



# Senate Education Committee

Senator Jeffrey E. Piccola  
Chairman

**Dave Transue**  
Executive Director  
[dtransue@pasen.gov](mailto:dtransue@pasen.gov)

**Matt Azeles**  
Deputy Executive Director  
[mazeles@pasen.gov](mailto:mazeles@pasen.gov)

**Karen Seivard**  
Committee Counsel  
[kseivard@pasen.gov](mailto:kseivard@pasen.gov)

Room 173 Capitol Building, Senate Box 203015, Harrisburg, Pennsylvania 17120-3015 • 717-787-6801 • 717-783-3722

## BILL SUMMARY

Senate Bill 1115, Printer's No. 1366-AS AMENDED BY A08967

Prime Sponsor: Browne

### A. SYNOPSIS:

Senate Bill 1115, as amended, would: establish a commission to develop a formula for the distribution of any increases in special education funding above the 2010-2011 funding level; set aside portions of total special education funding to pay extraordinary special education expenses and the costs of serving children with the most severe disabilities; establish a competitive grant program for districts serving special education students in regular classrooms; and require the commission established under the bill to study whether and how the delivery of special education services can be restructured to reduce the costs of delivering these services.

### B. BILL ANALYSIS:

Senate Bill 1115, as amended, would amend the Pennsylvania Public School Code of 1949 (School Code) as follows:

1. Hold harmless: The bill would require that, for the 2012-2013 school year and each school year thereafter, any state special education funding up to the level of funding for the 2010-2011 school year would be distributed in the same manner as was used to distribute funding for 2010-2011.

2. Commission: The bill would establish the Legislative Commission on Special Education Funding (Commission) that would be charged with developing a formula for distributing any increases in special education funding over the level of funding for the 2010-2011 school year. The bill sets forth certain elements that must be contained in any formula developed by the Commission, including:

a. Three cost categories for students receiving special education services, with disabilities requiring the least intensive services placed in "category 1" and disabilities requiring the most intensive services placed in "category 3." The Commission would describe and set parameters for each of the three categories.

b. A student count for each school district, averaged for the three most recent school years, for each category of disability.

c. A weighting factor for each category of disability.

d. Adjustments for market value/personal income aid ratio, equalized millage rates, and geographic price differences.

e. A distribution ratio.

f. A calculation of the special education funding that would be allocated to each school district under the formula developed by the Commission.

g. Other factors related to an accurate distribution of special education funding.

In developing the formula, the Commission must consider nationally accepted accounting and budgeting standards and hold at least three public hearings in different parts of the Commonwealth to receive input and testimony from interested parties.

The Commission would include twelve members, consisting of the chairman and minority chairman of the Education Committee of the Senate, the chairman and minority chairman of the Education Committee of the House of Representatives, and two legislators from each of the four legislative caucuses as determined by the leadership of each caucus. Commission members would be appointed within 45 days of the bill's effective date and would hold their first meeting within 90 days of the bill's effective date. Legislative staff would assist the Commission in developing the formula, and the Pennsylvania Department of Education (PDE) would provide the Commission with necessary data.

The Commission must develop the formula within 120 days of the bill's effective date and issue a report of its findings to the Governor, the President pro tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Education Committee of the Senate, the Education Committee of the House of Representatives, the Secretary of Education and the State Board of Education (State Board).

Upon completion of the Commission's report, the State Board must draft proposed regulations to implement the special education funding formula as developed by the Commission. If the Commission fails to issue the required report, or if the report does not include the required special education formula, the State Board must promulgate a special education formula through the regulatory review process.

The bill would require the Commission to meet and hold public hearings every five years to review the operation of the formula and make a further report. If the Commission recommends changes to the formula, the State Board must promulgate regulations through the regulatory review process to implement the recommendations.

3. Charter and cyber school reimbursements: The bill would require the Commission to receive input and gather information on charter and cyber school funding reimbursements related to special education students and to draft proposed regulations and legislation based on its findings.

4. Contingency fund: Consistent with current section 2509.8(e) of the School Code, the bill would require PDE to set aside 1% of the total state special education appropriation in each year, which would be distributed in the discretion of the Secretary of Education for extraordinary special education program expenses. School districts and charter schools would apply to receive a portion of this fund under procedures established by PDE. PDE must issue to the General Assembly an annual report documenting the use of the fund and give public notice of the report.

5. Competitive grant program: To the extent funds are appropriated by the General Assembly, the bill would create a competitive grant program for school districts or charter schools that meet certain criteria with respect to providing instruction to special education students in a regular classroom, meeting state reading and math standards for special education students, and implementing programs or services that serve as a model of excellence for meeting high standards for inclusion and student achievement through quality special education. PDE would develop guidelines for the

administration of the program and would issue an annual report to the General Assembly documenting the use of the grant funds and give public notice of the report. The grant program would not alter the protections for special education students under federal or state law.

6. Fund for category 3 disabilities: Beginning in the 2014-2015 school year, the bill would require PDE to set aside 1% of the state special education appropriation above the level of funding for the 2010-2011 school year and distribute the funds on a pro rata basis based upon the number of students in each school district who had category 3 disabilities in the prior school year.

