Tier 3 Cost Exposure: $150,000–$200,000+ per student | Potential Pilot Test: $100,000 (fixed, one-year, exit included)

DISTRICT LITERACY PILOT

A Controlled Test of a Cost Trajectory Many Districts Have Not Yet Measured

Typical System Pattern	Controlled Intervention Condition (When tested)
Each year, students move from Tier 2 to Tier 3. That system is established, funded, and continues over time. Movement is tracked—but response to intervention is less consistently measured.	In defined instructional conditions aligned with research: "Significant percentile gains in reading and language" "Large, measurable improvements… after approximately 60–65 hours" Classroom Observation: Improved fluency, increased confidence, and measurable academic gains were observed following structured intervention.

KEY QUESTIONS

- Are students demonstrating measurable response?
- How does intervention intensity influence outcomes?
- What happens before placement decisions are made?

The strategic question: Are current interventions producing the outcomes we need for the students who cost the most to serve — and do we have the documentation to prove it?

This document does not propose a solution. It introduces a method to test—using district

data—whether a different trajectory is possible.

Page 2: How this is tested—within a fixed cost and defined structure

This pilot may be implemented at varying investment levels based on district budget capacity, with entry options beginning at four students for $20,000 for one year.

COST AND DEFINED STRUCTURE

A FIXED-COST, ONE-YEAR EVALUATION — NOT A PROGRAM ADOPTION	DEFINED PILOT PARAMETERS	KEY TAKEAWAYS
This pilot is intentionally designed as a one-year test, not an implementation. All parameters are defined in advance: • Cohort • Cost • Instructional dosage • Measurement criteria • Exit decision **The objective is validation — not implementation** A data-driven method to determine whether a different student trajectory is possible.	All pilot components are fixed, measurable, and time-bound. • **Cohort size:** 20 students Identified as highest risk for Tier 3 referral • **Group structure:** 5 groups of 4 students • **Cost per student:** $5,000 → **Total pilot investment: $100,000** • **Instructional dosage:** 45 minutes daily over a 180-day school year (~180 hours) **Delivery model:** Delivered via **e-tutoring by NOW Programs®** trained instructors under a **fidelity-monitored** implementation model — no additional district staffing required.	• **A single Tier 3 placement can generate $150,000–$200,000 in cumulative K–12 cost exposure, much of it unfunded and carried by the district.** • Districts' investment in Tier 3 is rising • Costs compound as outcomes remains uncertain • Tier 3 exposure can escalate **10×** *(Actual costs vary by district and should be validated locally.)*

This pilot reframes that risk.

→ *This is a fixed-cost, one-year evaluation with a defined exit.*

1. WHERE BUDGET RISK ACTUALLY ACCUMULATES

Every district plan for Tier 3 costs. What is less often modeled is the cumulative financial exposure that accumulates when a student's trajectory moves from Tier 2 to Tier 3 — and stays there.

Typical Cost Progression (Illustrative Ranges)

Tier	Cost	Components
Tier 2	$2,500 / year	Small-group instruction using internal staff
Tier 3 Entry	$25,000 (Year 1)	Psychoeducational evaluation (~$5K) + first-year specialized services (~$20K)
Tier 3 Ongoing	$200K+ (lifetime)	Multi-year specialized instruction and services

The Scale Question

How many students moved from Tier 2 to Tier 3 in your district last year?

- Multiply that number by $175,000.

That figure represents the long-term cost exposure created by a single cohort.

- This cost is already committed.

It is simply distributed across future budgets.

____ students × $175,000 = $_____ *Your district's cumulative cost exposure from last year's cohort alone.*

Now compare:

20 students × $5,000 = $100,000

Important Context

• Based on Year 1 cost only

• Long-term savings not required for break-even

• Represents minimum threshold

2. STANDARD PILOT STRUCTURE

This pilot is structured as a one-year, fixed-cost financial test — not an open-ended program commitment. Every parameter is defined in advance so the district knows exactly what it approves, what it will measure, and what the exit looks like.

Pilot Parameters

- **Cohort size:** 20 students
  Identified as highest risk for Tier 3 referral
- **Group structure:** 5 groups of 4 students
- **Cost per student:** $5,000
  → **Total pilot investment: $100,000**
- **Instructional dosage:**
  45 minutes daily over a 180-day school year (~180 hours)
- **Delivery model:**
  Delivered via e-tutoring by NOW Programs® trained instructors under a fidelity-monitored implementation model — no additional district staffing required.

Evaluation Framework

1. School District Identifies the 20 highest-risk students before Tier 3 referral
2. NOW Programs® instructors deliver 180 hours of structured, fidelity-monitored intervention
3. NOW Programs® tracks and report on student response to intervention throughout the year; districts validate using existing assessment systems (NWEA, Star, iReady)
4. School District evaluates Go/No-Go — data-driven recommendation at end of Year 1

What the District Has at the End of Year 1 — Regardless of Outcome

Whether students respond or not, the pilot produces something the district may not have today: 180 hours of documented, fidelity-monitored intervention per student — with progress data integrated into existing assessments (NWEA, Star, iReady) and a data-driven Go/No-Go recommendation at year's end.

The district retains a complete, documented record of intervention and student response.

If students respond, placements are avoided and the investment is recovered. **If students don't respond,** the district has documentation that turns a difficult parent conversation into a structured one.

Either outcome has value. Only one is possible without the pilot.

