A photograph of a classroom where several students are seated at desks, working on laptops. The focus is on a young boy in the foreground who is wearing large black headphones and looking intently at his laptop screen. Other students are visible in the background, some also working on laptops. The scene is brightly lit, suggesting a modern educational environment.

Day and Residential Educational Programming for Texas Special Education Students

Funding and approval

- LEAs apply for funding approval of Day and Residential placements
- For an approved Day program placement - the LEA can then apply for reimbursement of monies through the High-Cost Fund program (**annual reimbursement program**)
- For an approved Residential placement – the LEA can apply for both Residential reimbursement and High-Cost Fund program reimbursements **bi-annual reimbursement**
- For Both HCF and NP residential reimbursement programs are funding through IDEA-B monies. **NP Residential program is uncapped.**

Funding

- **25%** Residential Set aside

LEAs are required to “set aside” 25% of their IDEA-B allocation to fund the costs of non-public residential placements.

An LEA that requests additional funding from the state to cover the costs of a residential placement are reimbursed the cost less their 25% contribution.

In some cases, the 25% set aside is sufficient to cover the costs of placement and the LEA is not provided additional funding for the placement.

Special Education Placement and Costs in Texas

In recent years, costs associated with **Day** and **Residential** placements have increased with the most expensive contracts continuing to rise well above median costs.

Day Placements

Median costs for Day Placement:
\$51,000 per year

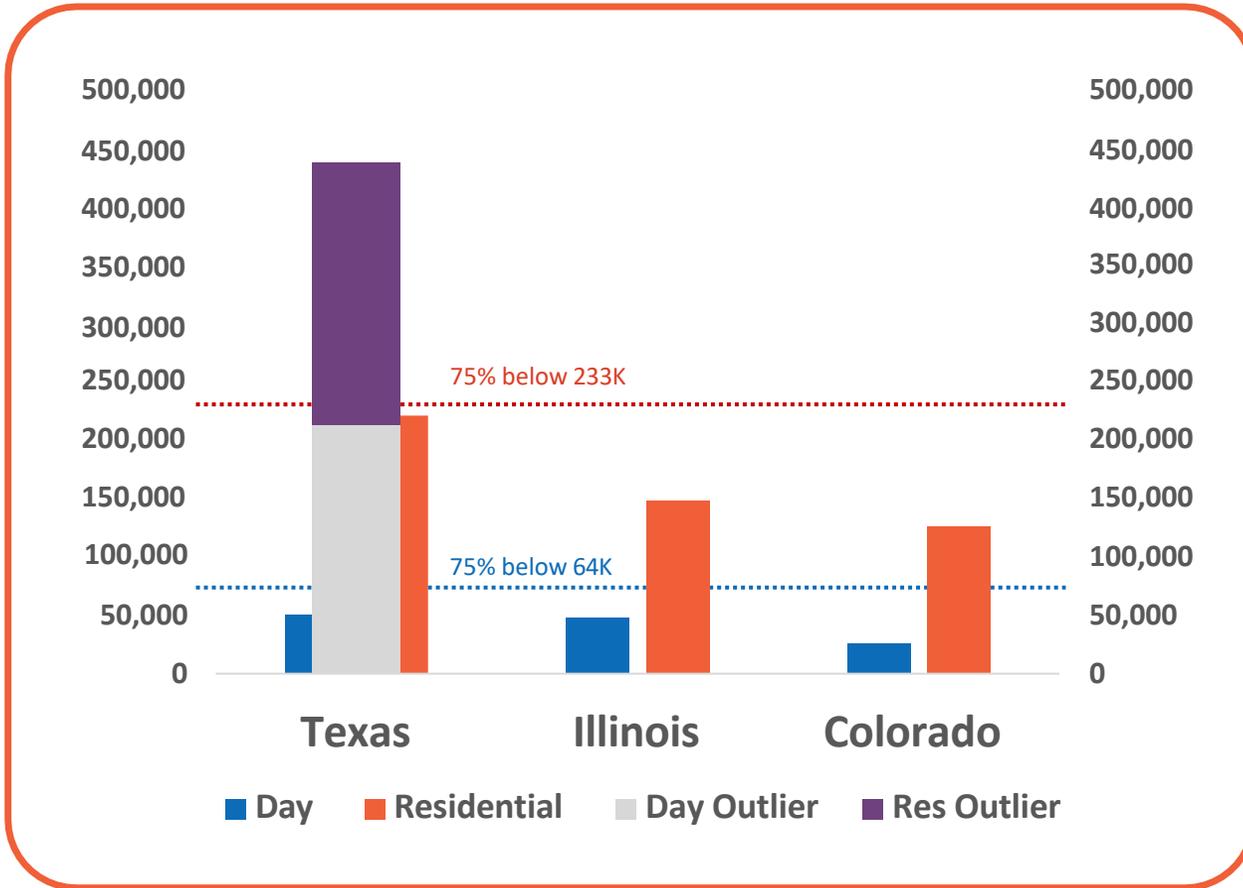
Most expensive Day Placement contracts
are approaching:
\$214,000 per year

