

Time for a Rational Fix to Special Education Tuition in Pennsylvania Charter Schools

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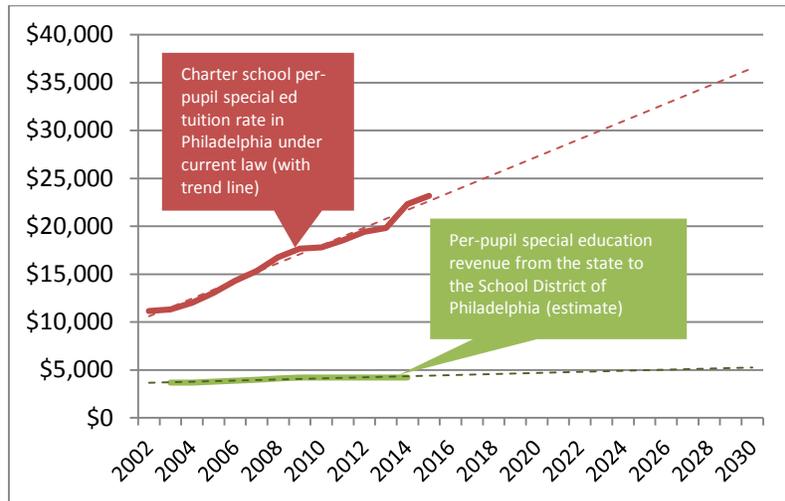
Education Law Center

11-18-2014

My name is David Lapp and I am a staff attorney at the Education Law Center where for over 35 years we have sought to ensure access to a high quality public education for Pennsylvania's most vulnerable, and often most costly, students. We have already explained to the commission that, by any objective standard, our state is failing to provide adequate school funding to ensure that all students can equitably enjoy a thorough and efficient public education as required by our state constitution. Today I would like to highlight one particularly broken piece of our school funding system: Charter school special education funding.

No one can deny that Pennsylvania's current calculation for funding special education in charter schools is broken. In Philadelphia, the special education tuition rate paid by the school district to charter schools has skyrocketed in the last decade with no end in sight to its current trajectory. In contrast, special education revenue to the school district from the state has remained stagnant.¹

¹ Data for the charter school special education tuition rates from the 2001-2002 to the 2013-2014 school years are available at http://www.portal.state.pa.us/portal/server.pt/community/charter_school_funding/8661. The 2014-2015 rates were provided by the School District of Philadelphia. Data for the special education revenue from the state was estimated by dividing the district's state revenue for special education, available at http://www.portal.state.pa.us/portal/server.pt/community/summaries_of_annual_financial_report_data/7673/afr_data_detailed/509049, by 15% of the Average Daily Membership of the school district.



The current “system” of charter special education funding is based on two false assumptions: first, that 16% of each school district’s student population receives special education; and second, that charter schools serve students with the same levels of disabilities as the students in district schools. When this does not occur, it results in wildly inaccurate special education tuition reimbursement rates. This is explained by math that’s so simple, even I can understand it.

