
SPECIAL EDUCATION FUNDING COMMISSION

*PASBO TESTIMONY
OCTOBER 1, 2019*

HANNAH BARRICK, ASSISTANT EXECUTIVE DIRECTOR

JAY HIMES, LEADERSHIP ADVISOR



Working to develop and support leaders in school business operations

Special Education Services for Students with Disabilities

1200 – Special Education Instruction

2120 - Guidance Services

2140 - Psychological Services

2150 - Speech Pathology and Audiology Services

2160 - Social Work Services

2260 - Instruction and Curriculum Development Services

2350 - Legal Services

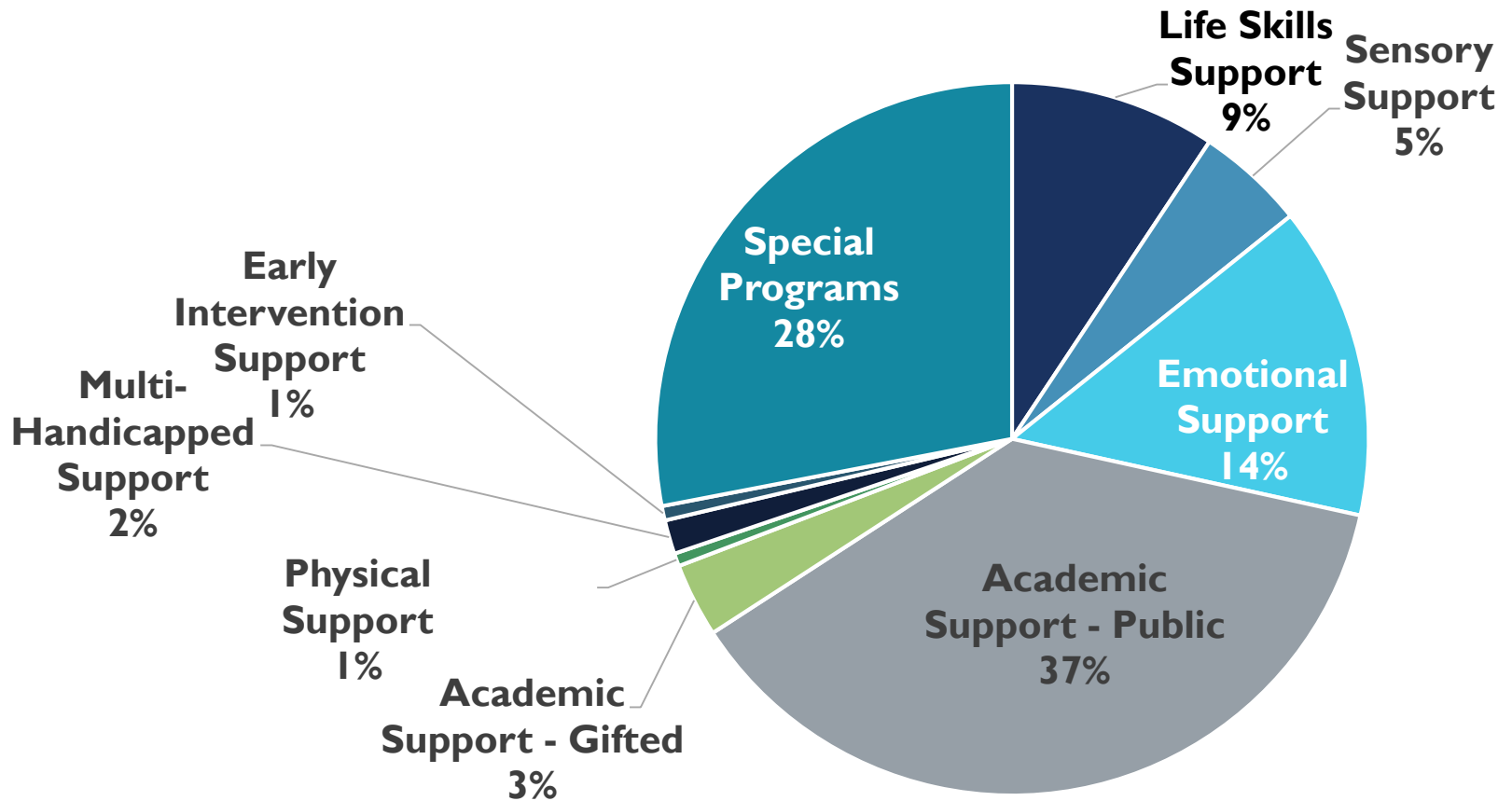
2420 - Medical Services

2440 - Nursing Services

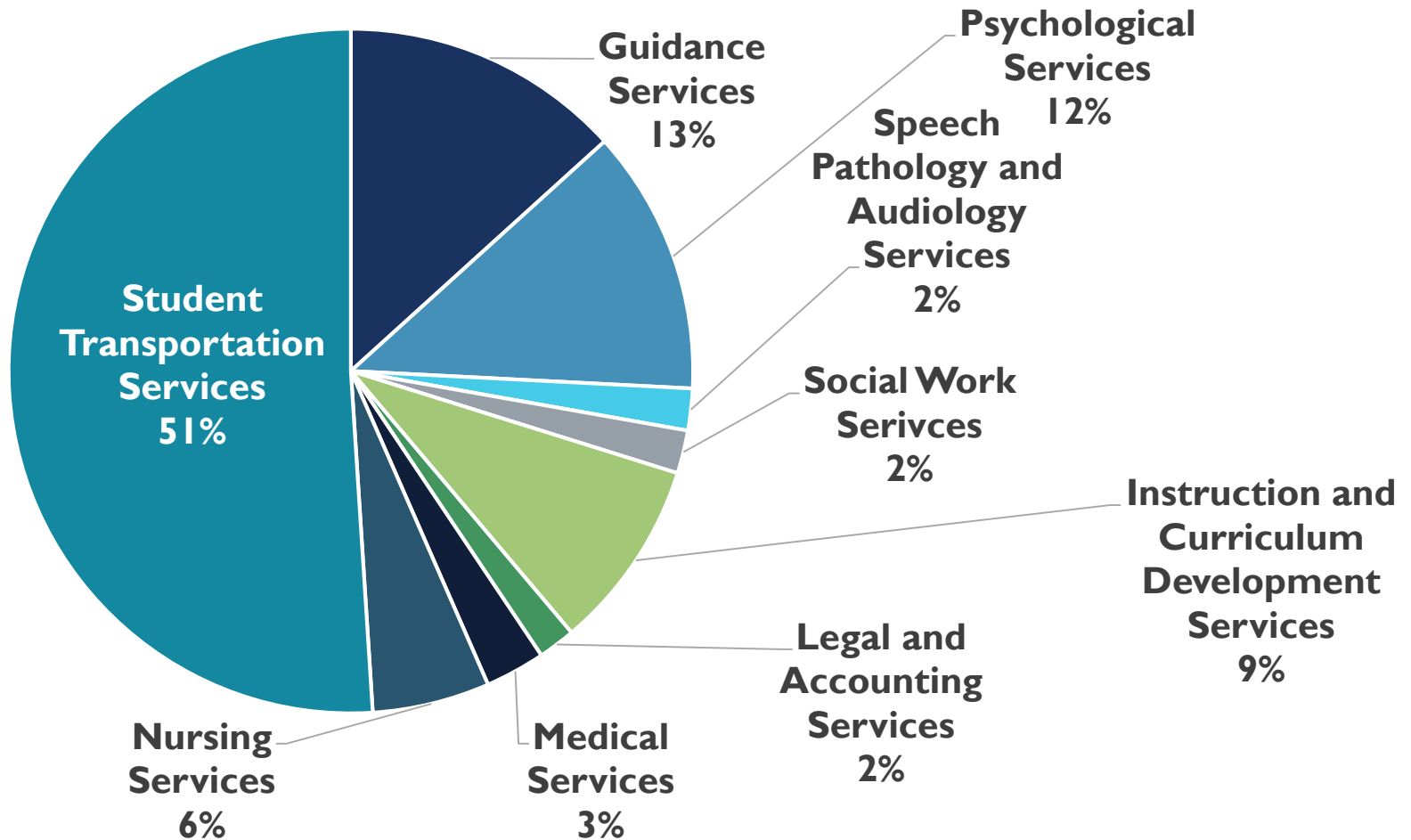
2700 - Student Transportation Services



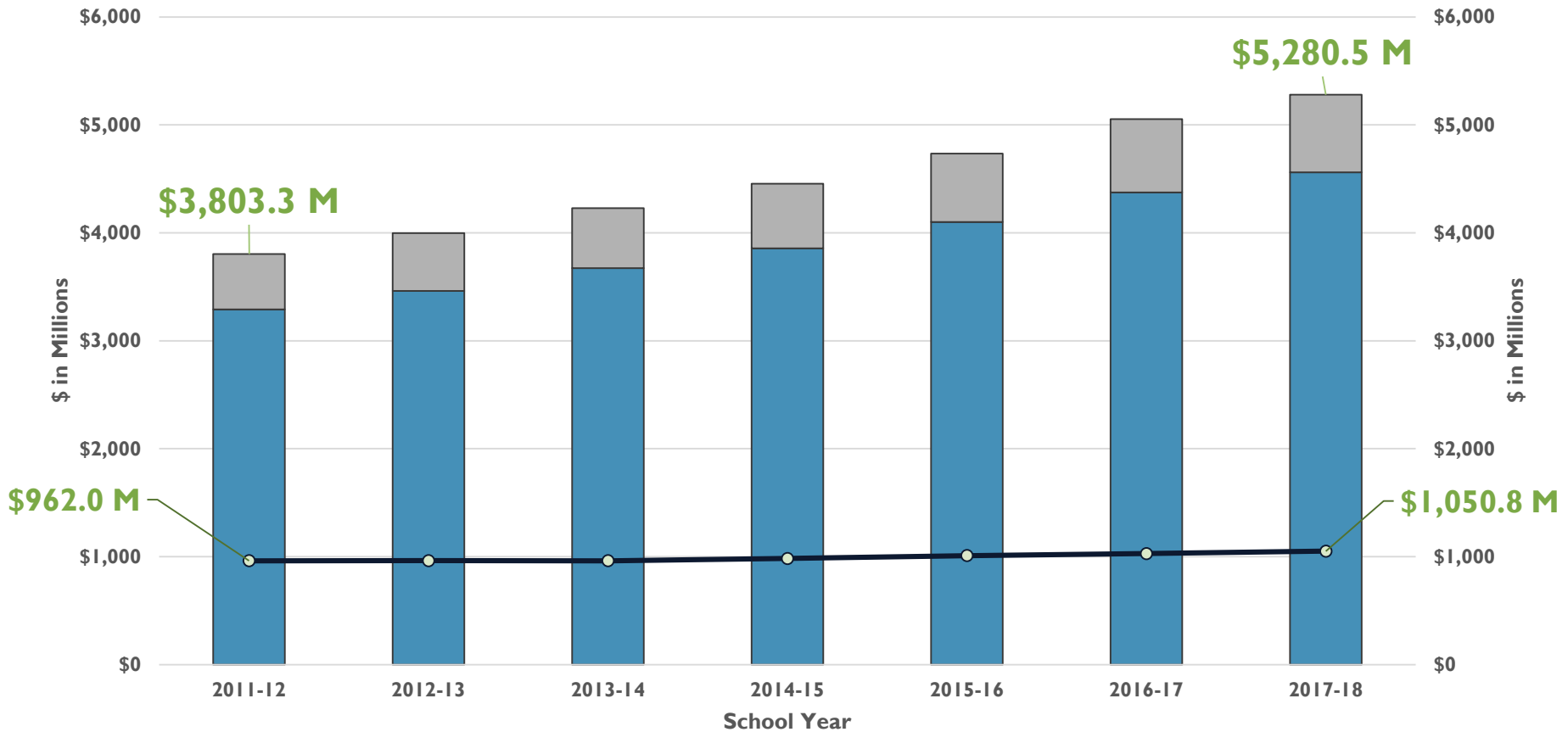
SPECIAL EDUCATION INSTRUCTION



SPECIAL EDUCATION SUPPORT SERVICES



SPECIAL EDUCATION COSTS VS. STATE FUNDING



■ Special Education Instruction
 ■ Special Education Support Services
 —○— Special Education Funding