7. Special education accountability: PDE would be required to determine the form and manner in which school districts would submit a special education plan, as well as revisions, updates and amendments. To the greatest extent possible, the plan would be consistent with plans and reports currently required by PDE. Plans submitted under this provision must be written in a manner that is understandable and easy to use by parents and the public and must include a general summary.

PDE would also be required to: review plans, revisions, updates and amendments; provide recommendations and technical assistance to school districts; approve or disapprove plans within 90 days; and provide a written explanation when disapproving a plan.

Under the bill, PDE must approve a special education plan, as well as revisions, updates and amendments, that in PDE's determination: meet the requirements of the bill; specifically address the school district's special education academic and developmental challenges; describe programs and strategies that are most likely to improve student outcomes; describe programs and strategies of the school district designed to reduce the need for special education services; and describe school district policies to ensure students are no longer identified as having a disability if the students no longer qualify under state regulations.

Upon disapproving a school district's special education plan, update or revision, the bill would require PDE to withhold the portion of the annual state increase in special education funding that exceeds the index until PDE approves a written special education plan, update or revision.

The Secretary of Education would be required to involve appropriate and relevant staff, not limited to staff in the Bureau of Special Education, in special education monitoring, support, intervention, technical assistance and special education plan review. The Secretary may contract with intermediate units and consultants for additional assistance.

By April 15, 2012, and by April 15 of each year thereafter, each school district receiving an increase in its state special education funding allocation of more than the index would be required to update its special education plan based on overall circumstances and to show how the increase would be used.

School districts would be required to use state funds for programs and supports that expressly benefit eligible students educated in the least restrictive environment in accordance with federal and state law and contribute to achievement of performance indicators. PDE would be required under the bill to issue guidelines for the suggested use of state funds.

PDE would be required to issue to the General Assembly an annual report on special education funding, special education plans, and other special education accountability issues.

PDE would also be required to: review and monitor implementation of all special education plans; provide support, intervention, and technical assistance in school districts failing to meet student needs; identify all school districts failing to implement their special education plans and failing to meet student needs; and determine whether to withhold up to 5% of all state special education funding from such school districts until the problems are resolved. If PDE determines that a school district is making

substantial progress toward resolving these problems, PDE must restore withheld funding retroactively and continue to monitor the district for two additional years.

To discourage the over-identification of students for special education, PDE would be required to conduct an automatic review of the special education plan of any school district with a substantially higher ratio of special education students to all students than the state average, of any district where such ratio has increased by more than 10% over the previous year, or of any district where the ratio has increased by more than an annual average of 5% during the most recent five-year period. Unless PDE determines the ratio to be justified, PDE may take appropriate remedial action, including withholding up to 5% of state special education funding.

The bill sets forth a procedure by which PDE gives notice of its decisions and actions under the bill's accountability provisions and by which affected school districts may respond. School districts may appeal PDE's decisions and actions to the Secretary.

The accountability provisions would not supersede or preempt an existing collective bargaining agreement.

If insufficient funds are appropriated, the bill's accountability requirements would be waived.

8. Data collection: PDE would be required to use existing resources and data systems as well as nationally accepted accounting and modeling standards to collect data necessary for accurate functioning of the formula developed under the bill.

9. Restructuring: The bill would require the Commission to study whether and the manner in which the state and regional administration of special education programs and services could be restructured to reduce the costs of administering such programs and services by at least 10% and to report its findings and recommended legislation, including options to redirect administrative cost savings to school districts, to the Governor and the General Assembly.

Under the bill, the Secretary of Education must propose regulations to implement the new provisions for promulgation by the State Board.

The bill would take effect immediately upon enactment.

### **C. SUMMARY OF RELEVANT EXISTING LAW:**

S.B. 1115 would not change the current special education funding formula set forth in section 2509.5 of the School Code, but would require the Commission to develop a formula to distribute any increase in funding over 2010-2011 funding levels. Any special education funding to school districts in an amount equal to or less than the level of special education funding in 2010-2011 would be distributed according to the current formula.

February 29, 2012

Honorable Patrick Browne  
Whip, Senate Republican Caucus  
171 Main Capitol Building  
Harrisburg, PA 17120

Honorable Jeffrey Piccola  
Chair, Senate Education Committee  
173 Main Capitol Building  
Harrisburg, PA 17120

Honorable Andrew Dinniman  
Chair, Senate Education Committee  
183 Main Capitol Building  
Harrisburg, PA 17120

RE: Senate Bill 1115 for Special Education

Dear Senator Browne, Senator Piccola, and Senator Dinniman:

The organizations listed below write to thank you for your support for making reforms to the state systems for special education funding and accountability. The amendment you have prepared to Senate Bill 1115 confirms the long-standing objectives of the legislation, makes further improvements consistent with these objectives, and provides technical corrections to clarify these provisions. We applaud your efforts and express our hope that the bill as amended will be approved by the Education Committee and by the full Senate in the near future.