Residential Placements

Median costs for Residential
\$222,000 per year

Most expensive Residential contracts
approaching:
\$440,000 per year

State Cost Comparison



Residential Placements

Texas is spending up to **195% more** than for residential placements.



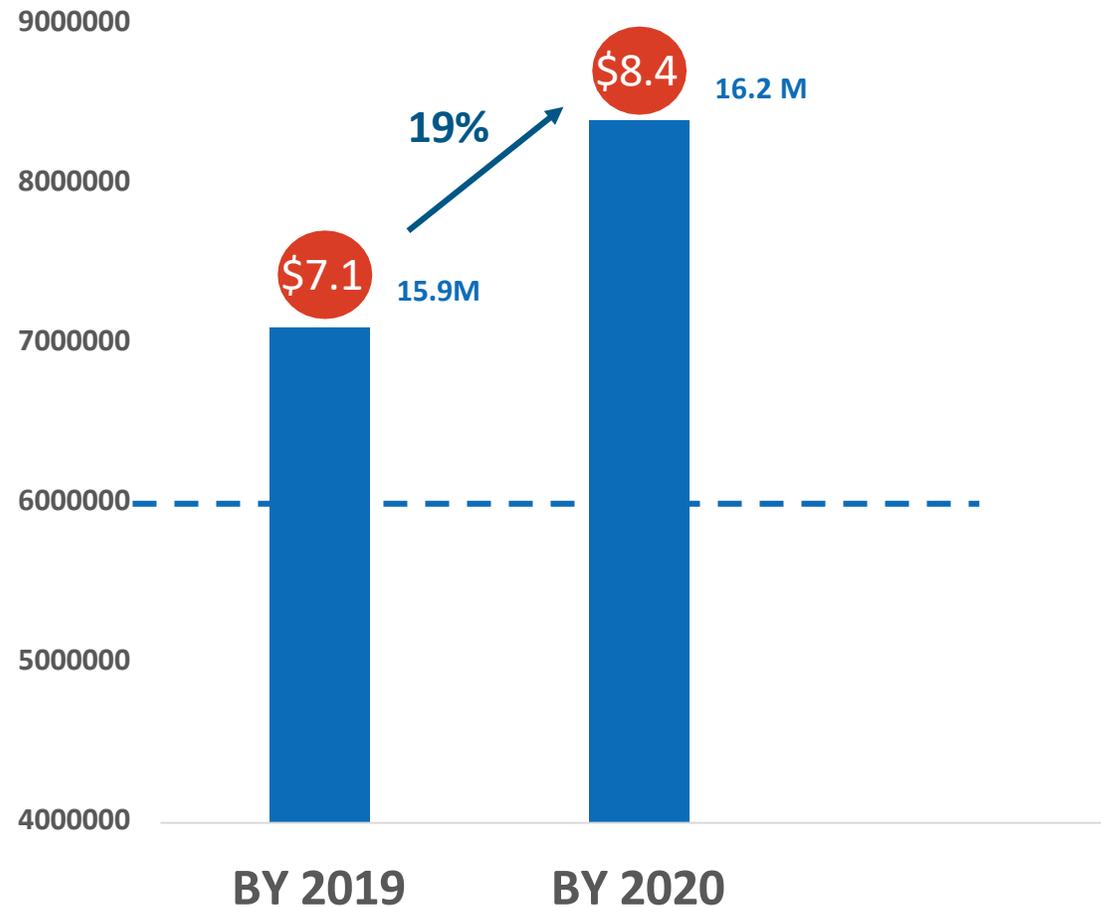
Day Placements

Texas is spending up to **328% more** for day placements.



IL and CO avoid wild swings in costs with codified systems for regulating costs

Funding Implications



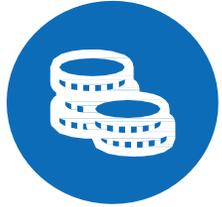
Residential Placements

For BY 2019 and 2020, monies allocated for residential placements (\$6 million/year) **have not been sufficient to cover LEA residential contracts.**

The **shortfall** from BY 19 to BY 20 increased by **19%** and the **funding gap is anticipated to continue to increase.**

Cost Study

Problem Areas Identified



Facility rates are not predictable or consistent, with some facilities charging LEAs significantly different rates for identical services