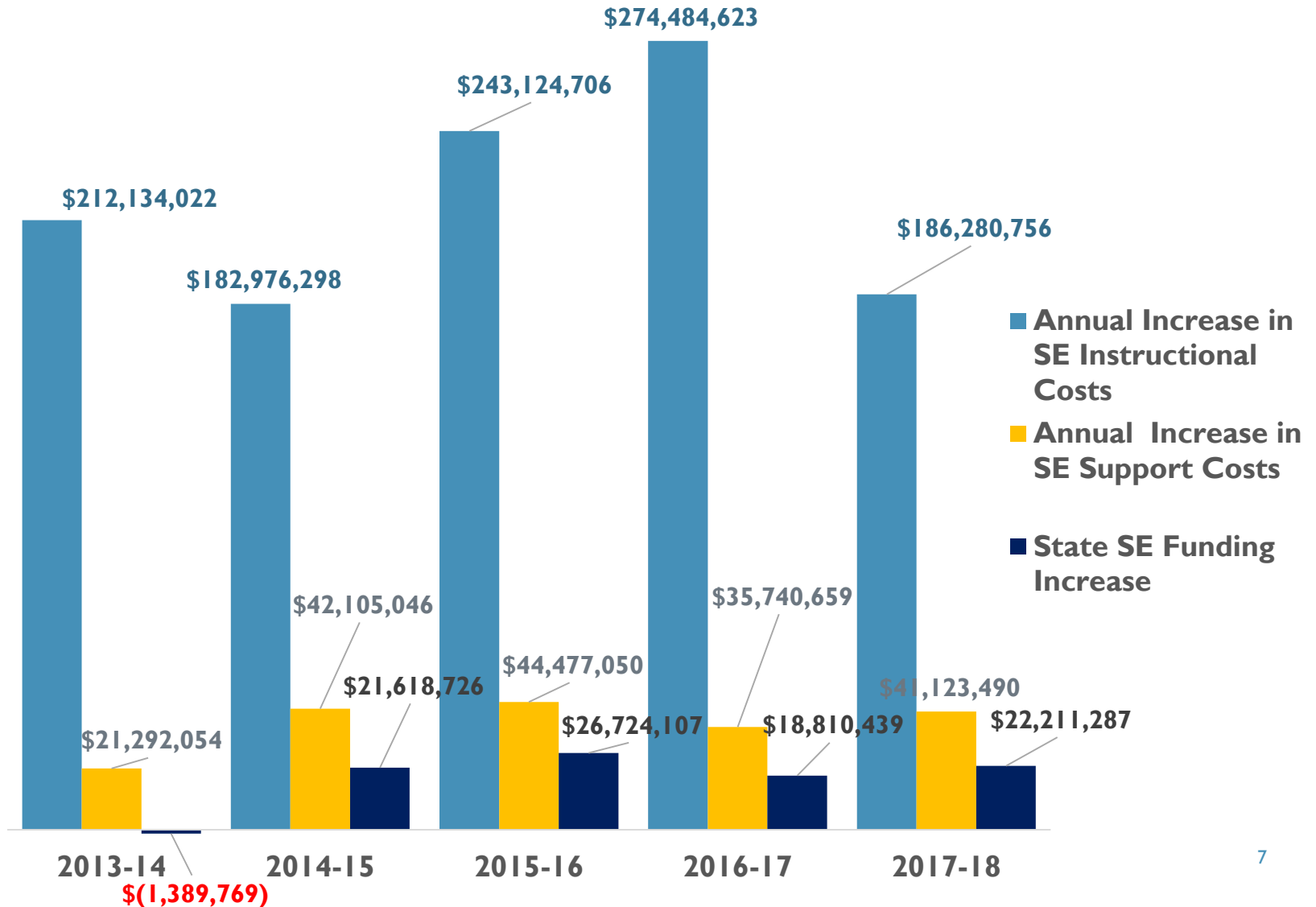


SPECIAL EDUCATION INSTRUCTIONAL COSTS ARE CONSUMING MORE SD INSTRUCTIONAL RESOURCES

	FY 08-09		FY 17-18		Change
Total SD Instructional Expenses	\$13,458,470,495		\$18,175,719,396		
Non-Special Instructional Expenses (1100)	\$9,409,371,743	69.9%	\$12,483,751,902	68.7%	-2%
Special Education Instructional Expenses (1200)	\$2,901,398,746	21.6%	\$4,560,058,645	25.1%	16%