As you know, the Commonwealth and school districts have a duty to provide supports and services needed by children with disabilities to succeed in school. Students with disabilities are struggling in most Pennsylvania schools and need special education reforms to have a fair chance for success in school and in life. We see this clearly in many school districts, where children with disabilities often do not receive necessary supports and services. Special education services are not luxuries, but are mandated federal and state requirements for learning in the general education curriculum.

Put simply, Pennsylvania's special education funding and accountability systems are broken. The broken systems contribute to the poor quality of education and the high unemployment rate after leaving school for the 270,000 students receiving special education services in Pennsylvania public schools. The broken systems also affect financially strapped school districts and contribute to property tax increases.

Senate Bill 1115, as strengthened by your amendment, provides an effective solution to these problems. The legislation will fix the state systems for special education funding and accountability. The bill provides for the establishment of an efficient formula for distributing special education dollars for the first time in years, with funding remaining at current levels until the economy recovers. The bill also strengthens and streamlines the accountability system so that schools will more effectively invest state resources and improve outcomes for students, without adding burdensome paperwork mandates.

Children with disabilities, all children, and all communities throughout Pennsylvania will benefit from your leadership in fixing this broken system for special education funding and accountability.

Thank you once again. Please let us know how our organizations can support your efforts to pass Senate Bill 1115.

Sincerely,



BARUCH KINTISCH  
Director of Policy Advocacy  
and Senior Staff Attorney  
Education Law Center  
1315 Walnut Street, #400  
Philadelphia, PA 19107  
215-238-6970 x 320  
bkintisch@elc-pa.org

PAM KLIPA  
Special Education  
& Training Coordinator  
The Arc of Pennsylvania  
101 South Second Street, Suite 8  
Harrisburg, Pa 17101  
717- 234-2621  
pklipa@thearc-pa.org

cc: Members of the Senate Education Committee  
Chairpersons of the House Education Committee

---

**Supporting Organizations for Special Education  
Funding and Accountability Reforms**

Baruch Kintisch  
Education Law Center  
Philadelphia and Pittsburgh

Pam Klipa  
The Arc of Pennsylvania  
Harrisburg

Sallie Lynagh  
Disability Rights Network  
Harrisburg, Philadelphia and Pittsburgh

Nancy Murray  
ACHIEVA  
Pittsburgh

Wendy Luckenbill  
Mental Health Association in Pennsylvania  
Harrisburg

Michele Myers-Cepicka  
Alliance for Infants and Toddlers  
Pittsburgh

Shari Mamas  
Western PA Coalition of Education Advocates  
Pittsburgh

Carol Utay  
The Total Learning Center  
Wexford

Liz Healey  
Parent Education & Advocacy Leadership Center (PEAL)  
Pittsburgh

Ana Pacheco  
Vision for Equality  
Philadelphia

Kim Rhodes  
Mentor Parent Program  
Clarion

Christine Buffington  
Local Task Force on the Right to Education, IU 2  
Pittsburgh

Gena Nicholson  
Local Task Force on the Right to Education, IU 6  
Reynoldsville

Ellen Tierney  
The Parent Learning Support Network  
Pittsburgh

Colleen Tomko  
Kids Together, Inc.  
Quakertown

Diane Perry  
Pennsylvania's Education for All Coalition, Inc.  
Norwood

Cecelia Thompson  
Philadelphia Right to Education Local Task Force #26  
Philadelphia

Renee Sluzalis  
Center for Independent Living of North Central PA  
Williamsport

Dottie Slamon  
Chester County Right to Education Task Force  
West Chester

Janis Risch  
Good Schools Pennsylvania  
Philadelphia

Helen Gym  
Parents United for Public Education  
Philadelphia

Astrid Arroyo  
Local Task Force #3 (Allegheny Co.)  
Pittsburgh

Wendy Hnat  
DuBois Special Education PTA  
DuBois

Marianne Roche  
Coalition of Inclusion Advocates  
Oreland

Thomas Earle  
Liberty Resources  
Philadelphia

Alan Holdsworth  
Alliance for Inclusive Education (ALFIE)  
Bensalem

Sandy Wadsworth  
Local Task Force on the Right to Education, Delaware County  
Morton

Judy Campbell  
Local Task Force on the Right to Education, Midwestern Intermediate Unit IV  
New Castle

Jean Searle  
Pennsylvania TASH  
Philadelphia

Sonja Kerr  
Public Interest Law Center of Philadelphia  
Philadelphia



Shelly Yanoff  
Public Citizens for Children and Youth  
Philadelphia

Cathy Roccia-Meier  
Autism Sharing and Parenting  
Philadelphia

Joan Duvall-Flynn  
Pennsylvania NAACP  
Media

Megan Williamson  
Philadelphia Student Union  
Philadelphia

Frank Cervone  
Support Center for Child Advocates  
Philadelphia

Sandy Strauss  
Pennsylvania Council of Churches  
Harrisburg

Susan Gobreski  
Education Voters of Pennsylvania  
Harrisburg and Philadelphia

Craig Robbins  
Action United  
Philadelphia

Andi Perez  
Youth United for Change  
Philadelphia

Erika Almiron  
Juntos  
Philadelphia

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 1115 Session of 2011

INTRODUCED BY BROWNE, DINNIMAN, WASHINGTON, STACK, ERICKSON,  
 RAFFERTY, SOLOBAY, COSTA, FERLO, VANCE, BRUBAKER, WAUGH,  
 YUDICHAK, KASUNIC, HUGHES, SCHWANK, FARNESE, WILLIAMS, PIPPY,  
 LEACH, FONTANA, GREENLEAF, ARGALL, SMUCKER, MENSCH, BOSCOLA,  
 TOMLINSON AND TARTAGLIONE, JUNE 16, 2011

