



Pennsylvania Association of School Administrators
Proud Leadership for Pennsylvania Schools

Special Education Funding: An Opportunity for Equity and Sustainability

Testimony before the Special Education Funding Commission

July 10, 2013

Presented by Lee Ann Wentzel

Superintendent, Ridley School District

Good afternoon, Chairmen Browne and O'Neill and distinguished members of the Special Education Funding Commission. My name is Lee Ann Wentzel, and I serve as Superintendent of the Ridley School District, located in Delaware County. I am here today to testify on behalf of the Pennsylvania Association of School Administrators (PASA). PASA represents school superintendents and other chief school administrators across Pennsylvania. We thank the Commission for holding this hearing and providing PASA the opportunity to share our observations and recommendations regarding special education funding.

In January my colleagues from the Lower Dauphin, Lewisburg Area and Upper Darby school districts had the occasion to address our ongoing concerns regarding special education during a public hearing before Sen. Erickson's Majority Policy Committee. They highlighted the many challenges facing districts in regards to special education mandates, programs, services, and funding. The opportunity for PASA to come before this Commission is heartening as a continuation of that dialogue. These conversations are necessary in a partnership to find sustainable approaches to fund the special education services being provided across the Commonwealth.

All children deserve an equal opportunity to reach their full potential. Unfortunately, several consecutive years of very tight school budgets have resulted in reduction-through-attrition and furloughs of nearly 20,000 teachers and other school staff, cuts to instructional programs and student support services across the state. Although state and federal mandates and protections have ensured that students with disabilities continue to be provided a free and appropriate public education during that time, educational programs and services for their non-disabled fellow students are being reduced on a disproportionate level. While school districts may have some limited flexibility in moving contracted programs and services for special education to or from their intermediate unit or other service provider, they are limited in their ability to achieve cost savings under current federal and state mandates.

Although the Commission is charged solely with the development of a new special education funding formula, PASA believes that it is equally important that the General Assembly also establish a funding formula for distribution of basic education funding. The two formulas go hand-in-hand. While it is entirely appropriate to develop a formula to distribute special education funds — as the cost of providing special education services continues to drive increases in district budgets — we must be mindful that about 80 percent of students with disabilities receive some or all of their educational services in the regular classroom setting.

State and federal special education funding comprise less than six percent of school district budgets statewide. So we must set realistic expectations that, while creating a new distribution formula that will better allocate limited state resources based upon actual school district needs, putting such a formula in place will not overcome the inherent inequities resulting from flaws in the distribution of basic education funding and heavy dependence on local taxes to support school district budgets.

In addition to this important issue, we also would like to share our thoughts about the adequacy, equity, predictability and fairness of the state formula for distribution of state special education funding.

State funding for special education has been unchanged for five consecutive years. As the cost of providing mandated services to students with disabilities has **increased** over the past five years, the impact of flat state funding has meant the increased costs have shifted to local property taxpayers and/or to cutting other educational programs and services for **all** students.

State and federal special education funding allocated to school districts was just under \$1.5 billion in 2012-13. While this is a considerable sum, it covers about **40 percent** of the \$3.356 billion spent by school districts to provide nearly 270,000 students with mandated special education services.

School districts, on average, spend \$12,500 per student with disabilities above the amount spent to educate students without disabilities. Of that, combined state and federal funding provides about \$4,600 per student. A 2009 study by the Education Law Center determined that special education is underfunded by \$380 million. Between the 2008-09 and 2011-12 school years, special education spending increased \$389,273,748, which is nearly \$100 million per year.

The inadequacy of state and federal resources, combined with the method used to distribute state funding, presents a daunting challenge to the work being undertaken by this Commission. The existing formula has been in place since the 1991-92 school year, with a few minor adjustments, and it replaced direct state reimbursement of 100% of special education spending by school districts. Unfortunately, the continued use of the formula has created distortions in resource allocation that, as a result, has little relationship to actual need.

In the Ridley School District, since 2003 we have seen a 2.7% increase in special education enrollment, with a \$300,000 increase in state funding. But the additional services required a \$6,300,000 increase in local, district taxpayer supported funding.

The following chart displays one of the primary problems with the current special education funding system: failure to consistently and accurately reflect changes in the number of students who require services or to address the actual costs of providing those services. One should expect that a sound funding formula should direct increased funding to districts that experience increases in the number of students with disabilities and decreased funding when the number of students with disabilities decline. As illustrated by the following chart, which displays the experience of several of the school districts in your legislative districts over a four-year period in which state funding remained the same, the existing formula meets this test in just over fifty-percent of the districts. They are the districts that are highlighted. The other districts, which experienced declining student enrollments, actually saw funding increases.