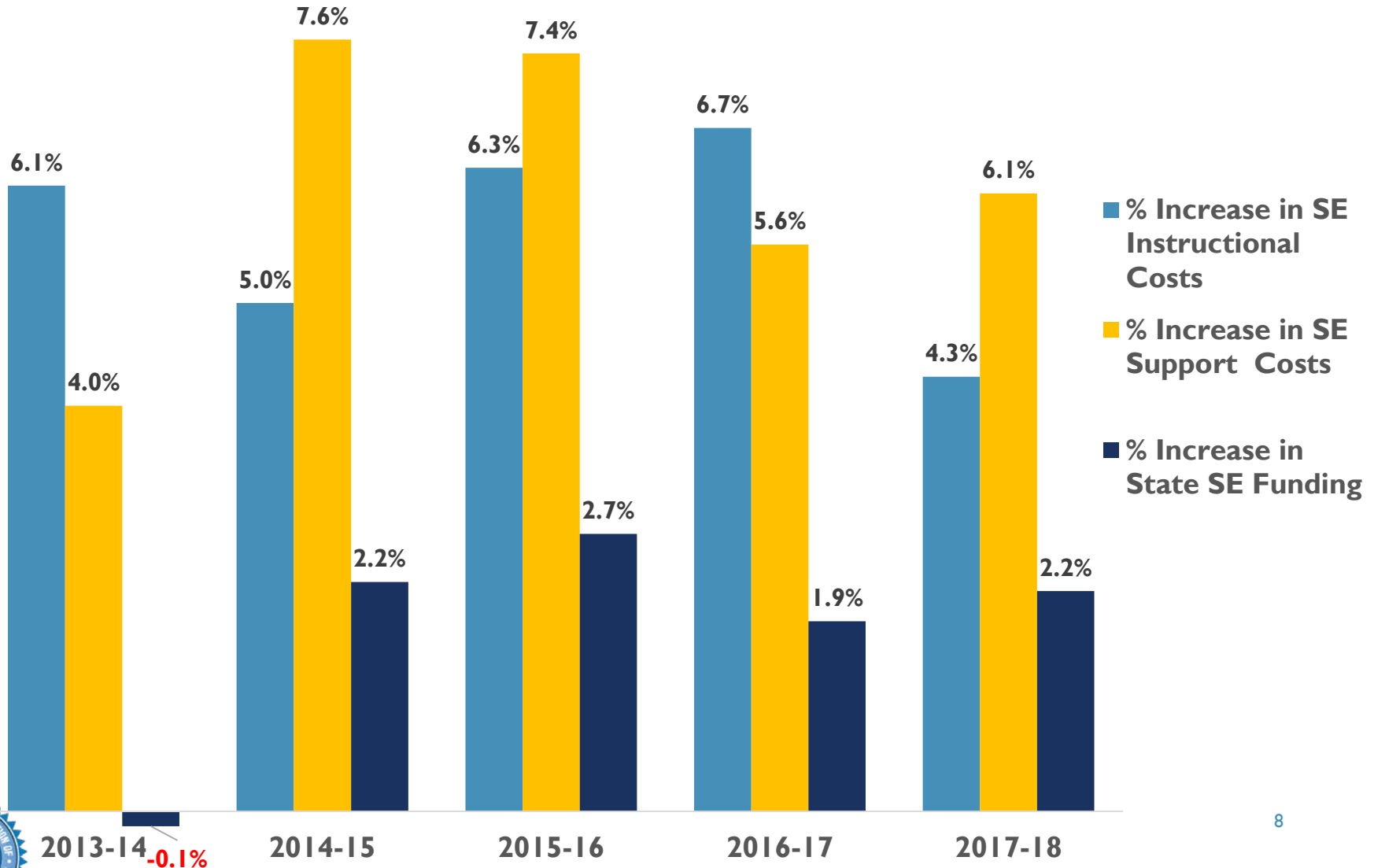


ANNUAL INCREASES IN SE INSTRUCTION, SUPPORT SERVICES, FUNDING



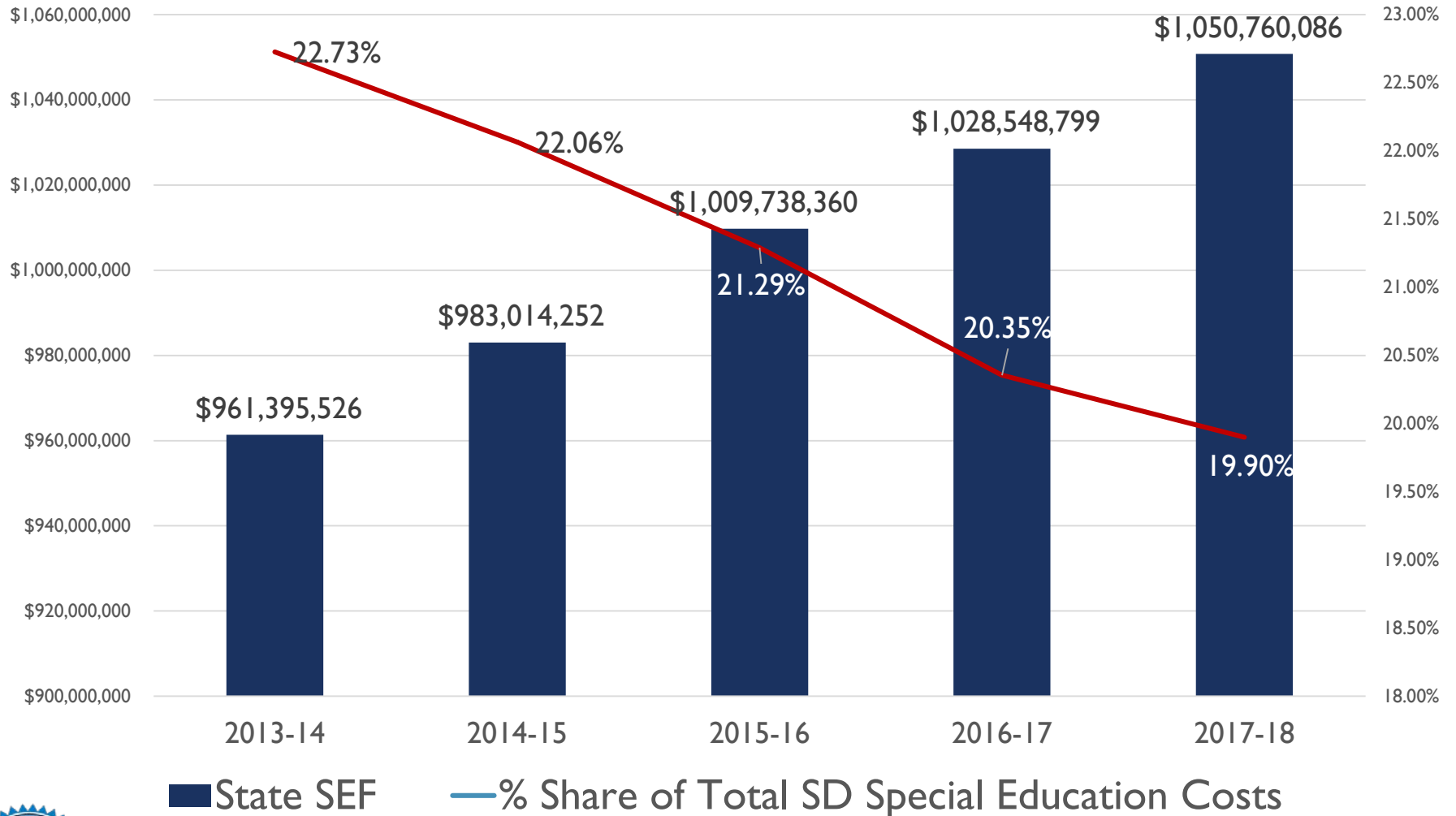
Working to develop and support leaders in school business operations

ANNUAL % INCREASES IN SE INSTRUCTION, SUPPORT SERVICES, FUNDING



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STATE SEF FUNDING VS. STATE SEF SHARE DECLINE



REASONS FOR SPECIAL EDUCATION COST GROWTH...

Reason for Increase in Special Education Costs	# of Respondents	% of Total Respondents
Increase in Need for Outside Placement	207	74.73%
Increase in Special Education Enrollment	187	67.51%
Need to Hire Special Education Staff	164	59.21%
