

**Testimony to:  
Majority Policy Committee - Pennsylvania Senate**

***Special Education – Challenges Facing  
Pennsylvania School Districts***

**January 23, 2013**

**Presented by:  
Ronald Cowell, President  
The Education Policy and Leadership Center (EPLC)**

Chairman Erikson and members of the Senate Majority Policy Committee.

Good morning, and thank you for the invitation to offer testimony today on the subject of special education and related challenges facing Pennsylvania's school districts.

I am Ron Cowell, President of The Education Policy and Leadership Center (EPLC). EPLC is an independent, non-partisan, and not-for-profit organization based in Harrisburg with public policy and leadership development programs and activities throughout Pennsylvania. Our purpose is to improve the development and implementation of state-level education policy.

The Committee is to be commended for considering an issue that is critical not only to Pennsylvania's 500 school districts, but also to tens of thousands of Pennsylvania's children. It is an issue that, speaking frankly, has received insufficient attention from the General Assembly.

I am sure others will speak today about the extraordinary protections and rights that have been afforded school-age children in Pennsylvania with a broad range of disabilities. But I want to also remind you of important progress that has been made that many observers believe have helped to stave off even higher costs for special education in our schools.

Thirty years ago, Pennsylvania appropriated no state funding for what we have come to describe as early intervention services for infants and pre-school children with disabilities and those with developmental conditions that put them at risk of failure once they would become of school-age. The limited programs and services available to these children and their families were supported with federal funding. In the mid-80's, the General Assembly began to appropriate state funding for .services to these children, based in part on the understanding that for many of the children served there would be a reduced need for more costly services once they entered school. With the enactment of Act 212 of 1990, the Early Intervention Services System Act, Pennsylvania moved to the forefront nationally and made a significant commitment to some of our most vulnerable citizens, and a smart investment that continues to this day. One of the purposes cited in the Act was to "Minimize the need for special education services as these infants, toddlers and eligible young children who are handicapped attain the age of beginners." This year, you and other members of the General Assembly appropriated for early intervention services \$206,173,000 to the Department of Education and \$121,873,000 to the Department of Public Welfare.

Although I will not dwell on the point in this testimony, I would be remiss if I ignored the important progress for state funding for early education programs. Ten years ago, Pennsylvania was one of only nine states to appropriate no state funding to support early education programs. Growing from initiatives near the end of the tenure of Governor Ridge followed by Governor Schweiker, the General Assembly has supported important and almost uninterrupted growth in supporting valuable early education programs. The research supports the argument that this investment also can help to ameliorate the growth in special education needs.

While we moved to the forefront nationally with the Early Intervention legislation in 1990, a short time later we enacted changes to funding for K-12 special education that in many ways makes this hearing so imperative.

Prior to 1991, funding for special education was based on the excess cost associated with providing an education for students with special needs. The state reimbursed school districts and intermediate units for those excess costs.

The law was changed in 1991 and the state began to fund school districts using the methodology which assumes students with special needs account for 16% of the enrollment of each school district – a methodology with which most of you are familiar.. The actual special education student count as a percent of enrollment ranges from 8% to 28%.

The new 1991 methodology also applied a dollar figure for each assumed moderately handicapped student and a higher dollar figure for each assumed severely handicapped student. The methodology – or formula – completely ignored any consideration of aid ratio or the relative wealth of a school district. This remains the formula for the distribution of most of the one billion and twenty-six million state dollars that have been appropriated for each of the past five years.

Consider the practical implications of this formula. Imagine two school districts, each with 1,000 students. Imagine that in an extreme case, one of those districts is the richest district in Pennsylvania and, by the way, has no special needs students. The second district happens to be the poorest district in the state and, by the way, has more 20% of its students entitled to special education services. With the formula I described, these two districts will get the same amount of money from the state.

I want to acknowledge that for a few years immediately before the flat funding of the past several years, the annual increment in state funding did begin to consider relative wealth of districts. But the basic formula that I described, enacted in 1991, is the basis for the distribution of most of the state appropriation of a little over a billion dollars.

