



Testimony to the Special Education Funding Formula Commission

Presented by
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The Pennsylvania School Boards Association (PSBA) thanks Chairmen Sonney and Browne and the members of the Special Education Funding Formula Commission for conducting this series of hearings to review the special education funding formula and costs associated with that formula. We believe that reviewing the factors and dynamics of the formula and the services provided to our students every five years is a practice that is well worth repeating. We also welcome this opportunity to present written testimony on special education funding in the Commonwealth with respect to its impact on school districts and factors that drive up special education costs.

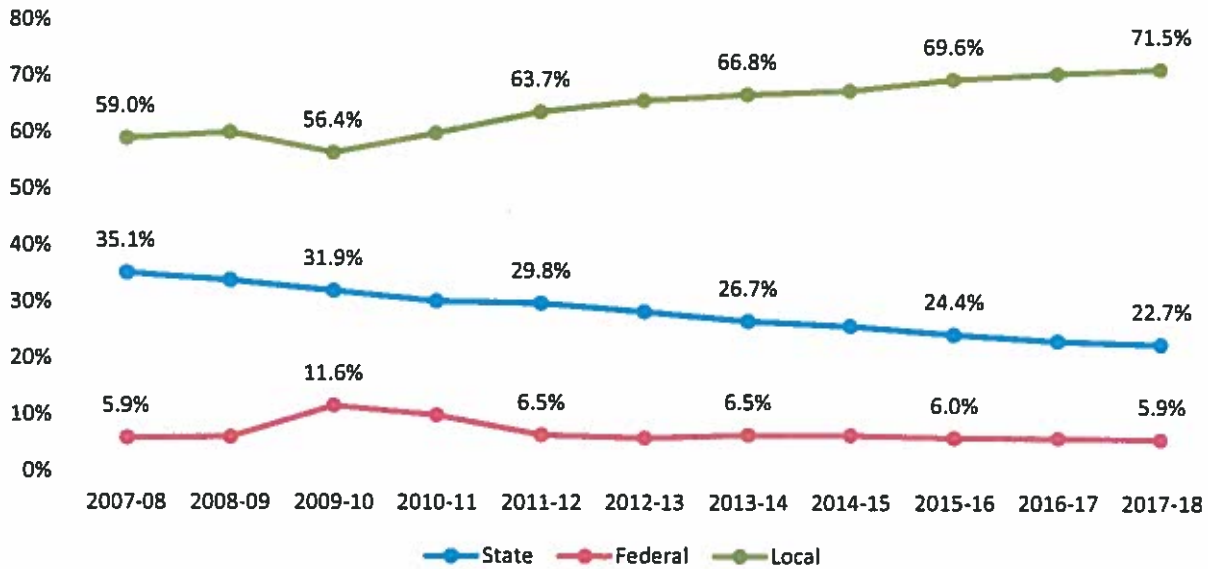
Of all the cost drivers on school district budgets, special education is one of the fastest rising and one of the hardest to control. School districts strive to give children an equal opportunity for a good education and cannot refuse services to a child with special needs. Therefore, districts must continue to tighten budgets to find new ways to fund special education mandates and prioritize the educational programs that benefit all students. Public schools find the resources to provide the interventions and support necessary for children with learning and other disabilities to succeed.

Special education costs are driven by the requirements of the Individuals with Disabilities Education Act (IDEA), Pennsylvania regulations and the unique needs of the students in each district. Unfortunately, the U.S. Congress has never come close to its promise of funding 40% of the costs for IDEA and this was compounded in 1991 when Pennsylvania discontinued providing 100% funding of the “excess costs” of providing appropriate special education services to students.

The full funding and modernization of the IDEA, which requires that every student with a disability have access to a free and appropriate public education, is one of PSBA’s top federal priority issues. Average federal support per student under IDEA over time, has been roughly 15%, while costs for special education continue to rise. Under the present circumstances, school districts are forced to drain additional funds from their general education budgets to cover the federal shortfall for special education programs and services.

Therefore, PSBA would recommend that as we address factors within the state formula to update them, we also need take a holistic approach by increasing the annual appropriation of federal funding via the modernization of IDEA, increasing the state funding proportion, and avoiding new requirements that would cause the commonwealth’s school districts to experience further financial stress via new special education mandates.

