



Analysis of Special Education Enrollments and Funding in Pennsylvania Rural and Urban School Districts

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Executive Summary

This research examined special education student enrollments in rural and urban school districts and in charter schools in Pennsylvania. It also conducted a fiscal analysis of the expenditures and revenues from state, federal, and local sources. Finally, it described the long-term fiscal impacts of special education on school district budgets and state and federal funding levels. The research covered the latest 10-year period (2002-03 through 2012-13) for which data were available.

The research used financial and enrollment data from the Pennsylvania Department of Education (PDE).

Overall special education enrollments did not grow and were essentially constant over the study period. Total enrollments grew by only 4,800 pupils (1.8 percent) from a base of approximately 270,000 enrollments. Enrollment growth occurred only in the first year.

This was in contrast to total student enrollments in school districts, which saw a net decline of 7.3 percent over the same period.

However, the composition of special education enrollments changed noticeably over the study period. Enrollments in school districts declined by almost 8,000 students, while special education enrollments in charter schools increased by 12,800. Although charter school special education enrollments increased rapidly, charter schools still served only 7 percent of all special education pupils.

Special education enrollments declined more so in rural school districts than in urban school districts: rural school districts lost more than 5,000 special education students (7.0 percent) since 2004-05, while urban districts,

even with their larger populations, declined by about 3,000 special education students (1.6 percent) in the same time period.

Expenditures for special education pupils consisted mainly of instructional expenses, although psychological services and speech pathology and audiology services added relatively small amounts to the total. Reported special education expenditures grew from \$1.9 billion in 2002-03 to about \$3.5 billion in 2012-13, an 82 percent increase. Rural districts showed a \$300 million increase (69 percent) over this time, while urban districts showed a greater increase (\$1.3 billion) and percent gain (86 percent). Concurrently, special education expenditures took a greater share of total school district expenditures, rising from approximately 10 percent to 12.4 percent for all districts, with special education in urban districts consistently having a higher share of total expenditures than rural districts.

However, not all reported special education expenditures were made by school district-operated programs: tuition payments to charter schools for district special education students are reported as district expenditures. Of the tuition payments to charter schools by school districts, less than half of the total amount was reported by charter schools as being spent for instruction and support services for special education students. In 2012-13, for example, \$150 million (43 percent) of the total tuition payments of \$350 million received by charter schools from school districts was reported for special education instruction and support services.

On the revenue side, state subsidies to school districts for special education showed small annual growth both in dollars and percent gains through about 2009-10, but stagnated or declined in the following years through 2012-13. Federal revenues for special education increased over the study period, first from the start of Pass-Through funds to school districts, then from a 2-year boost from American Reinvestment and Recovery Act (ARRA) funding, and lastly stabilizing at a lower level from continuing Pass-Through funds. The balance of funding came from school districts' funds, primarily generated through local taxes.

Over the 10-year study period, state subsidies and federal funding for special education each increased approximately \$140 million, while local funding rose by \$1.3 billion. The state share dropped from 42 percent to 27 percent, the federal share rose slightly from 3 percent to 5 percent, and the local share increased from 56 percent to 68 percent of total special education revenues. What was essentially an equal state/local partnership in 2002-03 changed dramatically to where the state is a minor partner and local districts have become major partners. The direct fiscal impact has been a shift of funding of more than \$500 million from prior levels of state support to local districts.

One issue highlighted by the research is the increasing impact on school districts that face the increasing fiscal burden of having to support almost all of the annual increases in special education expenditures. Enrollments are not under the control of school districts, as they are obligated to serve all special education students that enroll in the district.

Expenditures for special education students are largely driven by instructional programming specified in each student's Individual Educational Plan (IEP). Consequently, changes in state policy to increase funding levels through state subsidies are the most likely avenue to reduce the current local burden.

A consideration would be to maintain the state share of funding for special education and preferably to increase the state share over time. However, implementation of this recommendation is constricted by the current fiscal situation in the state. On the other hand, continuation of the current approach, with decreased state participation and little increase from federal sources, will result in even greater fiscal burdens on school districts and taxpayers.

Table of Contents

Introduction.....	5
Goals and Objectives	7
Methodology.....	7
Results	10
Conclusions.....	52
Policy Considerations	54
References.....	57
Appendix	58

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The Center for Rural Pennsylvania is a bipartisan, bicameral legislative agency that serves as a resource for rural policy within the Pennsylvania General Assembly. It was created in 1987 under Act 16, the Rural Revitalization Act, to promote and sustain the vitality of Pennsylvania’s rural and small communities.

Information contained in this report does not necessarily reflect the views of individual board members or the Center for Rural Pennsylvania. For more information, contact the Center for Rural Pennsylvania, 625 Forster St., Room 902, Harrisburg, PA 17120, telephone (717) 787-9555, email: info@rural.palegislature.us, www.rural.palegislature.us.

Introduction

School districts are under both federal and state mandates to provide appropriate programs and services to students eligible for special education. Both the number of special education students and their funding have long been important issues in the state (Hartman, 1991a-c, 1992, 1993). Prior funding formulas in Pennsylvania used an excess-cost approach for state funding for special education student expenditures greater than those of regular students (Hartman, 1990) and a census-based approach with fixed dollar amounts per student for two different classifications of students (mild, severe) based on standardized percentages of each type of student assumed for all districts (Hartman, 2001). However, since 2008-09, the state had not had a specific funding formula for special education, and the state funding amounts to districts were frozen in the state education budget at the 2008-09 appropriation levels. Expenditures for serving special education students, however, have continued to climb, with districts bearing an increasingly larger portion of the expenditures.

This study examined the direction and magnitude of these special education enrollment and fiscal trends and their net impact on school districts and the state over the 10 year period of 2002-03 to 2012-13, the most recent years for which data were available.

Special Education Funding Commission

Coming out of the “state government’s interest in reforming a system that has been in place for a long time but is often seen as not fairly and adequately serving the current needs in Pennsylvania for students with disabilities and their schools,”¹ the legislature established the Special Education Funding Commission in 2013 (Act 3 of 2013). Its purpose was to review the funding system for special education in the commonwealth and to recommend a new formula or approach for distributing state subsidies for special education. Following that report, the Pennsylvania legislature established a new formula to allocate new state funding (beyond the 2010-11 levels) based on three cost categories (Act 126 of 2014) for additional funds only.

The legislature appropriated \$19.8 million for special education subsidies for school districts for the 2014-15 school year. This amounted to a 2 percent increase in state funds, the first in 6 years. (Note: the increased funding represents an update to the information in this research since it was outside of the time period of this study.)

Enrollments

Counts of students in special education in Pennsylvania are collected from school districts and charter schools by the Pennsylvania Department of Education (PDE) by disability category. In addition to the disability categories, Pennsylvania includes gifted students in its definition of special education. However, the enrollment numbers in this research include only students with disabilities.

¹ Special Education Funding Commission Report, December 2013, p. 5.

Two primary enrollment factors determine the expenditures of special education: 1) the numbers and types of students served and 2) the programs and services they received. The factors are interrelated, but each factor has several dimensions that independently influence expenditures. On the student side, the total number of students is important, but equally important are the types of students. Students with different types of disabilities can require very different programs and services, ranging from supplemental assistance in a regular classroom to self-contained special classrooms to more intensive and costly services provided in an institutional setting. The expenditures for each of these types of services vary because of the types and quantities of resources needed to provide the program or service and by the specific arrangement of those resources.

Fiscal Data

Pennsylvania's educational accounting system for collecting and reporting fiscal data maintains special education expenditure data as a separate accounting function, distinct from other instructional functions. This expenditure function of Special Programs in the Pennsylvania Manual of Accounting² serves to organize the various expenditures related to: "Activities designed primarily for students having special needs. The Special Programs include support classes for pre-kindergarten, kindergarten, elementary and secondary students identified as exceptional." All of the expenditures classified as special education are collected and reported in this function.

Likewise, the accounting system collects special education revenue data received by school districts from state subsidies and federal funding, either directly from the Individuals with Disabilities Act (IDEA) or through Pass-Through funding via the intermediate units.³ Additionally, for several years in the study period, special education received additional federal monies from the American Recovery and Reinvestment Act (ARRA) funding and they are included in the analyses.

Charter Schools

School districts are not the only local education agencies in Pennsylvania that serve special education students and receive funding for their programs and services. Charter schools, both brick and mortar and cyber, represent a growing presence in special education in the number of students served, the expenditures to serve these students, and the revenues they collect to support their programs. The state accounting system also collects data on expenditures for special education reported by charter schools and the revenues they receive, primarily from tuition payments from school districts. Although they are still a relatively small component of special education in the state, they are becoming an increasingly larger provider and, consequently, charter school enrollments, special education expenditures and revenues are included in this report as well.

² Manual of Accounting and Financial Reporting for Pennsylvania Public Schools, Chart of Accounts. Section E, p. 2, 2011.

³ Pass-Through funding for special education are federal monies received by intermediate units but transferred to school districts for their use. See the Manual of Accounting and Financial Reporting for Pennsylvania Public Schools, Chart of Accounts. Glossary, pg. 17, 2011, for the general definition.

Goals and Objectives

The study goal was to determine trends in special education enrollments and funding in rural and urban school districts and charter schools.

The study objectives were to: determine the number of special education students in rural and urban school districts and in charter schools; examine the share of students served in each type of district and between school districts and charter schools; identify the numbers and distribution of special education students by type of disability in school districts and charter schools; identify the total expenditure amounts for special education instruction and support services for all districts combined and by rural and urban districts and by charter schools; determine the annual growth of special education expenditures in both dollars and percentages and by charter schools; determine the expenditures per student for special education; document the amounts and sources of funding to support special education services from local, state, federal, and other sources; and combine the expenditure and revenue findings to determine the resulting fiscal impact on school districts.

Methodology

This study analyzed secondary data on the number of special education students and special education expenditures and revenues from 2002-03 through 2012-13 for rural and urban school districts and charter schools. The primary source for financial data was the Pennsylvania Department of Education (PDE). Enrollment data for special education students in Pennsylvania are kept in PDE's PennData Special Education Reporting System, which is maintained by the Pennsylvania State Data Center.

The research separated districts into rural and urban classifications based on the Center for Rural Pennsylvania's definition as follows: a school district is rural when the number of persons per square mile within the school district is less than 284; school districts that have 284 people or more per square mile are considered urban. Charter schools were classified into brick and mortar and cyber schools according to PDE's identification. Findings for rural and urban special education enrollments, expenditures, and revenues were also aggregated to the state level to determine the total state results.

Enrollments

As noted earlier, enrollment data were used for students with disabilities only. Students classified as gifted were not included. To qualify as "gifted," students must go through a district evaluation and have an Individual Education Plan (IEP) created for specially designed instruction to meet their academic needs; as an alternative to this process, many districts have implemented learning enrichment programs to serve a broader range of talented students, including support for gifted students; inclusion in these programs does not require students to have an IEP. Consequently, otherwise "gifted students" in one district may not be counted in another and reliable, consistent data were not available.

For enrollment analyses, the study separated school districts into rural and urban school districts and divided the charter schools into brick and mortar and cyber charter schools. It was not feasible to separate the charter schools into rural and urban since cyber charter schools serve students from all districts across the state and did not fit into these categories. Secondly, the primary comparisons in the analyses were between school districts and charter schools and not subdivisions of these main groups.

The enrollment component compiled and analyzed the numbers, trends, and distributions of special education students in both rural and urban school districts and in brick and mortar and cyber charter schools, as well as overall comparisons between school districts and charter schools. Additionally, the incidence of special education students as a percentage of the total student population and by type of disability was examined for both school districts and charter schools. In the data provided by PDE, any category of special education disability with fewer than 10 students in an individual school district or charter school was not displayed to protect the confidentiality of those students. As a result, the special education student data by disability category were not fully complete, but provided a close approximation of the total. To mitigate the lack of data in some categories, the analyses included the six disability categories with the largest numbers: Autism; Emotional Disturbance; Mental Retardation; Other Health Impairment; Specific Learning Disability; and Speech and Language Impairment. Together, the reported numbers of the largest categories constituted 97 percent of the total special education enrollments. The remaining 3 percent included both students in the other smaller categories—Deaf-Blindness, Multiple Disabilities, Orthopedic Impairment, and Visual Impairment—and students from the larger categories that were in numbers too small to display in their districts.

Expenditures

The organization and accounting for fiscal data for elementary/secondary education are controlled by PDE's *Manual of Accounting and Financial Reporting for Pennsylvania Public Schools Chart of Accounts*.⁴ Within the accounting system, certain specific accounts are used to collect and report special education fiscal data. All special education expenditures are encompassed in the 1200 Special Programs function and the study used this function as the basis for expenditure data in the analyses. Two subfunctions of the 1200 function, namely subfunction 1243 Gifted Support and subfunction 1280 Early Intervention Support, were not broken out for separate analyses since they represented relatively minor portions of the total (3.5 percent and less than 1 percent, respectively). Two other instructional support areas – 2140 Psychological Service and 2150 Speech Pathology and Audiology Services – were initially included in the expenditure analyses but were later excluded since they were only a small fraction of the total special education expenditures and would not have affected the results.

While other expenditure areas contributed to special education expenditures, the amounts or shares devoted to special education are not reported separately and are not available from statewide databases. Consequently, non-reported expenditures for special education students were not included in the analyses.

⁴ Manual of Accounting and Financial Reporting for PA Public Schools, Chart of Accounts.

The expenditure analyses determined the spending amounts for special education students in both rural and urban school districts and charter schools. These analyses included annual total dollar amounts over the study period, percent of expenditures in rural and urban districts, annual dollar and percent changes in expenditure amounts, expenditure trends, and comparisons between school districts and charter school expenditure results. Additionally, the study calculated the spending per special education student amount by school district. All dollar amounts for both expenditures and revenues were expressed in current dollars and were not adjusted for inflation.

Revenues

The revenue analyses focused on special education funding sources. The sources outside school districts are state subsidies for special education, and funds from federal grants. At the state level, the primary identified revenue source is the categorical subsidy provided to school districts, coded under revenue source 7270, Specialized Education of Exceptional Pupils in the *Manual of Accounting and Financial Reporting for PA Public Schools Chart of Accounts*. This consists of two components, sub-source 7271 for Special Education Funding for School Aged Pupils, and revenue source 7272 for Early Intervention. These two amounts were combined in the revenue analyses since the school-aged portion represents 99 percent of the total.