REFERRED TO EDUCATION, JUNE 16, 2011

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An  
 2 act relating to the public school system, including certain  
 3 provisions applicable as well to private and parochial  
 4 schools; amending, revising, consolidating and changing the  
 5 laws relating thereto," further providing for definitions;  
 6 and providing for the distribution of special education  
 7 funding for student achievement and instruction of eligible  
 8 students and for special education accountability.

9 The General Assembly of the Commonwealth of Pennsylvania  
 10 hereby enacts as follows:

11 Section 1. Section 2501(26) of the act of March 10, 1949  
 12 (P.L.30, No.14), known as the Public School Code of 1949, added  
 13 July 9, 2008 (P.L.846, No.61), is amended and the section is  
 14 amended by adding clauses to read:

15 Section 2501. Definitions.--For the purposes of this article  
 16 the following terms shall have the following meanings:

17 \* \* \*

18 (26) "Actual Spending." An amount equal to a school  
 19 district's total expenditures to include General Fund

1 expenditures in all functional classifications, as designated in  
2 the Manual of Accounting and Related Financial Procedures for  
3 Pennsylvania School Systems, except for:

- 4 (i) actual special education spending;
- 5 (ii) adult education;
- 6 (iii) higher education;
- 7 (iv) student transportation;
- 8 (v) community services;
- 9 (vi) scholarships and awards;
- 10 (vii) facilities acquisition;
- 11 (viii) construction and improvement services; and
- 12 [(ix) other expenditures and financing uses; and]
- 13 (x) tuition from patrons revenue.

14 \* \* \*

15 (31) "Actual Special Education Spending." An amount equal to  
16 a school district's total annual expenditures for special  
17 education as established by the Department of Education and  
18 designated in the Manual of Accounting and Related Financial  
19 Procedures for Pennsylvania School Systems. The amount shall not  
20 include expenditures that are exclusively for gifted students  
21 who do not receive special education pursuant to an  
22 individualized education program.

23 (32) "Base Cost Per Student." As determined under section  
24 2502.48.

25 (33) "Eligible Student." A student who has been identified  
26 as a student with a disability who is in need of special  
27 education under Federal and State law.

28 (34) "Performance Indicators." Measurable annual objectives  
29 established by the Department of Education pursuant to section  
30 612(a)(15) of the Individuals with Disabilities Education Act

1 (Public Law 91-230, 20 U.S.C. § 1412(a)(15)) to assess progress  
2 toward achieving State goals for the performance of eligible  
3 students.

4 (35) "Public Notice." Full and timely release of information  
5 and documents for public access at a minimum through publication  
6 by the Department of Education:

7 (i) in the Pennsylvania Bulletin;

8 (ii) on the department's publicly accessible Internet  
9 website for no less than a duration of twelve (12) months; and

10 (iii) through the department's timely issuance of a related  
11 Statewide press release.

12 (36) "Regular Classroom." A classroom in a regular school  
13 operated primarily for students who have not been identified as  
14 students with disabilities who are in need of special education.

15 (37) "Regular School." A neighborhood school, magnet school  
16 or other public school operated for all students, not solely  
17 eligible students, in a school district.

18 (38) "Special Education Plan." A comprehensive plan as well  
19 as revisions, updates and amendments for all special education  
20 personnel, programs, services and supports provided by each  
21 school district for eligible students, filed by each district  
22 with the Department of Education under this act and other  
23 applicable Federal and State law.

24 (39) "Commission." The Legislative Commission on Special  
25 Education Funding.

26 (40) "Base Year." Fiscal year 2008-2009 or another year  
27 designated by statute.

28 (41) "Special Education Allocation." The amount of special  
29 education funding received by a school district from the  
30 Commonwealth.

1 Section 2. The act is amended by adding sections to read:

2 Section 2509.13. Special Education Funding for Student  
3 Achievement and Instruction of Eligible Students.--(a) The  
4 General Assembly shall, through the annual appropriations  
5 process, determine the level of State funding for special  
6 education and the amount of any change in funding. The  
7 calculations under this section shall determine only the  
8 distribution of any increase in the funding among the school  
9 districts of this Commonwealth and shall not be used for any  
10 other purpose.

11 (b) The Department of Education shall determine a special  
12 education allocation for each school district in the year for  
13 which funds are being appropriated by calculating the sum of the  
14 following:

15 (1) the special education allocation in the base year for  
16 the school district;

17 (2) the absolute value of the difference between the special  
18 education allocation in the base year for the school district  
19 and the highest annual level of the special education allocation  
20 for the school district in the years subsequent to the base year  
21 except for the year for which funds are being appropriated; and

22 (3) the special education increase in the year for which  
23 funds are being appropriated for the school district as  
24 determined under subsection (c).

