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The Full Cost to Taxpayers of Self-Contained Classrooms for Students with Complex Disabilities:

A Comparative Analysis of
Local District, County-Based, and
Private Special Education Programs in New Jersey

December 2011



2125 Route 33, Lexington Square
Hamilton Square, NJ 08690
609-890-1400
www.asah.org



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Education reform advocates in New Jersey and nationwide are encouraging increasing parental choice as a way to create competition, improve outcomes for students, and help reduce costs. Unfortunately, many of these choices—charter schools, interdistrict school choice, and others—do not address the needs of students with significant disabilities, and in some instances, specifically exclude them.

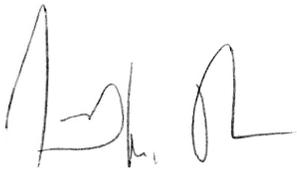
Private special education has been a federally-mandated option for students with disabilities for more than 40 years. But recent regulatory reforms in New Jersey have made it increasingly difficult for private special education schools to open and operate, and created administrative roadblocks for parents and local districts seeking placement for children at these schools. It is contradictory public policy to increase choice and options for students in general education, while simultaneously narrowing real options for students in special education.

Private special education schools in New Jersey have a long and proud history of success, both for students with disabilities, and for our state's taxpayers. As such, private schools for students with disabilities must be included and supported as part of any agenda aimed at reducing cost and improving outcomes.

Our outcomes study shows that students with disabilities who attend private special education schools are successful. While most return to local public programs within a few years, those who remain in a private school graduate well-prepared to live independent lives as adults. Our cost study, which was reviewed by independent auditors, J. H. Cohn, LLP in accordance with standards established by the American Institute of Certified Public Accountants (see Appendix 5), shows that for students needing highly specialized services and support, private

schools are a less costly option for our state's taxpayers than comparable programs provided by public schools.

This report—in conjunction with ASAH's Outcomes Study—is provided to Trenton's decision-makers in the hopes that it will inform public policy discussions and drive decision-making such that the needs of students with disabilities are more directly considered.

A handwritten signature in black ink, appearing to read "Gerard Thiers". The signature is fluid and cursive, with a large initial "G" and a long horizontal stroke at the end.

Gerard Thiers, Executive Director, ASAH

Executive Summary

In 2007, ASAH released its first study comparing the cost of private special education services to comparable services offered by public schools. The findings were undisputed: For students with significant, complex disabilities needing highly specialized services, private special education is less costly to New Jersey taxpayers.

For years, it had wrongly been assumed that the cost of serving students with disabilities in approved private schools is greater than the cost of serving similar students in self-contained public school programs. The assumption was based on published tuition rates. However, as the cost study reveals, these tuition rates cannot be compared. This is because private school tuition rates include *all* costs, whereas public school tuition rates exclude costs associated with pension, social security, and health benefits on retirement, as well as facilities construction and associated debt service. These “hidden” costs are *paid by state and/or county* tax dollars—not local school districts. Public schools, therefore, report tuition rates that are lower than the full actual cost to taxpayers.

In 2005, responding to requests from leaders in our state legislature, ASAH initiated an analysis to estimate the full cost to taxpayers of special education self-contained programs across settings, not only so that these costs may be accurately compared, but also so that appropriate levels of state special education aid can be determined. The first report was released in November 2007. This report has been updated to reflect current costs and data, and to include information intended to guide policymakers.

Using data available from the New Jersey Department of Education, ASAH estimated the statewide average actual cost, per pupil, of special education services in three different self-contained special education settings:

- New Jersey State-approved private schools for the disabled;
- County Special Services School Districts; and
- Local public school districts’ self-contained classes.

ASAH also calculated the cost per pupil of a hypothetical self-contained public school classroom operated with the level of services and supports provided in an average self-contained private school classroom.

The analysis reveals that when a student with disabilities needs intensive and specialized services in a self-contained setting, the full cost to New Jersey taxpayers is *lower* when those services are provided by an approved private school than when they are provided by *either* a local public school district or a County Special Services School District. Full costs in public settings when all sources are considered are considerably higher than published rates, and exceed the cost of comparable programs offered by approved private schools by as much as 44%⁽¹⁾. Data show that the full cost to taxpayers for self-contained special education programs—public or private—for students with significant, complex disabilities, exceeds \$45,000 per student.

It should be noted that this report *does not* address the average cost for all special education students. The analysis was limited only to those students who need highly specialized, self-contained classes—roughly 9% of the students eligible for special education. The majority—more than 90%—is served in general education classrooms with supports and accommodations. However, since the students in New Jersey’s state-approved private schools for the disabled are among the 9% requiring highly specialized services, this analysis is required to accurately compare the cost of private and public programs.

(1) Based on the difference between full actual costs at a local public program and actual costs at state-approved private schools for the disabled. See tables 1 and 2 of this report.

NOTE: Figures in this report have been rounded to one decimal. Actual figures used for calculations included tenths and hundredths.