At the federal level, the primary funding for special education comes through the Individuals with Disabilities Education Act (IDEA), since 2004 titled Individuals with Disabilities Education Improvement Act (IDEIA). This overall federal funding stream is broken into two distribution mechanisms—funding from the federal level directly to school districts and Pass-Through funds that reach the school district via intermediate organizational levels. Within each of these funding streams there have been two funding sub-streams based on the federal program providing the funds—IDEA and the American Recovery and Reinvestment Act of 2009 (ARRA). For the direct federal funding stream, the accounting revenue codes under which the grants are reported are: IDEA (8512/8513) and ARRA (8701/8702) in the years in which they were available. Pass-Through monies are reported under IDEA (6832) and ARRA (6833).

The analyses for both state and federal sources determined the annual total amounts by funding source, the percent share of the total funding received by rural and urban districts, the annual changes in the dollar amounts received by the districts, and the percent annual change this represented.

The balance of the funding for special education to meet the districts' expenditures comes from local funds, primarily local taxes. In the analyses, it was not possible to determine if districts received additional funds for special education from other sources; if so, they would be short-term competitive grants for specific pilot or implementation project work and not long-term sources of funding for special education. For this analysis, they were included in the local funds total.

Financial Summary

A series of analyses were conducted to build annual financial summaries for special education. These analyses determined how much funding was required from local sources, and tracked the changes over time of local, state, and federal support for special education. The annual local funding amounts were determined by subtracting all state and federal revenue sources for special education from the total special education expenditures for districts. After taking into account these other funding sources, the only other source is local funds. Conceptually, the balance of funding needed to support special education expenditures after using outside sources is provided by school districts through local revenues. These fiscal summary analyses were carried out over the 11-year study period. Annually, the amount of state, federal, and local funding provided for special education was calculated. From these calculations, additional analyses determined the annual dollar amount change in each of the fiscal accounts, the percentage change for each, and the percentage of support provided by each funding source. The results were charted to show the trends in support for special education over the study period.

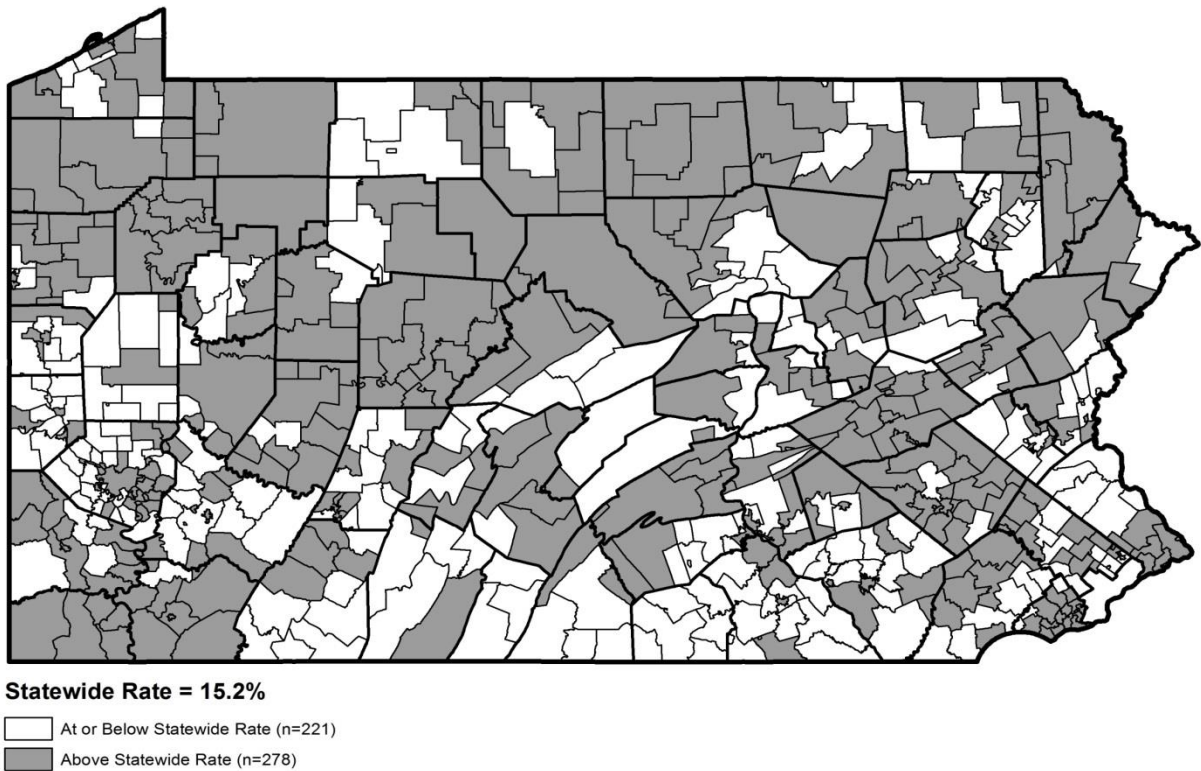
Results

Special Education Enrollments

For 2012-13, the statewide average for special education students was 15.2 percent of the total school population. Districts ranged from a low of 7.0 percent to a high of 30.1 percent and a statewide rate of 15.2 percent. The total enrollment rate of special education students by district in relation to the state average is shown in Map 1⁵. Overall, 221 districts were below the statewide average and 278 districts were above. While there are numerous exceptions, the general pattern seems to be that districts in the northern half of the state have higher proportions of special education students in their total populations. The southern half of the state is more of a mixed picture with no higher or lower proportion pattern prevailing.

⁵ Map by the Center for Rural Pennsylvania, based on data from Pennsylvania State Data Center.

Map 1: Rate of Special Education Students by District, 2012-13



Special Education Enrollments in School Districts and Charter Schools

Special education students in Pennsylvania are served in two primary ways—school districts and charter schools. As shown in Table 1, the dominant providers of special education services are school districts. In 2012-13, 93 percent of all special education students were enrolled in school districts, while 7 percent were enrolled in charter schools. However, over the last 9 years, both the number and share of special education students in school districts have declined steadily. Overall, school districts had 7,970 fewer special education students, which represents a 3.1 percent decline in enrollments since 2004-05. Over the same time period, charter schools gained 12,791 special education students, a 242.3 percent increase from a beginning base of 5,280 (See Figure 1). (Note that the vertical axis scales for school districts and charter schools are different to demonstrate the trends more clearly.) Special education enrollment for school districts showed a steady decline, while charter school special education enrollments moved steadily upward. The trend lines show the slope and direction of each result and clearly demonstrate the differing movements for school district and charter school enrollments. However, it is important to keep in mind that charter schools are still a relatively minor, although growing, provider of special education instruction for students in Pennsylvania.

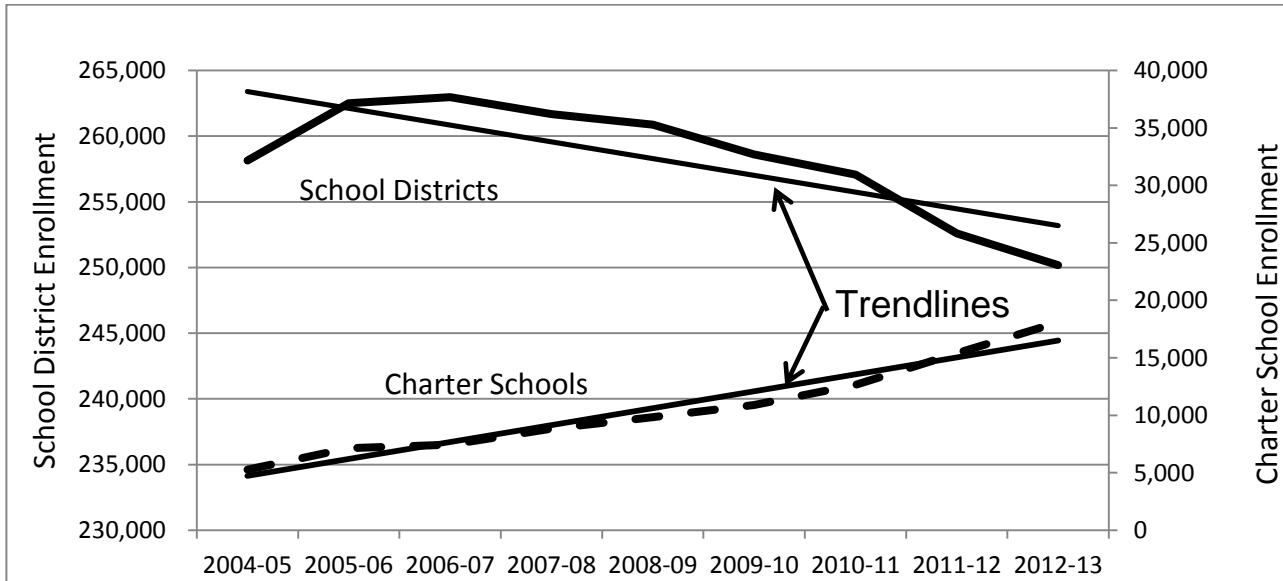
Compared to numbers for total student enrollments, the relative decline in school districts for special education enrollments was less than the decline in total district enrollments, while special education enrollments in charter schools increased at a substantially faster rate than their total enrollments.

Table 1: Special Education Enrollments by School Districts and Charter Schools*

Year	Total Enrollment		Special Education Enrollment			Share of Special Education Enrollment	
	School District	Charter School	School District	Charter School	Total	School District Share	Charter School Share
2004-05	1,771,532	47,185	258,142	5,280	263,422	98%	2%
2005-06	1,766,921	54,730	262,492	7,128	269,620	97%	3%
2006-07	1,753,129	58,377	262,955	7,441	270,396	97%	3%
2007-08	1,718,588	62,527	261,678	8,831	270,509	97%	3%
2008-09	1,697,300	72,602	260,872	9,824	270,696	96%	4%
2009-10	1,713,239	79,185	258,601	10,882	269,483	96%	4%
2010-11	1,703,800	90,632	257,060	12,640	269,700	95%	5%
2011-12	1,660,382	104,985	252,580	15,399	267,979	94%	6%
2012-13	1,641,781	118,449	250,172	18,071	268,243	93%	7%
9 Year Change	(129,751)	71,264	(7,970)	12,791	4,821	(-5%)	5%
9 Year % Change	(-7.3%)	151.0%	(-3.1%)	242.3%	1.8%		

* Special education enrollment data do not include students identified as gifted. *Source:* Pennsylvania Department of Education.

Figure 1: Special Education Enrollments in School Districts and Charter Schools



Source: Pennsylvania Department of Education.

As a result of the decreasing district special education enrollments and the increasing charter school special education enrollments, the relative shares of special education enrollments between the two groups have shifted over the past 9 years. The district share dropped by 5 percentage points (from 98 percent to 93 percent), while the charter school share increased 5 percentage points (from 2 percent to 7 percent). Even after this steady shift, school districts still served more than 90 percent of special education students.

This section provides a further analysis of the enrollment patterns of special education students in school districts first by rural and urban school districts and second by type of charter school. At latest count, of the total 500 school districts, there are 235 rural districts and 265 urban school districts, according to the Center for Rural Pennsylvania’s definition. The numbers of special education students by rural and urban districts and in total are shown in Table 2.

**Table 2: Special Education Enrollments
by Rural and Urban Districts and by Type of Charter School**

	School Districts			Charter Schools			State Total
	Rural	Urban	Total	Brick & Mortar	Cyber	Total	
2004-05	71,670	186,472	258,142	4,584	696	5,280	263,422
2005-06	72,367	190,125	262,492	5,846	1,282	7,128	269,620
2006-07	72,163	190,792	262,955	5,799	1,642	7,441	270,396
2007-08	71,439	190,239	261,678	6,639	2,192	8,831	270,509
2008-09	70,779	189,971	260,750	7,169	2,655	9,824	270,574
2009-10	69,490	189,111	258,601	8,734	2,148	10,882	269,483
2010-11	68,756	188,304	257,060	8,669	3,971	12,640	269,700
2011-12	67,399	185,181	252,580	10,464	4,935	15,399	267,979
2012-13	66,626	183,546	250,172	13,940	4,131	18,071	268,243
9 Year Change	(5,044)	(2,926)	(7,970)	9,356	3,435	12,791	4,821
9 Year % Change	-7.0%	-1.6%	-3.1%	204.1%	493.5%	242.3%	1.8%

Source: Pennsylvania Department of Education.

In both rural and urban school districts, there was a decline in special education enrollments over the past 9 years, with rural school districts having substantially larger losses in both the numbers (5,044) and percentage (-7.0 percent) of students than urban school districts, which dropped 2,926 special education students (-1.6 percent). As the decline has been occurring all across the state, the proportions of special education students served by rural and urban school districts have slowly dropped over the study period, declining by approximately 2 percent in the share of all special education student enrollments statewide.