25 (c) The Department of Education shall determine the special  
26 education increase in the year for which funds are being  
27 appropriated for each school district by calculating the product  
28 of:

29 (1) the difference between the total State appropriation for  
30 special education aggregated for all school districts in the

1 year for which funds are being appropriated and the total State  
2 appropriation for special education aggregated for all school  
3 districts in the immediately preceding year, or zero, whichever  
4 is greater; and

5 (2) the special education distribution factor for the school  
6 district determined under subsection (d).

7 (d) The Department of Education shall determine the special  
8 education distribution factor for each school district by  
9 dividing the distribution subfactor for each school district  
10 determined under subsection (e) by the sum of distribution  
11 subfactors for all school districts.

12 (e) The Department of Education shall determine the  
13 distribution subfactor for each school district by calculating  
14 the product of:

15 (1) the difference between the school district's subfactor  
16 quantity determined under subsection (f) and its actual special  
17 education spending averaged for the three (3) most recent years,  
18 or zero, whichever is greater;

19 (2) the school district's market value/personal income aid  
20 ratio averaged for the three (3) most recent years; and

21 (3) the lesser of one (1) and the school district's  
22 equalized millage averaged for the three (3) most recent years  
23 divided by the equalized millage that represents the seventy-  
24 fifth percentile of the equalized millage of all school  
25 districts averaged for the three (3) most recent years.

26 (f) The Department of Education shall determine the  
27 subfactor quantity for each school district by calculating the  
28 sum of:

29 (1) An amount for student cost categories determined by  
30 calculating the sum of:

1 (i) An amount on behalf of eligible students with category 3  
2 disabilities determined by calculating the product of:  
3 (A) the number of eligible students, averaged for the three  
4 (3) most recent years, residing or enrolled in the school  
5 district classified as having category 3 disabilities as  
6 provided under subsection (g), except that the number of  
7 eligible students included in this calculation who are placed by  
8 the school district and served in public or private separate  
9 schools, residential placements or homebound or hospital  
10 placements shall not exceed three and one-half percent (3.5%) of  
11 all eligible students with individualized education programs  
12 residing or enrolled in the school district or the target  
13 established in the Part B State Annual Performance Plan filed by  
14 the Department of Education under the Individuals with  
15 Disabilities Education Act (Public Law 91-230, 20 U.S.C. § 1400  
16 et seq.), whichever is less;  
17 (B) the weighting factor for students with category 3  
18 disabilities as provided under subsection (g); and  
19 (C) the base cost per student.  
20 (ii) An amount on behalf of eligible students with category  
21 2 disabilities determined by calculating the product of:  
22 (A) the number of eligible students in the school district,  
23 averaged for the three (3) most recent years;  
24 (B) the Statewide percentage of eligible students designated  
25 for category 2 disabilities as provided under subsection (g);  
26 (C) the weighting factor for eligible students with category  
27 2 disabilities as provided under subsection (g); and  
28 (D) the base cost per student.  
29 (iii) An amount on behalf of eligible students with category  
30 1 disabilities determined by calculating the product of:

1 (A) the school district's modified average daily membership,  
2 averaged for the three (3) most recent years;  
3 (B) the Statewide percentage of modified average daily  
4 membership designated for category 1 disabilities as provided  
5 under subsection (g);  
6 (C) the weighting factor for eligible students with category  
7 1 disabilities as provided under subsection (g); and  
8 (D) the base cost per student.  
9 (2) An adjustment for geographic price differences  
10 calculated as follows:  
11 (i) Multiply the amount under clause (1) by the school  
12 district's location cost metric or one (1), whichever is  
13 greater.  
14 (ii) Subtract the amount under clause (1) from the product  
15 under subclause (i).  
16 (g) The Legislative Commission on Special Education Funding  
17 is established and shall develop special education formula  
18 components as follows:  
19 (1) The Statewide percentages of modified average daily  
20 membership which shall be designated as category 1 and of  
21 eligible students which shall be designated as category 2 for  
22 purposes of subsection (f) (1), except that the designated  
23 percentage for each category shall not exceed the actual  
24 proportion of students in this Commonwealth classified as having  
25 such disabilities in the most recent year for which data is  
26 available.  
27 (2) The weighting factors for students with category 1,  
28 category 2 and category 3 disabilities for purposes of  
29 subsection (f) (1).  
30 (3) A description of and parameters for category 1, category



1 2 and category 3 disabilities for purposes of subsection (f) (1),  
2 except that the categories shall be established such that  
3 disabilities typically requiring the least intensive range of  
4 services be categorized in category 1 and disabilities typically  
5 requiring the most intensive range of services be categorized in  
6 category 3.

7 (h) Prior to the development of the special education  
8 formula components specified under subsection (g) by the  
9 commission:

10 (1) The commission shall consider nationally accepted  
11 accounting and budgeting standards in determining the special  
12 education formula components specified under subsection (g).