The Full Cost to New Jersey's Taxpayers for
Self-Contained Special Education Programs:
**A Comparative Analysis of Local Public, County-Based, and
Private Special Education Programs**

Background

ASAH, formerly the Association of Schools and Agencies for the Handicapped, is a not-for-profit association of 134 private special education schools in New Jersey. Our members provide highly specialized services to roughly 11,000 infants, children, and young adults with disabilities. Founded in 1974, ASAH works closely with its members and the New Jersey Department of Education (NJDOE) to develop policy, promote effective educational practices, and foster productive collaborations between private schools, public school districts, and communities. ASAH also advocates for legislative and regulatory reforms that will improve the quality of life for individuals with disabilities and their families.

It is often wrongly assumed that the cost of serving students with disabilities in approved private settings is greater than the cost of serving similar students in self-contained public school programs. The assumption is based on published tuition rates. However, these tuition rates cannot be easily compared. Private school tuition rates include all costs; public school tuition rates exclude pension, social security, and health benefits on retirement, facilities construction, and associated debt service. These costs are *paid by state and/or county* tax dollars, not by local school districts. Public schools, therefore, report special education tuition rates that are lower than the full actual cost to taxpayers.

Rationale

For decades, New Jersey has lacked adequate data on the full actual costs of public special education. ASAH recognizes that data are necessary in order to make informed decisions regarding the funding of special education services.

In the current climate of school reform and school choice, and declining revenues, it is particularly vital that policy makers have accurate information. Responding to requests from state leaders for accurate information on the cost of self-contained special education programs, ASAH initiated a careful review of available fiscal data. Our analysis is aimed at estimating the *full cost to taxpayers* of special education self-contained programs across settings, not only so that these costs may be accurately compared, but also so that appropriate levels of state special education aid can be determined.

Methodology for Calculating Actual Costs in Self-Contained Settings

Using data available from the New Jersey Department of Education (NJDOE), ASAH has estimated the statewide average actual cost, per pupil, of special education services in three different self-contained special education settings:

- State-approved private schools for the disabled;
- County-based Special Services School Districts; and,
- Local public districts' self-contained classes in a receiving relationship with other local districts.

In addition, ASAH calculated the cost per pupil of a hypothetical public school classroom operated with the level of service provided in a typical private school classroom. Our estimates are based on Generally Accepted Accounting Principles (GAAP), in which expenses are recognized when obligations are incurred (matching principle). Data are for the 2008–2009 school year, the most recent for which comprehensive cost data are available.

It should be noted that ASAH limited its analysis of costs to public and private self-contained special education programs, which combined serve only a small portion (9.3%)⁽¹⁾ of New Jersey's 230,000⁽¹⁾ students with disabilities. These students represent

(1) Source: New Jersey Department of Education data for 2008–2009.

those with the most significant, complex disabilities. Most students with disabilities in New Jersey, more than 91 %⁽¹⁾, are served by their local public school in resource center programs or in general education classes with support.

(1) Source: New Jersey Department of Education data for 2008–2009.

Analysis #1: Determining the actual cost to taxpayers for special education services in approved private schools for the disabled.

The process for determining the actual statewide average cost per pupil in an approved private school for the disabled in New Jersey is relatively simple and transparent. Based on New Jersey state code, approved private schools operate on an “actual cost” system, in which allowable costs are calculated into a per diem and annual tuition rate. The tentative tuition rates charged by private schools to local districts are set annually by the New Jersey Department of Education and include all expenses: salaries and benefits, administrative costs, clinical costs, supplies, equipment, and facilities.

Based on this analysis, when all costs to taxpayers are considered, the statewide average actual private school cost per pupil for the 2008–2009 school year is \$50,430⁽¹⁾ with an average of 200.1⁽³⁾ days of instruction. When adjusted for a traditional 10-month academic calendar of 180 days, the average tuition at a state-approved private school for the disabled is \$45,358.

TABLE 1:

AVERAGE COST PER PUPIL TO TAXPAYERS FOR SPECIAL EDUCATION SERVICES IN CLASSES OPERATED BY APPROVED PRIVATE SCHOOLS FOR THE DISABLED

NJDOE Certified Tuition (Statewide Average)	Costs Paid by Local School District ⁽²⁾	Other Costs (Paid by State/County Tax Revenue)	Total Cost to Taxpayers
\$45,358 ⁽²⁾	\$45,358	\$0	\$45,358

(1) Certified tuition data reported by NJDOE: <http://www.nj.gov/education/finance/fp/psdrates112b.shtml>.

(2) Adjusted to reflect a 10-month academic calendar of 180 days of instruction.

(3) Because the students served by private schools tend to have significant and complex disabilities, many programs offer extended school year services. These schools operate during the summer months in order to prevent students from regressing.

Analysis #2: Determining the actual cost to taxpayers for special education services in County Special Services School Districts.

Cost information for New Jersey’s County Special Services School Districts was calculated using published data contained in the New Jersey Department of Education (NJDOE) Report Card for the 2008–2009 school year. Based on these data, the statewide average actual cost per pupil in a County Special Services District is \$45,483⁽¹⁾ for a traditional 10-month academic calendar.