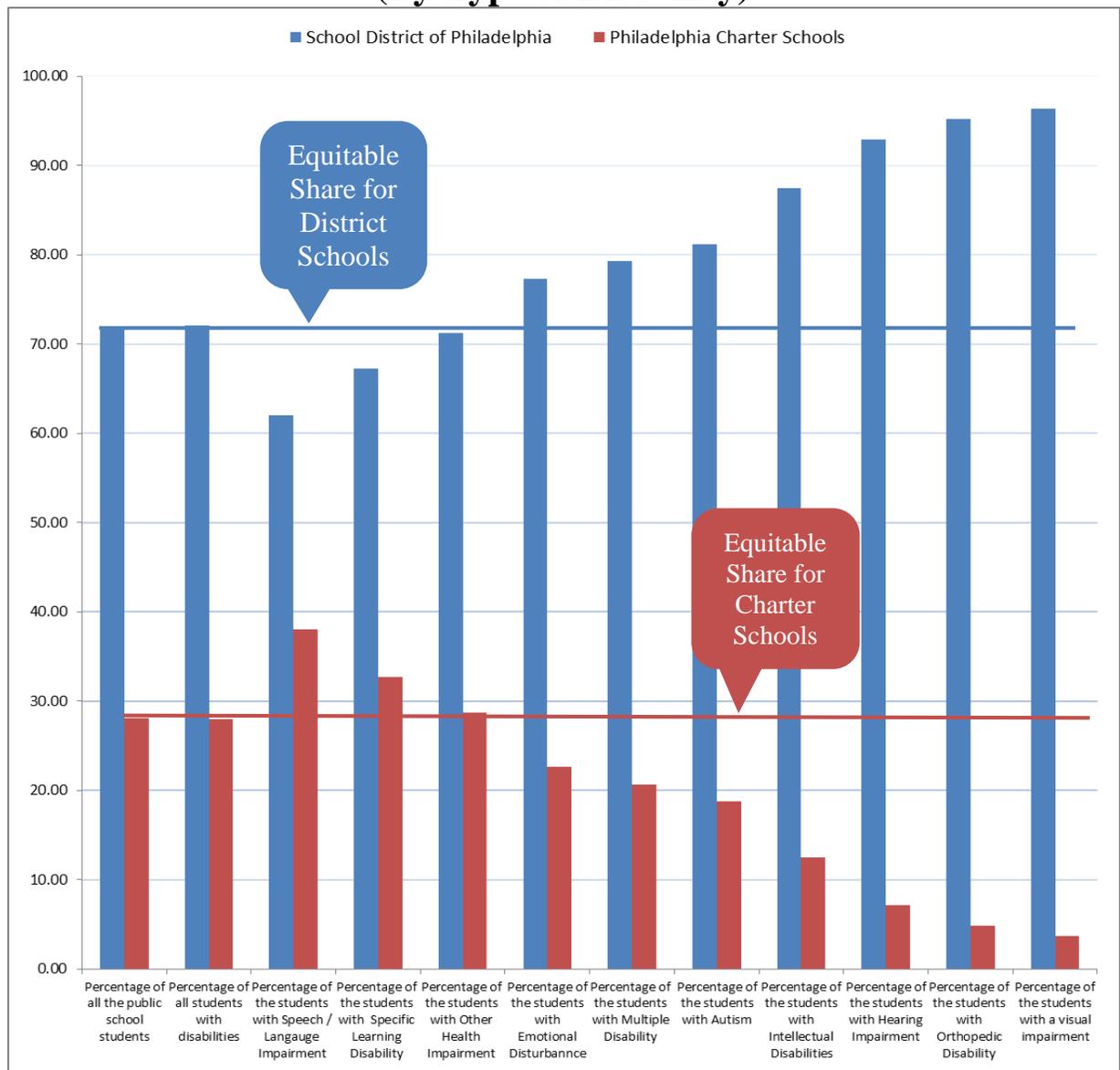
The current system pays charter schools for each student with a disability, a per-pupil tuition amount from the local school district that is based, not on what the *charter* spends or even on what it *needs*, but rather on what that *district spends* on its own students with disabilities, divided by 16% of its student population. The assumption is that since 16% is roughly the average percent of students with disabilities in the entire Commonwealth, it must be what each district serves. Of course, that’s just not true in many districts.

When school districts actually serve more than 16% students with disabilities, like the Chester Upland School District which serves approximately 24%, they, of course, spend more total money on special education. When that total amount is divided by only 16% of total students, rather than the actual percent of students, the “per pupil” amount is wildly inaccurate.

In addition, when a district's entire charter school sector taken as a whole disproportionately serves students with *mild* disabilities, as occurs in nearly every heavily chartered school district including Philadelphia, it also skews the reimbursement rate.

In 2012-2013 the Philadelphia charter sector served approximately 28% of the public schools students in the city, and also approximately 28% of the students receiving special education. However, the charter sector serves disproportionately mild students. For example, the charter sector served 39 percent of the city's students diagnosed with a speech and language impairment (students with generally low-cost services) and only 19 percent of the students with autism (students who generally cost much more).

Disproportionality in Special Education Philadelphia –2012-2013 (By Type of Disability)²



This same trend holds true in the state’s other heavily chartered school districts.

As the charter sector grows, each year it siphons off greater numbers of students with “mild,” or less costly, disabilities from district schools. Students requiring more expensive services, therefore, remain in heavier concentrations in school district

² Disability data comes from http://penndata.hbg.psu.edu/documents/PennDataBooks/Statistical_Summary_2012-2013_Final.pdf. The numbers for the charter schools were calculated by taking the totals for Philadelphia County’s public schools (which includes all district and charter schools) and subtracting the totals for the School District.

schools. This in turn causes the district's "*per-pupil*" special education *expenditures* to climb higher and higher. Charter school *revenues* are then based on these district per-pupil expenditures, which are artificially high because of the charter schools to begin with. This phenomenon rewards charters with greater tuition each year as they siphon, indeed because they siphon, more and more "mild" students with disabilities from the district. It's easy to see why charter operators would resist fixing this system.

Last year, a bi-partisan Special Education Funding Commission studied this issue for months, taking testimony from dozens of experts. Ultimately, the Commission recognized that our current calculation harms both regular and in school districts with a large charter school population. The Commission proposed a rational fix to the current system and two parallel bills, with wide initial support, were drafted in both the House and the Senate. The bills would have saved school districts and tax payers hundreds of millions of dollars over the next decade and ended the current perverse incentive for charter schools to underserve our severely disabled students. This legislation was on track to be an all-too-rare example of good government working the way it's supposed to work.

Unfortunately, at the 11th hour, the charter school lobby flexed its considerable muscle in Harrisburg and succeeded in killing the portion of the bills that applied to charter schools, the most meaningful part of the legislation. Thus, once again, the Pennsylvania General Assembly shirked its constitutional mandate to maintain "a thorough and efficient system of public education."

Any new formula for public education funding, must include a much-needed rational fix to the broken special education funding calculation for charter schools.