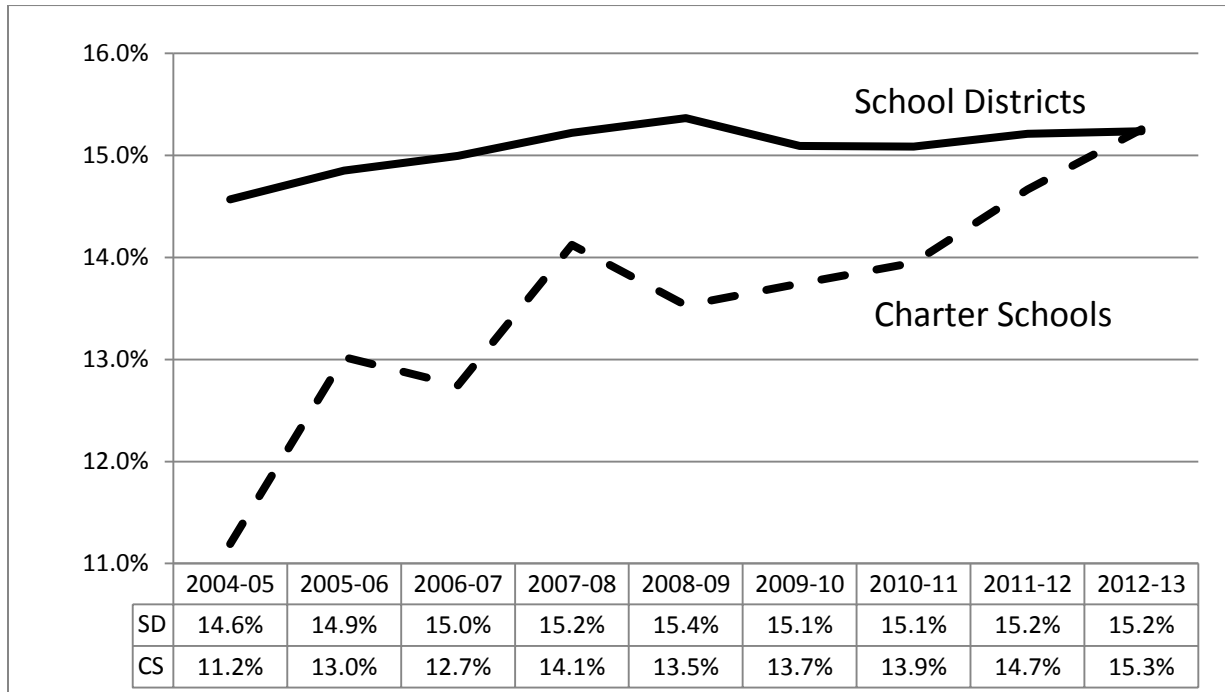
The separate analysis in Table 2 of special education enrollments by type of charter school—brick and mortar and cyber—reveals different enrollment patterns from school districts. For both brick and mortar and cyber charter schools, enrollments grew substantially over the study period. Brick and mortar charter schools gained 9,356 special education students (204 percent) and cyber charter schools gained 3,435 special education students (494 percent), which were very large percentage increases from small bases.

Percent of Special Education Students in Total Enrollments

To examine the special education enrollments served by school districts and charter schools in more detail, the researchers conducted several additional analyses (See Figure 2). Over the past 9 years, the proportion of special education students served by school districts has been relatively stable at about 15 percent, growing only very

slightly. However, the proportion of special education students served in charter schools has grown steadily from 11.2 percent of the total student population in 2004-05 to 15.3 percent in 2012-13, when it exceeded the rate in school districts.

Figure 2: Special Education Enrollments as Percent of Total Enrollment, School Districts and Charter Schools



Source: Pennsylvania Department of Education.

Table 3 compares the results for rural and urban school districts and for brick and mortar and cyber charter schools. Throughout the study period, rural school districts had a higher percentage of special education students in their populations than did urban schools, generally about 0.7 percent greater. Also during these years, the proportion of students increased through 2008-09, but dropped and then leveled off beginning in 2009-10. In both rural and urban school districts, the share of special education students increased between 0.6 and 0.7 percent over the study period. Again, charter schools showed different patterns. Brick and mortar charter schools had a slow and fairly steady annual growth over the study period, increasing their service level for special education students to 15 percent of their total student population. Cyber charter schools, on the other hand showed substantial growth, doubling their enrollments of special education students from 8 percent to more than 16 percent in the same time period. By 2012-13, cyber charter schools had 16.4 percent special education students in their total student population, a higher share than either rural or urban school districts or brick and mortar charter schools.

Table 3: Special Education Enrollments as Percent of Total Enrollment, Rural and Urban School Districts and Brick and Mortar and Cyber Charter Schools

	School Districts			Charter Schools			State Total
	Rural	Urban	Average	Brick & Mortar	Cyber	Average	
2004-05	15.1%	14.4%	14.6%	11.9%	8.0%	11.2%	14.5%
2005-06	15.4%	14.7%	14.9%	13.7%	10.7%	13.0%	14.8%
2006-07	15.5%	14.8%	15.0%	13.5%	10.7%	12.7%	14.9%
2007-08	15.7%	15.1%	15.2%	14.5%	13.0%	14.1%	15.2%
2008-09	15.9%	15.2%	15.4%	14.1%	12.2%	13.5%	15.3%
2009-10	15.6%	14.9%	15.1%	14.1%	12.4%	13.7%	15.0%
2010-11	15.7%	14.9%	15.1%	13.7%	14.5%	13.9%	15.0%
2011-12	15.7%	15.0%	15.2%	14.4%	15.3%	14.7%	15.2%
2012-13	15.7%	15.1%	15.2%	15.0%	16.4%	15.3%	15.2%
9-Year Change	0.6%	0.7%	0.7%	3.0%	8.4%	4.1%	0.8%

Source: Pennsylvania Department of Education.

Types of Special Education Students Served

Another comparison of special education student populations between school districts and charter schools examines the different types of special education students they serve. Due to the nature of their disabilities, some special education students require additional and more intensive instructional and support services to meet their educational needs. These services are more costly to provide because of requirements such as smaller student/teacher ratios, additional instructional aides, specialized supplies and equipment, and different transportation arrangements. Chambers, Shkolnik, and Perez (2003), found: “The two most common disabilities, specific learning disability (SLD) and speech/language impairment (SLI), make up over 60 percent of the population . . . These are also the two disabilities with the lowest per pupil expenditures.”

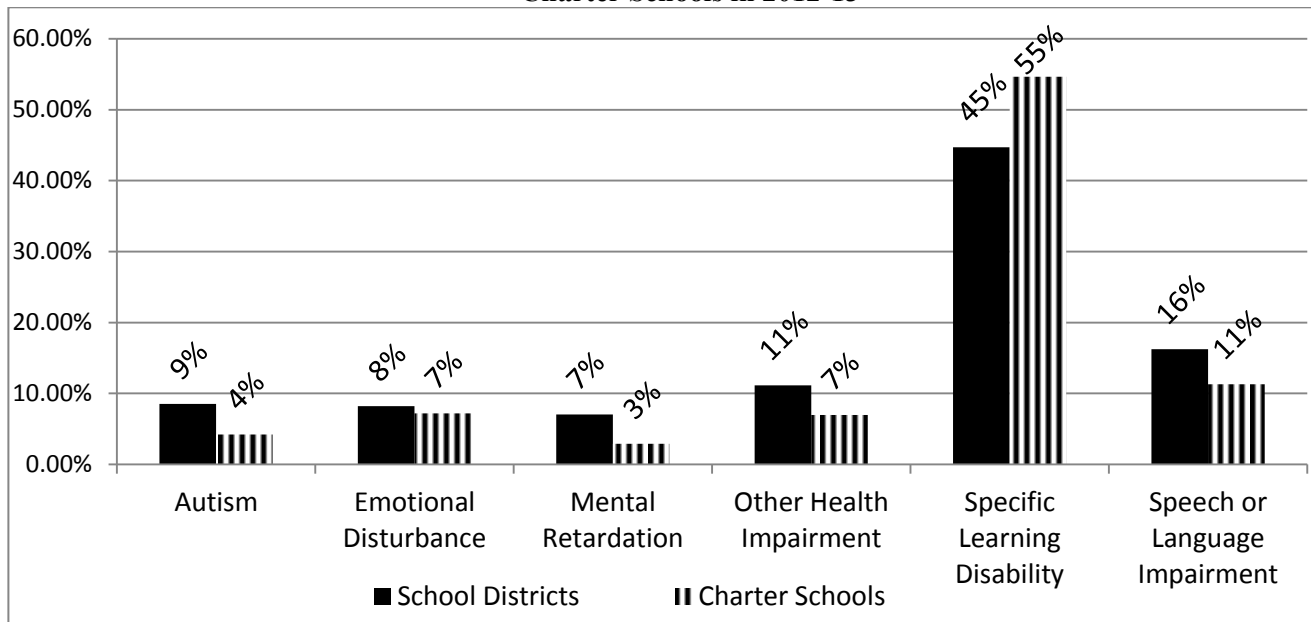
The study also determined a “spending ratio” by disability (shown below), which represented the ratio of spending on a special education student with a particular disability. The higher the ratio the greater the per student spending for that special education student. The ratios by disability were:

<u>Disability</u>	<u>Spending Ratio</u>
Autism	2.9
Emotional Disturbance	2.2
Hearing Impairment/Deafness	2.4
Mental Retardation	2.3
Multiple Disabilities	3.1
Orthopedic Impairment	2.3
Other Health Impairment	2.0
Specific Learning Disability	1.6
Speech/Language Impairment	1.7
Traumatic Brain Injury	2.5
Visual Impairment/Blindness	2.9

As an example, the spending ratio for autism of 2.9 means that, on average, the expenditure per autistic student is 2.9 times as much as an average regular education student.

This study examined whether the special education student populations served by school districts and charter schools are similar or different in terms of their severity, and, consequently, more or less costly to serve. Figure 3 presents the comparison between the most common categories of special education students served by school districts and charter schools in 2012-13, the latest year of available data.

Figure 3: Largest Special Education Categories Served by School Districts and Charter Schools in 2012-13



Note: Totals do not add to 100% because all categories are not shown. Source: Pennsylvania Department of Education.

The largest single category for either school districts or charter schools is specific learning disabilities; 55 percent of charter school special education students were in this category, while school districts had 45 percent of their special education students classified here. This was the only category in which charter schools had a higher

percentage of their special education students than school districts and it had the lowest spending ratio (SR 1.6). The second largest category was speech and language impairments (SR 1.7) (16 percent for school districts and 11 percent for charter schools). While these two categories represent the largest share of special education enrollments in both school districts and charter schools (61 percent and 66 percent, respectively), they are the categories with the lowest spending ratios. The other four categories are low incidence disabilities and have higher spending ratios (autism 2.9, emotional disturbance 2.2, mental retardation 2.3, and other health impairment 2.0). School districts had from 7 percent to 11 percent of their special education students in these categories, and charter schools had from 3 percent to 7 percent of their students in these categories. The higher expenditure disabilities for school districts totaled 37 percent of the special education population they served, while the higher expenditure disabilities comprised 21 percent of the charter school's special education population. In summary, school districts and charter schools had approximately the same proportions of students with lower expenditure disabilities, but school districts served greater proportions of students with higher expenditure disabilities.

Special Education Expenditures

Expenditures made on behalf of special education students are reported in several accounting categories in Pennsylvania. The bulk of these expenditures is for instructional programs, listed in the *Manual of Accounting and Financial Reporting for PA Public Schools Chart of Accounts*, under expenditure code 1200, and referred to as Special Education expenditures;⁶ they comprise over 96 percent of the total expenditures for special education students. By 2012-13 school districts reported approximately \$3.5 billion in expenditures for special education, a substantial increase from the \$1.9 billion in 2002-03. There are two other expenditure categories that provide support services primarily to special education students: Psychological Services (code 2140) and Speech Pathology and Audiology Services (code 2150). They comprise 3.3 percent and 0.2 percent, respectively, of the total expenditures for students with disabilities (See Table 4). The proportion of these three types of expenditures holds across rural and urban districts as well.

⁶ Function 1200 also includes expenditures for gifted students (approximately 3.5 percent of the total and for early intervention programs for children in Pennsylvania with developmental delays and disabilities).

**Table 4: Special Education Expenditures, Instruction and Support
by Rural and Urban School Districts**

All Districts

Year	Special Education	Psychological Services	Speech	Total
Code	1200	2140	2150	
2002-03	\$1,898,553,576	\$70,348,579	\$1,851,725	\$1,970,753,881
2003-04	\$2,086,101,185	\$74,990,032	\$3,019,048	\$2,164,110,266
2004-05	\$2,272,801,796	\$80,648,558	\$3,126,451	\$2,356,576,805
2005-06	\$2,438,376,498	\$85,170,629	\$3,475,355	\$2,527,022,482
2006-07	\$2,608,895,090	\$91,281,213	\$4,294,227	\$2,704,470,529
2007-08	\$2,762,992,090	\$96,138,860	\$4,540,996	\$2,863,671,946
2008-09	\$2,901,398,746	\$101,166,555	\$5,136,675	\$3,007,701,975
2009-10	\$3,090,167,393	\$108,931,055	\$5,423,883	\$3,204,522,331
2010-11	\$3,245,011,769	\$112,651,539	\$6,770,814	\$3,364,434,122
2011-12	\$3,290,672,495	\$115,207,636	\$7,841,808	\$3,413,721,939
2012-13	\$3,461,058,240	\$118,642,074	\$8,197,945	\$3,587,898,259
% by Code	96.5%	3.3%	0.2%	100.0%

Rural Districts

Year	Special Education	Psych Services	Speech	Total
Code	1200	2140	2150	
2002-03	\$437,146,555	\$15,274,353	\$1,225,449	\$453,646,357
2003-04	\$477,500,059	\$17,021,843	\$1,272,176	\$495,794,078
2004-05	\$516,025,746	\$18,227,242	\$1,450,219	\$535,703,206
2005-06	\$553,805,560	\$18,857,260	\$1,591,773	\$574,254,593
2006-07	\$589,869,542	\$20,619,018	\$2,074,416	\$612,562,976
2007-08	\$618,160,557	\$22,183,256	\$2,186,962	\$642,530,774
2008-09	\$644,204,953	\$22,858,778	\$2,291,490	\$669,355,220
2009-10	\$697,386,656	\$23,911,902	\$2,504,922	\$723,803,480
2010-11	\$721,797,619	\$25,618,089	\$3,183,909	\$750,599,617
2011-12	\$715,388,751	\$26,356,869	\$3,406,218	\$745,151,838
2012-13	\$738,401,201	\$27,233,073	\$3,428,856	\$769,063,130
% by Code	96.0%	3.5%	0.4%	100.0%

Urban Districts

Year	Special Education	Psych Services	Speech	Total
Code	1200	2140	2150	
2002-03	\$1,461,407,021	\$55,074,227	\$626,276	\$1,517,107,524
2003-04	\$1,608,601,126	\$57,968,190	\$1,746,872	\$1,668,316,188
2004-05	\$1,756,776,050	\$62,421,316	\$1,676,232	\$1,820,873,598
2005-06	\$1,884,570,938	\$66,313,369	\$1,883,582	\$1,952,767,889
2006-07	\$2,019,025,547	\$70,662,195	\$2,219,811	\$2,091,907,553
2007-08	\$2,144,831,533	\$73,955,604	\$2,354,035	\$2,221,141,172
2008-09	\$2,257,193,793	\$78,307,776	\$2,845,186	\$2,338,346,755
2009-10	\$2,392,780,737	\$85,019,152	\$2,918,961	\$2,480,718,851
2010-11	\$2,523,214,149	\$87,033,450	\$3,586,905	\$2,613,834,505
2011-12	\$2,575,283,744	\$88,850,767	\$4,435,590	\$2,668,570,100
2012-13	\$2,722,657,039	\$91,409,001	\$4,769,089	\$2,818,835,129
% by Code	96.6%	3.2%	0.2%	100.0%

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Since special education expenditures are the dominant expenditures for students with disabilities, the fiscal analyses will concentrate in this area (Function 1200) unless otherwise noted.