This published cost, however, excludes costs associated with pension, social security payments, and retiree medical benefits. These costs are paid by taxpayers in the form of *state* taxes, and are therefore not reflected in tuition paid by the local district. In addition, County Special Services School Districts are directly supported by County Freeholders through their budgets, making use of taxpayer dollars through *county* taxes. Adjusted tuition rates calculated below reflect these costs. (See Appendix 1.)

Based on this analysis, the actual average statewide cost to taxpayers, per pupil, in a County Special Services School District is estimated to be \$65,266.

TABLE 2:

AVERAGE PER PUPIL COST TO TAXPAYERS FOR SPECIAL EDUCATION SERVICES IN CLASSES OPERATED BY COUNTY SPECIAL SERVICES SCHOOL DISTRICTS

Published Cost Per Pupil ⁽¹⁾ (Statewide average)	Average costs paid by local school district	Other Costs ⁽²⁾ (paid by State and/or County Tax Revenue)	Total cost to Taxpayers
\$45,483	\$45,483	\$19,783	\$65,266

(1) Reported on 2/8/11 at: <http://education.state.nj.us/rc/rc10/dataselect.php?c=03;d=0285;s=050;lt=P;st=C&datasection=all>.

(2) State tax dollars for Social Security payments, pension, and medical/healthcare benefits upon retirement. Includes County Freeholder support.

NOTE: The adjustments for healthcare benefits on retirement are based on the public employee retirement benefits structure as of 5/1/2011.

Analysis #3: Determining the actual cost to taxpayers of a local public school special education program receiving students from other districts.

Some local districts operate self-contained special education classes that not only serve students with disabilities in that district, but also receive students from other local districts on a tuition basis. To determine the statewide average tuition in such a setting, ASAH collected fiscal data through an OPRA request for 2008–2009 tuition rates reported to the NJDOE. A statewide average tuition rate was determined based on 175 sending/receiving school relationships for approximately 1,895 students placed in a local public school, self-contained special education class. (See Appendix 2.) This produced a statewide average tuition rate per pupil of \$35,076.

When all costs to taxpayers are considered, the actual statewide average cost per pupil for a traditional 10-month academic calendar in a local public school receiving students from other local districts is estimated to be \$50,146.

TABLE 3:

**AVERAGE PER PUPIL COST TO TAXPAYERS
FOR SPECIAL EDUCATION SERVICES IN CLASSES OPERATED BY A
LOCAL PUBLIC SCHOOL THAT RECEIVES
STUDENTS WITH DISABILITIES ON A TUITION BASIS
FROM SENDING SCHOOL DISTRICTS**

Published Tuition ⁽¹⁾ (Statewide Average)	Costs Paid by Sending School District	Other Costs ⁽²⁾ (Paid by State Revenue)	Total Estimated Cost to Taxpayers
\$35,067	\$35,067	\$15,079	\$50,146

- (1) Based on certified tuition rates provided by NJDOE Division of Finance and based on 175 receiving school relationships for 1,895 students with disabilities placed by LEAs in other local public school, self-contained special education classes (See Appendix 2).
- (2) Amount based on percentage difference of 44% resulting from Analysis 2, for costs associated with Social Security payments, teacher pensions, medical and healthcare benefits on retirement, using salary data provided by NJEA for 2008–2009.

NOTE: The adjustments for healthcare benefits on retirement are based on the public employee retirement benefits structure as of 5/1/2011.

Analysis #4: Estimating the Cost of a Hypothetical Local Public School Classroom Providing the Level of Services and Supports Offered at a Private School for the disabled.

Local school districts turn to approved private schools for the disabled when they have students who need intensive, highly specialized services. These services, including therapies, counseling, medical support, behavior intervention, assistive technologies, and specialized equipment are prescribed and detailed by the sending district in each student’s Individual Education Program (IEP). They are highly specialized, often individualized services and can be costly to provide.

As part of this study, ASAH estimated the cost for a local public school to provide the level of services and supports offered in an approved private school. To do this, ASAH used two different methods, both of which produced similar results: costs to taxpayers of roughly \$60,000 per student.

...

Method #1 is based on the cost of providing general education:

In 2008–2009, the statewide average cost to educate a typical child in a regular education classroom of 18.4 students was \$14,818, based on data contained in the New Jersey Department of Education’s 2009 School Report Card. When these figures were adjusted to include costs associated with social security, pension, and retirement healthcare benefits paid by *state* tax dollars, the statewide average actual cost to taxpayers to educate a general education student in a public school classroom with an average of 18.4 students increases to \$19,524. (See Appendix 3.)

This per pupil cost for a general education student was then adjusted to reflect the student/teacher ratio of private schools of 7.3 students per class.