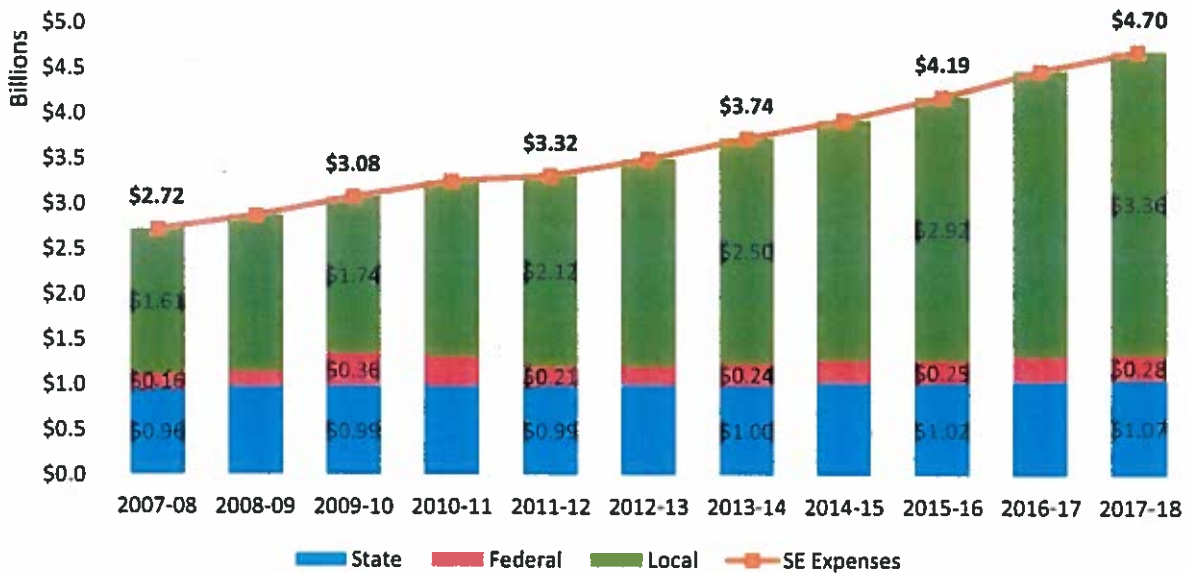
Percent of Special Education Funding by Source



Financial Considerations of Special Education

Public schools spent more than \$4.7 billion in 2017-18 to provide mandatory special education and early intervention programs and services to children and students with disabilities. That's 73% more than 10 years prior. For the last three years, PSBA has conducted a State of Education survey of chief school administrators. In each of those surveys, special education costs have consistently been identified as one of the biggest budget pressures for school districts. Special education expenses rank third only behind pension and charter school tuition costs and it is easy to see why.

Special Education Funding by Source



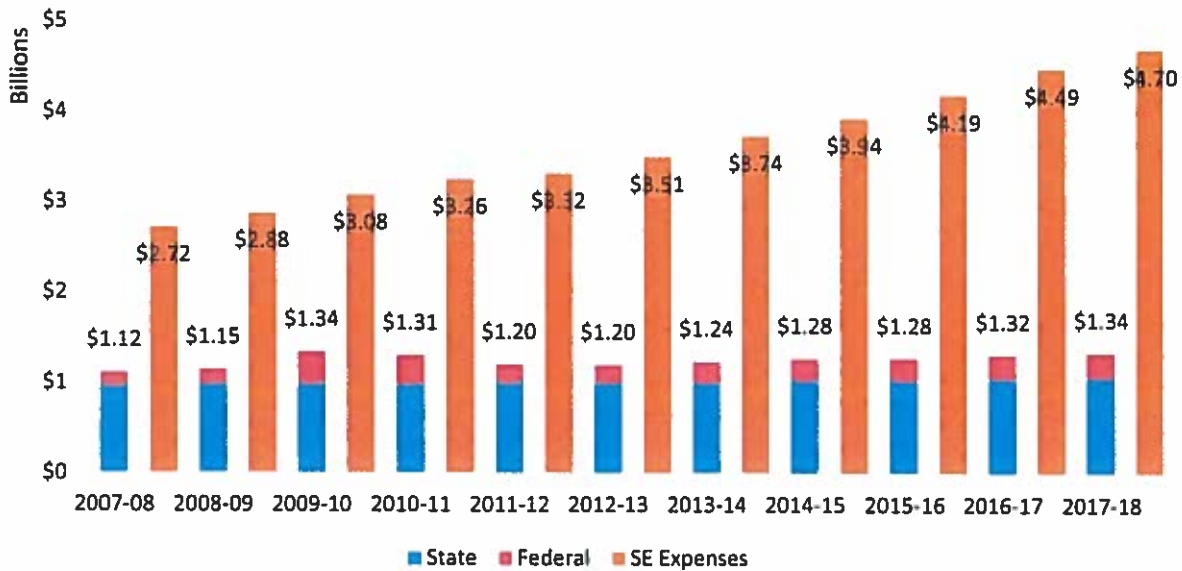
There is a common misconception that school districts know exactly how much is spent on special education services; however, it is very difficult to get a sense of exactly how much schools spend on special education because some of the services our special education students require are comingled with services provided to regular education students – such as student support services like health services, psychological services and speech services. Our estimates are based on Annual Financial Reports from the Department of Education and include early intervention.

