

Testimony to the Pennsylvania Special Education Funding Commission

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October 23, 2013

I commend the members of the General Assembly and this Commission for your interest and concern regarding the Commonwealth's methods of distributing state special education appropriations among the 500 school districts across the Commonwealth.

It is well documented that school districts across the nation and in this state spend far more on children served under the federal IDEA program than they receive in federal support to meet the intent and mandates of that law.

In 2006, according to the National IDEA Coalition, schools were qualified to receive \$23.8 billion in federal funds for IDEA services. Unfortunately, school districts were only receiving \$10.6 billion for this purpose from the federal government. Meanwhile states and localities spent more than \$113.3 billion on those students in the same year. The National Coalition for IDEA found that, "Congress is paying half of what it promised which is less than half of what it takes to educate students with disabilities. "

The federal sequestration cuts only made the situation worse by cutting 5% from the total federal IDEA appropriation which means states and local districts will need to absorb more of the burden of costs to educate these students.

While it's not the intent of the federal law to shift the burden of these costs to the state and school districts, it is the effect. In Pennsylvania, school districts receive \$1.15 billion in federal and state special education funding but spent \$3.3 billion to meet the needs of approximately 250,000 special education students. This means they have to come up with \$2.15 billion from other sources including their basic education funding and local revenues. Inadequate federal support for these students makes your task all the more important.

While its well understood that state has no control over the federal mandates, the state can exercise its control and responsibility by effecting positive funding and oversight policies at the state level that work for the state and school districts. For this reason, I am suggesting three specific approaches to the state's method of funding special education with the goal of ensuring that all students, those with special needs and as well as the other traditional students in our public schools benefit from your decisions.

1. First, your charge requires you to consider the relative wealth and tax effort of each district in creating a formula. That's a sound idea given the extraordinary variance among districts.

2. Second in addition to the formal charge of the Commission, I am urging that you consider the demographic composition of the district and the students receiving special education when crafting your formula.
3. Finally, I know that you must consider the unique situation that arises when entities such as charters and cyber charters identify students with special needs. This is complicated by the fact that some of these entities may be over-identifying students who do not require special education since it ensures greater revenue that they end up using in other ways. Conversely, other charter entities avoid delivering educational services to students with disabilities, particularly students with severe disabilities, because of the added burden of educating these students. Moving to greater transparency, improving internal controls and establishing enrollment and transfer requirements for these entities can ensure students with special needs have access and receive the services they need, as well as prevent charter entities from gaming the system in ways that financially damage their authorizing school districts.

Item #1 - Tax Effort

Wealth and local tax effort are also extremely important factors to consider. Historically we have relied on the Aid Ratio to calibrate the level of state aid distributed to districts so that low wealth districts received more of each dollar in aid than wealthier districts. I strongly support that approach.

For instance, in Delaware County the William Penn and Southeast Delco school districts have some of the highest local tax efforts in the state, ranking among the 25 highest for equalized millage. In the same county you have the Marple Newtown and Radnor districts which rank among the lowest equalized millage rates in the state. Notwithstanding their high tax efforts, Southeast Delco and William Penn are spending \$2,500 less per special education student than Radnor and Marple Newtown. While the aid ratio does a good job of directing funds to the communities of lowest wealth, only equalized millage gives you the tool to improve that distribution to recognize the impact of the local tax effort as well as wealth.

For this reason, I believe the Commission should be very cognizant and careful about how it allocates special education funding so that districts who are making a strong local tax effort are advantaged compared to those who do not because these are the very districts where more local effort will either yield very little new revenue or further erode the economic condition of their communities relative to communities with lower taxes.

Item #2 – Impact of Poverty

I urge the Commission to consider the economic circumstances of a child when considering those costs. A child from a middle class home in a stable middle class community is going to have more reliable and robust home and community supports to enhance his or her school-based learning than a child who comes to school from a very poor family. A poor family has less available income to help the child compensate or work around their special needs so they can learn. Further given the growing divide

between where low income and poor families live, more affluent child are more likely to be enrolled in a schools where the community has many more supports to offer as well.

As a result, just as the cost of ensuring that very low income children succeed in school is higher than the cost of doing the same for a middle class child, it is likely that the cost of educating a special needs child who comes from a family living in poverty will be greater than that of his or her peer in a more well to do family.

Across the nation, states are using what are called “weights” to allocate funds to students based on the special demands they place on districts. Thirty seven states have a low income weight that in part drives the allocation of their basic education funds. The states vary in their weights for these students, for instance, in Mississippi the poverty weight is .5 and its .97 in Maryland. The Basic Education Formula adopted by the Pennsylvania legislature in 2008 established the PA weight for low-income students at .43. Given the legislative endorsed this weight it is worthy of being considered by this esteemed Commission for the distribution of special education funding.

