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DOD DEPENDENTS SCHOOLS

Cost Issues Associated With the Special Education Program





United States
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**Health, Education, and
Human Services Division**

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The Honorable Strom Thurmond
Chairman, Committee on Armed Services
United States Senate

The Honorable Sam Nunn
Ranking Minority Member, Committee on
Armed Services
United States Senate

The Honorable Floyd D. Spence
Chairman, Committee on National Security
House of Representatives

The Honorable Ronald V. Dellums
Ranking Minority Member, Committee on
National Security
House of Representatives

To provide a free public education through secondary school for dependents in overseas areas,¹ the Congress created the Department of Defense Dependents Schools (DODDS) system in 1978. DODDS, a Department of Defense (DOD) support organization, is responsible for educating every child of a sponsor² serving an accompanied tour,³ regardless of the child's educational needs or the resources available at the sponsor's overseas location.

In addition, DODDS must provide special education assistance to all eligible students as required by the Individuals With Disabilities Education Act (IDEA). To comply with IDEA, DODDS' special education program must provide a free and appropriate education for students with disabilities aged 3 through 21. In most cases, special education students attend DODDS schools with the resources to meet their educational needs. Sometimes, however, the sponsor of a special education student is assigned to a location lacking a DODDS school or where the DODDS school lacks the

¹Public Law 95-561, the Defense Dependents' Education Act of 1978, (20 U.S.C. 921) created DODDS.

²A sponsor is an active-duty military service member stationed overseas or a full-time DOD employee whose salary is paid from appropriated funds and who is stationed overseas and either a U.S. citizen or an immigrant who is a permanent legal U.S. resident.

³An accompanied tour is an overseas tour, usually 24 to 36 months, during which the federal government pays the transportation and housing costs for dependents who accompany a military service or DOD employee.

resources to meet the student's needs. In these cases, DODDS pays the cost of obtaining such resources for students on accompanied tours, even if it means placing students in a non-DODDS school.⁴

Because of concerns that DODDS is incurring excessive costs to educate special education students when their sponsors are assigned to locations lacking a DODDS school that can meet the students' needs, the House Committee on National Security asked us to review DODDS' special education program. This review was part of the work we were directed to do by the Conference Report accompanying the 1994 Defense Authorization Act.⁵ The Committee was particularly interested in knowing the (1) amount of money DODDS spends on its special education program, (2) number of special education students whose sponsors are assigned to locations lacking a DODDS school with the resources to meet the students' needs and the cost associated with meeting their needs another way, and (3) number of special education students who are sent to non-DODDS schools because no DODDS school is located near them to meet their needs and the associated cost.

To obtain this information, we reviewed special education laws and relevant DOD regulations. We also analyzed data on special education enrollments and costs in DODDS schools but did not independently verify the accuracy of the reported data. We supplemented our analysis with discussions with officials at the Office of the Secretary of Defense and DODDS headquarters and used structured interviews to gather information from two of three DODDS regional offices,⁶ 9 of 11 district offices, and 21 of 191 schools. We did our work on the special education program between June 1994 and December 1995 as part of the work mandated by the Conference Report accompanying the 1994 Defense Authorization Act. Our work was done in accordance with generally accepted government auditing standards.

⁴Generally, the student is placed in a school that civilian agency dependents attend while abroad. Various nongovernment, coeducational independent schools are available overseas, but most American students attend schools established cooperatively by Americans living overseas. Many of these schools receive assistance and support from the U.S. government.

⁵Under this congressional mandate, we have issued two other products: Military Dependents' Education: Current Program Information and Potential Savings in DODDS (GAO/T-HEHS-94-155, Apr. 26, 1994) and DOD Dependents Schools: Enrollment Categories, Numbers, and Locations (GAO/HEHS-95-149, Sept. 18, 1995). This report is our final product under this mandate.

⁶We excluded the Panama Region from our analysis of special education enrollments because, under the terms of the Panama Canal Treaty, the schools in Panama will be turned over to Panama's government for operation in 1999 and the only other school in the region was scheduled to close in 1995.

Results in Brief

Although DODDS provides special education assistance to about 8,000 students, it does not separately track and report information needed to determine the total amount of money DODDS spends on its special education program. Specifically, DODDS' accounting system only segregates special education labor costs, such as special education teachers' salaries. Other special education costs, for equipment, supplies, and the like used for special education students, are combined with costs incurred for the regular education program.

