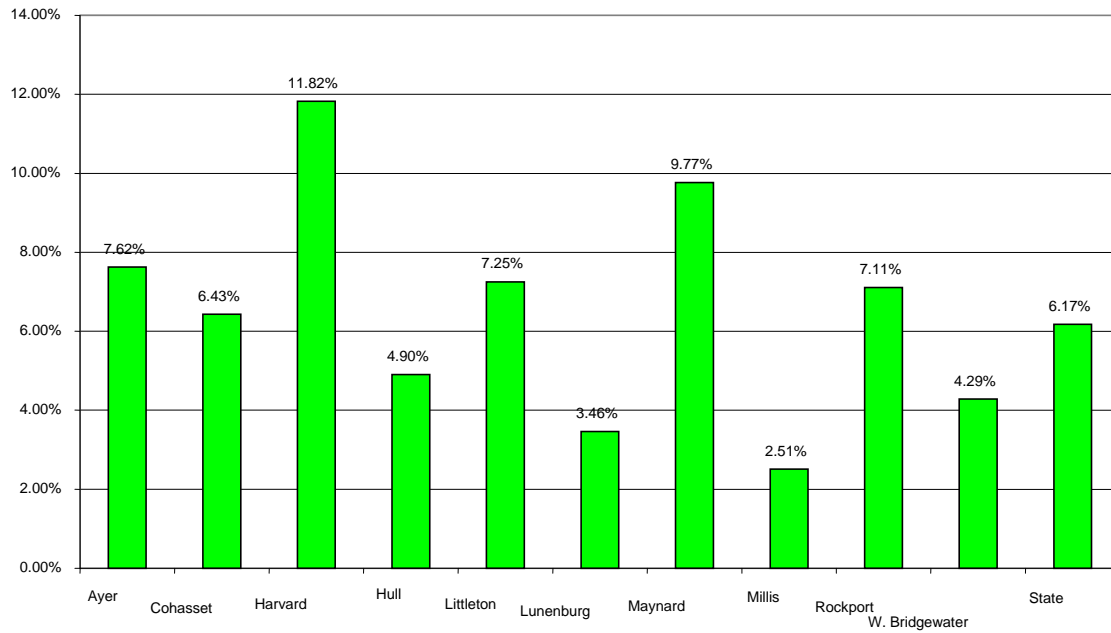
Graph Five
10/1/06 Special Ed Enrollment as % of Total Enrollment



Graph Five Data Source: <http://www.doe.mass.edu/infoservices/reports/enroll> "Special Populations"

Graph Five compares the percentage of students on Individualized Educational Programs in Harvard with comparison Groups One and Two. Harvard's percentage (14.9%) of students with Individualized Education Programs was slightly below both the average of the comparison groups as well as the state average.

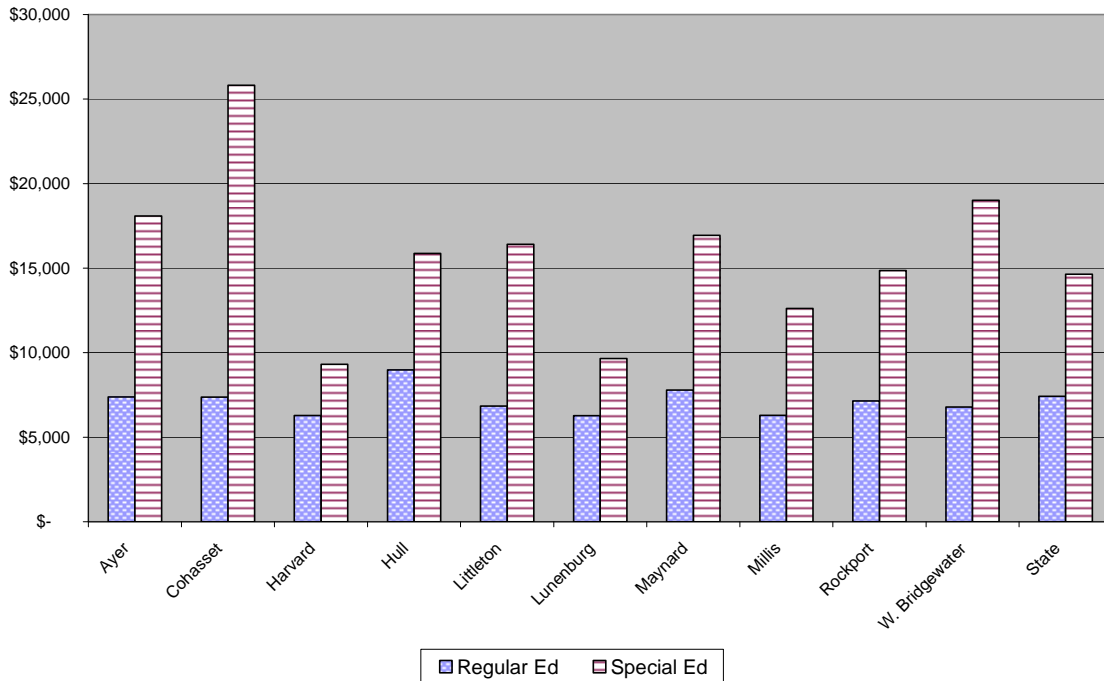
Graph Six
Out-of-District Placements, % of Total Special Ed Enrollment