13 (2) The commission shall, in a timely manner, hold no fewer  
14 than three (3) public hearings in different regions of this  
15 Commonwealth to receive input and testimony from stakeholders,  
16 which may include the Secretary of Education and other  
17 individuals representing the Department of Education, parents of  
18 eligible students, teachers, school administrators, school board  
19 members, higher education faculty and existing State committees,  
20 advisory panels and task forces established under Federal or  
21 State law, regulations or court orders.

22 (3) Membership of the commission shall include three (3)  
23 legislators from each of the four (4) legislative caucuses, to  
24 be determined by the leadership of each caucus and to be  
25 replaced at the discretion of the leadership of each caucus. The  
26 commission may perform its duties regardless of whether all four  
27 (4) legislative caucuses have actually appointed members to the  
28 commission. The commission shall choose a chairperson and  
29 utilize legislative staff for assistance in developing special  
30 education formula components. The Department of Education shall

1 provide the commission with data, research and other relevant  
2 information, upon request by the commission.

3 (4) Members of the commission shall be appointed within  
4 forty-five (45) days of the effective date of this section. The  
5 commission shall hold its first meeting within ninety (90) days  
6 of the effective date of this section. The commission shall  
7 develop the special education formula components specified under  
8 subsection (g) within one hundred twenty (120) days of the  
9 effective date of this section, and shall issue a report of its  
10 findings to the Governor, the President pro tempore of the  
11 Senate and Minority Leader of the Senate, the Speaker of the  
12 House of Representatives and the Minority Leader of the House of  
13 Representatives, the chairman and minority chairman of the  
14 Education Committee of the Senate and the chairman and minority  
15 chairman of the Education Committee of the House of  
16 Representatives, the Secretary of Education and the State Board  
17 of Education.

18 (5) Upon completion of the commission's report, the State  
19 Board of Education shall draft proposed regulations to implement  
20 the special education funding provisions of this section using,  
21 without alteration, the special education formula components  
22 specified under subsection (g) as developed by the commission.  
23 If the commission does not issue the required report within the  
24 required time period or if the commission's report does not  
25 designate the special education formula components specified  
26 under subsection (g), the State Board of Education shall in a  
27 timely manner promulgate proposed regulations to designate the  
28 special education formula components specified under subsection  
29 (g) through the regulatory review process.

30 (6) In every fifth year subsequent to the initial

1 promulgation of the regulations implementing the formula  
2 components, the commission shall meet and hold public hearings  
3 to review the operation of the special education funding  
4 provisions of this section, shall make a further report and  
5 shall issue the report to the bodies and individuals listed  
6 under clause (4). When in receipt of a further report  
7 recommending changes to the special education formula components  
8 specified under subsection (g), the State Board of Education  
9 shall promulgate proposed regulations through the regulatory  
10 review process to implement, without alteration, any changes  
11 developed by the commission in the special education formula  
12 components specified under subsection (g).

13 (7) The commission shall receive input and gather  
14 information on cyber school funding reimbursements regarding  
15 special education students. The commission shall draft proposed  
16 regulations and proposed legislation based on their findings.

17 (i) The provisions of this section represent the General  
18 Assembly's commitment to provide adequate special education  
19 funding that will ensure equitable Federal, State and local  
20 investments in special education in public schools in order to  
21 enable eligible students to attain applicable Federal and State  
22 academic standards.

23 (j) Notwithstanding any other provision of this section, if  
24 insufficient funds are appropriated for purposes of this section  
25 for the 2011-2012 school year, each school district shall be  
26 paid the amount it received during the 2008-2009 school year  
27 under section 2509.5(zz).

28 (k) (1) The Department of Education shall set aside one  
29 percent (1%) of the total State special education appropriation  
30 in each year for extraordinary special education program

1 expenses under section 2509.8. The department shall utilize the  
2 funds under section 2509.8(e) in order to meet, to the extent  
3 that funds are available, extraordinary special education  
4 expenses not anticipated through the special education funding  
5 formula. School districts and charter schools may apply for  
6 resources through the fund under procedures established by the  
7 department. The department shall make payments from the fund in  
8 response to the applications.

9 (2) The Department of Education shall issue a comprehensive  
10 annual report documenting use of the fund to the General  
11 Assembly and shall give public notice about the report.

12 (3) As used in this subsection, "extraordinary special  
13 education expenses" shall mean expenses that result from needs  
14 and circumstances of an eligible student with significant  
15 disabilities which are not ordinarily present in a typical  
16 special education service and program delivery system and which  
17 have costs exceeding the school district or charter school  
18 funding for special education, in order to provide the student  
19 with an appropriate education in the least restrictive  
20 environment.

21 (1) To the extent that funds are appropriated by the General  
22 Assembly, the Department of Education shall establish a  
23 competitive grant program for school districts or charter  
24 schools meeting the following criteria:

25 (1) Providing instruction within the regular classroom at  
26 least eighty percent (80%) of the school day for at least sixty-  
27 five percent (65%) of eligible students, as averaged for the two  
28 (2) most recent school years for which data are available or  
29 increasing the number of eligible students receiving instruction  
30 within the regular classroom by at least fifteen percent (15%)

1 in the most recent school year for which data are available.