Similarly, DODDS does not track and report information on the additional costs it incurs to (1) acquire services for special education students whose needs cannot be met by DODDS schools in locations where their sponsors have been placed or (2) send special education students to non-DODDS schools to meet their needs. According to district office special education staff, however, only a small number of special education students fall in these categories. These staff estimated that DODDS had incurred additional annual per student costs that ranged from several hundred dollars for evaluation and monitoring to \$60,000 when teachers had to be flown in to one DODDS school throughout the school year to provide services. DODDS regional office staff identified 15 students in non-DODDS schools who were receiving special education services at the time of our visits. A DODDS official told us that one of these students was in a non-DODDS school because the DODDS school where the student's sponsor had been assigned lacked special education services. According to the official, the other 14 students were in non-DODDS schools because no DODDS schools were located where the students' sponsors had been assigned.

Two factors have influenced DODDS' special education program costs: (1) DOD's lack of adherence to its policies and procedures for screening and placing dependents with special education needs, which has sometimes resulted in the assignment of their sponsors to overseas locations lacking DODDS schools with the services they need and (2) DODDS' management of its special education program, which has historically focused on legal compliance and paid scant attention to instructional and administrative issues. One way to possibly reduce program costs is to improve the effectiveness of these factors.

Background

DODDS' total 1994-95 school year enrollment was approximately 89,000 students. The enrollment in the special education program was approximately 7,700 students—a 9-percent increase from the 1992-93

school year enrollment.⁷ Some DODDS officials believe DODDS' special education population will continue to increase as DODDS implements new initiatives mandated by IDEA, such as the establishment of preschools for children aged 3 to 5 with identified disabilities.

DODDS staff in three regions—European, Pacific, and Panama—and 11 districts administer the special education program at 191 schools in 14 countries. Although DODDS does not offer full services for all disabilities at every school, it offers the full continuum of special education services, except for full-time residential care, in each region.⁸ Most DODDS schools can meet the needs of most special education students. Some schools located near medical facilities in both the European and Pacific regions can serve the needs of students with severe disabilities, such as some neurological disorders, who also require specialized medical services.

In 1983, DODDS established its special education office to ensure compliance with IDEA. Although the Department of Education provides some funding for implementing IDEA in the United States, DODDS is not eligible for such funding. DODDS does not report to the Department of Education on its implementation of the act because it is exempt from IDEA's reporting provisions.

DODDS Does Not Separately Account for the Full Cost of Its Special Education Program or Collect Data on Special Education Students Whose Sponsors Are Assigned to Locations With Schools Lacking Services

DODDS does not record separately all costs related to its special education program. Generally, DODDS' knowledge about its special education program costs is limited to teacher salaries. DODDS usually aggregates special education program costs such as those for equipment, evaluation instruments, transportation, and books with data on the costs of implementing its general education curriculum. Accounting codes for various special education costs were either never established or not used consistently throughout DODDS. Fiscal managers in DODDS told us they did not maintain discrete data on special education costs other than teacher salaries because they have no need to do so.

In addition, DODDS maintains neither records on special education students who are placed in schools without needed services nor data on any additional expenditures it incurs to provide the services. Our discussions with officials in DODDS' district offices and schools indicate that, on the

⁷Data on DODDS' special education population were not maintained before school year 1992-93.

⁸Services are available to support children with mild to severe communication, emotional, hearing, visual, learning, and/or orthopedic impairments as well as developmental delays. Students requiring full-time residential care are generally placed in stateside residential programs.

basis of their experience, the number of such placements worldwide appears to be relatively small. For example, although officials in one district cited 10 students in a 2-year period who were considered to be inappropriately placed, officials in other districts cited only 1 or 2 students so placed per year. They told us, however, that disruptions can arise for staff, the student being placed, and the other students while DODDS works to meet the needs of the child. For example, students with severe disabilities may have to remain in classrooms with teachers unprepared to deal with their needs while DODDS works to remedy the situation. In addition, the school may incur extra costs when a student arrives at a school lacking the resources to serve the student. DODDS does not, however, routinely track and report cost data. Data we obtained from some locations showed approximate costs ranging from a few hundred dollars to \$60,000 for one student when teachers had been flown in throughout the school year to provide services.

DOD regulations authorize DODDS to obtain reimbursement from the military services for extra costs incurred to provide special education services for children on accompanied tours. DODDS asked all its regions to report these costs for the first time in August 1994. Nevertheless, it did not obtain reliable or consistent cost data from the responses received because districts included different cost elements in their reports. DODDS officials said they plan to continue to work on getting better cost information.

At our request, DODDS regional offices identified 15 students in non-DODDS schools who were receiving special education services, but they kept no record of all costs incurred to deliver special services. A DODDS official said only one of the special education students in a non-DODDS school was placed there because special education services were not available at a DODDS school. Estimated annual, individual costs for special education students placed in non-DODDS schools ranged from several hundred dollars to evaluate and monitor a child to \$55,000 for non-DODDS school tuition costs.