Increase in Need for Special Education Transportation	139	50.18%
Increase in High-Need Special Education Enrollment	136	49.10%

Source: PASBO/PASA budget survey results



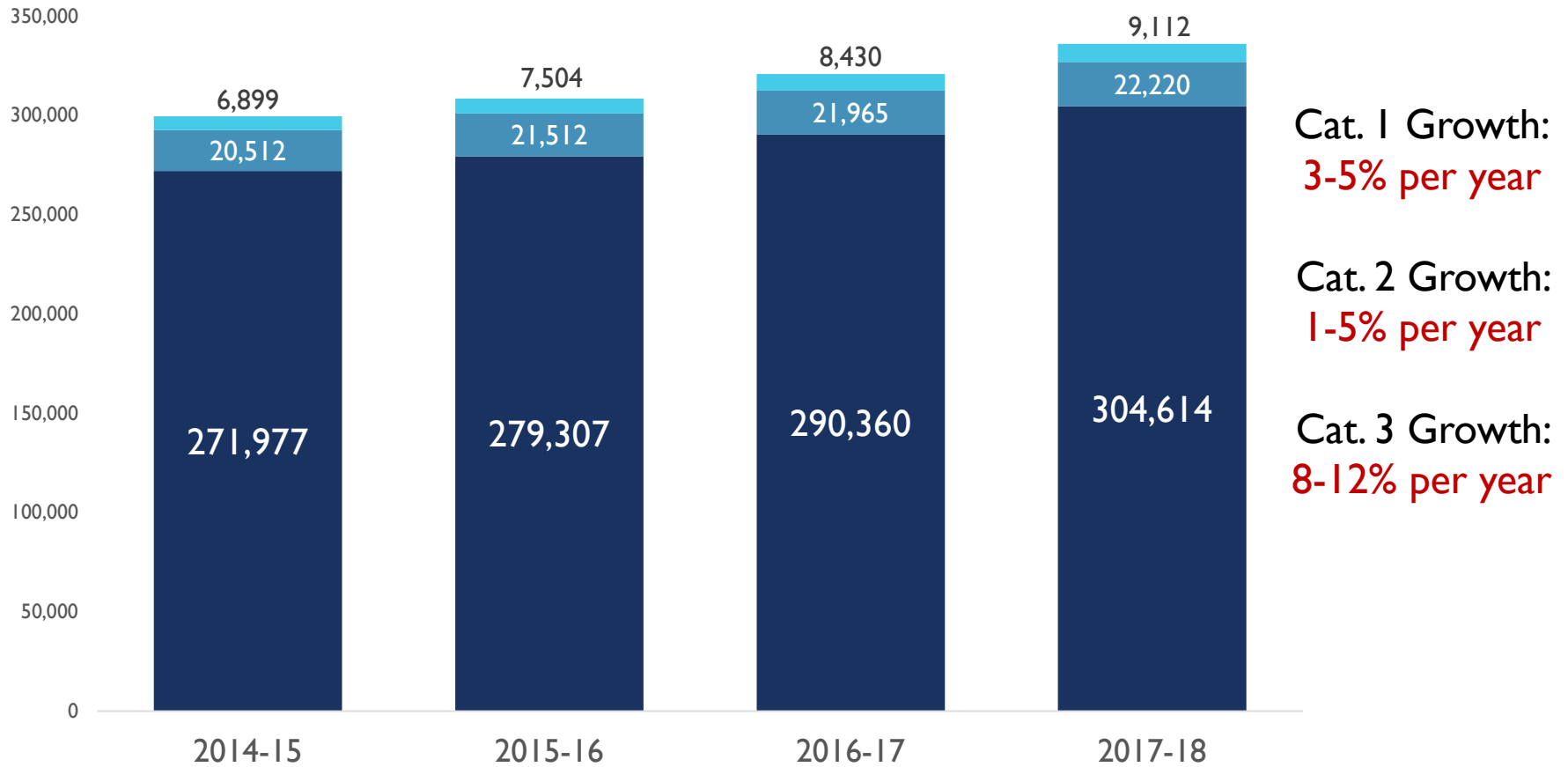
SPECIAL EDUCATION POPULATION VARIES BY DISTRICT

- Since the number of students with IEPs varies, the cost to SDs can also vary considerably.
- In Allegheny County, the variance shows the district with the highest percentage of special education students is more than three times the district with the lowest enrollment.

Percent of Enrollment of Special Education Students Allegheny County (43 Districts)	
16.80%	Avg.
30.12%	High
8.98%	Low
17.30%	SW Avg.