Graph Six Data Source: <http://www.doe.mass.edu/infoservices/reports/enroll> "Educational Environment"

Graph Six compares the percentage of students in out-of-district placements as a percentage of the total special education enrollment with comparison Groups One and Two. This data shows us that Harvard has a higher percentage of out-of-district/total special education population than both the comparison groups and the state average. This gap still exists despite the decline in the number of out-of-district placements identified in Graph 9. There is no ideal percentage or number of students who should be placed out-of-district. Rather, placement must be determined based on the student's Individualized Education Program and the district's ability to address the student's needs within the district. Given the small size of our district, statistical fluctuations in percentages can be caused by a relatively small number of students. However, this comparative data does support the recommendation that the district continue efforts to lower the total number of out-of-district placements through providing additional programming and services within the district.

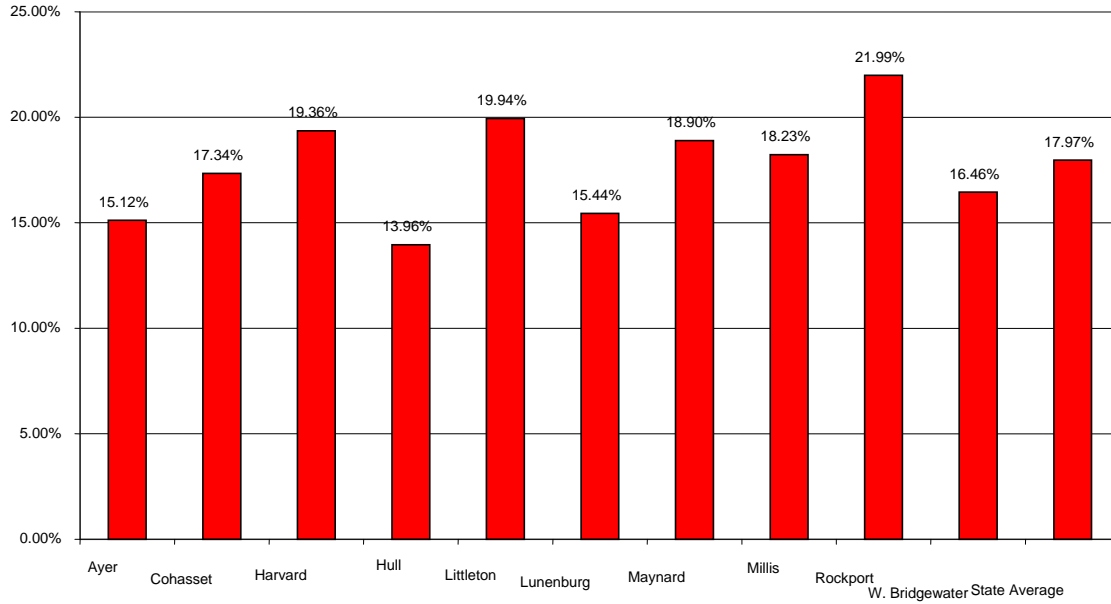
Graph Seven
FY05 Regular Ed vs. Special Ed Costs



Graph Seven Data Source: <http://finance1.doe.mass.edu/statistics>

The Department of Education annually collects extensive spending data from each district. From this data the DOE publishes financial reports on how a district is spending its money and tracks the amounts spent for both regular and special education related expenditures. This reporting model examined out-of-district costs separately and thus, they are not included in the category of special education per pupil spending. Graph Seven (FY05 Regular Education vs. Special Education Per Pupil Costs) shows that Harvard's regular and special education costs not only in line with, but often less than, comparison groups and state averages. If we consider this data in concert with Graph Six we can draw the conclusion that in that particular fiscal year Harvard had a higher percentage of students out of district than comparative communities, but spent less money in district on a per pupil basis than those same communities. The school district did not expend funds in an out-of-district program to meet their education's needs.

Graph Eight
FY00 - FY06 Averaged
Special Ed Expenditures as a % of Total School Budget



Graph Eight (Special Education Expenditures as a % of Total School Budget, FY00-FY06 Averaged) shows Harvard to be slightly above the averages of comparison groups and the state as a whole. The methodology of averaging over six years allows for a comparison over time while removing the annual volatility.

Note: The percentage of Special Education Expenditures as a total of the entire school budget may be a function of how well the total school budget is funded.