Based on this model, the statewide average cost per pupil for a public school to operate a self-contained program with a teacher-student ratio comparable to that provided at a private school for the disabled is estimated to be \$49,412 (see Table 4). This figure reflects *only* the smaller class size. It does not reflect the cost of support services (classroom aides, related services, etc.) associated with special education.

When costs associated with special education services and support are included, the estimated cost to taxpayers for this hypothetical classroom is \$59,051.

TABLE 4:

GENERAL EDUCATION COSTS MODEL
**STATEWIDE AVERAGE PER PUPIL COST TO TAXPAYERS FOR A
 HYPOTHETICAL PUBLIC SCHOOL SPECIAL EDUCATION
 CLASSROOM PROVIDED AT THE LEVEL OF SERVICE AT AN
 AVERAGE APPROVED PRIVATE SCHOOL FOR THE DISABLED**

Cost with 18.4 general education students per class		Cost with 7.3 students per class		
Published Cost Per General Education Pupil⁽¹⁾ Based on 18.4 students per class.	Actual Cost Per General Education Pupil⁽²⁾ Adjusted to reflect costs paid by state tax revenue.	Cost of General Education Services (<small>\$19,523, adjusted for class size of 7.3 students.</small>)	Average Cost of Special Education Support Services Needed⁽³⁾	Total Cost Per Pupil to Taxpayers
\$14,816	\$19,523	\$49,412	\$9,639	\$59,051

- (1) Weighted average of K-5, 6-8 and 9-12 published public school costs. NJDOE School Report Card 2010. Source: <http://education.state.nj.us/rc/rc10/index.html>.
- (2) Reflects costs associated with Social Security payments, teacher pension, and medical benefits upon retirement.
- (3) Based on the prorated cost of special education services equal to a private school setting (supports such as aide in classroom; related services, such as counseling, speech, OT/PT; 1:1 instruction, as needed; behavior specialists; assistive technology). Average public salaries based on New Jersey teachers' salaries and salary guides, 2008–2009 NJEA Research Bulletin.

NOTE: The adjustments for healthcare benefits on retirement are based on the public employee retirement benefits structure as of 5/1/2011.

Method #2 is based on the intensity of services and staffing patterns provided by private schools:

For this analysis, ASAH determined the characteristics of an average private school classroom—number of students, number of teachers, support staff, aides, related services staff (e.g., occupational therapists, physical therapists, speech therapists, behavior specialists, nurses, and counselors). The average length of the private school academic year (200.1 days of instruction) was adjusted to reflect a traditional public school academic calendar of 180 days.

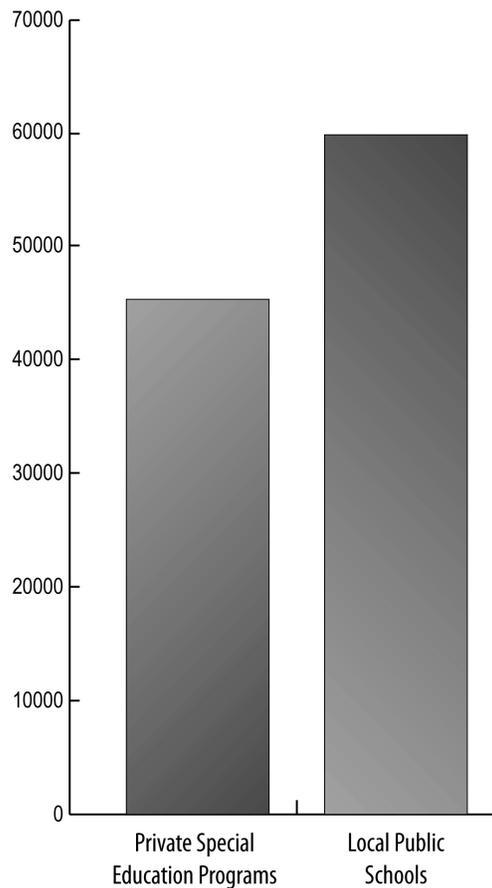
ASAH applied public school salary and benefits costs to service delivery and staffing patterns in an average approved private special education classroom. In an effort to be conservative in our calculations, only those costs associated directly with the classroom were considered. Administrative costs and related benefits were calculated based on the public school statewide average for all schools, and adjusted for benefits.

Based on this analysis, the statewide average cost per pupil for a public school to operate a self-contained program with services comparable to those at an approved private school for the disabled is estimated to be \$61,841. (See Appendix 4.)

Method #1 produced a cost of \$59,051 per pupil; Method #2 produced a cost of \$61,841 per pupil.

The graph below shows that the full cost to New Jersey taxpayers to provide a private school program for a traditional 10-month academic calendar at public school rates is considerably higher than the full cost to provide services in a private school.

Estimated Costs per Student to Provide Typical Private School Education Class in Hypothetical Public School Setting



Footnote: For a traditional ten-month academic calendar

Other Issues:

There are two areas of significant cost to taxpayers that are beyond the scope of this analysis.