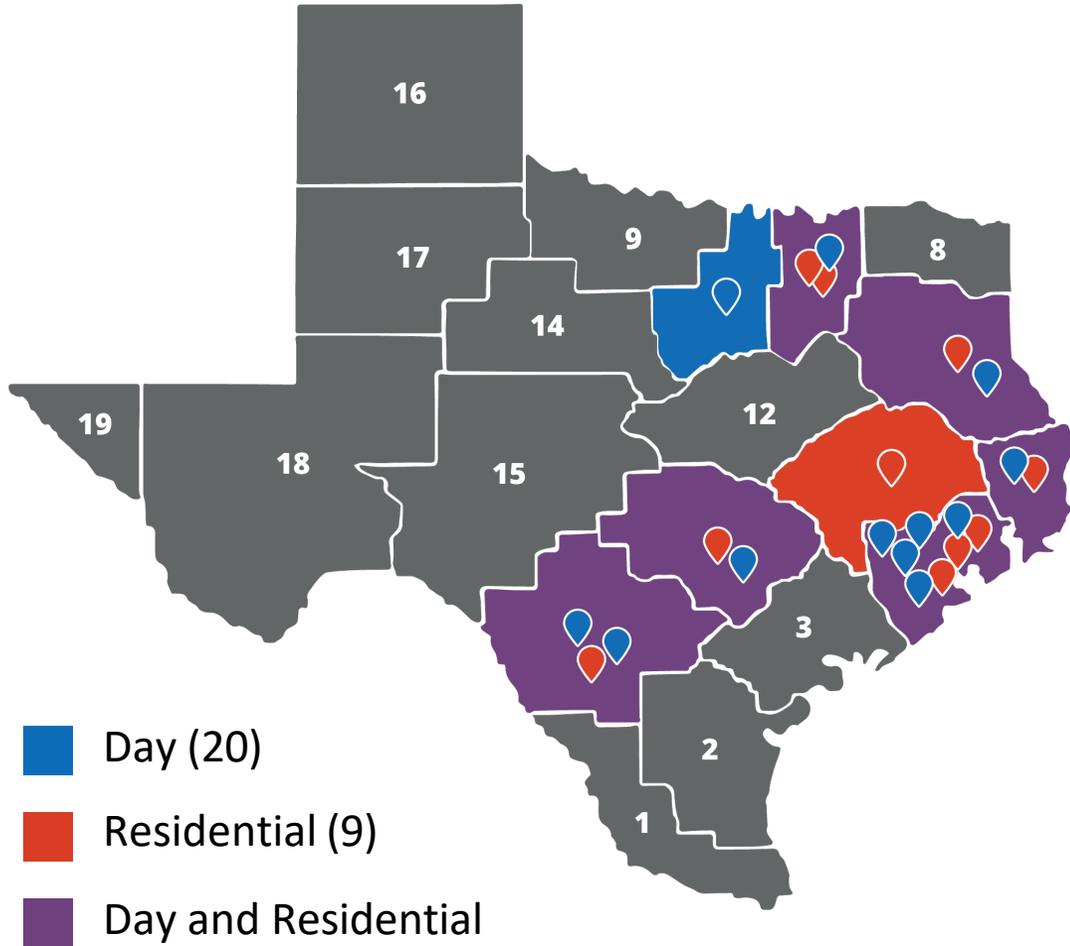


Limited day and residential facility (location and capacity) limit LEA choices



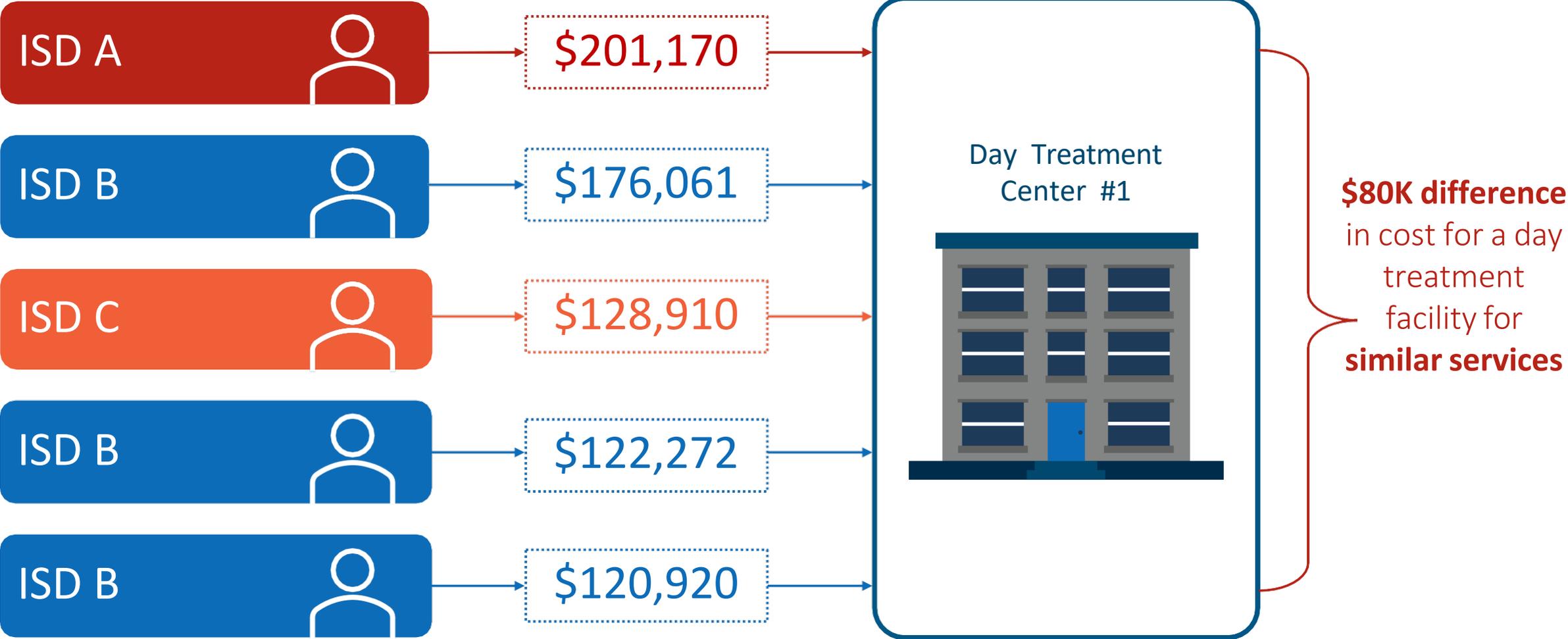
Lack of codified systems to address statutorily required cost effectiveness; lack of cost transparency from facilities

Building Capacity



Approved **Day (blue)** and **Residential (red)** facilities tend to be clustered around large metropolitan areas.