2 (2) In the most recent school year for which data are  
3 available, performance by eligible students on State academic  
4 assessments in reading and math, averaged for the entire  
5 district, meeting State standards for adequate yearly progress  
6 by any method approved by the Federal and State governments,  
7 such as meeting the annual target, the confidence interval, the  
8 safe harbor target or by appeal.

9 (3) Implementing programs or services that serve as a model  
10 of excellence for meeting high standards for inclusion and  
11 student achievement through quality special education.

12 (m) The Department of Education shall develop guidelines for  
13 the administration of the grant program, which shall be  
14 allocated to school districts on a competitive basis.

15 (n) The Department of Education shall issue an annual report  
16 to the General Assembly documenting use of the grants issued  
17 under subsection (l) and shall give public notice about the  
18 report.

19 (o) Nothing under subsection (l) or any other provision of  
20 this act shall alter Federal or State law regarding the right of  
21 an eligible student to receive education in the least  
22 restrictive environment or shall alter the legal authority of  
23 individualized education program teams to make appropriate  
24 program and placement decisions for eligible students in  
25 accordance with the individualized education program developed  
26 for each eligible student.

27 Section 2509.14. Special Education Accountability.--(a) (1)  
28 The Department of Education shall determine the form and manner  
29 in which school districts shall submit a special education plan  
30 and revisions, updates and amendments to the special education

1 plan under this section. The special education plan shall be  
2 consistent with other existing plans and reports required by the  
3 department to the greatest extent possible. Special education  
4 plans shall be written in a manner that is easy to use and  
5 understand by parents and the public, including a general  
6 summary.

7 (2) The Department of Education shall:

8 (i) review the special education plans and revisions,  
9 updates and amendments;

10 (ii) provide recommendations and technical assistance to  
11 school districts;

12 (iii) approve or disapprove the plan within ninety (90)  
13 calendar days of receipt; and

14 (iv) provide a written explanation when disapproving a plan.

15 (3) The Department of Education shall approve a special  
16 education plan and revisions, updates and amendments that in the  
17 determination of the department:

18 (i) meet the requirements of this section;

19 (ii) address the academic and developmental challenges for  
20 eligible students identified in the school district's most  
21 recent student achievement results and pursuant to performance  
22 indicators, with specific focus on individual schools, grade  
23 levels and populations of students that demonstrate inadequate  
24 levels of student outcomes and with student achievement for  
25 eligible students as measured by academic performance whenever  
26 possible in the general education curriculum, acquisition of  
27 knowledge and skills, progress toward graduation, accomplishment  
28 of individualized education program goals, including appropriate  
29 functional skills, and other factors;

30 (iii) describe programs and strategies that are most likely

1 to improve student outcomes in the school district;

2 (iv) describe any programs offered by the school district  
3 and strategies of the school district for children from birth  
4 through five (5) years of age and five (5) years of age through  
5 seven (7) years of age designed to reduce the need for special  
6 education services; and

7 (v) describe policies of the school district to ensure that  
8 a student identified as having a disability is no longer  
9 identified as such if the student no longer qualifies under 22  
10 Pa. Code Ch. 14 (relating to special education services and  
11 programs), or any successor regulation.

12 (4) Upon disapproving a school district's special education  
13 plan, update or revision submitted under this section, the  
14 Department of Education shall withhold the portion of the annual  
15 State increase in special education funding which exceeds the  
16 index until a written special education plan, update or revision  
17 is approved.

18 (5) The Secretary of Education shall involve as appropriate  
19 in special education monitoring, support, intervention,  
20 technical assistance and special education plan review by the  
21 Department of Education, the staff in relevant offices, bureaus  
22 and divisions of the department, as well as staff in  
23 intermediate units and consultants, and shall neither delegate  
24 nor limit these functions solely to the Bureau of Special  
25 Education. The Secretary of Education shall have the authority  
26 to contract for additional assistance with intermediate units  
27 and consultants for these purposes, if the contracts do not  
28 create a conflict of interest or supplant existing service or  
29 program obligations.

30 (b) (1) By April 15, 2012, and by April 15 of each year

1 thereafter, each school district receiving an increase in its  
2 State special education funding allocation of more than the  
3 index shall update its special education plan based on overall  
4 circumstances, shall also revise the special education plan to  
5 show in detail how the increase above the index will be used and  
6 shall submit the updates and revisions to the Department of  
7 Education for approval under subsection (a). Unless a school  
8 district decides to amend its special education plan more  
9 broadly to reflect the receipt of new funding, the department  
10 shall allow a district to meet the requirements of this section  
11 by adding the mandated information as an appendix to the  
12 existing plan.

13 (2) School districts shall use State funds for programs and  
14 supports that expressly benefit eligible students educated in  
15 the least restrictive environment in accordance with Federal and  
16 State law and contribute to achievement of performance  
17 indicators.