Special Education Expenditures in Rural and Urban School Districts

As shown in Table 5, the majority of special education expenditures are in urban districts. This is a consistent pattern with urban districts having 77 percent of the expenditures in 2002-03 and rising to 79 percent by 2012-13. Rural districts have the reverse pattern, dropping from 23 percent of expenditures in 2002-03 to 21 percent by 2012-13.

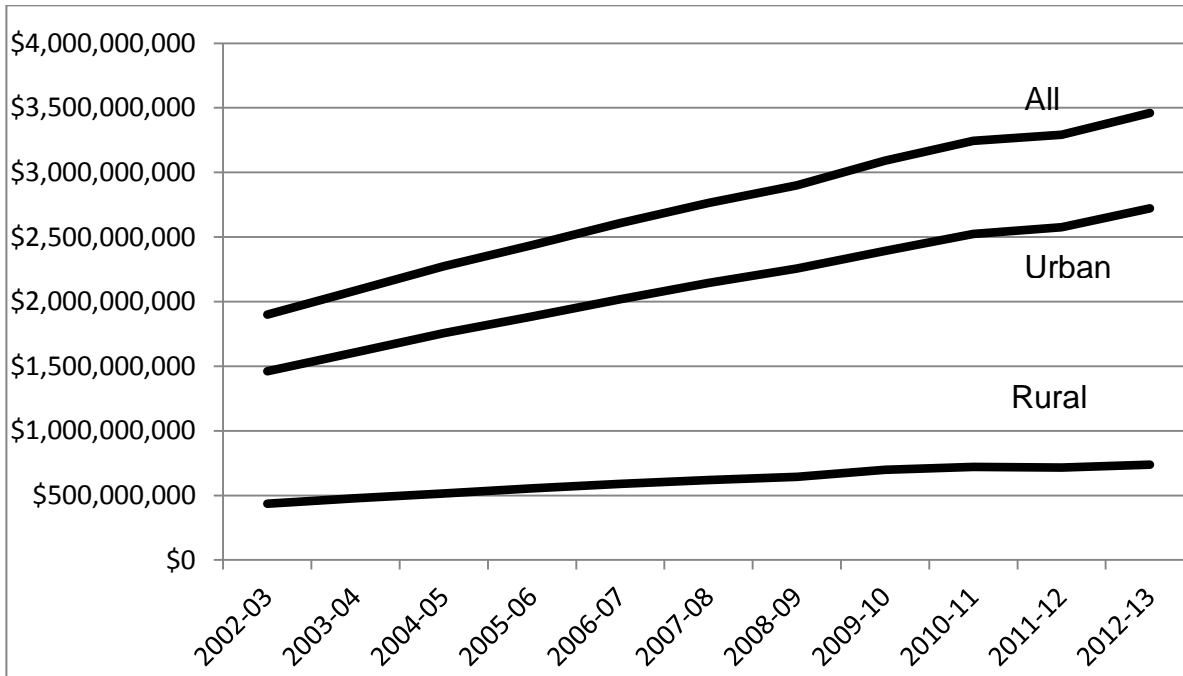
Table 5: Special Education Expenditures, Share by Rural and Urban School Districts

Year	Rural	Urban
Code	1200	1200
2002-03	23%	77%
2003-04	23%	77%
2004-05	23%	77%
2005-06	23%	77%
2006-07	23%	77%
2007-08	22%	78%
2008-09	22%	78%
2009-10	23%	77%
2010-11	22%	78%
2011-12	22%	78%
2012-13	21%	79%

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Throughout the 11-year period, there was a steady growth in special education expenditures, with urban districts showing a sharper increase than rural districts (See Figure 4).

Figure 4: Special Education Expenditure Trends, Rural and Urban School Districts



Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Changes in Special Education Expenditures

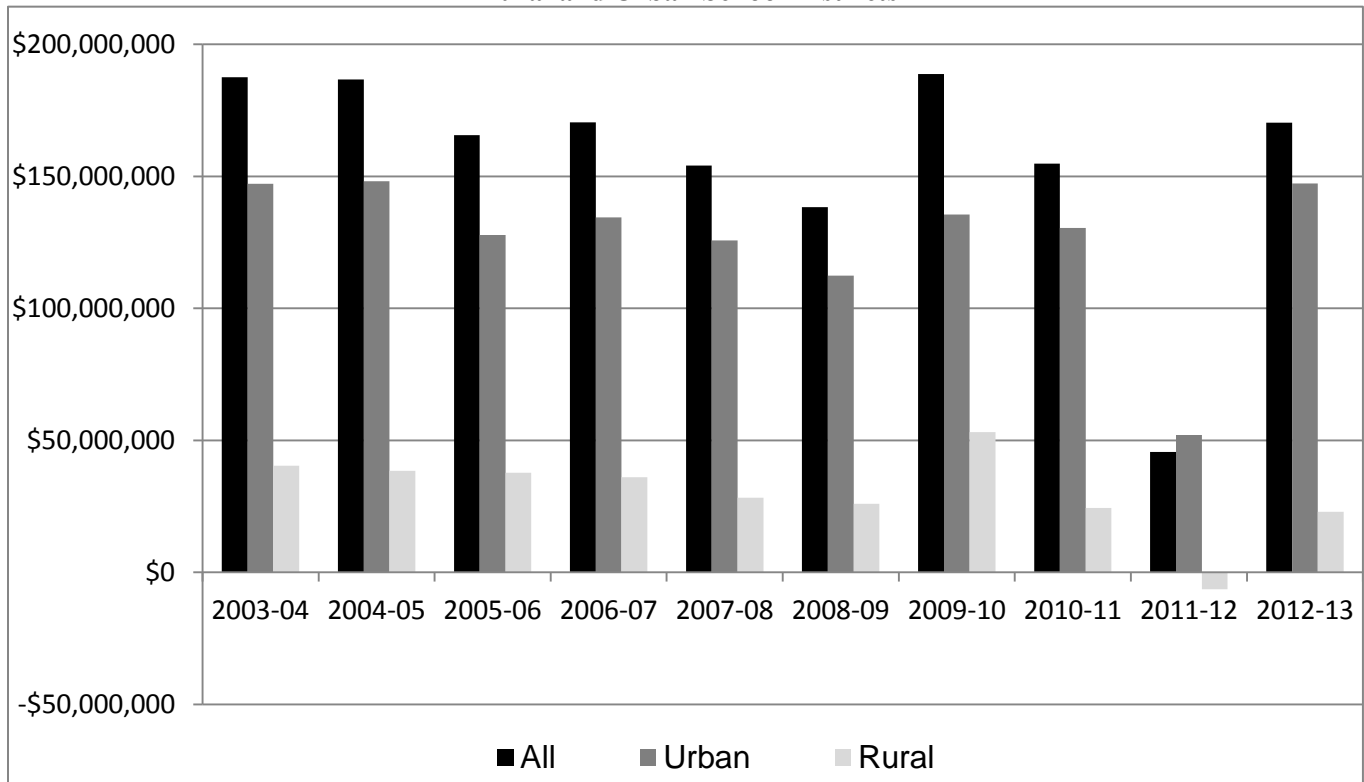
As indicated in Table 6, there has been a 10-year total increase of almost \$1.6 billion in special education expenditures for all districts. Of this total, expenditures for rural school districts have increased a total of \$300 million (69 percent), with annual expenditure increases generally in the \$25 million to \$50 million range. Urban districts have had an almost \$1.3 billion increase (86 percent), with annual increases in the \$110 million to \$150 million range. The only interruption in this pattern was in 2011-12, when rural districts reduced expenditures by \$6 million and urban districts dropped their annual increase to \$52 million (about 40 percent of the usual amount) (See Figure 5).

Table 6: Annual Growth of Special Education Expenditures, Rural and Urban School Districts

Year	Rural	Urban	Total
Code	1200	1200	1200
2003-04	\$40,353,504	\$147,194,105	\$187,547,609
2004-05	\$38,525,687	\$148,174,924	\$186,700,611
2005-06	\$37,779,814	\$127,794,888	\$165,574,702
2006-07	\$36,063,982	\$134,454,609	\$170,518,592
2007-08	\$28,291,015	\$125,805,986	\$154,097,001
2008-09	\$26,044,396	\$112,362,260	\$138,406,656
2009-10	\$53,181,703	\$135,586,944	\$188,768,647
2010-11	\$24,410,963	\$130,433,412	\$154,844,376
2011-12	(\$6,408,868)	\$52,069,594	\$45,660,726
2012-13	\$23,012,450	\$147,373,295	\$170,385,745
10 Year \$ Change	\$301,254,646	\$1,261,250,018	\$1,562,504,664

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Figure 5: Annual Dollar Changes for Special Education Expenditures, Rural and Urban School Districts



Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Percent Changes in Special Education Expenditures

In addition to dollar changes, the research determined the annual percentage growth rates for special education expenditures for rural and urban schools over the study period. Overall, there was a downward trend for all areas. Growth rates for rural districts generally were lower than for urban districts, but were somewhat more volatile, showing higher increases in 2009-10 and lower increases in 2011-12. Early on, annual growth rates were in the 7 percent to 10 percent range, but later declined to the 3 percent to 5 percent levels. Growth rates were the lowest in 2011-12 for all districts and urban districts, while rural districts had a -1 percent change. The pattern of annual percentage changes for total expenditures for school districts paralleled those in special education expenditures in declining over the study period; they also were 1 percent to more than 3 percent lower each year during this same time (See Table 7).

**Table 7: Annual Percent Change of Special Education Expenditures,
Rural and Urban School Districts**

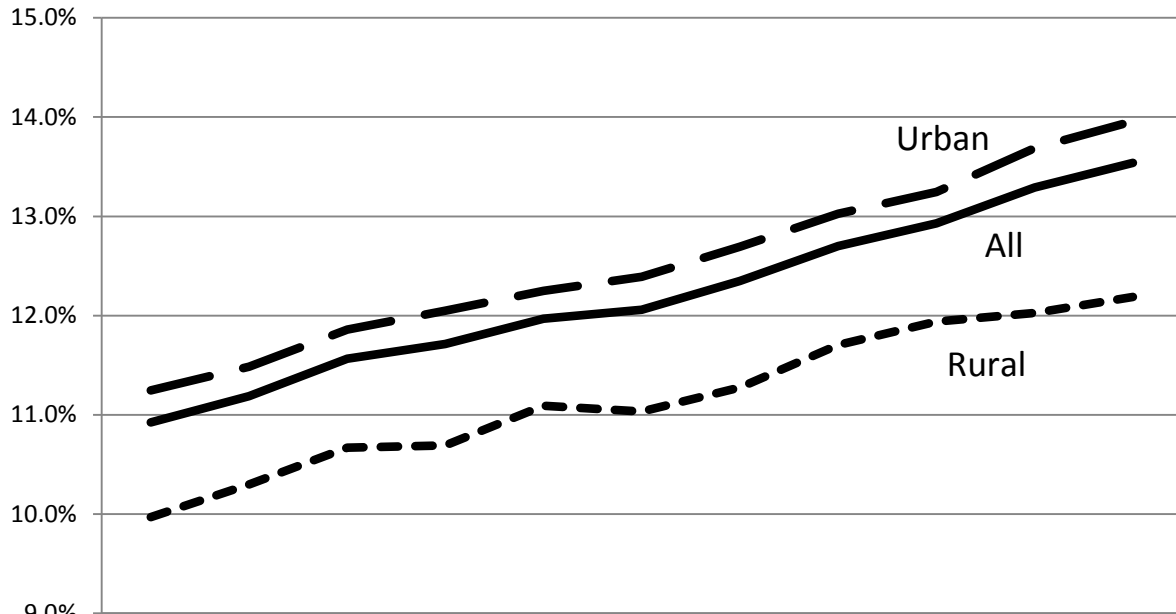
Year	Special Education Expenditures			Total Education Expenditures
	Rural	Urban	Total	
2003-04	9.2%	10.1%	9.9%	7.3%
2004-05	8.1%	9.2%	8.9%	5.4%
2005-06	7.3%	7.3%	7.3%	6.0%
2006-07	6.5%	7.1%	7.0%	4.7%
2007-08	4.8%	6.2%	5.9%	5.1%
2008-09	4.2%	5.2%	5.0%	2.5%
2009-10	8.3%	6.0%	6.5%	3.5%
2010-11	3.5%	5.5%	5.0%	3.2%
2011-12	-0.9%	2.1%	1.4%	-1.3%
2012-13	3.2%	5.7%	5.2%	3.2%
10 Year % Change	68.9%	86.3%	82.3%	47.1%

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Percent Special Education Expenditures of Total Expenditures

In both rural and urban districts, special education gained as a share of total expenditures during the study period. This indicates that special education was consuming a greater portion of total educational resources and other parts of the education budget were receiving a proportionately smaller share. Urban districts had the higher share of special education expenditures, starting at just over 11 percent of the total expenditures and growing to more than 14 percent in 10 years, a gain of 2.8 percent. While starting at a lower base, rural districts also had their share of special education expenditures increase from 10 percent in 2002-03 to 12.2 percent by 2012-13, a gain of 2.2 percent over the same time period. Overall, across all districts, special education expenditures increased their share of total expenditures by 2.4 percent, which indicates that an increasing proportion of district budgets were being allocated to special education.