Students with similar special education needs (or those within the same tier of special educational need) are likely to require more effort on the part of the school district if they come from low income families. For this reason, I urge you to review the literature and establish as part of our formula’s calculation a weight that recognizes this “special” need on the part of low income student and cost to the school districts to meet the needs of these students

To demonstrate this point it’s instructive to look at the level of expenditure for special education in some of the state’s poorest school districts. Chester Upland is spending \$31,000 per student on average, Duquesne is at \$26,000 per special education student, and Wilkinsburg and Philadelphia are spending around \$18,000 per student. There are many districts that are not educating high concentrations of low income students which are also spending in these top ranges. However, the fact that these districts with many poor students are spending above \$15,000 to educate these children indicates a high level of need and large burden on these districts.

These figures demonstrate that many low wealth school districts are having to spend at levels comparable to wealthier districts to meet the special education needs of their students, and compared to our best school districts they are struggling to do so. In fact, the 250 lowest wealth districts in the state are spending \$843 million more to educate special education students than they are receiving in targeted state or federal aid for these purposes.

I offer one other piece of evidence to support my push for including a poverty weight in your special education formula. Again, looking in the southeastern region of the state where I live, districts are spending from about 10% to 15% of their funds beyond what they receive in federal or state special education funding to educate special education students. For the purpose of this discussion, I will reference this level of spending above dedicated special education funding as “over expenditure”.

In Lower Merion, where the over expenditure is 15%, and their average per student expenditure for all students is high and the share of poor students is quite low, using its general funds to meet the needs of special education students isn't as likely to have a negative impact on the education of its general student population. But in the case like Philadelphia, where nearly 80% of the students are low income, the 10% over expenditure on special education puts the district in a terrible situation of robbing Peter to pay Paul. The district's low-income students are already receiving an education that is significantly underfunded. A state funding system that does not look at the impact of special education on high poverty schools ignores this reality.

Based on these facts, to ensure that these school districts can afford to meet the needs of special education students without further reducing funding for their non-special education students, I urge this Commission to suggest a low-income weight to the special education formula and to establish that weight in a manner that might permit the same weight to be adopted in a new basic education formula.

Item # 3 – Charter Oversight

Finally, your charge requires that you consider ways in which we should improve special education funding in the context of rising charter school enrollment. From this experience I have several suggestions for policy:

1. When a charter school serves a notably different rate — higher or lower — of special education students, either overall or by students diagnosed with particular kinds of disabilities, than the home district, the intermediate unit or a publicly accountable third party entity must review the identification practices and needs so they can determine if the appropriate systems are in place in the charter school. Since the School District of Philadelphia is the Intermediate Unit, perhaps the state or some other IU in the region can conduct such reviews when needed in Philadelphia.
2. When problems associated with special education practices are discovered in a charter school, the home school district must be empowered to impose requirements on the charter to change their practices, including revising enrollment practices so that all children are enrolled and retained regardless of disability and setting specific goals for bringing the charter's student body within reasonable comparison to the district. A charter school's refusal to make the necessary changes or abide by new policies should be sufficient grounds for the authorizing school district to revoke the charter.
3. Further to help state officials understand the patterns of enrollment and transfer of students in charter schools with special needs, the state should require an annual report by each charter school of its student applications, enrollment numbers, and transfers by disability level. Based on this report, where problematic trends are noted, the State Department of Education should investigate the causes and impose corrective measures. If a charter is uncooperative or the data shows intention to keep the numbers of special education students depressed or inflated the

state should be able to recommend and work with the authorizing school district to revoke the charter.

4. When charters outsource any element of their special education services, the providers used for evaluations and direct services should be consistent with providers used by the districts or used by districts in the IU and/or approved by the intermediate unit. Alternatively the state should establish an approved list of providers.
5. Charters should be reimbursed on an actual cost basis for services to the extent that they do not exceed the average cost per special education student spent by the district. An annual reconciliation process would be needed to enable this approach to parity and cost control to operate.

In closing while I am confident that this Commission will give great consideration will consider and recommend new ways to appropriately align to the cost of special education services. It's worth noting that in some states Special Education is considered a weight within the state's basic education funding formula. For instance, I understand this is the approach used in such high performing states as Maryland and Massachusetts. The approach of integrating the special education funding with the basic education funding is something that is worthy of consideration.

I wish to thank the Commission for considering my suggestions.