

SPECIAL EDUCATION FUNDING COMMISSION

Summary of [Final Report](#) Released December 11, 2013

House Committee on Appropriations (D)

Joseph F. Markosek, Chairman

Miriam A. Fox, Executive Director

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The Commission

- Authorized by Act 3 of 2013 (HB 2)
- 15 members
- 7 hearings held across the state
- Technical assistance
 - Pennsylvania Department of Education
 - Independent Fiscal Office
 - Pathway Strategies LLC

Select Commission Members

- Co-Chairs:
 - Senator Pat Browne
 - Representative Bernie O'Neill
- House Democratic Commission Members:
 - Representative Mike Sturla
 - Representative Mark Longietti
 - Representative James Roebuck

Testimony on Special Education

- Two court cases in the early 1970s defined the rights of special education children
- 1975 federal IDEA law passed
- Title 24 contains PA special education provisions
- “Free and appropriate education” for children is required by state and federal regulations
- “Least restrictive environment” for special education students

Special Education Process and Services

- Students tested to evaluate the need for special education services
- IEP – Individualized Education Program
- Approved Private Schools & PA Charter Schools for Deaf and Blind
- Early Intervention
- Intermediate Units
- Local human services agencies

Special Education Funding Past and Present

- Excess Cost System
 - Used prior to 1991
 - State paid difference between regular education and actual special education student costs
 - Costs increased rapidly; potential incentive for over-identification
- Census System
 - 1991 to present
 - State assumes 15% of all students are special education and that 1% have severe disabilities
- Charter and Cyber Charter Funding
 - Payments based on home district expenditures, not charter school costs
- Contingency Fund
 - For extraordinary expenditures
 - 1% of total special education funding (\$9.3 million)
- Other
 - Includes Early Intervention, APS/Charters for Deaf & Blind, transportation, school food services, etc.

Statistics

- 268,466 public school students receive special education services
 - 15.2 percent of overall 1.76 million students are identified as special education
 - 222 School districts are at or above 16% special education enrollment
- Passing Math and Reading on PSSA
 - Statewide average (all students): 74%
 - Statewide average (special ed students): 40%
 - 50 poorest school districts: 29%
 - 50 wealthiest school districts: 58%
- In 2011/12, PA special education expenditures were \$3.3 billion

Act 3 Formula Factors

- Among other duties, the commission was instructed to consider:
 - Cost Categories
 - Weighting Factors
 - Student Enrollment Count
 - Other community-based factors as identified by the commission
- Core principles of the new funding formula:
 - Meet student needs
 - Provide accuracy
 - Consider changing conditions
 - Achieve sustainability
 - Protect against over-identification and other unintended outcomes

Act 3 Limitations

- General Assembly must approve the formula
- General Assembly determines level of state funding for special education
 - Only NEW monies appropriated using new formula
- Hold harmless for existing special education funds
- Nothing in Act 3 and resulting work of commission may violate or change state or federal law regarding special education

Formula Recommendations

- LEA Factors
 - MV/PI Aid Ratio
 - Equalized Mills (EM)
 - Factor for small/rural districts
- Student Factors
 - 3 Cost Categories
 - Category 1 (<\$25,000), weighted 1.51
 - Category 2 (=>\$25,000 and <\$50,000), weighted 3.77
 - Category 3 (=> \$50,000), weighted 7.46
 - Student Count
 - Based upon current Act 16 data
- A ratio is calculated from data above and applied to new special education funds

Charter and APS Recommendations

- Same basic funding principles will apply to charter schools
 - Distribution of new money will be phased in over 3 years
 - Some formula “tweaks” because payment comes from local districts, not through state funding
- Approved Private Schools (APS)
 - Redirect unexpended funds from prior to APS appropriation

Contingency Fund

- Rename “Extraordinary Cost Fund”
- Independent line item
- For per-student expenses exceeding \$75,000
 - \$75,000 to \$100,000: Use MV/PI aid ratio
 - Over \$100,000: no aid ratio applied
 - Funding cap for Philadelphia SD
- Minimum Contingency Fund
 - 1% of total special education funding PLUS 1% above the special education appropriation for 2010/11

Recommendations – Non-Formula

- Retain special education as separate line item
- PDE should improve capacity to provide data
- General Assembly should consider:
 - Providing funding for competitive grants dealing with inclusion
 - Options to generate accurate cost of living data
 - Whether to apply “hold harmless” and minimum increases
 - Ways to revise the current transportation formula
 - The effect of inflation and other factors impacting special education costs
 - Funding issues related to gifted education and disabled students not currently eligible for special education services
 - How to ensure smooth transitions for special education students who frequently change residence

Recommended Formula Summary

- (1) Calculate the weighted student count for each school district as follows:
 - Category 1 = 1 .51 (students < \$25,000)
 - Category 2 = 3.77 (students => \$25,000 and < \$50,000)
 - Category 3 = 7.46 (students => \$50,000 and above)
- (2) Adjust weighted student count for rural and small school districts:
 - Multiply the weighted student count in (1) by 50% of the adjusted sparsity/size ratio
 - The sparsity/size ratio = (60%*size ratio) + (40%*sparsity ratio)
 - Size Ratio = average daily membership (ADM) / statewide average ADM
 - Sparsity Ratio = ADM per square mile / state ADM per square mile
 - Adjust by percentage difference > 70 percentile (0.7416)
 - For school districts with a sparsity/size ratio <70th percentile no adjustment
- (3) Add the school district's weight in (1) and the adjustment in (2).
- (4) Multiply the sum in (3) by the school district's market value/personal income aid ratio and its equalized millage multiplier
 - Equalized millage multiplier = the school district's equalized millage rate as a percentage of the 70th percentile (20.12 equalized mills)
 - For school districts with an equalized millage rate > 70th percentile the multiplier is 1
- (5) Prorate funding
 - Multiply the product in (4) for each school district by the amount of funds to be distributed and divide by the sum of the products in (4) for all districts.

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