Key findings from an analysis of the financial reports:

- Although state budget appropriations for special education have been on the right track lately, that growth has not been keeping up the average increases in special education costs. Since 2013-14:
 - State special education funding has increased an average of 1.5% per year.
 - Special education costs have increased an average of 6.1% per year.
- In 2007-08 state and federal special education funding were 41% of what public schools reported spending on special education. By 2017-18 however, that percentage had shrunk to 28.5%.
- Despite overall public school enrollments decreasing 2.2% between 2012-13 and 2017-18, the percentage of students identified for special education increased 8.3% in that time. Also, the number of students needing programs and services costing more than \$25,000 had increased by 15%.
- Between 2007-08 and 2017-18, the percentage of students in special education has increased nearly 20,000 students while overall public school enrollments have decreased by more than 80,000 students.
- Between 2007-08 and 2017-18:
 - State special education funding increased 11.5%
 - Federal special education funding increased 71.8%
 - Local share of special education funding increased 109.4%
 - Special education expenses increased 72.8%.

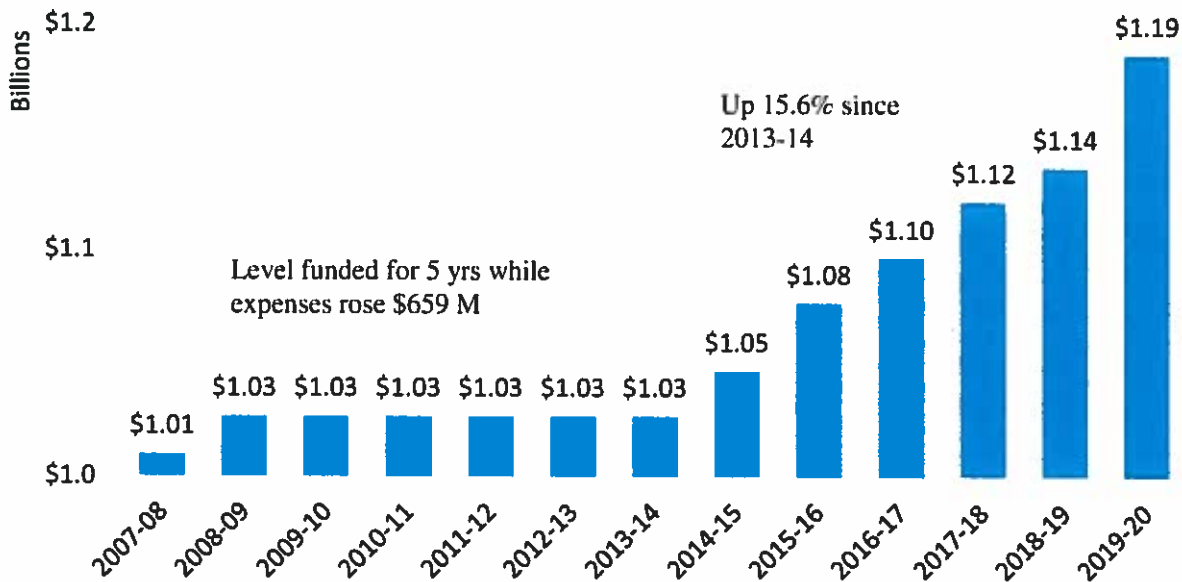
	2007-08	2017-18	\$ Change	% Change
State	\$956,541,581	\$1,066,575,405	\$110,033,823	11.5%
Federal	\$160,617,449	\$275,903,734	\$115,286,285	71.8%
Local	\$1,605,454,623	\$3,361,936,984	\$1,756,482,362	109.4%
Expenses	\$2,722,613,653	\$4,704,416,122	\$1,981,802,470	72.8%

State and Federal SE Funding vs SE Expenditures



The state has begun to significantly increase the appropriation for special education, but the growth of students identified for this mandated service makes it difficult to keep up with increased expenses.