NUMBER OF STUDENTS IN EACH CATEGORY

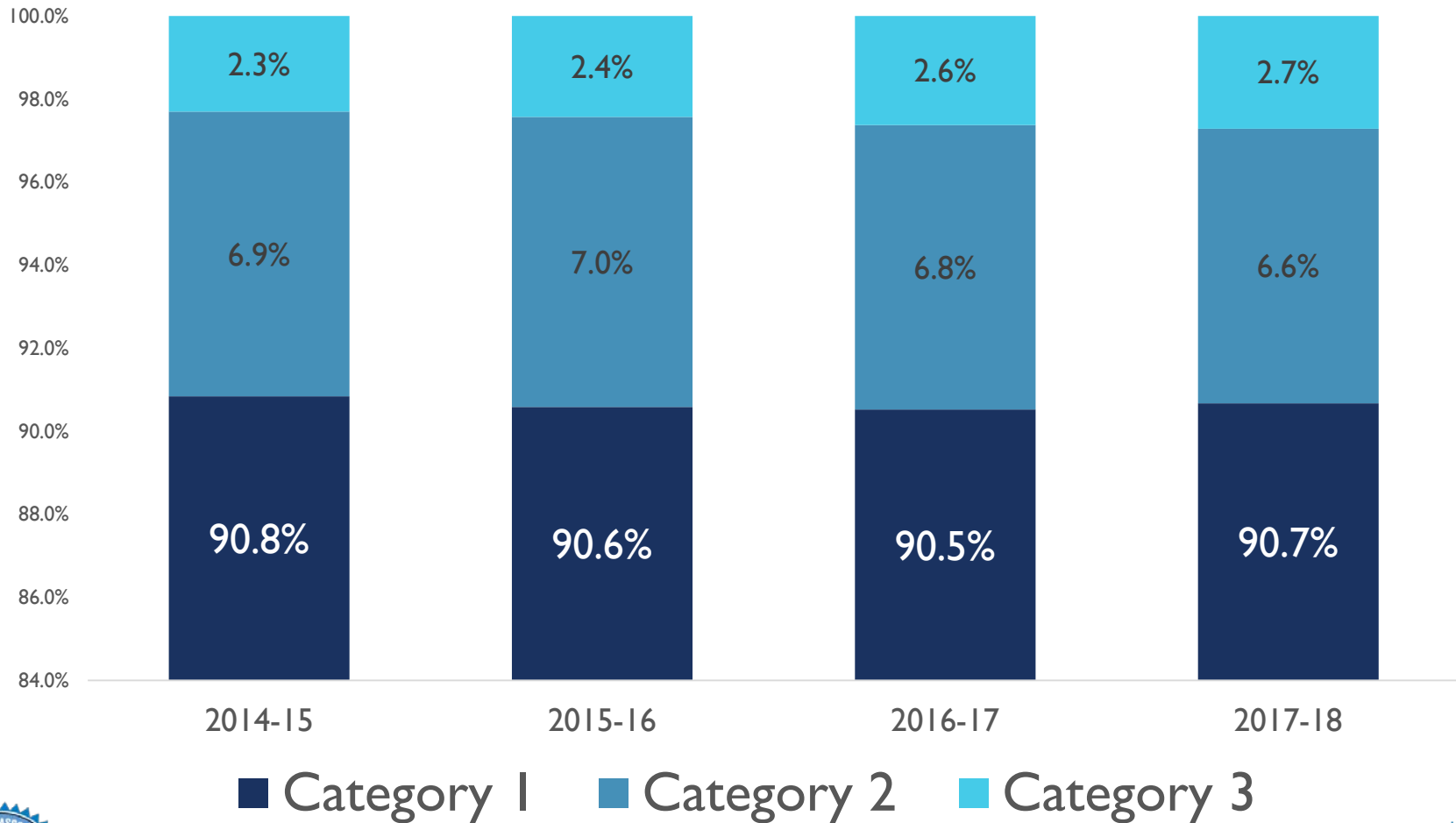


■ Category 1
 ■ Category 2
 ■ Category 3

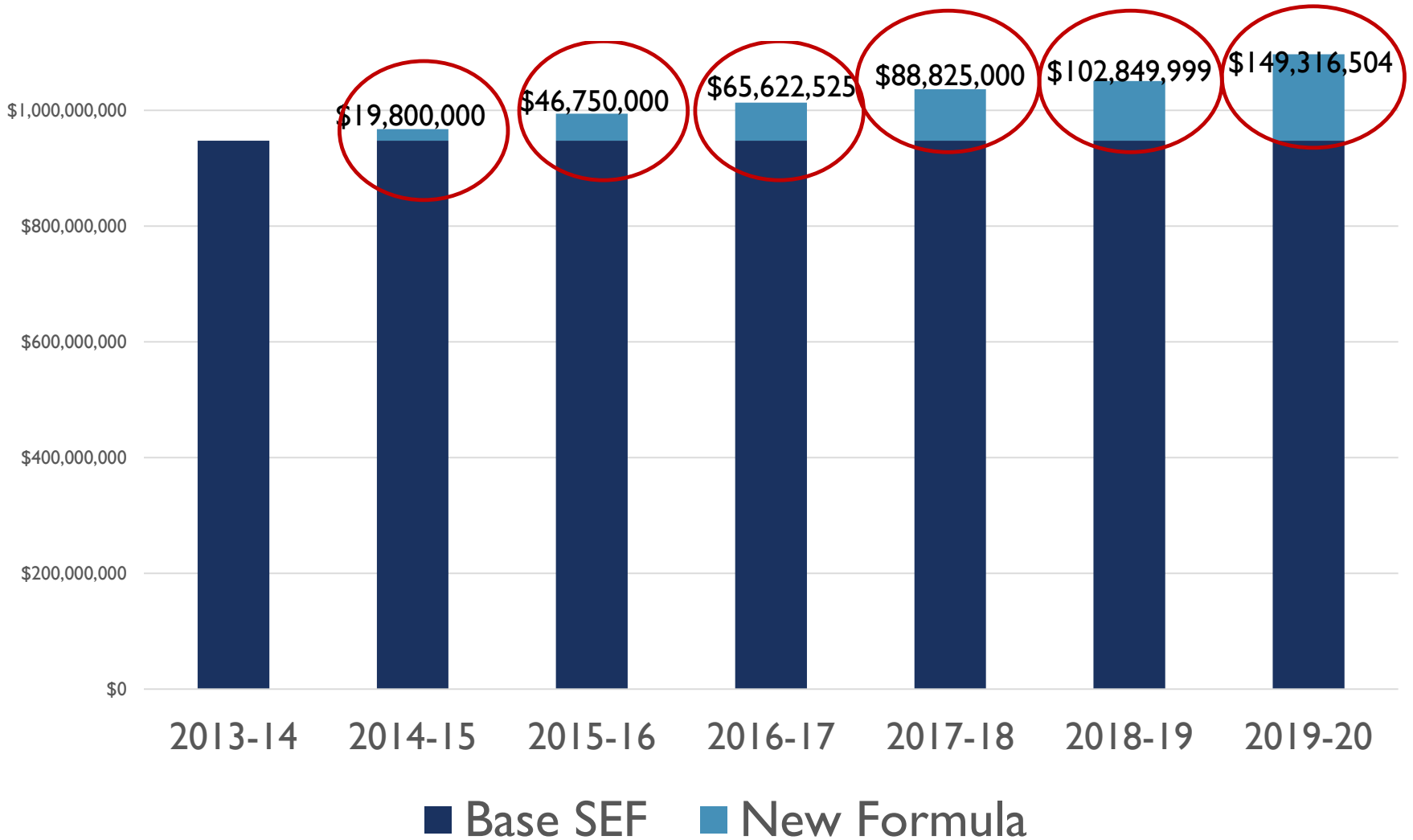


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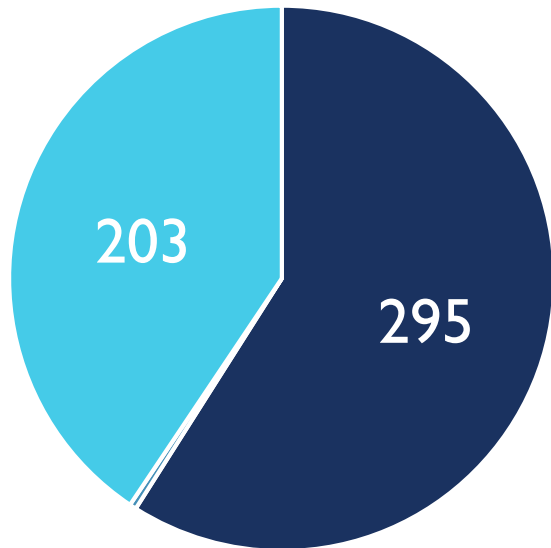
PERCENTAGE OF STUDENTS IN EACH CATEGORY



SPECIAL EDUCATION FUNDING: BASE VS. NEW



SPECIAL EDUCATION FUNDING: SEF SHARE CHANGES 2014-15 TO 2019-20 BY # OF SDS



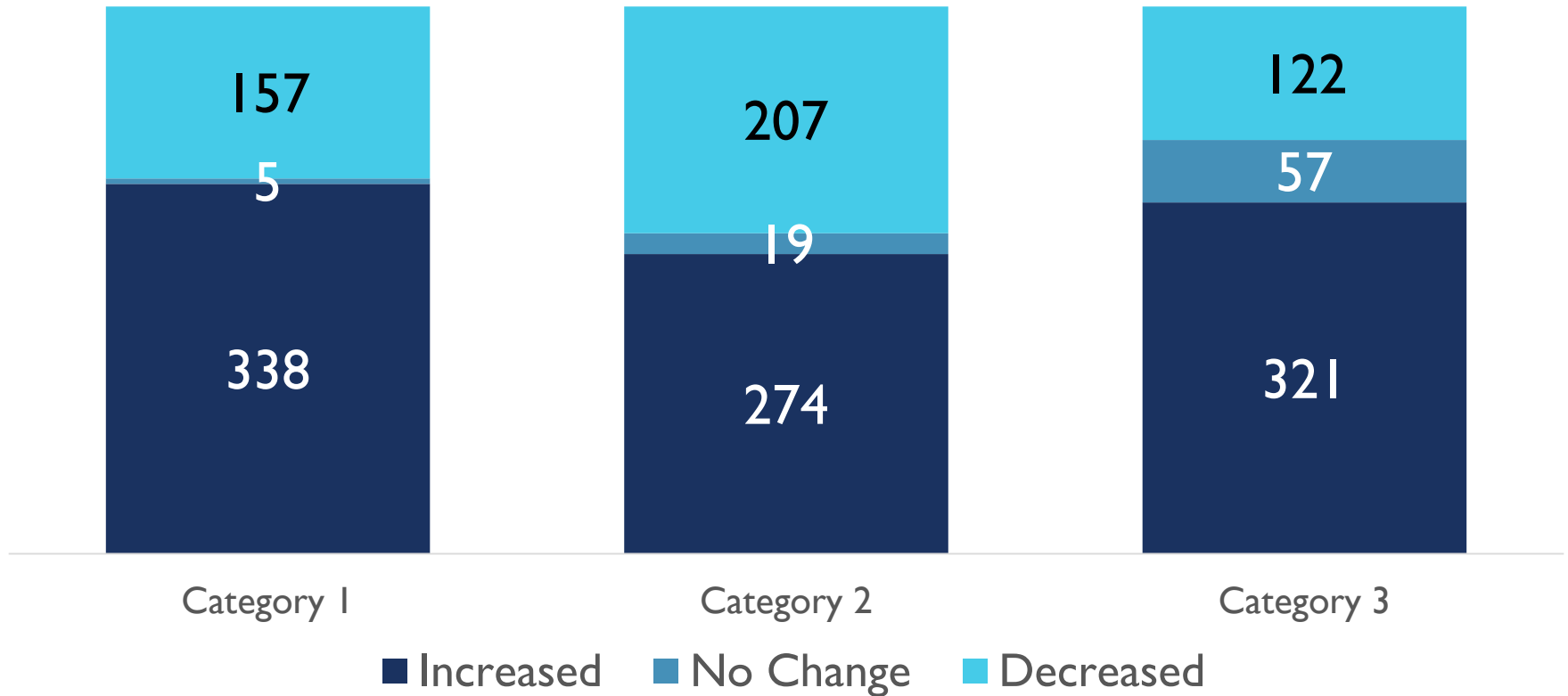