The first is transportation. Regardless of where a student with significant disabilities is placed, specialized transportation services beyond those offered for general education students on regular bus routes will likely be required. ASAH acknowledges that specialized transportation costs associated with any out-of-district program, including local public school programs can be high. Further study of this is warranted.

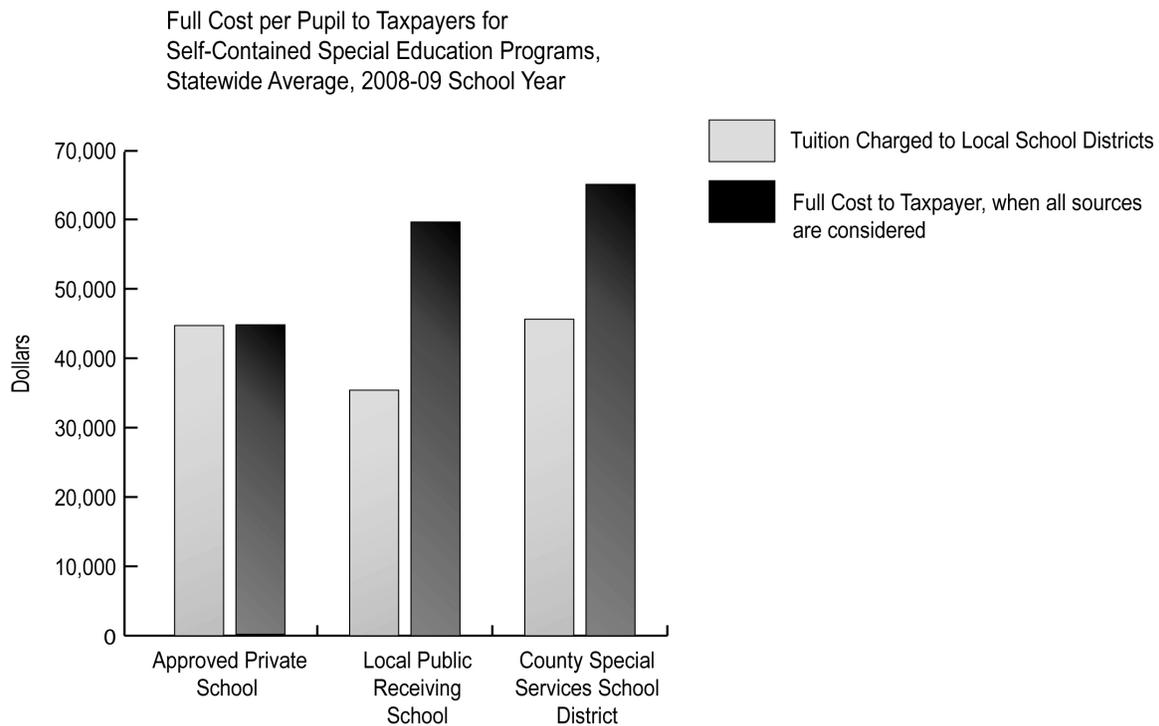
The second issue is capital construction for public special education schools, and the associated long-term bond debt and depreciation for publicly-funded school buildings. These complex issues carry a high price, not only to today's taxpayers, but also to the taxpayers of tomorrow. These costs must be considered when comparing the cost of public and private programs, and when considering the expansion of public programs for students with disabilities. There is no cost estimate in this study to account for capital projects. These projects cost hundreds of millions of dollars, but since they are funded through other sources they are not included in the published cost per pupil calculation. The other sources, however, are still tax dollars—just not paid directly by the local district.

Often, private schools are able to leverage private dollars, through fundraising and capital campaigns, to fund the construction and renovation of facilities. This not only builds partnerships with local business and philanthropic organizations, it relieves taxpayers of the long-term burden of bonds.

Findings & Conclusion:

ASAH's analysis shows that the full costs of self-contained special education services—public or private, regionally or locally operated—are similar when adjusted to reflect costs paid by all sources of taxpayer funds. Actual costs in public settings, when all sources are considered, are considerably higher than published rates, and exceed the cost of comparable programs offered by approved private schools by as much as 44%.

Data show that the full cost to taxpayers for self-contained special education programs, public or private, exceed \$45,000 per student, and the least costly way to provide these services is at an approved private school for the disabled.



Our analysis reveals that, when a local district determines that a student with disabilities needs intensive, specialized services in a self-contained setting, the full cost to tax payers is significantly *lower* when those services are provided by an approved private school than when provided by either a local public school district or a County Special Services School District.

Our cost study shows that when students needing highly specialized services are placed in private schools for the disabled, the savings to taxpayers is between \$5,000–\$22,000 per student per year. Over a single child’s educational career, this can mean more than a quarter of a million dollars in savings for New Jersey taxpayers.

The purpose of this report is to educate the reader about the full cost of self-contained special education services for students with significant complex disabilities in public and private settings, and to reveal the fiscal inequities and incentives that plague our state’s system of special education funding.