3. COST INPUTS AND BREAK-EVEN CALCULATION

The following cost ranges reflect commonly observed district expenditures and should be validated using local data.

Typical Cost Inputs

- **Tier 2 intervention:** ~$2,000–$5,000 per student annually
- **Tier 3 (Year 1):** ~$25,000 (evaluation, staffing, services)
- **Tier 3 (lifecycle):** ~$150,000–$200,000+ cumulative

MODEL INPUTS USED IN THIS ANALYSIS

Input	Value	Detail
Pilot investment	$100,000	20 students × $5,000 (fixed cost)
Avoided Tier 3 cost (Year 1)	~$25,000 per student	Evaluation + first-year services
Break-even threshold	4 students	$100,000 ÷ $25,000
Required response rate	20%	1 in 5 students

Break-Even Interpretation

If approximately 4 out of 20 students avoid Tier 3 placement, the pilot recovers its cost within one year based on avoided Year 1 expenditures.

Important Context

- This calculation uses **Year 1 cost only**
- Long-term savings are not required to reach break-even
- The model represents a **minimum threshold**, not a projection

4. STATUS QUO BASELINE: NO CHANGE IN STUDENT TRAJECTORY

This model assumes a range of outcomes, including the possibility that no students are diverted from Tier 3 placement.

ILLUSTRATIVE BASELINE (NO INTERVENTION EFFECT)

Metric	Value
Students entering Tier 3 (annual cohort)	20
Estimated lifetime cost per student	~$150,000–$200,000
Total long-term cost exposure	$3.0M – $4.0M

Interpretation

If no students are diverted, the district continues to absorb the full long-term cost associated with Tier 3 placement. This cost is already embedded in current system behavior but is typically distributed across years rather than evaluated at the cohort level.

Key Financial Comparison

Scenario	Cost Exposure
Status quo (0 diverted)	$3.0M – $4.0M
Pilot investment (1 year)	$100,000

CRITICAL INSIGHT:

The financial risk is not the pilot—it is the cost trajectory already in place if no change occurs.
No new cost is introduced in this scenario.
The exposure already exists.

5. FIVE-YEAR FINANCIAL SCENARIO MODEL

The following scenarios illustrate how financial impact may scale based on student response rates.

All figures represent estimated net impact after the $100,000 pilot investment and should be recalculated using district-specific inputs.

ILLUSTRATIVE OUTCOMES (MODELED RESULTS)

Scenario	Students Diverted	Estimated 5-Year Avoided Cost Impact	Basis
Threshold case	4 of 20 (20%)	**$240,000**	Break-even baseline
Reference case	8 of 20 (40%)	**$680,000**	Research-informed reference point[2]
Upper-Bound Case	12 of 20 (60%)	**$1,050,000**	Illustrative scaling

Interpretation

Financial impact increases proportionally with the number of students who avoid Tier 3 placement.

Even at the threshold level, avoided long-term costs exceed the initial pilot investment under modeled assumptions.

Important Context

- These scenarios are **illustrative, not predictive**
- Outcomes will vary based on district context and implementation
- Estimates are based on commonly observed cost ranges

Reference Point

[2] Torgesen et al. (2001) demonstrated that a portion of severely impaired readers achieved average-range performance following intensive intervention.
This benchmark is included as a reference point and does not represent a guaranteed outcome.

6. IMPLEMENTATION AS A CONTROLLED FINANCIAL TEST

This pilot is structured as a defined, one-year evaluation of intervention effectiveness within a fixed cost and scope.

- One-year, fixed-cost pilot
- Defined cohort (20 students)
- Measurable progress benchmarks
- Go / No-Go decision at conclusion

FINAL DECISION FRAME

This analysis does not introduce a new cost.

It makes visible a cost trajectory that already exists.

The district is already making this investment—through Tier 3 placement.

The question is whether that investment should be evaluated before it continues to scale.

FINAL CONSIDERATION

- Each year, students move into Tier 3 support.
- Each movement carries long-term financial and operational implications that are rarely assessed at the cohort level.
- This structure allows the district to evaluate that trajectory using its own data—within a defined scope, fixed cost, and clear exit.
- The question is not whether intervention options exist.
- It is whether current outcomes are sufficiently understood to justify continued investment at the highest level of cost**.**

FOOTNOTE

[1] Tier 3 cost estimates reflect aggregated district expenditure ranges and published special education cost modeling studies; districts should validate using local data.

CFO WORKSHEET: DISTRICT LITERACY PILOT ROI MODEL

SECTION 1: INPUTS

Year 1 Tier 3 Cost per Student: _____

Estimated Lifetime Tier 3 Cost per Student: _____

Number of Students in Pilot Cohort: 20

Cost per Student (Pilot): $5,000

SECTION 2: BREAK-EVEN

Step 1: Total Pilot Investment = Cohort Size × Cost per Student

= 20 × $5,000 = $100,000

Step 2: Break-Even Students = Total Investment ÷ Year 1 Tier 3 Cost

= $100,000 ÷ _____ = _____ students

SECTION 3: SCENARIO MODELING

Scenario A (20%): 4 students avoid Tier 3 → Savings: _____

Scenario B (40%): 8 students avoid Tier 3 → Savings: _____

Scenario C (60%): 12 students avoid Tier 3 → Savings: _____

SECTION 4: INTERPRETATION

Does the pilot reach break-even under realistic assumptions?

What response rate would justify expansion?

What is the long-term financial impact based on local data?

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