

THE BENEFITS OF A TUITION ASSISTANCE GRANT PROGRAM FOR SPECIAL-EDUCATION STUDENTS IN VIRGINIA

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Executive Summary

Many families with children in special education face unique, expensive, and often frustrating challenges in pursuing appropriate education. Several states have implemented policies to help these families by offering them tuition assistance grants to pay for education at the public or private schools that the parents believe would best educate their children. These grants transfer to the schools of the parents' choice all or some of the funding that would be used to educate the children at their local schools.

Freedom of choice is important for students whose individual needs require customized instruction. Implementing a tuition assistance grant program for disabled students in Virginia would expand their families' educational options and even save public school districts money.

According to a study by Dr. Susan Aud, if Virginia provided tuition assistance grants of \$5,000 apiece to parents of students with special needs, the average school division would gain a total of \$11,943 for each student participating in the tuition assistance grant program. This means that a tuition assistance grant program would have the double-benefit of saving tax money while improving educational quality for some of Virginia's most vulnerable students.

Details follow.

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Thomas Jefferson, a strong proponent of public education in Virginia, believed that every child should “be in reach of a central school”¹. More than 200 years later, Mr. Jefferson’s vision has been realized, but the nearest public school is not always the best for a particular child. This is especially true for children with physical or mental disabilities. Public schools, established to provide education to the general population, are often ill-equipped to meet the special needs of these children. But private education, or education at public schools outside their home districts, is often beyond the reach of their families.

Virginia public school children must generally attend whichever school to which they are assigned, regardless of the school’s willingness or ability to suit their needs. Federal law requires public schools to provide “free and appropriate” education to disabled children. But in reality, parents and public-school administrators don’t always see eye-to-eye on what constitutes “appropriate” for each child. Especially in Virginia, where educating a disabled student typically costs much more than he generates in revenue, public schools have an incentive to minimize special-education services.

Special education means instruction customized for the individual student. There were 172,704 special-education students in Virginia as of December 2006, the most recent count available, according to state education officials.² Of those, 63,208, a plurality of 36.6 percent, were diagnosed with specific learning disabilities.³

¹ Letter to John Tyler, 1810.

² Olympia Myola, “Proposed Special-Ed Changes Opposed”, *Richmond Times-Dispatch*, May 5, 2008.

³ Juan Antonio Lizama, “Va. Seeks to Identify the Learning Disabled”, *Richmond Times-Dispatch*, May 10, 2008.

A student may receive special education only after a written individual education program (IEP) has been prepared for him via a bureaucratic process that can be confusing and frustrating, not only for the child, but for his parents as



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well. An IEP team, typically comprising three or four teachers and administrators and the student's parent(s), meets to discuss his specific educational needs, appropriate goals, and a promising program for meeting them. The plan cannot be changed without another meeting including all original participants, meaning that parents cannot insist on even minor changes without meeting again with the same group in a setting that has them outnumbered by bureaucrats with incentives to resist changes.



Parents are not required to agree to a plan if they don't think it's right for their child, but neither is the school required to provide a program that satisfies their concerns. Virginia parents tell sad stories of inadequate services, resulting in discouraging problems like special-education students failing despite having IEPs. Dissatisfied parents' current only recourse, besides paying for private tuition on top of their property and other taxes, is a due-process hearing or lawsuit, which is time-consuming stressful, and costly for all involved.

Several states have begun to address these challenges by offering scholarships to special-education students. Such scholarships transfer a portion of money spent on child's education to a school that his family thinks better meets his needs. These scholarships can help children with disabilities receive the best education for their special needs, while actually reducing the burden on tax-payers to fund their seats in local schools.

One of the most successful of these programs is Florida's McKay Scholarship Program for Students with Disabilities. Recipients receive scholarships to attend the public or private schools of their choice; scholarship amounts are equivalent to what the tax-payers would have spent on their education in their local public schools. The program was introduced in 1998 and implemented statewide during the 2000-01 academic year. During the 2006-07 school year, it provided scholarships to 18,273 special-needs students and had become the largest educational-choice program in the United States.⁴

⁴ Jay P. Greene and Marcus A Winters, "The Effect of Special-Education Vouchers on Public School Achievement: Evidence from Florida's McKay Scholarship Program", Center for Civic Innovation at the Manhattan Institute, April 29, 2008, p. 5.

For three consecutive years, State Senator Walter Stosch has sponsored legislation to create a program in Virginia similar to Florida's McKay Scholarships. Sen. Stosch's proposed program would provide a grant of up to \$10,000 annually for any special-education student to use at a non-sectarian Virginia school of his family's choice. Grant amounts are limited to the Commonwealth's share of the students' public-school funding.



“The issue is whether or not we want to find an alternative for these parents who are trapped into an environment where it's just not working for them.”
- - Sen. Walter Stosch



To be eligible, the student must have attended a public school in the Commonwealth and received special education services for at least one year prior to the receipt of the grant; he must have been admitted to an eligible private school; his parent(s) must have requested the grant of the Superintendent of Public Instruction and notified the division superintendent of that request, and his parent(s) must have executed and submitted to the division superintendent a written statement asserting their dissatisfaction with the student's progress and acknowledging that the public school has offered or implemented an individualized educational program that is reasonably calculated to provide educational benefit.