While cost information is a vital part of any policy discussion, it should not be a consideration when determining the placement of a specific child. Placement must be driven by each child’s Individual Education Program (IEP) and must reflect the least restrictive, appropriate environment. At this critical juncture, ASAH seeks to inform and educate legislators, policy makers, and taxpayers. There is a general lack of understanding about special education cost, in part, because there is a lack of quality data.

This report is meant to fill a void in information regarding the full cost of self-contained special education services in New Jersey. ASAH believes that a detailed analysis of the full cost of other service delivery models (e.g., resource center supports, supported inclusive education) is needed.

We see this report as a starting point from which to move forward with policy decisions based on accurate data. The decisions ahead about how—and how much—to fund special education must be based on accurate data, not inaccurate presumptions. It is ASAH’s hope that the State of New Jersey will more effectively leverage the expertise of existing special education providers and facilities to educate New Jersey’s 200,000 students with disabilities in an efficient and effective manner.

Appendices

Appendix 1: Determining the Full Cost to Taxpayers - Average Cost of Special Education Services In Classes Operated By County Special Services School Districts: Published Tuition Rates and Adjusted Rates 2008–2009 School Year.

Appendix 2: Determining the Cost of Local Public School Self-Contained Special Education Classes Receiving Students with Disabilities on A Tuition Basis From Other Local Districts - Statewide Average Based on 180-Day School Year.

Appendix 3: Estimating the Actual Cost to Taxpayers, Per Pupil, for General Education, Based on Class Size of 18.4.

Appendix 4: Statewide Average Per Pupil Cost to Taxpayers for A Hypothetical Public School Special Education Classroom Provided at the Level of Service at an Average Approved Private School for the Disabled.

Appendix 5: Independent Accountant’s Report on Applying Agreed Upon Procedures (with Supplementary Information).

Appendix 1

**DETERMINING THE FULL COST TO TAXPAYERS:
AVERAGE COST OF SPECIAL EDUCATION SERVICES IN CLASSES OPERATED BY
COUNTY SPECIAL SERVICES SCHOOL DISTRICTS:**

PUBLISHED TUITION RATES AND ADJUSTED RATES (*)
2008–2009 SCHOOL YEAR

Budget Category	Published Cost (Statewide Average)	Adjusted Costs⁽³⁾
Classroom: Salaries and Benefits	23,859	37,319 ⁽⁴⁾
Classroom: General Supplies/Textbooks	497	497
Classroom: Purchased Services/Other	1,107	1,107
Support: Salaries and Benefits	6,701	10,321
Support: Other	546	546
Administrative: Salaries and Benefits	3,324	4,955 ⁽³⁾
Administrative: Other	983	983
Oper. and Maint: Salaries and Benefits	1,601	2,673 ⁽³⁾
Oper. and Maint.: Other	2,687	2,687
Food	259	259
Extracurricular	88	88
SUB TOTAL	\$41,652	61,435
Other costs ⁽²⁾	3,831	3,831
TOTAL COST	\$45,483⁽¹⁾	\$65,266

(*) Based on 180 instructional days.

- (1) Statewide average annual per pupil cost as reported by SSSD, based on figures reported in the 2008–2009 School Report Card (NJDOE) found on 2/8/11 at <http://education.state.nj.us/rc/rc10/dataselect.php?c=03;d=0285;s=050;lt=P;st=C&datasection=all>.
- (2) As reported by SSSD Report Card. Includes tuition expenditures; transportation related to field trips; other current expenses; equipment; facilities/acquisition; and restricted expenses less nonpublic services and adult schools, as well as students sent out of district. The total of all these expenditures is divided by the average daily enrollment to calculate a total cost per pupil.
- (3) Reflects costs associated with salary, retirement, and benefits packages paid by state tax revenues. Adjusted for 7.65% SSI in all categories except maintenance. Cost of retiree medical benefits based on New Jersey State Health Benefits Program as prepared by Anon Consulting Services with an inflation rate of 4% added. Pension costs were calculated by Corporate Retirement Services, Inc., based on the summary plan description outlined in the State of New Jersey Public Employees' Retirement System handbook and a 3% annual salary increase. The adjustments for healthcare benefits on retirement are based on the pension system as of 5/1/2011. <http://www.state.nj.us/treasury/pensions/epbam/exhibits/handbook/persbook.pdf>
- (4) Based on average teacher salary of \$64,555 with 12.7 years of service as published in 2008-2009 by NJEA Research Bulletin.

Appendix 2

DETERMINING THE COST OF LOCAL PUBLIC SCHOOL SELF-CONTAINED SPECIAL EDUCATION CLASSES RECEIVING STUDENTS WITH DISABILITIES ON A TUITION BASIS FROM OTHER LOCAL DISTRICTS ⁽¹⁾

STATEWIDE AVERAGE BASED ON 180-DAY SCHOOL YEAR

Number of Special Education Receiving Relationships	Total Number of Students with Disabilities Placed in Receiving Public Schools	Average Statewide Tuition Charged by LEAs for Students with Disabilities Placed in Local Public School Self-Contained Class ⁽¹⁾	Other Costs Paid by State Taxes ⁽²⁾	Total Cost to Taxpayers
175 ⁽¹⁾	1,895 ⁽¹⁾	\$35,067	\$15,079	\$50,146

- (1) Based on data provided by NJDOE Division of Finance for sending/receiving relationships in 2008–2009 between local public schools that reflect special education placements (see note below).
- (2) Reflects costs associated with Social Security payments, pension, and medical benefits on retirement paid by state government.
- (3) Based on estimated cost of salaries and benefits resulting from Analysis 2. (See Appendix 1.)