- Increased Share
- No Change
- Decreased Share

- Generally, share increase is related to increase in special education ADMs/weights
- Minimal share increase/decrease related to change in multipliers
- SDs can lose share, but get additional state special education funding
- Share change is relative—dependent on movement in 500 SDs



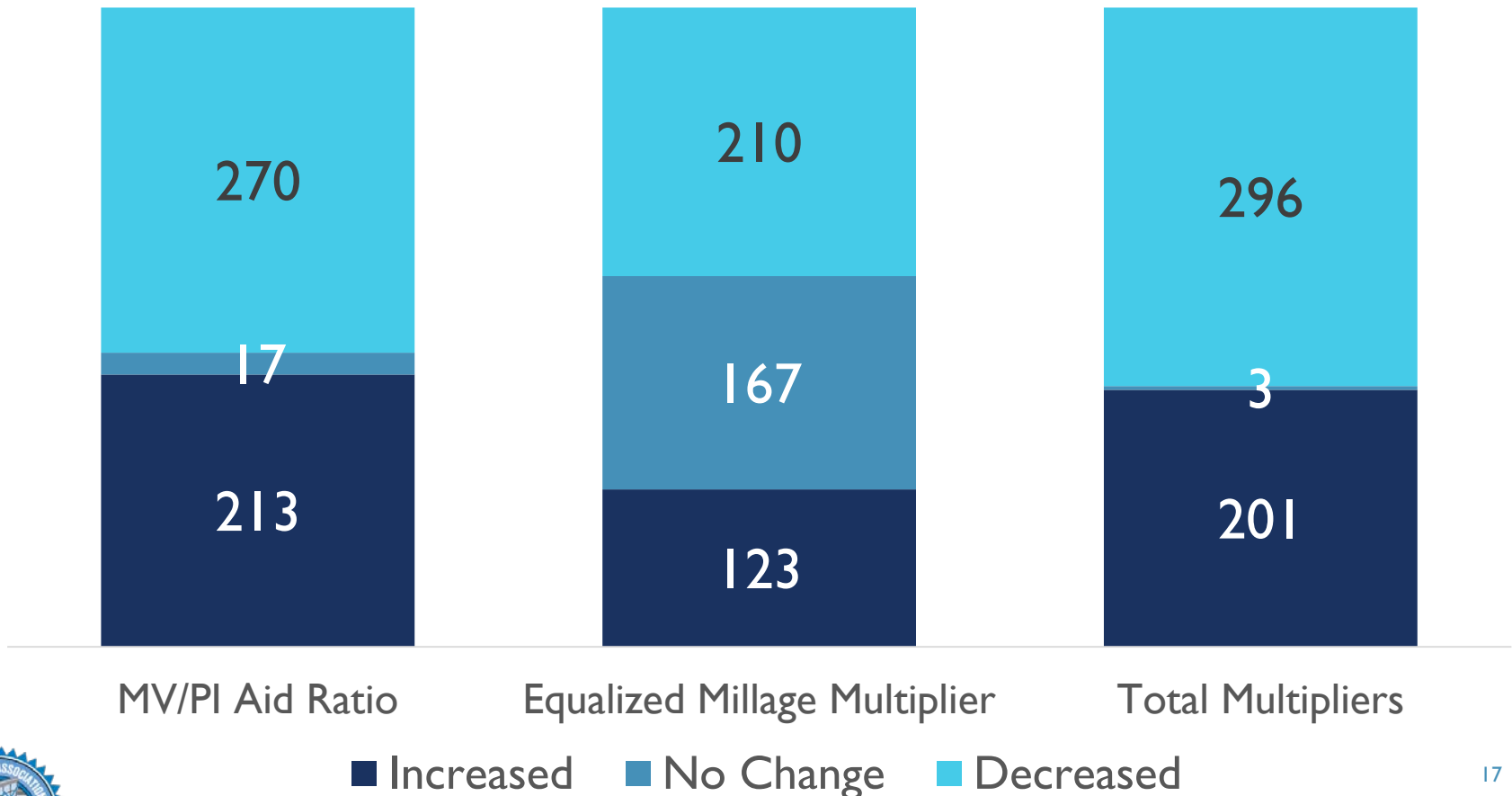
SD CHANGES IN EACH SPECIAL EDUCATION CATEGORY 2014-15 TO 2019-20