Figure 6: Special Education Expenditures as Percent of Total Expenditures, Rural and Urban School Districts



	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
All	10.9%	11.2%	11.6%	11.7%	12.0%	12.1%	12.3%	12.7%	12.9%	13.3%	13.5%
Rural	10.0%	10.3%	10.7%	10.7%	11.1%	11.0%	11.3%	11.7%	11.9%	12.0%	12.2%
Urban	11.2%	11.5%	11.9%	12.0%	12.2%	12.4%	12.7%	13.0%	13.2%	13.7%	14.0%

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Expenditures Per Special Education Student

The expenditures per student for special education students have been steadily trending upward over the last 9 years for which enrollment data were available. The expenditures per student have grown each year, with the average per student expenditures, across all districts, of \$8,804 in 2004-05, and \$13,385 by 2012-13: a 9-year increase of \$5,030 per student (See Table 8).

Urban districts had higher per student expenditures than rural school districts each year. The annual dollar increases were fairly uniform for urban districts, averaging almost \$700 per year. However, the pattern for rural school districts was more erratic, averaging about \$500. For all districts, much smaller increase amounts were recorded in 2011-12, as districts reduced their total budgets to cope with the substantial loss of state aid; special education budgets were not immune to the overall budget pressures. The annual percentage growth rates reflected the dollar change patterns with urban districts showing a steady annual increase in the 5 percent to almost 7 percent range. Rural district growth again showed more annual variability. However, the total percent increases over the

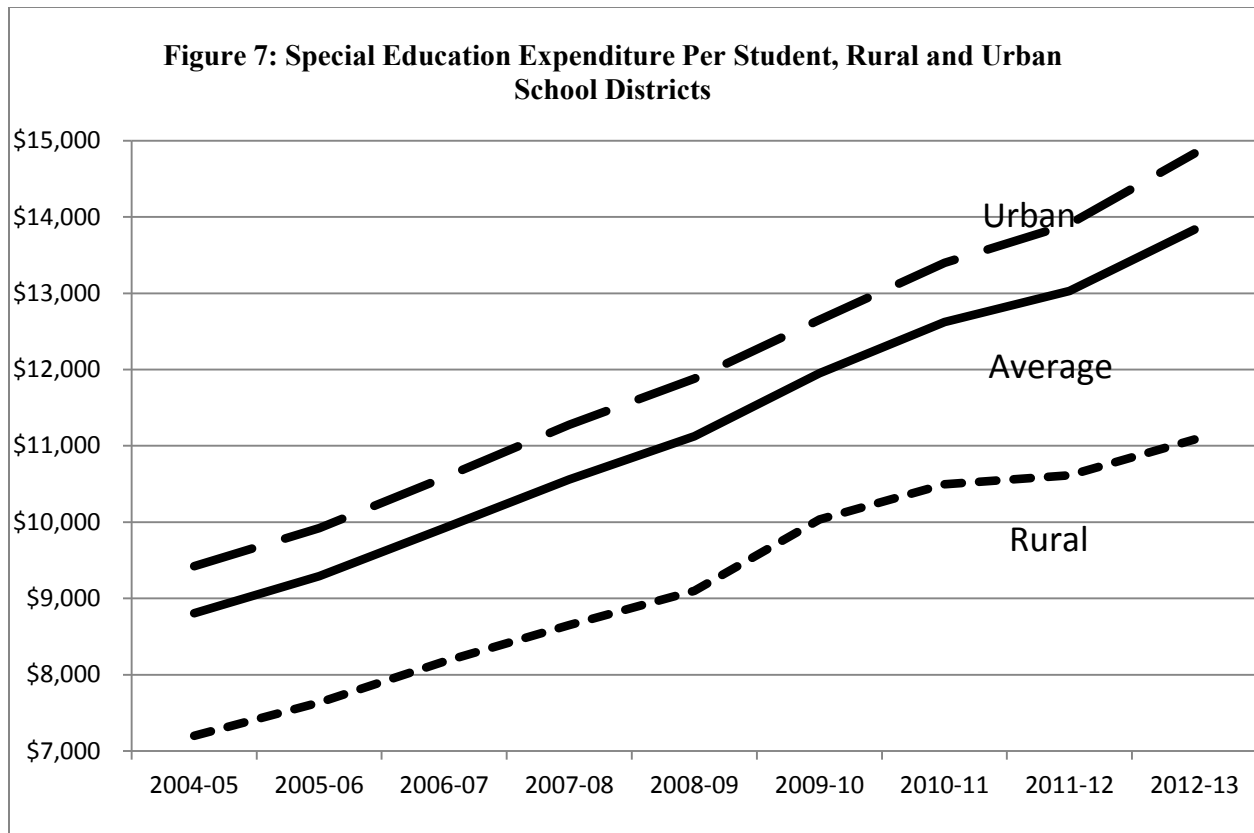
years were very close for each group, ranging from 54 to 57 percent and the average annual growth at the 5.6 to 5.8 percent levels.

Table 8: Special Education Expenditures Per Student, Rural and Urban School Districts

Year	Average Expenditure per Student			Annual Dollar Increase			Annual Percent Increase		
	Rural	Urban	All	Rural	Urban	All	Rural	Urban	All
Code	1200	1200	1200	1200	1200	1200	1200	1200	1200
2004-05	\$7,200	\$9,421	\$8,804						
2005-06	\$7,638	\$9,923	\$9,293	\$438	\$502	\$489	6.1%	5.3%	5.6%
2006-07	\$8,174	\$10,582	\$9,921	\$536	\$659	\$628	7.0%	6.6%	6.8%
2007-08	\$8,653	\$11,274	\$10,559	\$479	\$692	\$637	5.9%	6.5%	6.4%
2008-09	\$9,102	\$11,882	\$11,127	\$449	\$607	\$568	5.2%	5.4%	5.4%
2009-10	\$10,036	\$12,653	\$11,950	\$934	\$771	\$822	10.3%	6.5%	7.4%
2010-11	\$10,498	\$13,400	\$12,624	\$462	\$747	\$674	4.6%	5.9%	5.6%
2011-12	\$10,614	\$13,907	\$13,028	\$116	\$507	\$405	1.1%	3.8%	3.2%
2012-13	\$11,083	\$14,834	\$13,835	\$469	\$927	\$806	4.4%	6.7%	6.2%
8 Year Gain	\$3,883	\$5,413	\$5,030				53.9%	57.5%	57.1%
8 Year Average				\$485	\$677	\$629	5.6%	5.8%	5.8%

Note: Expenditures for Function 1200 include those for gifted students; numbers of special education students in the calculation of expenditures per student do not include gifted students due to lack of data. See Table 1 for enrollment numbers. Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

The continued expenditures per student increases were due to a combination of several factors. On the expenditure side, the overall expenditures for special education grew by \$300 million for rural schools, \$1.262 billion for urban schools, and \$1.562 billion in total, which increased the total expenditures in each group (See Table 6.) At the same time, on the student side, special education enrollments in school districts declined by 5,000 students for rural districts, and almost 3,000 students for urban schools, for a total decrease of almost 8,000 special education students. With higher expenditures and fewer students, the expenditure per student amounts were driven upward in a steady fashion (See Figure 7).



Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Net Expenditures for District-Operated Special Education Programs

School districts report special expenditures as the total amount recorded in the Function Code 1200 Special Education Programs, which includes all expenditures categorized as related to instruction of special education students. There is one adjustment to the amount reported by school districts that is necessary to determine the expenditures for district-operated programs. Some of the special expenditure total amounts are the tuition payments to charter schools for special education students. The tuition payments are also reported under another expenditure dimension in the accounting manual, the *Object of Expenditure*, which categorizes expenditures by the particular item or service purchased. One of the accounts (Object Code 562) is used for recording tuition payments to charter schools. Since the school district expenditures made under this object are paid out to an outside provider, they do not represent special expenditures for district-operated programs.

Consequently, to determine the actual special expenditures for district operated programs the tuition payments were deducted from the total 1200 special education expenditure amounts. This adjustment restates the actual expenditures for district operated special education programs and the revised amounts and growth rates are shown in Table 9. The annual growth rate adjustment ranges from a negative 0.2 percent in 2005-06, the only negative year, to a high of 2.5 percent in 2011-12. In the early years the tuition payments to charter schools for special education were a relatively small part of the total district expenditures, in the 2 percent to 2.5 percent range.

However, by 2012-13, the tuition payments were \$350 million and comprised 10 percent of the total special education expenditures reported by school districts. Over the 11-year study period, a total of \$1.650 billion has been paid by school districts to charter schools for their special education students enrolled in charter schools, but reported in district expenditures for special education.

Table 9: Net Expenditures for School District Operated Programs Adjusted for Tuition Payments to Charter Schools

Year	Total District Reported Expenditures	Tuition Payments to Charter Schools *	Net District Expenditures
	1200	Object 562**	(1200 - 562)
2002-03	\$1,898,553,576	\$37,063,153	\$1,861,490,423
2003-04	\$2,086,101,185	\$54,419,703	\$2,031,681,483
2004-05	\$2,272,801,796	\$88,714,456	\$2,184,087,339
2005-06	\$2,438,376,498	\$90,646,601	\$2,347,729,896
2006-07	\$2,608,895,090	\$106,974,041	\$2,501,921,049
2007-08	\$2,762,992,090	\$128,601,333	\$2,634,390,757
2008-09	\$2,901,398,746	\$151,743,304	\$2,749,655,442
2009-10	\$3,090,167,393	\$174,137,927	\$2,916,029,466
2010-11	\$3,245,011,769	\$216,084,416	\$3,028,927,352
2011-12	\$3,290,672,495	\$294,991,093	\$2,995,681,401
2012-13	\$3,461,058,240	\$350,562,879	\$3,110,495,361
11 Year Total	\$28,157,475,301	\$1,656,875,754	\$26,500,599,547

	Annual Growth Rates		
	Total District Reported Expenditures	Net District Expenditure Growth	Difference in Growth Rates
2003-04	9.9%	9.1%	0.7%
2004-05	8.9%	7.5%	1.4%
2005-06	7.3%	7.5%	-0.2%
2006-07	7.0%	6.6%	0.4%
2007-08	5.9%	5.3%	0.6%
2008-09	5.0%	4.4%	0.6%
2009-10	6.5%	6.1%	0.5%
2010-11	5.0%	3.9%	1.1%
2011-12	1.4%	-1.1%	2.5%
2012-13	5.2%	3.8%	1.3%

* School District Tuition Payments for Special Education: Actual 2009-10 through 2012-13; Estimated 2002-03 through 2008-09.

** From Object of Expenditure Code 562, Tuition for Pennsylvania Charter Schools, *Manual of Accounting and Financial Reporting for PA Public Schools, Chart of Accounts*.

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Special Education Expenditures in Charter Schools

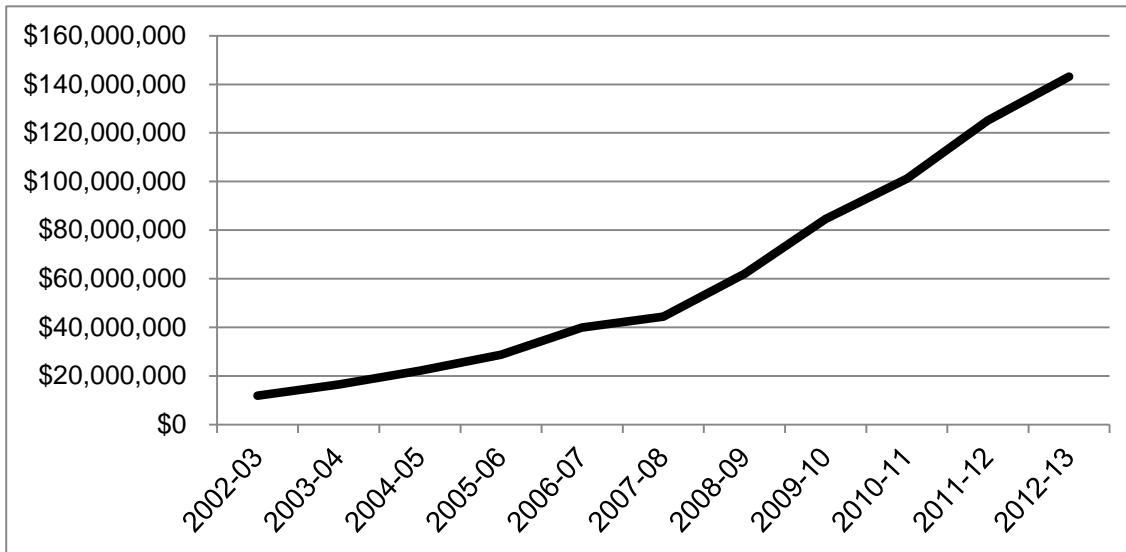
Charter schools have special education student enrollments and programs to serve those students. Table 10 shows the reported special education expenditures for these students over the last 11 years. Like the different types of expenditures in school districts, charter schools report special education expenditures for instruction, psychological services, and speech pathology and audiology services. The distribution of these expenditures is similar to school districts, with special education expenditures comprising more than 94 percent of the total and psychological services and speech pathology and audiology services comprising 4 percent and 2 percent, respectively. In comparison with school districts, charter school expenditures for special education students were slightly less for instruction and slightly greater for speech pathology and audiology (See Figure 8).

Table 10: Special Education Expenditures by Charter Schools, Instruction and Support

Year	Special Education	Psychological Services	Speech	Total
Code	1200	2140	2150	
2002-03	\$11,897,855	\$1,914,411	\$551,964	\$14,364,229
2003-04	\$16,427,066	\$1,427,847	\$681,073	\$18,535,986
2004-05	\$22,176,041	\$1,893,935	\$970,888	\$25,040,864
2005-06	\$28,754,896	\$2,054,957	\$1,183,928	\$31,993,781
2006-07	\$39,971,057	\$2,240,615	\$1,610,878	\$43,822,549
2007-08	\$44,439,854	\$2,836,450	\$2,477,889	\$49,754,193
2008-09	\$61,984,049	\$2,721,807	\$1,732,104	\$66,437,960
2009-10	\$84,550,298	\$3,112,647	\$2,035,426	\$89,698,371
2010-11	\$101,104,547	\$4,369,614	\$2,292,346	\$107,766,507
2011-12	\$125,055,416	\$6,115,607	\$2,533,421	\$133,704,444
2012-13	\$143,122,604	\$5,633,327	\$2,616,890	\$151,372,821
% by Code	94.5%	3.7%	1.7%	100.0%

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Figure 8: Charter School Expenditures for Special Education Function 1200 Instruction



Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

There is a substantial and growing difference between the amount of tuition payments made by school districts to charter school for special education students and the amount of special education expenditures (Function 1200) reported by charter schools. The differences for 2009-10 through 2012-13 are shown in Table 11. The annual amount of tuition payments for special education students in excess of special expenditures has risen steadily from \$84 million in 2009-10 to \$200 million in 2012-13, and has totaled over \$550 million over those 4 years. Over this time, less than half of the tuition payments to charter schools for special education students have been used for special education expenditures for these students. Looking only at the annual increases, approximately two-thirds of the tuition payments to charter schools for special education students were in excess of the increases in reported special education expenditures by charter schools.