Day Facility Cost Study Analysis indicates a large variance in rates between and within district at the same facility



Day Contract Comparison for Same Facility

ISD A Day Contract

Service	# Sessions	Unit Cost	Subtotal
Educational	247	35.72	\$8822
Behavior	247	425.00	\$105,000
OT Direct	104	200.00	\$20,800
Speech	104	200.00	\$20,800
ABA Therapy	520	75.00	\$39,000

ISD B Day Contract

Service	# Sessions	Unit Cost	Subtotal
Educational	247	35.72	\$8822
Behavior	247	225.00	\$55,575
OT Direct	104	100.00	\$10,400
Speech	104	100.00	\$10,400
ABA Therapy	494	75.00	\$37,050

Residential Facility Cost Study Analysis indicates a large variance in rates between and within districts at the same facility

ISD G 

\$255,935

ISD D 

\$240,848

ISD E 

\$186,176

ISD G 

\$160,981

ISD F 

\$159,202



Almost a **\$97K difference** in cost for a res treatment facility

Residential Contract Comparison for Same Facility

ISD D Residential Contract

Service	# Sessions	Unit Cost	Subtotal
ABA Therapy	66	392.09	\$25,877.94
ABA Therapy	195	564.50	\$110,077
Speech	24	80.00	\$1920

ISD F Residential Contract

Service	# Sessions	Unit Cost	Subtotal
ABA Therapy	261	205.52	\$53,640
Speech	26	48.00	\$1241

Possible Solutions

Rate Reviews/Rate Setting

Require rate reviews and approval by TEA

State could set per diem rates for nonpublic facilities (similar to IL)

Improve Nonpublic Cost Structure Transparency

Require facilities to publish tuition rates annually in order to decrease inconsistencies in pricing

Build Day and Residential Capacity

Consider amending current statute requiring that LEAs have an executed contract prior starting approval process.

Work with existing HHSC approved facilities that could possibly do this work

Fund Innovative In-District Programming

Incentivize innovative in-district and locally based programs that keep students in their communities.

A photograph of a classroom where several students are seated at desks, working on laptops. The student in the foreground is a young boy with light brown hair, wearing large black headphones and a dark blue t-shirt. He is looking intently at his laptop screen. Behind him, other students are also working on laptops, some wearing blue shirts. The background shows bookshelves filled with books, suggesting a library or a well-stocked classroom. The overall scene is brightly lit and focused on digital learning.

High-Cost Fund program (HCF)

Overview

- Help offset LEA costs of education and services to high-need students with Disabilities
- 10% of IDEA-B Discretionary
- Funds available when services cost 3X annual per pupil expenditure (APPE)
 - For 21-22 SY \$32,490 is the threshold