The scope of these changes varies across SDs.



SD CHANGES IN SPECIAL EDUCATION MULTIPLIERS 2014-15 TO 2019-20

Generally, the scope of these changes are minor for MOST SDs experiencing a change.



5 YEAR REVIEW...

- Changes in SD shares reflect the rebalancing of SEF funding to SDs
- Without a dynamic formula until FY 14-15, it will take additional years of rebalancing (only \$145 million is dynamic)
- We believe the current formula works well; it drives funding to districts with the highest costs and to districts with the most challenging fiscal resources



GOALS OF RECOMMENDED FORMULA TWEAKS

- Predictability in budgeting for school districts
- Accuracy in data elements
- Consistency in data elements
- Recognition of growth of special education expenditures



CHANGING A DYNAMIC FORMULA...

- The dynamic formula responds to changing special education needs of individual SDs
- SDs do NOT get what they got in the prior year
- This is not a bad thing...
- ANY change to the formula will impact a SD's share of the special education pie
- ANY change WILL create winners and losers...
- Additional special education funding will mitigate the scope of the impact on individual SDs



PASBO RECOMMENDATIONS:

1. Lock in data as of May or June 1
2. Review/update the accuracy of category weights
3. Examine options for category threshold adjustment
4. Smooth Act 16 data over three years to mitigate significant fluctuations in SD funding



PASBO RECOMMENDATIONS:

5. Use MHII metric from BEF formula to replace MV/PI aid ratio for local wealth
6. Replace Equalized Mills Multiplier with a special education-specific local impact measure
7. Consider adjusting the allocation of charter school ADMs in the school district SEF formula
8. Review the process for awarding contingency funds



PASBO RECOMMENDATION #1

Lock in data as of May or June 1 to ensure predictability for SDs and to mirror BEF formula implementation

- PDE has final Act 16 data by the end of April; all other data elements should be final by the end of April
- SDs will know the final amount of their SEF for the next FY when the budget is passed (currently, SDs don't know what they're getting in SEF until the spring, making it impossible to budget)
- SEF formula will be based on Act 16 data from 2 years prior to the FY in which the funding will go out (will function like BEF, ex. 20-21 funding will be based on 18-19 Act 16 data)



PASBO RECOMMENDATION #2

Review/update the accuracy of the category weights

- Growth in SE expenditures may indicate the need for modifications to the weights
- IFO survey should result in data sufficient to identify any needed changes to category weights



PASBO RECOMMENDATION #3

Examine options for category threshold adjustment

- Special education expenditures are growing faster than annual CPI adjustments for each category
- Result is that more students may be pushed into higher cost categories



PASBO RECOMMENDATION #4

Smooth Act 16 data in each category over three years to mitigate significant fluctuations in SD funding

- Mirrors treatment of ADMs in BEF formula
- Mirrors averages used in SEF formula multiplier
- Smooths sharp increases/decreases in each category to provide additional predictability in funding from year to year
- Benefits districts with increases and decreases in special education category counts



3 YEAR SMOOTHING OF ACT 16 DATA

2017-18 Cat 1 Count (SD+CS)	2016-17 Cat 1 Count (SD+CS)	2015-16 Cat 1 Count (SD+CS)	3-Year Average	Cat 1 x 1.51 factor
722	831	798	784	1,184
2017-18 Cat 2 Count (SD+CS)	2016-17 Cat 2 Count (SD+CS)	2015-16 Cat 2 Count (SD+CS)	3-Year Average	Cat 2 x 3.77 factor
75	71	91	79	298
2017-18 Cat 3 Count (SD+CS)	2016-17 Cat 3 Count (SD+CS)	2015-16 Cat 3 Count (SD+CS)	3-Year Average	Cat 3 x 7.46 factor
13	11	10	11	85

Total Weighted
Student Count:
1,567

Weight for each category is
applied to the 3 year average



PASBO RECOMMENDATIONS #5 & #6: MODIFY THE MULTIPLIERS

PASBO believes there is a need for both a local wealth and a local impact multiplier in the SEF formula...

Both multipliers currently use Market Value data

- Local wealth: MV/PI aid ratio; Local effort: Equalized Mills multiplier

PASBO has serious concerns with the accuracy and validity of Market Value data in any measure

- MV is not a tax base for school districts
- There are no standards for assessment practices; they vary from county to county
- MV doesn't always equal assessed value even in year of reassessment



AID RATIO MAY BE A FLAWED MEASURE OF WEALTH

- Calculation examines MV/weighted student compared to state AND PI/weighted student compared to state
- Real estate market values drive MV/PI aid ratio (MV is weighted at 60%; PI weighted at 40%)
- Changes SD in enrollment inaccurately impact MV/PI aid ratio (make poorer districts look wealthy, wealthy districts look poorer)



10 YR CHANGES MV/PI AID RATIO: DECREASES

School District	County	09-10 MV/PI Aid Ratio	19-20 MV/PI Aid Ratio	Change	ADM Change
Mountain View SD	Susquehanna	0.6103	0.3988	-0.2115	-27.74%
Montrose Area SD	Susquehanna	0.6979	0.5099	-0.1880	-26.56%
West Greene SD	Greene	0.4260	0.2386	-0.1874	-21.91%
McGuffey SD	Washington	0.6494	0.4857	-0.1637	-23.04%
Riverview SD	Allegheny	0.5101	0.3553	-0.1548	-16.79%
Pittsburgh SD	Allegheny	0.4524	0.3057	-0.1467	-12.87%
Tunkhannock Area SD	Wyoming	0.5768	0.4395	-0.1373	-22.04%
Elk Lake SD	Susquehanna	0.7192	0.5835	-0.1357	-17.96%
Avella Area SD	Washington	0.6894	0.5548	-0.1346	-23.02%
Allegheny Valley SD	Allegheny	0.4301	0.3037	-0.1264	-21.17%
Pequea Valley SD	Lancaster	0.2688	0.1500	-0.1188	-19.60%
Keystone Oaks SD	Allegheny	0.4389	0.3250	-0.1139	-16.97%
Southern Tioga SD	Tioga	0.6685	0.5567	-0.1118	-15.24%
Austin Area SD	Potter	0.5930	0.4822	-0.1108	-28.98%
Blue Ridge SD	Susquehanna	0.7277	0.6185	-0.1092	-18.17%