Unlike categorical funds for special education received from the state and federal governments, which are required to be spent on special education students and documented through an audit trail, no such requirement is in place for charter schools.⁷ In essence, these monies function as General Fund revenues received by charter schools and can be used for any legitimate expenditures of the charter schools. Consequently, the tuition payments received by charter schools on behalf of special education students enrolled in their programs are not required to be spent for special education instruction and support. While there are certainly other expenditures beyond instruction that are necessary to serve special education students, spending less than half of the tuition payments on instruction indicates these funds are used mainly for purposes other than special education. By comparison, the state subsidy for special education provided to school districts in 2012-13 represents approximately 28 percent of their reported

⁷ There is no provision in the Charter School law (Act 22 of 1997) or any of regulations or guidelines promulgated by the Pennsylvania Department of Education that requires tuition payments to charter schools for special education students to be used for specific purposes.

special education expenditures (Function 1200) and the federal funds contribute less than 6 percent of district special expenditures⁸.

Table 11: Special Education Tuition Payments and Expenditures, Charter Schools

Year	Tuition Payments for Special Education Students	Total Special Education Expenditures	Payments in Excess of Expenditures	Percent of Function 1200 Expenditures	Percent Excess Payments
Code	562	1200	562 - 1200		
2009-10*	\$174,137,927	\$89,698,371	\$84,439,557	52%	48%
2010-11	\$216,084,416	\$107,766,507	\$108,317,910	50%	50%
2011-12	\$294,991,093	\$133,704,444	\$161,286,650	45%	55%
2012-13	\$350,562,879	\$151,372,821	\$199,190,057	43%	57%
4 Year Total	\$1,035,776,316	\$482,542,143	\$553,234,173	47%	53%

	Annual Increases			Percent of Total Increase	
2010-11	\$41,946,489	\$18,068,136	\$23,878,353	43%	57%
2011-12	\$78,906,677	\$25,937,937	\$52,968,740	33%	67%
2012-13	\$55,571,785	\$17,668,377	\$37,903,408	32%	68%
3 Year Total	\$176,424,951	\$61,674,451	\$114,750,501	35%	65%

* 2009-10 is the first year for which charter school tuition payments for special education students were separated from nonspecial education students. *Source:* Pennsylvania Department of Education. Figures not adjusted for inflation.

Comparison of Special Expenditures for School Districts and Charter Schools

To compare the history of special education expenditures between school districts and charter schools, Table 12 shows the special education expenditures, annual dollar growth, and annual percentage growth for each group over the 11-year study period.

⁸ Calculations based on PDE data.

**Table 12: Special Education Expenditures and Annual Growth,
School Districts and Charter Schools**

Year	Expenditures		Annual Dollar Growth		Annual Percent Growth	
	School Districts	Charter Schools	School Districts	Charter Schools	School Districts	Charter Schools
Code	1200	1200	1200	1200	1200	1200
2002-03	\$1,898,553,576	\$11,897,855				
2003-04	\$2,086,101,185	\$16,427,066	\$187,547,609	\$4,529,211	9.9%	38.1%
2004-05	\$2,272,801,796	\$22,176,041	\$186,700,611	\$5,748,975	8.9%	35.0%
2005-06	\$2,438,376,498	\$28,754,896	\$165,574,702	\$6,578,855	7.3%	29.7%
2006-07	\$2,608,895,090	\$39,971,057	\$170,518,592	\$11,216,161	7.0%	39.0%
2007-08	\$2,762,992,090	\$44,439,854	\$154,097,001	\$4,468,797	5.9%	11.2%
2008-09	\$2,901,398,746	\$61,984,049	\$138,406,656	\$17,544,196	5.0%	39.5%
2009-10	\$3,090,167,393	\$84,550,298	\$188,768,647	\$22,566,248	6.5%	36.4%
2010-11	\$3,245,011,769	\$101,104,547	\$154,844,376	\$16,554,249	5.0%	19.6%
2011-12	\$3,290,672,495	\$125,055,416	\$45,660,726	\$23,950,869	1.4%	23.7%
2012-13	\$3,461,058,240	\$143,122,604	\$170,385,745	\$18,067,188	5.2%	14.4%
11 Year Total	\$30,056,028,877	\$679,483,682	\$1,562,504,664	\$131,224,749	82%	1103%
Annual Average			\$156,250,466	\$13,122,475	6.2%	28.7%

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

As with special education enrollments, school districts are the dominant group in special education expenditures; in 2012-13 school districts expenditures reached almost \$3.5 billion, while charter school expenditures were just over \$140 million. However, special education expenditures in charter schools have been growing at a much faster rate, ranging from 11 percent to 40 percent and averaging 29 percent annually over the past 10 years, albeit from a smaller base. For school districts, the growth rates ranged from over 1 percent to 10 percent, averaging 6 percent annually over the same period, but from a much larger base. For the 10-year period, school districts increased special education expenditures by approximately \$1.56 billion, or an 82 percent total increase, averaging a \$156 million gain per year. Over the same time period, charter schools increased special education expenditures by \$130 million, for an 1,103 percent total increase with an annual average increase of \$13 million.

Special Education Revenues

Revenues specifically provided to school districts for special education programs and services come from three main sources: state revenues, federal revenues, and local funding. State and federal funds are known as categorical

funds, as they can only be used for a specified purpose or program; in this case, special education. They are not permitted to be diverted to other purposes in school districts. Annual audits from state and federal agencies monitor the categorical revenues to ensure their proper use. Specific revenues for special education in charter schools come only from tuition payments from school districts for their special education students enrolled in charter schools (and are treated as special education expenditures by districts). Consequently, the discussion on special education revenues focuses on school districts only.

The special education budget for school districts includes both the special education expenditures to be made for qualified students and the revenues to fund the programs and services for special education. In budget planning and implementation, districts start with state subsidies and federal funds for special education. The balance to support special education expenditures comes from local funds. To provide a full picture of revenues for special education, each major source was examined.

State Revenues

The state provides two primary subsidies for districts to support special education expenditures. They are classified under the revenue category 7270 Specialized Education of Exceptional Pupils in the *Manual of Accounting and Financial Reporting for PA Public Schools Chart of Accounts*. There are two sub-accounts that are used to record the subsidies: Code 7271 Special Education Funding for School Aged Pupils, and Code 7272 Early Intervention for students with developmental delays and disabilities. The annual amounts for each sub-account in total and separated by rural and urban school districts are presented in Table 13.

Table 13: State Special Education Subsidies to School Districts**All Districts**

Year	School Aged	Early Intervention	State Total
Code	7271	7272	7270
2002-03	\$820,783,015	\$5,396,675	\$826,179,690
2003-04	\$850,038,457	\$8,950,529	\$858,988,986
2004-05	\$868,700,481	\$8,585,961	\$877,286,443
2005-06	\$890,541,109	\$8,598,440	\$899,139,549
2006-07	\$913,936,415	\$11,084,768	\$925,021,183
2007-08	\$942,502,954	\$13,348,564	\$955,851,518
2008-09	\$958,806,603	\$13,422,185	\$972,228,789
2009-10	\$970,346,927	\$12,374,175	\$982,721,102
2010-11	\$962,532,161	\$13,602,773	\$976,134,935
2011-12	\$962,037,409	\$14,670,624	\$976,708,033
2012-13	\$962,785,295	\$13,287,836	\$976,073,131
% of Total	98.6%	1.4%	100.0%

Rural Districts

Year	School Aged	Early Intervention	State Total
Code	7271	7272	7270
2002-03	\$220,438,956	\$450,671	\$220,889,627
2003-04	\$231,899,396	\$472,969	\$232,372,365
2004-05	\$237,420,914	\$492,963	\$237,913,877
2005-06	\$243,463,935	\$598,520	\$244,062,455
2006-07	\$249,904,323	\$620,512	\$250,524,835
2007-08	\$258,848,615	\$1,070,781	\$259,919,396
2008-09	\$263,030,841	\$1,071,731	\$264,102,572
2009-10	\$266,056,964	\$879,681	\$266,936,645
2010-11	\$264,614,998	\$1,191,381	\$265,806,379
2011-12	\$263,929,263	\$1,463,137	\$265,392,400
2012-13	\$263,651,322	\$1,634,348	\$265,285,670
% of Total	99.4%	0.6%	100.0%

Urban Districts

Year	School Aged	Early Intervention	State Total
Code	7271	7272	7270
2002-03	\$600,344,059	\$4,946,004	\$605,290,063
2003-04	\$618,139,062	\$8,477,560	\$626,616,621
2004-05	\$631,279,568	\$8,092,998	\$639,372,566
2005-06	\$647,077,174	\$7,999,920	\$655,077,093
2006-07	\$664,032,092	\$10,464,256	\$674,496,348
2007-08	\$683,654,340	\$12,277,783	\$695,932,123
2008-09	\$695,775,762	\$12,350,454	\$708,126,217
2009-10	\$704,289,963	\$11,494,495	\$715,784,457
2010-11	\$697,917,163	\$12,411,392	\$710,328,556
2011-12	\$698,108,146	\$13,207,487	\$711,315,633
2012-13	\$699,133,973	\$11,653,488	\$710,787,461
% of Total	98.4%	1.6%	100.0%

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

According to the data, the subsidy for school-aged pupils is the primary state funding source for special education for school districts, comprising almost 99 percent of the total amount in 2012-13. The same is true for all years in the study and for rural school districts and urban school districts alike. However, the distribution of the two different special education subsidies between rural and urban school districts is strikingly different (See Table 14).

Table 14: Share of State Special Education Subsidies, Rural and Urban School Districts

Year	School- Age - 7271		Early Intervention - 7272	
	Rural	Urban	Rural	Urban
2002-03	27%	73%	8%	92%
2003-04	27%	73%	5%	95%
2004-05	27%	73%	6%	94%
2005-06	27%	73%	7%	93%
2006-07	27%	73%	6%	94%
2007-08	27%	73%	8%	92%
2008-09	27%	73%	8%	92%
2009-10	27%	73%	7%	93%
2010-11	27%	73%	9%	91%
2011-12	27%	73%	10%	90%
2012-13	27%	73%	12%	88%

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

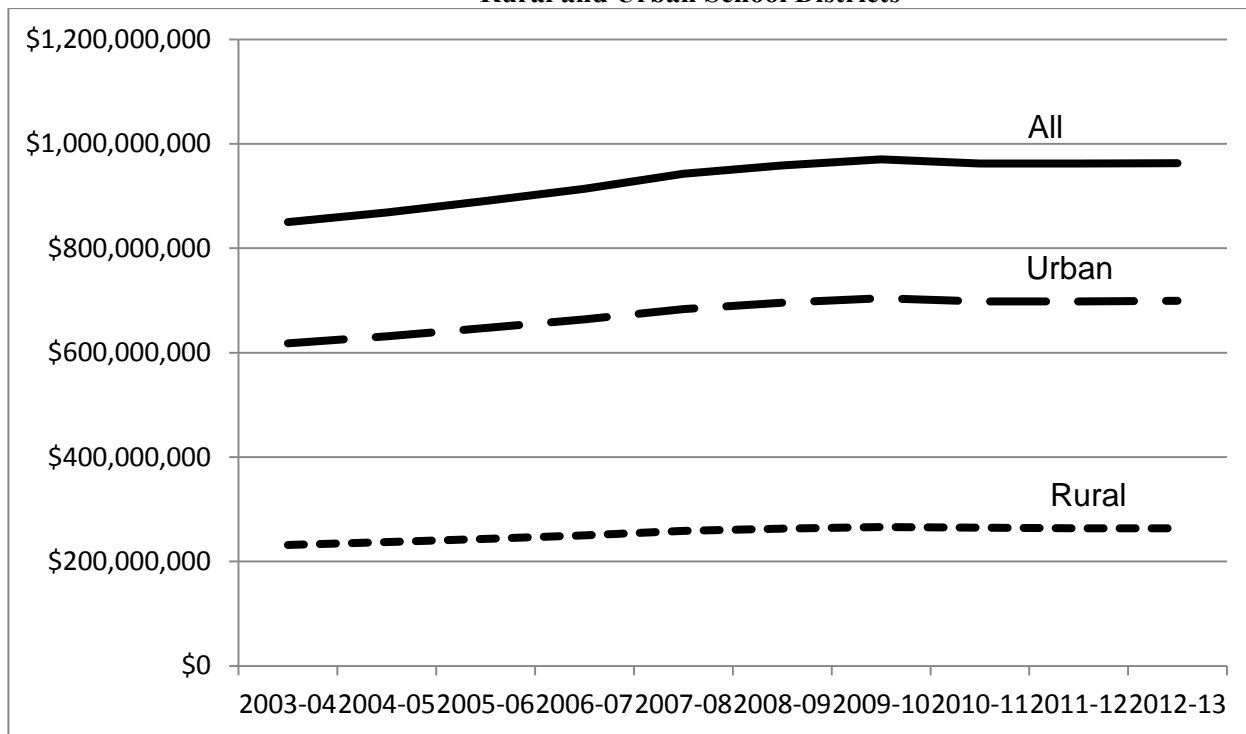
The portion of the state subsidy for school-aged pupils between rural and urban school districts was consistent for every year, with rural districts receiving 27 percent of the total amount and urban districts receiving 73 percent.

By contrast, urban districts received 95 percent of the Early Intervention subsidy funds in 2003-04, and 88 percent in 2012-13. Even with this shift, urban districts were still receiving the majority of these funds.

The remainder of the state subsidy analysis focuses on Special Education Funding for school-aged pupils alone since the Early Intervention component is such a relatively small component of the total.

The annual subsidy trends for school-aged pupils are shown in Figure 9. As indicated, each of the subsidy amounts showed a small but steady rise for the first 7 years of the study period. The subsidies peaked in 2009-10. In 2010-11 and 2011-12, the subsidies decreased.