<u>School District</u>	<u>2008-09</u>	<u>2008-09 State</u>	<u>2011-012</u>	<u>2011-12 State</u>
	<u>Students w/Disabilities</u>	<u>Spec Ed Funding</u>	<u>Students w/Disabilities</u>	<u>Spec Ed Funding</u>
Allentown SD	2,598	9,001,307	2,601	9,297,120
Burrell SD	252	\$1,079,025	269	\$1,104,478
Centennial SD	1,140	\$3,237,597	1,081	\$2,934,640
Central Bucks SD	2,416	\$7,175,231	2,435	\$7,360,290
Clairton SD	231	\$973,772	166	\$1,000,850
Conrad Weiser SD	515	1,490,982	575	1,481,783
Cornwall-Lebanon SD	628	2,106,675	705	2,225,258
Delaware Valley SD	733	\$2,387,529	726	\$2,434,216
Downingtown Area SD	1,803	\$5,038,561	1,961	\$5,211,892
East Penn SD	961	2,903,039	1,067	3,119,218
Eastern Lebanon County SD	388	1,046,857	405	1,624,895
Exeter Township SD	758	\$1,726,563	736	\$1,775,958
Farrell SD	176	\$727,922	153	\$748,236
Kutztown Area SD	348	\$847,284	310	\$862,363
Lancaster SD	2,193	\$8,577,236	1,995	\$8,931,701
Lebanon SD	688	2,375,748	743	2,572,553
McKeesport Area SD	691	\$2,914,390	662	\$2,921,006
Neshmaminny SD	1,815	\$6,063,630	1,799	\$6,441,200
New Kensington Arnold SD	428	\$1,735,979	512	\$1,777,530

Northampton Area SD	916	2,577,364	931	2,621,465
Northwestern Lehigh SD	388	\$1,309,378	343	\$1,306,275
Oley Valley SD	300	\$1,014,140	316	\$1,087,349
Penn Delco SD	593	\$1,826,591	586	\$1,885,804
Pennridge SD	1,166	\$3,175,541	1,138	\$3,246,925
Phoenixville Area SD	624	\$1,462,828	631	\$1,494,860
Plum Borough SD	434	\$2,214,135	443	\$2,330,075
Quakertown Community SD	705	2,489,748	712	2,504,595
Reading SD	2,555	\$9,085,923	3,169	\$9,452,339
Ridley SD	1,200	\$2,699,625	1,258	\$2,768,939
Rose Tree Media SD	625	\$2,040,349	604	\$1,824,291
Salisbury Township SD	300	\$858,557	275	\$931,899
SD of Philadelphia	22,969	\$124,618,599	20,784	\$127,610,905
Sharon SD	440	\$1,432,653	413	\$1,568,980
Sharpsville Area SD	158	\$665,800	160	\$686,560
Springfield SD	511	\$1,528,596	552	\$1,552,295
Wallenpaupack Area SD	730	\$1,621,753	580	\$1,630,662
Wallingford Swarthmore SD	638	\$1,786,981	646	\$1,817,081
Wayne Highlands SD	431	\$1,567,541	461	\$1,598,417
West Chester Area SD	1,532	\$5,020,555	1,482	\$5,146,898

We believe there are significant variables to consider in creating an equitable and sustainable funding formula for special education resources. A formula with these variables will allow school districts and other educational agencies to provide high quality educational opportunities and other related services to students with disabilities in a cost-effective manner. The following recommended variables address both the formula and its implementation.

Actual Student Enrollment

The current funding distribution system assumes that each of our 500 school districts has exactly the same percentage of students with disabilities in their overall student enrollment. Every district is assumed to have a students-with-disabilities incidence rate of 16%, the statewide average. However, the 16% state average is no longer a cost-effective means of allocating resources. The reality is that the actual percentage of students with disabilities ranges from a low of about 5% to a high of nearly 30%. Therefore, it is essential that actual

data be reflected in any calculation. This actual student enrollment variable will be reflected in the data collected through the Pennsylvania Information Management System (PIMS). PIMS is replacing PennData as the collection tool for information about students receiving special education services. While there are still issues with the PIMS migration, it will ultimately serve as the official record.