“The issue is whether or not we want to find an alternative for these parents who are trapped into an environment where it's just not working for them,” Sen. Stosch told the Education and Health Committee on February 2, 2006.⁵

Sen. Stosch's proposal or a similar program would give Virginia's disabled students and their families more choice to seek out the best education for their individual situations and at the same time actually help school districts save tax dollars. Educational funding in Virginia is based on a complicated formula that relies upon the 11 components of the state Standards of Quality established by the General Assembly. Special-education funding follows a similar approach, whereby fund allocations are based on the total number of students in a district, not just the number of disabled students. One result of this set-up is that every public-school student generates approximately the same amount of state revenue, whether or not he receives special-education services. This means that, while disabled students' education can be substantially more expensive, they

⁵ Rosalind S. Helderman, “Va. Tuition Help Sought for Disabled Students”, *The Washington Post*, February 3, 2006, p. B06.

generate only slightly more state revenue than non-disabled students. While this approach has the positive effect of providing a disincentive to over-diagnosing disability, it also creates the converse disincentive to providing special-education services as needed.

If a student with special needs uses a tuition assistance grant to attend a different school, his local school system would experience a substantial reduction in costs, compared to the loss of state dollars, resulting in a significant financial gain to the school. According to a study by Dr. Susan Aud, if Virginia provided tuition assistance grants of \$5,000 apiece to parents of students with special needs, “the average school division would gain a net fiscal benefit of \$5,214 from revenue sources that do not vary with enrollment (leaving these funds in school divisions even after students depart), and an additional net fiscal benefit of \$6,729 because their reduction in special education costs would greatly exceed their reduction in per-student funding.”⁶ The \$5,000 is based on the average state share of SOQ funding formula revenue per student. That adds up to a total of \$11,943 in financial gain to the school district for each student participating in the tuition assistance grant program.



93% of participating Florida parents were satisfied with their child’s placement.

Dr. Aud assumes that, when a special-education student leaves the public school system, the district loses only 15 percent of its per-student funding under the federal Individuals with Disabilities Education Assistance program in the next year. That’s because the IDEA stipulates that, even if a district’s special-education student population declines within a year, it still receives at least 85 percent of the funding that it received the previous year.

Special-education spending varies widely across Virginia school districts even among those with only one child identified with given category of disability. These variations in spending on special education, by district, and by disability, make it difficult to calculate how much individual districts could save. However, applying Dr. Aud’s statewide average of \$11,943, and assuming a 4 percent participation rate (based on Florida’s experience with McKay scholarships), we can paint an impression of how much TAGs might save individual districts.

⁶ Susan L. Aud, “The Fiscal Impact of a Tuition Assistance Grant for Virginia’s Special Education Students”, Milton and Rose D. Friedman Foundation, Virginia Chamber of Commerce, and Thomas Jefferson Institute for Public Policy, April 2007

The Richmond City division in 2005 counted 4,738 students with disabilities.⁷ If 4 percent of these students left the district, approximately 190 students, the district would gain a total of \$2,269,170 in the year the students departed, based on Dr. Aud's figure of \$11,943 each.

Norfolk in 2005 educated 5,106 students with disabilities.⁸ If 4 percent, roughly 204 students, left the district, its total gain would be \$2,436,372.

Newport News is similar, with 4,565 students with disabilities.⁹ A 4 percent departure rate would mean nearly 183 students going elsewhere, leaving the district with a gain of \$2,185,569.

Roanoke County is smaller, with 2,331 students with disabilities.¹⁰ 4 percent of this number is a little more than 93 students, whose transfer would gain the district, \$1,110,699.

Even smaller is Fredericksburg, with 360 students with disabilities.¹¹ If 4 percent of these students, or just 14, used tuition assistance grants, the small district would gain \$167,202.

As of last year, fewer than 100 private Virginia schools would qualify for the tuition assistance grant program.¹² These are non-religious schools that provide educational services, as well as as-needed instruction in life skills areas such as interpersonal relationships and personal hygiene, to disabled students. Most have a small number of seats available, around 100 or fewer, serve a limited number of grades and ages, and specialize in one or several of the 14 categories of disability¹³ recognized by the Virginia legislature. However, an increase in potential students would mean an expanded market and most likely drive an increase in both qualifying schools and available seats.

⁷ Virginia Department of Education, Special Education Performance Report, Richmond City Public Schools, June 18, 2007.

⁸ Virginia Department of Education, Special Education Performance Report, Norfolk City Public Schools, June 18, 2007.

⁹ Virginia Department of Education, Special Education Performance Report, Newport News City Public Schools, June 18, 2007.

¹⁰ Virginia Department of Education, Special Education Performance Report, Roanoke County Public Schools, June 18, 2007.

¹¹ Virginia Department of Education, Special Education Performance Report, Fredericksburg City Public Schools, June 18, 2007.

¹² Lori Drummer, "Special-Needs Grants Would Save Money for Virginia Public Schools", The Heartland Institute, August 2007.

¹³ Specific Learning Disability, Mental Retardation, Severe Disability, Hearing Impairment, Speech/Language Disorder, Visual Impairment, Emotional Disturbance, Orthopedic Impairment, Other Health Impairment, Deaf/Blindness, Autism, Traumatic Brain, Injury, Developmental Delay, Multiple Disability

As with any needed service, freedom of choice is vital to quality education. This is especially true for students whose individual needs require customized instruction. Unlike public schools, which have limited funding to provide special services, private schools have incentive to satisfy families. An impressive 93 percent of parents whose children participate in Florida's McKay Scholarship Program report being either "very satisfied" or "satisfied" with their children's private schools, as opposed to a paltry 33 percent of parents with special-education children in Florida's public schools.¹⁴

Allowing Virginia families to enjoy the same opportunities as their Florida counterparts to use at least part of the funds that would be spent on their children in public schools on education in the setting of their choice would better meet the needs of these students, save taxpayers' money, and further the spirit of Mr. Jefferson's vision.

¹⁴ Robert Holland, "New Forms of School Choice: The Real McKays", Capital Research Center, December 2003, p. 2.