Figure 9: Trends in State Special Education Subsidy for School-Aged Pupils, Rural and Urban School Districts



Source:

Pennsylvania Department of Education. Figures not adjusted for inflation.

As shown in Table 15, over the past 10 years, the state subsidy for special education has grown by \$142 million. Of the total amount, rural districts received \$43 million and urban districts received \$99 million. These increases represented 10 year gains of 19.6 percent and 16.5 percent, respectively. However, the state subsidy for special education is a tale of two time periods. Most of the gains occurred during the first 5-year period of 2003-04 through 2007-08, when there was steady growth of about 2.5 percent to 3 percent annually, with annual increases of \$20 million to \$30 million in total subsidy amounts. Subsidies increased \$122 million for all districts (15 percent overall). Subsidies for rural districts increased \$38 million (17 percent), and for urban districts increased \$83 million (14 percent) over the first 5 years of the study. These increases represented more than 85 percent of the 10-year gains. In 2008-09, the situation changed; annual increases dropped in half for the next 2 years, followed by

decreases for several more years. Annual growth rates dropped below 2 percent initially and then were negative to around 0 percent most recently. Total subsidy gains over this period were approximately \$20 million for all districts, \$5 million for rural districts, and \$15 million for urban districts, a small fraction of the earlier gains. This second 5-year period coincided with the start of the Great Recession, as well as the influx of federal funds for special education under ARRA and expansion of federal revenues received as Pass-Through. While the recession had a negative impact on total state tax revenues, the addition of new federal revenues may have eased the funding pressure on the legislature. In any event, the reductions and leveling off of state subsidies for special education were the result of appropriation decisions by the legislature, which provided little or no additional state funding for special education over these years.

Table 15: Annual Change in Special Education Subsidy for School Aged Pupils, Rural and Urban School Districts

Dollar Change

Year	Rural	Urban	Total
Code	7271	7271	7271
2002-03			
2003-04	\$11,460,440	\$17,795,003	\$29,255,443
2004-05	\$5,521,518	\$13,140,506	\$18,662,024
2005-06	\$6,043,021	\$15,797,606	\$21,840,627
2006-07	\$6,440,388	\$16,954,918	\$23,395,307
2007-08	\$8,944,291	\$19,622,248	\$28,566,539
2008-09	\$4,182,226	\$12,121,422	\$16,303,649
2009-10	\$3,026,123	\$8,514,200	\$11,540,324
2010-11	(\$1,441,966)	(\$6,372,799)	(\$7,814,766)
2011-12	(\$685,735)	\$190,983	(\$494,752)
2012-13	(\$277,941)	\$1,025,827	\$747,886
10 Year Gain	\$43,212,366	\$98,789,914	\$142,002,281
1st 5 Year Gain	\$38,409,659	\$83,310,281	\$121,719,940
2nd 5 Year Gain	\$4,802,707	\$15,479,633	\$20,282,341

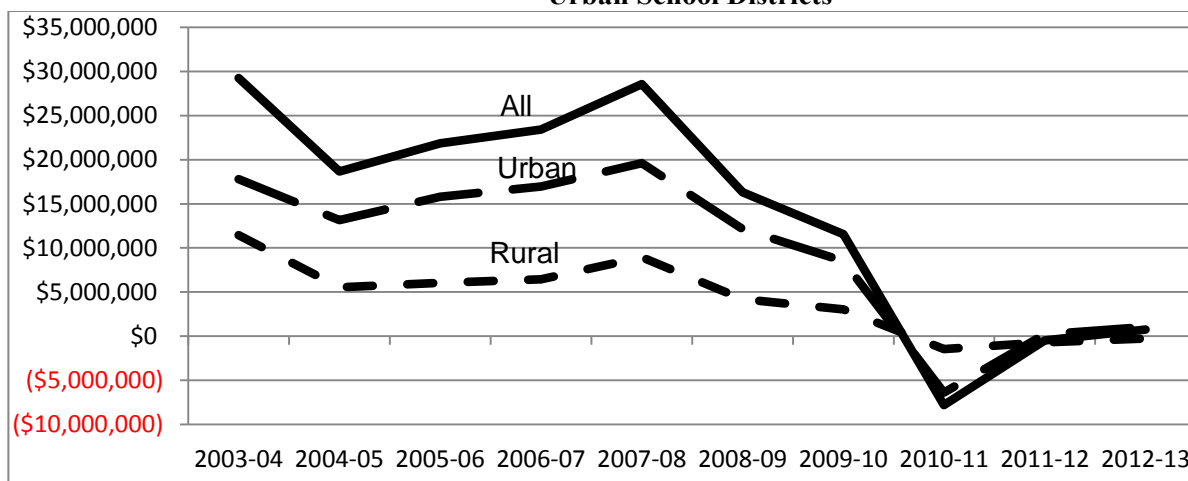
Percent Change

Year	Rural	Urban	Total
Code	7271	7271	7271
2002-03			
2003-04	5.2%	3.0%	3.6%
2004-05	2.4%	2.1%	2.2%
2005-06	2.5%	2.5%	2.5%
2006-07	2.6%	2.6%	2.6%
2007-08	3.6%	3.0%	3.1%
2008-09	1.6%	1.8%	1.7%
2009-10	1.2%	1.2%	1.2%
2010-11	-0.5%	-0.9%	-0.8%
2011-12	-0.3%	0.0%	-0.1%
2012-13	-0.1%	0.1%	0.1%
10 Year Gain	19.6%	16.5%	17.3%
1st 5 Year Gain	17.4%	13.9%	14.8%
2nd 5 Year Gain	1.9%	2.3%	2.2%

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

A more detailed picture of the magnitude of the dollar differences in annual state special education subsidy growth is shown in Figure 10.

Figure 10: Annual Dollar Change in State Special Education Subsidy for School-Aged Pupils, Rural and Urban School Districts



Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Federal Funding for Special Education

Federal funding for special education has come primarily from revenues distributed from the Individuals with Disabilities Education Act. These funds have been received by districts in two different funding streams. One is coded as federal IDEA revenues, the other is coded under local revenues and known as federal IDEA revenue received as Pass-Through.

Federal IDEA Revenues

The federally coded revenues are reported under 8512 IDEA Part B and 8513 IDEA Section 619 (for education of pre-school children with disabilities). In addition, for several years, districts received federal funds for disabled children from the American Recovery and Reinvestment Act of 2009 (ARRA). These funds were coded as 8701 IDEA Part B and 8702 IDEA Section 619. These funds were primarily distributed in 2009-10 and 2010-11, but small amounts were recorded in surrounding years due to the timing of reporting. The amounts of IDEA funds, including the ARRA monies by year, are shown in Table 16.

Table 16: Federal IDEA Special Education Funding, Rural and Urban School Districts

All Districts

Year	IDEA	ARRA – IDEA	Federal Total
Code	8512 / 8513	8701 /8702	
2003-04	\$51,321,596		\$51,321,596
2004-05	\$54,193,807		\$54,193,807
2005-06	\$53,142,007		\$53,142,007
2006-07	\$35,155,410		\$35,155,410
2007-08	\$34,824,460		\$34,824,460
2008-09	\$34,610,846	\$691,352	\$35,302,198
2009-10	\$37,059,117	\$76,977,318	\$114,036,436
2010-11	\$35,343,874	\$58,262,466	\$93,606,340
2011-12	\$32,177,650	\$4,800,575	\$36,978,225
2012-13	\$31,261,133	\$3,411	\$31,264,544
10 Year Total	\$399,089,900	\$140,735,122	\$539,825,022

Rural Districts

Year	IDEA	ARRA – IDEA	Federal Total
Code	8512 / 8513	8701 /8702	
2003-04	\$12,183,015		\$12,183,015
2004-05	\$11,891,708		\$11,891,708
2005-06	\$11,121,598		\$11,121,598
2006-07	\$7,716,573		\$7,716,573
2007-08	\$8,056,138		\$8,056,138
2008-09	\$7,575,579	\$136,044	\$7,711,623
2009-10	\$7,203,394	\$19,976,691	\$27,180,085
2010-11	\$7,313,887	\$12,031,249	\$19,345,136
2011-12	\$5,674,384	\$709,955	\$6,384,339
2012-13	\$5,402,414	\$0	\$5,402,414
10 Year Total	\$84,138,690	\$32,853,939	\$116,992,629

Urban Districts

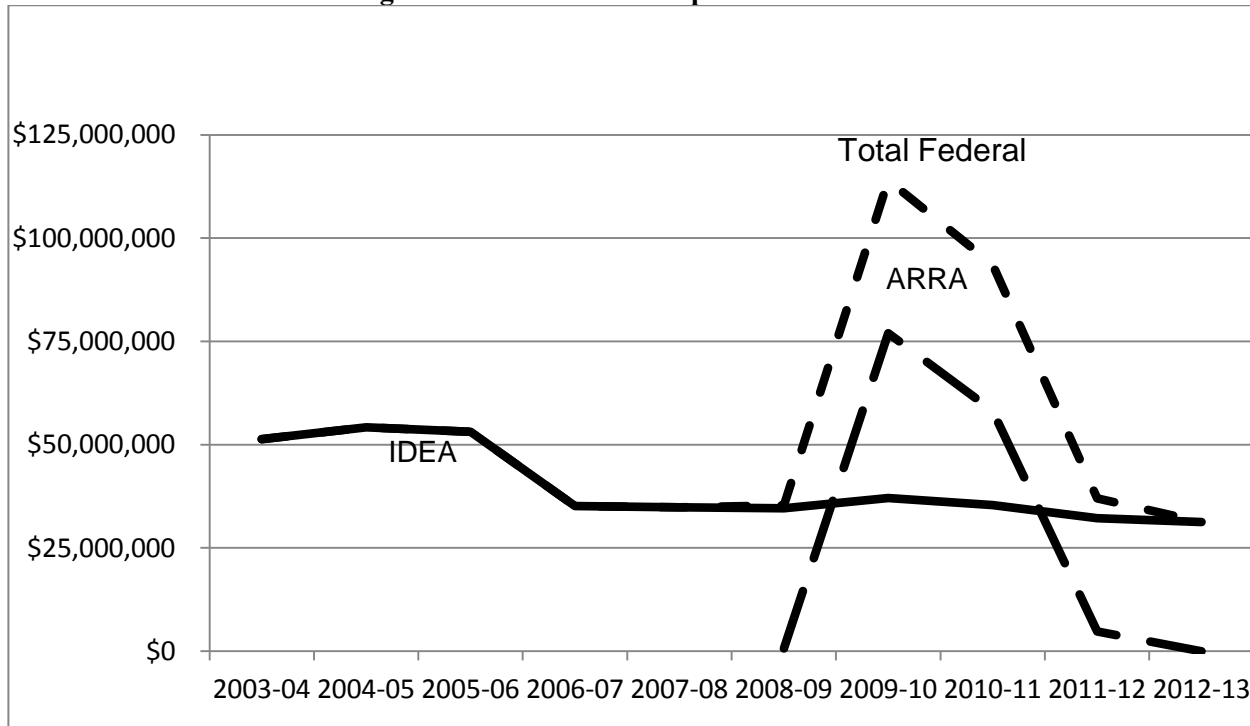
Year	IDEA	ARRA - IDEA	Federal Total
Code	8512 / 8513	8701 /8702	
2003-04	\$39,138,581		\$39,138,581
2004-05	\$42,302,099		\$42,302,099
2005-06	\$42,020,409		\$42,020,409
2006-07	\$27,438,838		\$27,438,838
2007-08	\$26,768,322		\$26,768,322
2008-09	\$27,035,267	\$555,308	\$27,590,575
2009-10	\$29,855,723	\$57,000,628	\$86,856,351
2010-11	\$28,029,987	\$46,231,217	\$74,261,203
2011-12	\$26,503,266	\$4,090,620	\$30,593,886
2012-13	\$25,858,719	\$3,411	\$25,862,130
10 Year Total	\$314,951,209	\$107,881,184	\$422,832,393

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

There was a change in the level of IDEA funding for school districts beginning in 2006-07. From 2003-04 through 2005-06, the annual IDEA amounts were in excess of \$50 million, but then they dropped to a range of \$37 million to \$31 million. Part of the reason for the change was a change in reporting of the distribution of IDEA funds.

The influx of ARRA funding for special education provided a significant increase in special education funds over the two primary years of the program’s operation. It brought an additional \$140 million in revenues for special education in 2009-10 and 2010-11, but then it ended with the termination of ARRA (See Figure 11).

Figure 11: Federal IDEA Special Education Revenues



Source:

Pennsylvania Department of Education. Figures not adjusted for inflation.

The funds from IDEA and ARRA were distributed between rural and urban school districts as shown in Table 17. In 2003-04, rural districts received 24 percent of federal funds and urban districts received 76 percent. The share to rural districts declined slowly over the succeeding years and was at 17 percent in 2012-13, while urban districts received an 83 percent share. The distribution of ARRA funds began in 2008-09 and continued through 2011-12; the distribution of these funds between rural and urban school districts followed a similar pattern as IDEA funding.

Table 17: Share of Federal IDEA Special Education Funding, Rural and Urban School Districts

Year	IDEA		ARRA - IDEA		Total	
	Rural	Urban	Rural	Urban	Rural	Urban
2003-04	24%	76%			24%	76%
2004-05	22%	78%			22%	78%
2005-06	21%	79%			21%	79%
2006-07	22%	78%			22%	78%
2007-08	23%	77%			23%	77%
2008-09	22%	78%	20%	80%	22%	78%
2009-10	19%	81%	26%	74%	24%	76%
2010-11	21%	79%	21%	79%	21%	79%
2011-12	18%	82%	15%	85%	17%	83%
2012-13	17%	83%			17%	83%
10 Year Share	21%	79%	23%	77%	22%	78%

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Federal IDEA Revenue Received as Pass-Through

The other funding stream from the federal level is reported under local revenues as Code 6832 Federal IDEA Revenue Received as Pass-Through and Code 6833 Federal ARRA-IDEA Revenue Received as Pass-Through. The IDEA Pass-Through revenues started to flow to school districts in 2006-07 and the ARRA-IDEA funding began in 2008-09 and ended in 2012-13. As shown in Table 18, the IDEA funding to districts began at \$102 million and grew steadily each year, reaching \$161 million in 2012-13. A total of \$962 million was received by school districts over the 7 years of reported data. The ARRA-IDEA funds provided a short-term revenue boost to districts mainly in 2009-10 and 2010-11. The funding received totaled \$152 million, all but \$9 million of which came in those 2 years. Figure 12 shows the funding flows with the large 2-year increase from ARRA added to the steadier IDEA funding stream.