Screening and Placement Policies and Procedures and Program Management Can Influence the Cost of DODDS' Special Education Program

DODDS and DOD officials stated that DODDS costs can increase when policies and procedures for screening and placing special education students are not followed. In addition, lack of management attention to special education program issues, such as teacher workload and training and providing the least restrictive environment for special education students as required by IDEA, may also influence costs.

Before authorizing an accompanied overseas tour, DOD is required to screen school-age dependents for disabilities. According to DODDS officials, failure to screen students or consistently follow established screening and placement procedures is a major reason special education students are placed in schools without needed services. For example, at one DODDS school only 1 of 10 special education students had been screened before entering the school.

Screening and placement procedures were ignored for a variety of reasons. In some cases, military personnel concealed their children's disabilities during the screening process because they perceived a particular overseas transfer as necessary for career advancement. In other cases, after the screening identified disabilities, the relevant military service did not contact DODDS to coordinate the placement or disregarded the placement recommendations. Although the military occasionally returns personnel to the states for not adhering to these procedures, this is not uniformly done among the services. Moreover, lacking adequate expenditure data, DODDS cannot request reimbursement from the military for the cost of providing special education to students in schools without needed services.

Central management of the special education program over the years has focused on legal compliance issues and paid scant attention to the instructional or administrative support aspects of the special education program, according to our discussions with DODDS officials. For example, increasing noninstructional duties related to special education has affected teacher workloads. In some schools, teachers are paid extra for handling these duties as well as a full teaching schedule, and in other schools one teacher handles all special education noninstructional duties as a full-time job. No guidance from management has indicated which arrangement is more cost-efficient or -effective for the schools. Also, one school reported high special education teacher turnover rates in part due to lack of guidance from management on implementing inclusion⁹ in the school to fulfill IDEA's requirements to educate students in the least restrictive environment. Again, lack of management attention to such issues leaves DODDS unable to ascertain the most cost-efficient and educationally effective way to address these issues. Furthermore, because DODDS management has not implemented procedures to ensure that valid and reliable cost data are routinely obtained and maintained, complete

⁹Inclusion is a program in which a student—no matter what disability he or she may have—attends his or her home school with age and grade peers and receives in-school education services, with appropriate support in the general education classroom.

cost information is not available to determine if the program is operating efficiently or to accurately predict its future cost.

Concluding Observations

In fulfilling its educational responsibilities overseas, DODDS must sometimes incur extra costs because the sponsors of special education students are assigned to locations lacking DODDS schools that can meet the students' needs. Only a small number of cases have occurred in which DODDS has incurred extra costs because it could not meet the needs of special education students at a DODDS school where they live, according to available information. DODDS does not, however, record information in a way that allows us to determine how much money it actually spends on its special education program or how much extra cost DODDS has incurred when DODDS schools could not accommodate special education students. As a result, opportunities may exist for reducing the cost of DODDS' special education program. One possibility is better adherence to DOD's screening and placement procedures; another is improvements in DODDS' management of its special education program.

Agency Comments

In commenting on a draft of this report, DOD stated that cost data can be retrieved from DOD's accounting system or from source documentation. DOD recognized, however, that items used in the special education program that are not uniquely targeted or required by an individual special education student are accounted for as general education costs. Although we agree that DOD segregates some special education costs in its accounting records, not segregating all such costs makes it impossible to determine the total amount of money DODDS spends on its special education program or the incremental cost DODDS incurs when its schools cannot accommodate its special education students.

In addition, DOD informed us of some recent actions that address several issues raised in our report. DODDS recently reorganized and gave its area offices the responsibility to monitor and track all dependent children with disabilities whose sponsors are assigned to locations that do not have the resources to meet their special education needs or who require placement in a non-DODDS school. DODDS gave area and district offices responsibility for monitoring the compliance issues and providing technical assistance at the local school level. According to DOD, DODDS headquarters will continue to provide leadership for policy development and guidance for special education programs overseas, including technical assistance and training in the administrative and instructional aspects of the program. If properly

implemented, these actions may improve DODDS' management of its special education program.

Finally, the Department reported that the screening and placement process for special education children is being reviewed by a coordinating committee that is standardizing the screening process and establishing single points of contact for each of the military services and DODDS schools. Like those noted already, if properly implemented, these actions may address the concerns raised in our report.

We are sending copies of this report to agency officials and to other interested parties. We will also make copies available to others on request.

Major contributors to this report are listed in the appendix. If you have any questions about this report, please call me on (202) 512-7014.

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