

Special Education Funding and Accountability Reform

Bill Summary

HB 2138 and SB 1316

May 1, 2014

House Bill [2138](#) and Senate Bill [1316](#) are companion bills that represent an important first step toward fixing the state's broken system for special education funding and accountability.

The Education Law Center, along with 40 organizations across the state, has worked for several years to reform the state system for special education funding and accountability.

Our reform efforts have focused on several core principles:

- Providing an inclusive, quality public education for children with disabilities is important for the well-being of families and communities throughout the Commonwealth. Every Pennsylvanian benefits from this investment.
- Educators know how to help students with disabilities to succeed in school. The missing ingredient is often the funding needed to support professional development, quality instruction, and support services.
- Pennsylvania's existing system for funding special education is broken and must be fixed. Currently, the state is distributing funds without a rational system related to student and district needs. The level of state funding is also too low, which forces school districts and local communities to fill the funding gap.

Bills HB 2138 and SB 1316 present a formula for distributing new special education dollars based on the work of the General Assembly's [Special Education Funding Commission](#). The two bills use the cost data from the Commission to create three cost categories for students with disabilities and use accurate enrollment data to determine the number of students in each of those categories — finally aligning resources with the actual cost of serving children with disabilities.

The state's current broken system of special education funding does not align resources to costs — every element is a broad estimate — from how school districts receive special education funding from the state to how the state considers individual student costs.

- School districts currently receive funding based on an estimate that 16% of their student population requires special education services, and on an estimate that the cost to provide these services is the same, regardless of the disability.
 - What this means for school districts, which tend to serve a wide range of students with disabilities, is that state funding has not aligned with actual costs to provide services, and local districts have had to fill that funding gap.
- Charter schools, which serve fewer students with disabilities, and serve much smaller percentages of students with more severe disabilities than their authorizing school districts, also receive special education funding based on an overly broad and inaccurate approach.
 - This has resulted in considerable overpayments for some charter schools under the current system. *(For example, in one district, a charter is currently receiving \$35,000 per special education student, even though most of its special education students cost less than one-third of that amount to serve.)*
 - The current flawed system has also resulted in underpayments for some charter schools. *(For example, in some school districts, charter schools currently receive less than \$15,000 for students with disabilities who cost more than four times that amount to appropriately educate.)*

House Bill 2138 and Senate Bill 1316, which have tremendous bi-partisan support, would fix these major flaws in the current system.

School districts will use the three-tiered cost system for any new state special education dollars, including the proposed \$20 million in this year's budget. Charter schools, which receive their special education funding through their school district, will have the three-tiered cost system phased in over several years.

By using accurate student enrollment numbers and the three-tiered cost system that is directly connected to the costs to provide legally required student services, this legislation improves accountability and finally matches special education funding to the cost of appropriate services.

The Education Law Center supports this new approach to special education funding as a huge step toward reforming a broken state funding system and improving outcomes for students with disabilities.

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