State SE Budget Appropriations*



* Based on amount appropriated in special education line item of state budget.

The deficit of state and federal special education appropriations results in an increased reliance on local funding such as property taxes to fill the gap. With state and federal funding making up around 30% of what schools spend for special education in the current school year, the remaining 70%, an

estimated \$3.5 billion will have to come from local sources. Although most districts approved for an Act 1 referendum exemption never use them, 93% of 84 school districts approved for an exemption to Act 1's tax increase limit in 2019-20 requested the exemption due to special education costs. Special education costs correlate with property tax increases.

I would emphasize again that this is not solely a state funding problem. Pennsylvania schools could have received another \$750 million dollars in 2017-18 from the federal government through IDEA if the program were "fully funded."

In the 2007-08 school year, 271,000, or 15% of students were identified for special education. The state budget that year allocated slightly more than \$1 billion of state funding for special education, which was more than half of what schools reported spending for special education that year. By the 2017-18 school year, 291,000, or 16.9% of students were identified for special education. The state budget that year allocated a little more than \$1.1 billion of state funding for special education, which was a little more than a third of what schools reported spending for special education that year.

Required Special Education Mandates Affecting Costs

Schools throughout the commonwealth are required to abide by the Individuals with Disabilities Education Act (IDEA), however our schools must also abide by other mandates that increase the costs of education including compliance with court decisions and state regulations (Pa. Code, Title 22, Chapter 14) that provide specific mandates related to the delivery of special education services. Public schools in the commonwealth must develop and submit to the PA Department of Education for approval a special education plan every three years that describes its special education programs and services. Districts are also monitored by the department on a rotating basis for compliance with all mandates. Among the many mandates that schools must provide:

- Individualized Education Program (IEP) for all identified students that is reviewed and possibly adjusted annually.
- Provide appropriate educational placement.
- Assistive Technology Supports which are guided by a prescribed SETT (Student, Environment, Tasks and Tools) process.
- Child find requirements for schools to proactively search for, screen and evaluate students that may require special education services.
- Extended school year services for certain identified students.
- Adaptive physical education programs that may be provided by specialized trained instructors and can include specialized equipment.
- School to work transition services which include planning and may require specialized transportation to and from facilities.
- Special education transportation is the most significant segmented cost for transportation services. These services vary in cost depending on the type of vehicle needed and the additional staff to properly transport a student to school.
- Personnel including paraprofessionals, personal care assistants, educational interpreters as needed.
- Student caseload requirements and limits for special education teachers. The caseload maximums vary depending on the type of special education support needed and the amount

of time the student spends with that teacher. The mandated restrictions increase the staff allotment and cost of these classroom environments.

- Compliance with all due process hearing requirements.

PSBA submits the following recommendations for consideration by the commission:

- One of the primary considerations in developing a formula is providing consistency and predictability to school districts who rely on this funding. Currently the formula relies on data that is not calculated on a hard date. This problem was seen with the basic education funding formula and was address by setting a date in time when factors became fixed in the formula. We would suggest this same fixed date be set for the special education formula and match the basic education formula by setting the date as June 1 of every year.
- Several of the factors of the current formula are based on an average of three years such as school district ADM and average equalized mills. This was done to smooth out the possibility that these factors could have a steep increase or decrease in a single year. We should consider smoothing other factors.
- Consider replacing the MV/PI aid ratio meant to measure a school district's relative wealth with some of the factors used in the basic education funding formula, such as median household income index.
- Consider replacing equalized mills with meant to measure a school district's local tax effort with some of the factors used in the basic education funding formula, such as the local effort capacity index.
- The survey tool that the Independent Fiscal Office is utilizing to determine the category costs may shift the reimbursement for each category to a greater amount. We are encouraged by the methodology and direction of this process and encourage the committee to perform this task on a rolling five year basis.
- As we change factors, the commission needs to ensure that school districts do not experience significant disruption to their current level of special education funding.
- The committee should begin to discuss the effects of trauma on students in special education and within basic education. We find it very difficult at this time to truly find a factor or set of factors that indicates or corallers to the effects of trauma on a student populations and the relating costs of services. We need further study of this issue and would encourage the committee to recommend a study of the factors and relating costs to school districts who are impacted by these challenges.

Thank you again for acknowledging this important issue and allowing input from PSBA on behalf of our over 6,000 members. We look forward to working with the commission to further developing the formula for 2020.