Level of Services

The companion variable to the actual numbers of students receiving services is the level of service required for specific disabilities. The current funding formula assumes that the level of services provided to students with a disability in each school district is exactly the same. Much like the formulaic error that each district has the same percentage of students with disabilities, the notion that all levels of service have the same cost is not the case. For that reason, actual costs of services delivered must be a variable in a new formula.

All students with disabilities are not equal when it comes to the cost of services. Many students with disabilities may require only limited supports and adaptations to instruction that can be addressed by the regular classroom teacher and add relatively small additional cost. For instance, a student who just requires speech and language services may mean an additional cost of a few thousand dollars. However, a student who has multiple or severe disabilities may require intensive supports provided by several specialized staff or specialized placements both inside and outside the school district. A student with severe autism, for example, can cost a minimum of an additional \$60,000 or more. And a student requiring placement in specialized residential facilities can result in costs into the six figures.

This cost-of-service variable will be addressed by the Commission's charge to determine the parameters for the cost categories. A review of the current special education categories of itinerant, supplemental, and full-time support, and the associated costs of each, should serve as a starting point in defining the three cost categories.

District Wealth

The current formula also does not factor the wealth of each district and, as a result, has created distortions in resource allocation that has little relationship to actual need.

I refer you to the following table that shows the special education incidence rate of the 15 Delaware County school districts and the amount spent on special education that is covered by state and federal funding. This table also was presented at the January hearing. The district with the highest incidence of students with disabilities, 21.2% (Delaware County SD 9), has 29.3% of special education costs covered by state and federal funding. In comparison, the district with the lowest incidence level, 14.6% (Delaware County SD 12), has the largest percentage of special education costs covered at 46.0% by state and federal funds. These calculations do not take into consideration the aid ratio or economic status of each district, potentially further adding to local tax burden.

School District	Special Ed % of Total SD Enrollment	% of Special Ed Costs Covered by State & Fed Funds
Delaware County SD 1	20.1%	33.8%
Delaware County SD 2	19.0%	26.6%
Delaware County SD 3	20.8%	20.4%
Delaware County SD 4	19.4%	21.3%
Delaware County SD 5	17.0%	26.2%
Delaware County SD 6	18.7%	17.4%
Delaware County SD 7	17.6%	30.3%
Delaware County SD 8	15.2%	17.3%
Delaware County SD 9	21.2%	29.3%
Delaware County SD 10	16.0%	20.1%
Delaware County SD 11	18.2%	24.7%
Delaware County SD 12	14.6%	46.0%
Delaware County SD 13	15.9%	33.6%
Delaware County SD 14	18.5%	22.9%
Delaware County SD 15	16.2%	31.8%

“Hold-Harmless”

Another impact variable from the current distribution of resources is the process of “hold-harmless.” Without a formula that reflects actual data, the act of allocating the same amount and never less to individual districts, or “hold-harmless,” undercuts the limited available revenue. Maintaining the hold-harmless provisions allows some districts to cover a higher percentage of special education costs. We recognize the concern our colleagues will express in the potential for lost revenue. However, we must see that new economic realities require different approaches.

Implementation Timeline

Finally, changes must be phased in over time. PIMS data collection still needs to be refined for an accurate student enrollment and level of service accounting. The loss of “hold-harmless” monies may have significant impact on a district. Revised auditing procedures will need to be established to prevent the manipulation of the cost categories.

Despite all of these challenges, there still needs to be urgency in enacting the changes to address the inequities. The local taxpayer has been forced to carry a greater share of the load as district costs have soared without corresponding offsetting revenue.

We have identified the following recommendations for the Commission to review as part of the revised special education resource distribution formula and implementation:

- Actual student enrollment
- Cost differentiation for the level of services
- District need
- Elimination of “hold harmless”
- Establish a phase-in timeline

School districts across the state face many significant challenges in working to provide a free, appropriate public education to all students, including those with disabilities. Pennsylvania's public schools have made tremendous progress over the past decade to improve student achievement, graduation rates, and other measures of success for the most highly challenged students. Since the early 1970's, Pennsylvania has maintained a long tradition of being a leader in this country for providing educational opportunities for students of all ability levels.

The lack of an increase in revenue to the special education line item over the past six years has not only impacted special education services but also necessitated reductions in opportunities for **all** children. At the same time, our local residents can no longer continue to bear this inequitable load.

This Commission has the opportunity to change the conversation. The adequacy, equity, and predictability of a state special education resource formula will be an act of leadership for all children in Pennsylvania.

Thank you for the opportunity to express our observations and recommendations to the Commission. I would be glad to answer any questions that you may have.