18 (3) The Department of Education shall issue guidelines for  
19 the suggested use of State funds for programs and supports that  
20 benefit eligible students and contribute to achievement of  
21 performance indicators and address the following areas or  
22 related areas:

23 (i) curricula adaptation;

24 (ii) coteaching;

25 (iii) assistive technology;

26 (iv) school-wide positive behavior supports;

27 (v) supplementary aids and services;

28 (vi) professional development;

29 (vii) reading specialist services and supports;

30 (viii) reducing caseloads for special education teachers and



1 related services personnel; and  
2 (ix) placing and serving eligible students in regular  
3 classrooms with supports in accordance with the individualized  
4 education program developed for each eligible student.

5 (4) Nothing under this subsection shall be construed to  
6 require school districts to implement only the programs and  
7 supports included in the guidelines issued by the Department of  
8 Education.

9 (c) Accountability for the effective use of resources to  
10 meet student needs shall also be provided in the following ways:

11 (1) The Department of Education shall issue to the General  
12 Assembly a comprehensive annual report on special education  
13 funding, special education plans, the implementation of 22 Pa.  
14 Code § 14.104 (relating to special education plans) and other  
15 special education accountability issues for public school  
16 entities serving eligible students and this Commonwealth.

17 (2) Upon disapproving a school district's special education  
18 plan, update or revision, the Department of Education shall  
19 withhold the portion of the annual State increase in special  
20 education funding which exceeds the index until a written  
21 special education plan, update or revision is approved.

22 (3) (i) The Department of Education shall:

23 (A) review and monitor implementation of all special  
24 education plans, such as compliance with subsection (b) and 22  
25 Pa. Code § 14.104;

26 (B) provide support, intervention and technical assistance  
27 in school districts failing to meet student needs based on  
28 performance indicators or failing to comply with subsection (b);

29 (C) identify at any time and at least annually all school  
30 districts failing to adequately implement their special

1 education plans in compliance with Federal and State law,  
2 failing to comply with subsection (b) or not making annual  
3 progress to meet student needs based on performance indicators;  
4 and

5 (D) determine whether to withhold up to five percent (5%) of  
6 all State special education funding for school districts  
7 identified under this clause while the identified problems  
8 remain unresolved.

9 (ii) If the Department of Education determines that a school  
10 district is making substantial progress toward resolving the  
11 identified problems, it shall restore the withheld funding  
12 retroactively and continue to monitor the district for an  
13 additional two (2) years.

14 (4) To discourage the inappropriate over-identification of  
15 children for special education, the Department of Education  
16 shall automatically conduct a thorough review of the special  
17 education plan of any school district with a substantially  
18 higher ratio of eligible students in the district to its average  
19 daily membership for all students than the State average, as  
20 established by the department and of any district where the  
21 ratio of eligible students in the school district to its average  
22 daily membership for all students in the most recent school year  
23 for which data is available has increased by more than ten  
24 percent (10%) over the previous year or of any district where  
25 the ratio has increased by an annual average of more than five  
26 percent (5%) during the most recent five-year period.  
27 Appropriate remedial action, including withholding up to five  
28 percent (5%) of all State special education funding, may be  
29 taken, unless the ratio or increase is determined to be  
30 justified by the department after consultation with the school

1 district.

2 (d) The Department of Education shall issue to any affected  
3 school district a notice specifying the department's decisions  
4 and actions under this section and the rationale for the  
5 decisions and actions. A school district may file a written  
6 response to the department about the department's decisions and  
7 actions regarding the district made under this section. The  
8 written response must be submitted to the department within  
9 thirty (30) calendar days of the department's notice or within  
10 thirty (30) calendar days of receiving the notice, whichever is  
11 greater. The department shall consider the written response,  
12 consult with the school district and, within thirty (30)  
13 calendar days after receiving the written response, issue a  
14 written decision addressing the concerns and claims made in the  
15 written response, explaining the judgment of the department in  
16 response to these concerns and claims, and specifying the  
17 opportunity to appeal this matter to the Secretary of Education  
18 for a hearing under 2 Pa.C.S. Chs. 5 Subch. A (relating to  
19 practice and procedure of Commonwealth agencies) and 7 Subch. A  
20 (relating to judicial review of Commonwealth agency action) and  
21 1 Pa. Code Pt. II (relating to general rules of administrative  
22 practice and procedure). If requested, the Secretary of  
23 Education shall convene a hearing within thirty (30) calendar  
24 days after receipt of a school district's hearing request. The  
25 Secretary of Education shall render a written hearing decision  
26 within thirty (30) calendar days following the hearing.

27 (e) The Department of Education shall give public notice of  
28 the decisions, actions and reports made under this section.

29 (f) Nothing under this section shall supersede or preempt  
30 any provisions of a collective bargaining agreement between a

1 school entity and an employe organization in effect on the  
2 effective date of this section.

3 (g) Notwithstanding any other provision of this section, if  
4 insufficient funds are appropriated for purposes of section  
5 2509.13 for the 2011-2012 school year, the requirements of this  
6 section shall be waived.

7 Section 3. The Secretary of Education shall propose  
8 regulations for promulgation by the State Board of Education  
9 which implement this act.

10 Section 4. This act shall take effect immediately.