NOTE:

Though an OPRA request to the NJDOE, ASAH obtained data to describe the tuition rates charged by public special education programs for students they receive from other districts. These data were highly irregular and included tuition rates for special education that were actually *lower* than the published costs for general education students.

In order to estimate comparable public school tuition rates for self-contained special education classes, ASAH eliminated those published tuition rates that did not exceed the average cost of general education by more than \$3,000. The rationale was that if a special education student was receiving less than \$3,000 in service, they were not receiving comparable services or the district was not charging the actual cost as required by the administrative code. We used that very low threshold (\$3,000 over general education costs) in order to be conservative in our calculations. The state funding formula (SFRA) for special education assumes an average *excess* cost of nearly \$11,000 for each special education student. Students with disabilities placed in private schools for the disabled represent those with more significant and complex disabilities than the average.

Appendix 3

**ESTIMATING THE ACTUAL COST TO TAXPAYERS, PER PUPIL, FOR
GENERAL EDUCATION, BASED ON CLASS SIZE OF 18.4**

Budget Category	Published Cost (Statewide Average) ⁽¹⁾	Adjusted Costs
Classroom: Salaries & Benefits	7,297	10,905 ⁽³⁾
Classroom: General Supplies/Textbooks	283	283
Classroom: Purchased Services/Other	167	167
Support: Salaries & Benefits	1,746	2,179 ⁽³⁾
Support: Other	250	250
Administrative: Salaries & Benefits	1,116	1,528 ⁽³⁾
Administrative: Other	248	248
Oper. & Maint: Salaries & Benefits	800	1,054 ⁽³⁾
Oper. & Maint.: Other	776	776
Food	19	19
Extracurricular	203	203
SUB TOTAL (Comparitave Cost)	\$12,906	\$17,614
Other costs ⁽²⁾	1,910	1,910
TOTAL COST TO TAXPAYERS⁽²⁾	\$14,816	\$19,524

(1) New Jersey School Report Card 2009-10. <http://education.state.nj.us/rc/rc10/index.html>

(2) As per New Jersey School Report Card, "total cost" includes tuition expenditures; transportation related to school events; other current expenses; equipment; facilities/acquisition; and restricted expenses less nonpublic services and adult schools, as well as students sent out of district. The total of all these expenditures is divided by the average daily enrollment to calculate a total cost per pupil.

(3) Based on average teacher salary of \$64,555 with 12.7 years of service as published in 2008-2009 by NJEA Research Bulletin. Adjusted for 7.65% SSI in all categories except maintenance. Cost of retiree medical benefits based on New Jersey State Health Benefits Program as prepared by Anon Consulting Services with an inflation rate of 4% added. Pension Costs were calculated by Corporate Retirement Services, Inc., based on the summary plan description outlined in the State of New Jersey Public Employees' Retirement System handbook and a 3% annual salary increase.

Sourced February 2011: <http://www.state.nj.us/treasury/pensions/epbam/exhibits/handbook/persbook.pdf>

INTENSITY OF SERVICES MODEL

STATEWIDE AVERAGE PER PUPIL COST TO TAXPAYERS FOR A HYPOTHETICAL PUBLIC SCHOOL SPECIAL EDUCATION CLASSROOM PROVIDED AT THE LEVEL OF SERVICE AT AN AVERAGE APPROVED PRIVATE SCHOOL FOR THE DISABLED

Budget Area	Estimated Public School Salary	Average Private School Staffing (FTE)	Cost to Taxpayers for Public School to Operate Classroom
Teacher	64,555 ⁽¹⁾	1.43	92,313
Aides	23,039 ⁽¹⁾	2.11	48,612
Support Services ⁽³⁾	73,500 ⁽²⁾	.64	47,040
Health Services ⁽⁴⁾	67,926 ⁽²⁾	.09	6,113
Maintenance	42,002	.17	7,140
Administration ⁽⁸⁾			32,678
Employee Benefits/Medical			57,720
Instructional Supplies			3,201
Purchased service			7,129
Support -other			3,516
Maintenance Supplies	12,016		12,019
Social Security ⁽⁵⁾			14,847
Pension ⁽⁵⁾			68,415
Retiree Medical ⁽⁵⁾			57,720
TOTAL CLASSROOM COST ⁽⁵⁾			\$449,584 ⁽⁶⁾
COST PER PUPIL⁽⁷⁾			\$61,841⁽⁶⁾