Another implication of this formula, given the fact that the dollar figures used in the formula (applied to the 15% with moderate disabilities and the 1% with severe disabilities) is determined not by the needs of the children, and not by the actual costs to school districts, but by how much the state is willing to appropriate. This dollar figure used by the state, and the appropriation to support it, in 1991 immediately shifted some financial responsibility to school districts (from what had been a system where the state paid all excess costs for special education). Since 1991,

the failure to make the dollar figures in the formula -- and the appropriations that in fact have determined the dollar figures -- keep pace with the growing costs to school districts has resulted in the shift of hundreds of millions of dollars of special education funding responsibility to the districts. This shifting has been exacerbated during the past four years when there has been no increase in state support to districts for special education costs. This shifting now approaches or may even exceed \$2 billion per year. This shifting since 1991 has been another important driver of higher property taxes for school purposes across the Commonwealth.

Another presenter has already pointed out that the resultant financial burden to pay for special education services varies widely among the 500 districts. In all cases, the burden is far greater than it was in 1991. All districts, richer and poorer, have had to bear an increasingly greater share of the costs of special education services, while the state share has dropped dramatically, particularly during the past five years of level state funding. But particularly onerous concerning the fairness of state policy is the fact that the level of dependency on local resources is greatest for many of the districts that have the highest incidence rates of special needs students. The chart you have seen illustrating the Delaware County situation for special needs incidence rates and funding dependency on local resources underscores the point that there is neither rhyme nor any reason to the current system of providing state funding for special education services in our school districts. Even more damning is the fact that some of the poorest districts in Delaware County and across the state are the very districts that are most dependent on local resources. Some of these districts are at, or are nearing, financial distressed status. These seemingly inexplicable conditions are directly attributable to failed state policy.

School districts could better cope with the challenges of providing mandated and appropriate services to students with special needs, and we would have a much more fair system of funding special education, if the General Assembly would adopt a special education funding formula that:

- 1) Considered at least to some degree the actual count of children with special needs in each district;
- 2) Considered a 3-tier rather than the current 2-tier system to distinguish the level of severity of needs and the consequent dollars provided;

- 3) Considered the relative wealth of school districts (aid ratio); and
- 4) Was supported by an increase in state appropriations for special education in 2013-2014 and each subsequent year to at least stop any further shifting of relative share of responsibility from state to school districts.

Beyond funding levels and distribution formulas, there are other suggestions that are likely to be presented to the General Assembly to help reduce special education expenses. In some cases, those suggestions could adversely impact on services for special needs students. Most of the policies that assure rights and services for students with special needs have been enacted after careful deliberation. You will be hard-pressed to discover policies, including state mandates, which were approved without much public deliberation. In practically all cases, policies assuring services for students which are called into question are challenged not on the basis of appropriateness, but about who will bear financial responsibility. Students – those with special needs as well as all other students -- should not bear the consequences of losing necessary services and effective educational opportunities because the adults can't settle on who will pay the bill. If you will consider eliminating or reducing important rights and services for any students with special needs, I encourage you first to subject those rights and services to an independent audit concerning their basis, appropriateness, effectiveness, and cost.

I have one additional suggestion. It seems to me that a significant amount of public funds are used in the legal proceedings that surround the determination of and delivery of special education services. While some may suggest some change in responsibility for paying the legal bills, I think it is at least as important to review these processes and to consider policies and practices that may provide for more cost-efficient means to resolve genuine differences of opinion and interests concerning a student's academic program and support services. The greater and more effective use of alternative dispute resolution may save districts important resources without adversely affecting programs and services for students.

Finally this closing thought for your consideration. Awful events in recent weeks have drawn attention to our systems of community services for various conditions, including those pertaining to mental health. Please do not ignore the link between our community health systems, including

MH/MR, and our schools, and the implications for some students with special needs. In fact, reduced funding for community health services are causing some very effective collaborations between schools and community providers to erode or end. Where that occurs, but services are guaranteed a student, the district has the logistical and financial responsibility to provide an effective alternative. On the other side of the coin, if services for an eligible student are less available or less effective, a student may graduate less prepared for successful transition (or fail to graduate) with implications for the workforce, community, and demand for public services.

I will be happy to respond to questions today or to provide any additional help that may be useful in the future.

Thank you.

---

*For Additional Information, please contact Ron Cowell at:*

[cowell@eplc.org](mailto:cowell@eplc.org)

412-298-4796 (mobile)

717-260-9900 (Harrisburg Office).