10 YEAR CHANGES MV/PI AID RATIO: INCREASES

School District	County	09-10 MV/PI Aid Ratio	19-20 MV/PI Aid Ratio	Change	ADM Change
York Suburban SD	York	0.2494	0.4334	0.1840	10.65%
Springfield SD	Delaware	0.2051	0.3831	0.1780	18.34%
Jenkintown SD	Montgomery	0.1500	0.3071	0.1571	23.01%
Camp Hill SD	Cumberland	0.2671	0.4154	0.1483	15.95%
Schuylkill Valley SD	Berks	0.3264	0.4723	0.1459	0.77%
Hanover Public SD	York	0.3954	0.5214	0.1260	24.01%
Norristown Area SD	Montgomery	0.3802	0.5062	0.1260	8.69%
Cheltenham SD	Montgomery	0.2761	0.3997	0.1236	2.54%
Bensalem Township SD	Bucks	0.2789	0.3954	0.1165	15.35%
Lower Moreland Twp SD	Montgomery	0.1500	0.2661	0.1161	10.15%
Chambersburg Area SD	Franklin	0.4356	0.5504	0.1148	12.32%
Owen J Roberts SD	Chester	0.2251	0.3388	0.1137	15.31%
Conestoga Valley SD	Lancaster	0.2626	0.3758	0.1132	9.60%
Wyomissing Area SD	Berks	0.2911	0.4012	0.1101	2.71%
Upper Moreland Twp SD	Montgomery	0.2361	0.3426	0.1065	2.42%



DISCONNECT BETWEEN MV AND PI

School District	County	2019-20 MV / PIAid Ratio	2019-20 MV Aid Ratio	2019-20 PI Aid Ratio	PIAid Ratio Less MV Aid Ratio
Wallenpaupack Area SD	Pike	0.3209	0.1000	0.6523	0.5523
Wayne Highlands SD	Wayne	0.3377	0.1190	0.6659	0.5469
Western Wayne SD	Wayne	0.3169	0.1009	0.6411	0.5402
Forest Area SD	Forest	0.3138	0.1000	0.6347	0.5347
Rockwood Area SD	Somerset	0.2984	0.1000	0.5962	0.4962
Sullivan County SD	Sullivan	0.2895	0.1000	0.5739	0.4739
Galeton Area SD	Potter	0.4414	0.2617	0.7111	0.4494
Shanksville-Stonycreek SD	Somerset	0.2772	0.1000	0.5431	0.4431
West Greene SD	Greene	0.2386	0.1000	0.4467	0.3467
Jim Thorpe Area SD	Carbon	0.4863	0.3526	0.6871	0.3345



PASBO RECOMMENDATION #5

Use MHII metric from BEF formula to remove inaccuracies with MV/PI aid ratio and to mirror metric from BEF

- Provides a more accurate measure of local wealth
- Provides consistency in data with BEF formula
- Smooth MHI data over three years to mitigate fluctuations in federal data
- Use 50% of the MHII metric for all SDs to mirror MV/PI aid ratio range



MHII VS. MV/PI AID RATIO AS WEALTH METRIC

School District	County	2019-20 MV/PI Aid Ratio	2019-20 MV/PI Aid Ratio RANK	2019-20 MHI	2019-20 MHII	2019-20 MHII RANK
Forest Area SD	Forest	0.3138	50	\$38,899	1.4641	473
Pittsburgh SD	Allegheny	0.3057	46	\$43,985	1.2948	413
Sullivan County SD	Sullivan	0.2895	40	\$45,519	1.2511	397
Galeton Area SD	Potter	0.4414	118	\$39,079	1.4573	469
Bloomsburg Area SD	Columbia	0.4734	134	\$38,968	1.4615	470
Cornell SD	Allegheny	0.4908	148	\$42,579	1.3375	432
Clarion Area SD	Clarion	0.5220	184	\$40,923	1.3917	450
Indiana Area SD	Indiana	0.5060	162	\$43,129	1.3205	426
Wayne Highlands SD	Wayne	0.3377	61	\$51,003	1.1166	308



MHII MULTIPLIER

2017 Median Household Income (from BEF formula)	2016 Median Household Income (from BEF formula)	2015 Median Household Income (from BEF formula)	3-Year Average SD Median Household Income	SD 3 Yr Avg / State 3 Yr Avg	3 Yr Avg MHII	½ 3 Yr Avg MHII
\$39,457	\$37,561	\$38,707	\$38,575	0.6995	1.4296	0.7148

3 Yr Avg State Median
Household Income is \$55,148

MHII Multiplier
(Range is 0.2 to 1.25)



PASBO RECOMMENDATION #6

Replace Equalized Mills Multiplier to target the local impact of special education costs

- Move away from use of Equalized Mills to remove inaccuracies in MV data
- Use a multiplier that measures the local burden of special education costs in 2 ways
 1. Compare SD special education costs to total costs
 2. Compare SD special education costs to SD special education subsidy



LOCAL IMPACT MULTIPLIER METHODOLOGY

- Step 1: calculate SD special education expenditures (I200s plus support services) as a % of SD current expenditures
- Step 2: calculate special education subsidy/cost ratio (inverse to show the extent to which special education subsidy covers special education expenditures)
- Step 3: multiply the numbers in Step 1 and Step 2
- Step 4: apply the 70th percentile methodology used in current SEF formula (SDs above 70th percentile get 1.0 as a multiplier; those below 70th percentile use actual #)



LOCAL IMPACT MULTIPLIER EXAMPLE:

SD special education expenditures as a % of SD current expenditures

Example:

- 17-18 total SE costs: \$2,679,981
- 17-18 CE: \$16,730,432
- SE as % of CE: 0.1602

$$0.1602 \times 0.7294 = 0.1168$$

70th percentile is 0.1478

SE subsidy/cost ratio (inverse)

Example:

- 17-18 total SE funding: \$725,120
- 17-18 total SE costs: \$2,679,981
- Ratio: 0.7294

**Local Impact
Multiplier=0.7907**



LOCAL IMPACT MULTIPLIER IMPACT

151 SDs have a LIM of 1.0

(representing 52% of weighted student count)

349 SDs have a LIM below 1.0

(representing 48% of weighted student count)



PASBO RECOMMENDATION #7

Consider adjusting the allocation of charter school ADMs in the school district SEF formula

- Currently, charter school special education ADMs are included in the category counts in the SEF formula
- Category allocation for each charter school special education student is based on charter school expenditures
- SEF formula drives out SD special education subsidy based on SD expenditures, so for purposes of driving subsidy to SDs, allocate charter school ADMs based on the amount of charter school special education tuition the SD pays



PASBO RECOMMENDATION #8

Review the process for awarding contingency funds

- Process currently considers each individual student cost and does not give consideration to cumulative financial affect of multiple eligible students/high special education population
- Process does not currently take SD local wealth or other factors into consideration





THANK YOU FOR YOUR TIME AND ATTENTION.

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