Application and disbursement

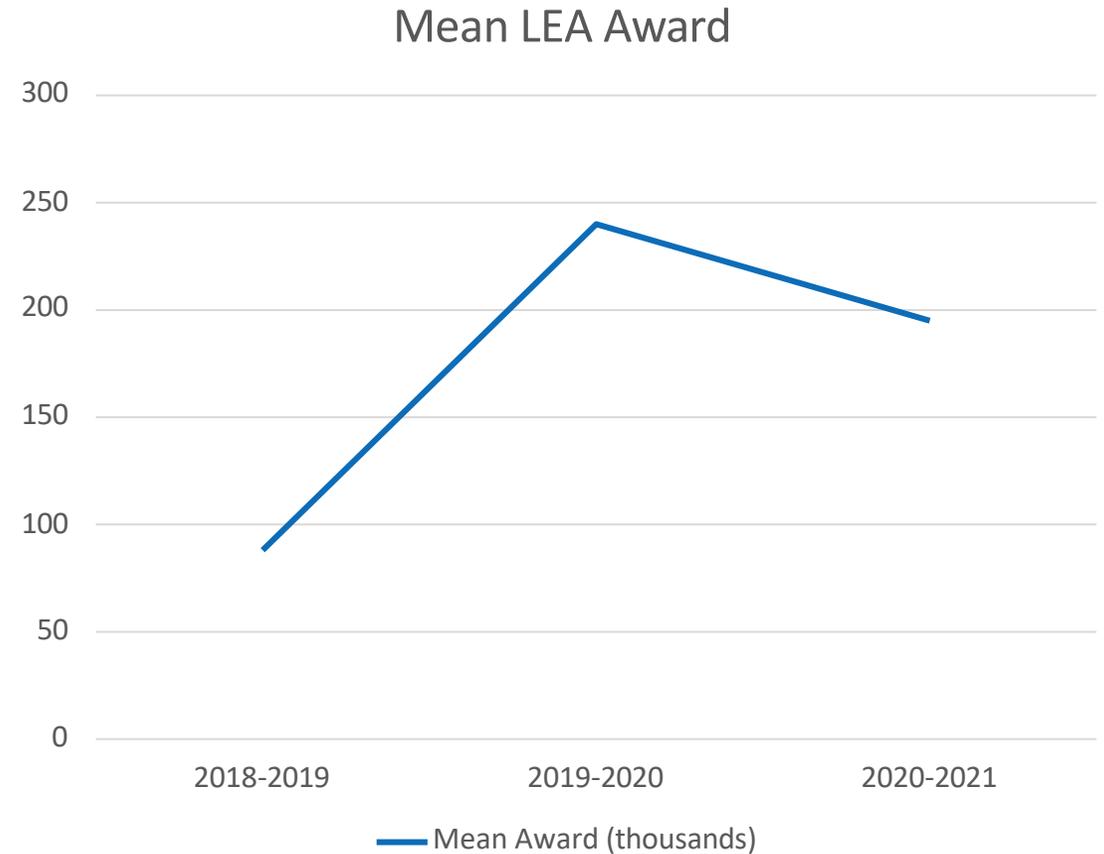
- LEA application opens each spring
- Reimbursement is set per student, inclusive of all services defined in the students IEP
- TEA prorates reimbursement when overall need exceeds funds
 - Pro-rated based on Least Restrictive Environment; in-district programs and settings are funded highest, target is 100%, off-campus programs are reduced.

HCF Utilization

	2018-2019	2019-2020	2020-2021
LEAs applied	115	77	100
LEAs funded	113	76	96
Total students applied for	391	247	296
Total Students funded	382	242	290
In-district placements	192	87	126
NP Day/Off-campus placements	111	124	124
NP Residential (25% set aside recovery)	42	31	40

HCF disbursement

LEA Award	2018-2019	2019-2020	2020-2021
Minimum	\$10,442.00	\$16,766.00	\$11,817.00
Maximum	\$832,724.00	\$998,325.00	\$1,064,328.00
Mean	\$88,354.64	\$240,122.10	\$194,809.38
Median	\$58,566.50	\$79,461.00	\$62,268.50
In district Mean	\$31,991.72	\$29,015.93	\$32,374.40



Reimbursement Prorating	2018-2019	2019-2020	2020-2021
In-District program	95%	100%	100%
Off campus Day	54%	95%	80%
Off campus Residential (25% set aside)	44%	80%	57%

Review

- 2020-2021 High-Cost fund was ~11M and Nonpublic Residential was ~10M
 - Additional monies were disbursed to directly support 334 students
- Nonpublic Residential and Day costs are growing across the state
- Nonpublic Residential funding is “uncapped” and has doubled over the last 5 years, while utilization has flat.