- (1) Based on Salary data provided by NJEA. Salaries in New Jersey, 2008-09, NJEA Research Bulletin
- (2) Based on lowest conservative estimated salaries reflected in the Comparative Spending Guide, 2008-2009
- (3) Speech Therapy, Physical Therapy, Occupational Therapy, Reading Specialist, Psychologist, LDTC, Transition Services Specialist, Social Work, Behavior Specialist).
- (4) School Nurse, Registered Nurse, as required by State Code.
- (5) Costs paid by state tax dollars. Calculated for all FTE's associated with the classroom except administration.
- (6) Public school administrative costs per pupil calculated by multiplying the average number of students per general education classroom (18.4) by cost per pupil associated with the program.
- (7) Based on average private school class size of 7.3 students per class.
- (8) Based on Statewide average public school administrative cost for general education students, adjusted for benefits

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED UPON PROCEDURES (WITH SUPPLEMENTARY INFORMATION)

ASAH

**Independent Accountants' Report
on Applying
Agreed Upon Procedures
(With Supplementary Information)
December 2011**

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INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED UPON PROCEDURES (WITH SUPPLEMENTARY INFORMATION)



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**Independent Accountants' Report on Applying
Agreed Upon Procedures**

Board of Trustees
ASAH

We have performed the procedures as described in Schedule A, which were agreed to by the Board of Trustees of ASAH solely to assist you with respect to the attached report entitled "The Full Cost to Taxpayers of Self-Contained Classrooms for Students with Complex Disabilities: A comparative analysis of Local District, County - Based, and Private Special Education Programs in New Jersey" (the "Cost Report") as of December 2011. ASAH management is responsible for the Cost Report. This agreed upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in Schedule A either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are included in Schedule A.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees of ASAH and is not intended to be and should not be used by anyone other than those specified parties.

New York, New York
December 27, 2011

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED UPON PROCEDURES (WITH SUPPLEMENTARY INFORMATION)

SCHEDULE A

1. The data utilized in each table and appendix below, as described, was agreed to the publically available data as referenced in the Cost Report with no exceptions as follows:
 - a. Table 1 (page 9 of 23) – NJDOE Certified Tuition
 - b. Table 2 (page 10 of 23)– Published Cost Per Pupil
 - c. Table 3 (page 11 of 23)– Published Tuition
 - d. Table 4 (page 13 of 23) – Published Cost Per General Education Pupil
 - e. Appendix 1 (page 20 of 23) – Published Cost (Statewide Average)
 - f. Appendix 3 (Page 22 of 23) – Published Cost

2. The amounts in the following tables and appendices were recalculated (as described below) to ensure that mathematical computations were accurate, no exceptions were noted:
 - a. Table 1 (page 9 of 23) – Total Cost to Taxpayers
 - b. Table 2 (page 10 of 23) – Total Cost to Taxpayers
 - c. Table 3 (page 11 of 23) – Other Costs; Total Estimated Costs to Taxpayers
 - d. Table 4 (page 13 of 23) – Actual Cost Per General Education Pupil; Total Cost Per Pupil to Taxpayers
 - e. Appendix 1 (page 20 of 23) – Adjusted Costs
 - f. Appendix 2 (page 21 of 23) – Average Statewide Tuition Charged by LEAs For Students With Disabilities Placed in Local Public School Self Contained Class; Total Cost to Taxpayers
 - g. Appendix 3 (page 22 of 23) – Adjusted Costs
 - h. Appendix 4 (page 23 of 23) – Cost to Taxpayers for Public School to Operate Classroom

3. Recalculated the file (prepared by ASAH from the October 2009 ASAH data) utilized to determine the full time education students received from another district to ensure mathematical accuracy with no exceptions.

4. Traced the data used for the pension plan costs as well as the health care costs (as described in the report and listed on page 20 of 23) to an email from the ASAH actuary to ASAH management to ensure the correct data was being utilized within the Cost Report. No exceptions were noted.

5. Traced all information referenced throughout the Cost Report as being obtained from the "New Jersey Department of Education School Report Card for the 2009 – 2010 school year" to said Cost Report without exception.

INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED UPON PROCEDURES (WITH SUPPLEMENTARY INFORMATION)

SCHEDULE A
(Concluded)

6. Read the findings and conclusions section of the Cost Report and recalculated the referenced percentage of the disparity of costs (page 17 of 23) as well as the savings to taxpayers (page 18 of 23) to ensure the following:
 - a. The percentage as listed in the findings and conclusions section (page 17 of 23) agreed to the exhibits and schedules in the Cost Report, no exception noted.
 - b. The savings range as listed on page 18 of 23 of the Cost Report agreed to the exhibits and schedules within the Cost Report, no exception noted.
7. Cross-referenced the information used in the Cost Report for teacher salaries to the New Jersey Teacher Salaries and Salary Guide, 2008-2009 and compared the information in the New Jersey Teacher Salaries and Salary Guides, 2009 – 2010 NJEA Research Bulletin to the referenced information in the Cost Report, without exception.