Table 18: Federal IDEA Revenue Received as Pass-Through, Rural and Urban School Districts**All Districts**

Code	IDEA	ARRA IDEA	Total
Year	6832	6833	
2003-04	\$0	\$0	\$0
2004-05	\$0	\$0	\$0
2005-06	\$0	\$0	\$0
2006-07	\$102,402,630	\$0	\$102,402,630
2007-08	\$119,783,290	\$0	\$119,783,290
2008-09	\$129,333,345	\$1,237,484	\$130,570,829
2009-10	\$142,705,681	\$84,015,439	\$226,721,120
2010-11	\$151,169,282	\$62,618,413	\$213,787,695
2011-12	\$155,147,586	\$7,618,812	\$162,766,399
2012-13	\$161,152,019	\$163,194	\$161,315,214
7 Year Total	\$961,693,833	\$155,653,343	\$1,117,347,176

Rural

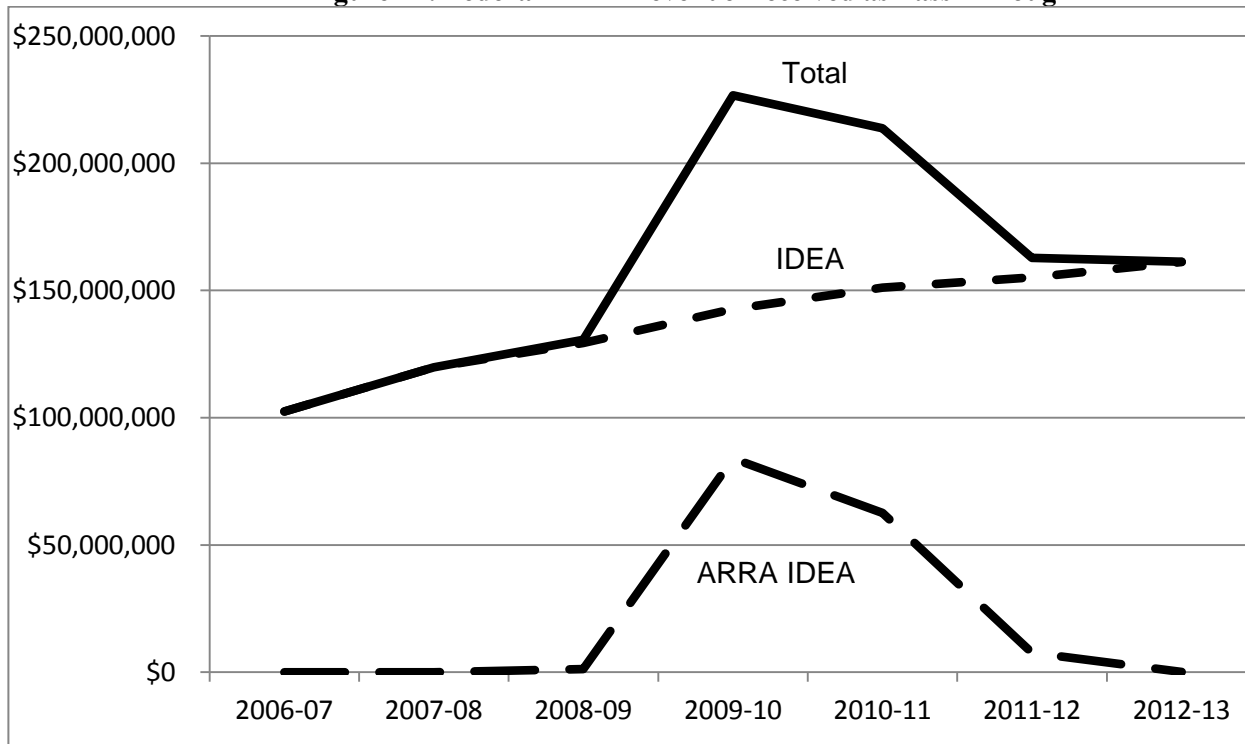
Code	IDEA	ARRA IDEA	Total
Year	6832	6833	
2003-04	\$0	\$0	\$0
2004-05	\$0	\$0	\$0
2005-06	\$0	\$0	\$0
2006-07	\$31,807,308	\$0	\$31,807,308
2007-08	\$34,078,426	\$0	\$34,078,426
2008-09	\$44,759,529	\$54,506	\$44,814,034
2009-10	\$43,974,650	\$27,209,868	\$71,184,518
2010-11	\$43,839,213	\$19,394,902	\$63,234,115
2011-12	\$44,624,497	\$1,894,118	\$46,518,615
2012-13	\$49,466,491	\$145,514	\$49,612,005
7 Year Total	\$292,550,113	\$48,698,908	\$341,249,021

Urban

Code	IDEA	ARRA IDEA	Total
Year	6832	6833	
2003-04	\$0	\$0	\$0
2004-05	\$0	\$0	\$0
2005-06	\$0	\$0	\$0
2006-07	\$70,595,322	\$0	\$70,595,322
2007-08	\$85,704,865	\$0	\$85,704,865
2008-09	\$92,988,997	\$1,182,979	\$94,171,976
2009-10	\$98,731,031	\$56,805,571	\$155,536,601
2010-11	\$107,330,069	\$43,223,510	\$150,553,579
2011-12	\$110,523,090	\$5,724,694	\$116,247,784
2012-13	\$111,685,529	\$17,681	\$111,703,209
7 Year Total	\$677,558,901	\$106,954,435	\$784,513,336

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Figure 12: Federal IDEA Revenue Received as Pass-Through



Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

The shares of the IDEA and ARRA-IDEA revenues that went to rural and urban schools were almost constant during the times the funds were received. Rural districts received approximately 30 percent of the total amount of both revenue sources and urban districts received approximately 70 percent (See Table 19). The percentages for the ARRA-IDEA funds are distorted in the first and last years since there were only small amounts of the funds remaining for a few districts and they were not large enough to affect the total distribution patterns in those years.

Table 19: Share of Federal IDEA Revenue Received as Pass-Through, Rural and Urban School Districts

Code	IDEA		ARRA IDEA	
Year	Rural	Urban	Rural	Urban
2003-04				
2004-05				
2005-06				
2006-07	31%	69%		
2007-08	28%	72%		
2008-09	35%	72%	4%	96%
2009-10	31%	69%	32%	68%
2010-11	29%	71%	31%	69%
2011-12	29%	71%	25%	75%
2012-13	31%	69%	89%	11%
7 Year Average	30%	70%	31%	69%

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Fiscal Summary: Special Education Expenditures and Revenues

Special education programs operated or funded by school districts have expenditures, which are either internal expenditures of district operated programs or tuition payments to charter schools for special education students enrolled there. These expenditures have to be balanced by revenues to provide funding to cover these expenditures. For school districts, there is a basic budget balancing equation that must be met.

$$\textit{Special Education Expenditures} = \textit{Revenues to Support Special Education}$$

On the revenue side of the equation, the sources of funding for special education are: state subsidies for school aged pupils and early intervention; federal IDEA funds (including ARRA revenues) and federal Pass-Through IDEA funds (including ARRA revenues); and local funding. The local portion functions essentially as a plug figure; that is, if there is a shortfall between the expenditures and other sources of funding from state and federal sources, then the school districts make up the difference from their own funds, which are derived mainly from local taxes. In this section the annual expenditure data and the revenue data are combined to calculate the local funding that was required from 2002-03 through 2012-13.

A summary of the results is presented in Table 20; it includes the initial year, the middle year, and the final year of the study period, along with the 10-year dollar changes for each of the expenditure and revenue items. Using 2012-13 as an example to illustrate the procedure and results, expenditures for instruction totaled \$3.461 billion and expenditures for support were \$127 million, for a total expenditure amount of \$3.588 billion. These expenditures were supported by \$963 million of state revenues, and \$193 million of federal revenues from two sources, for a total of \$1.115 billion. The difference between total expenditures and other funding sources was \$2.433 billion that was required to be supported by local funds. The results are shown by rural and urban districts as well with the local share amount for rural districts at \$450 million and for urban districts at \$1.982 billion in 2012-13.

Table 20: Special Education Expenditures and Revenues, Rural & Urban School District

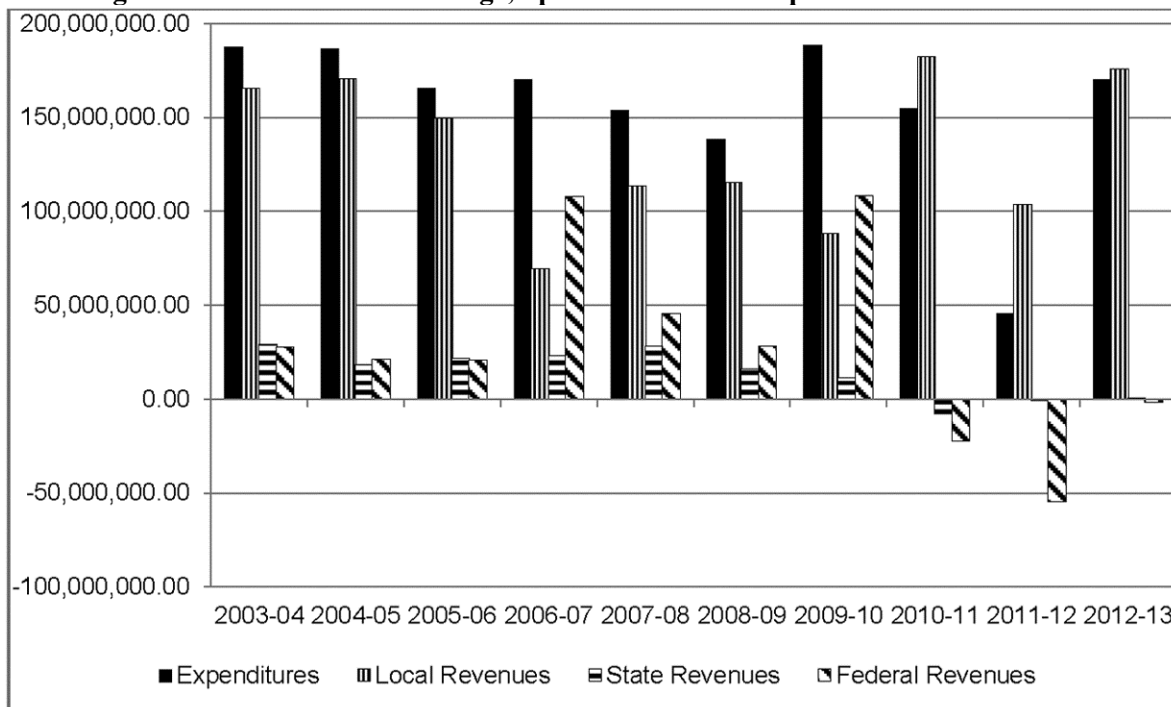
All Districts		2002-03	2007-08	2012-13	10 Year Change
Expenditures	Instruction	\$1,898,553,576	\$2,762,992,090	\$3,461,058,240	\$1,562,504,664
	Support	\$72,200,305	\$100,679,856	\$126,840,019	\$54,639,715
	Total	\$1,970,753,881	\$2,863,671,946	\$3,587,898,259	\$1,617,144,378
Revenues	State	\$820,783,015	\$942,502,954	\$962,785,295	\$142,002,281
	Federal IDEA	\$52,885,803	\$34,824,460	\$31,261,133	-\$21,624,670
	Federal Pass Through	\$0	\$119,783,290	\$161,315,214	\$161,315,214*
	Federal	\$52,885,803	\$154,607,750	\$192,576,347	\$139,690,544
	State & Federal Subtotal	\$873,668,818	\$1,097,110,705	\$1,155,361,642	\$281,692,824
	Local	\$1,097,085,063	\$1,766,561,242	\$2,432,536,617	\$1,335,451,554
Rural		2002-03	2007-08	2012-13	10 Year Change
Expenditures	Instruction	\$437,146,555	\$618,160,557	\$738,401,201	\$301,254,646
	Support	\$16,499,802	\$24,370,217	\$30,661,929	\$14,162,128
	Total	\$453,646,357	\$642,530,774	\$769,063,130	\$315,416,774
Revenues	State	\$220,438,956	\$258,848,615	\$263,651,322	\$43,212,366
	Federal IDEA	\$11,732,107	\$8,056,138	\$5,402,414	-\$6,329,693
	Federal Pass-Through	\$0	\$34,078,426	\$49,612,005	\$49,612,005*
	Federal	\$11,732,107	\$42,134,564	\$55,014,418	\$43,282,311
	State & Federal Subtotal	\$232,171,063	\$300,983,178	\$318,665,740	\$86,494,678
	Local	\$221,475,294	\$341,547,596	\$450,397,390	\$228,922,096
Urban		2002-03	2007-08	2012-13	10 Year Change
Expenditures	Instruction	\$1,461,407,021	\$2,144,831,533	\$2,722,657,039	\$1,261,250,018
	Support	\$55,700,503	\$76,309,639	\$96,178,090	\$40,477,587
	Total	\$1,517,107,524	\$2,221,141,172	\$2,818,835,129	\$1,301,727,605
Revenues	State	\$600,344,059	\$683,654,340	\$699,133,973	\$98,789,914
	Federal IDEA	\$41,153,696	\$26,768,322	\$25,858,719	-\$15,294,977
	Federal Pass-Through	\$0	\$85,704,865	\$111,703,209	\$111,703,209*
	Federal	\$41,153,696	\$112,473,186	\$137,561,929	\$96,408,232
	State & Federal Subtotal	\$641,497,755	\$796,127,526	\$836,695,902	\$195,198,146
	Local	\$875,609,769	\$1,425,013,646	\$1,982,139,227	\$1,106,529,458

* 7 Year Change. *Source:* Pennsylvania Department of Education. Figures not adjusted for inflation.

The 10-year change amounts in the table indicate the increases in funding from the various revenue sources. Overall, state support has grown by \$142 million over the 10-year period, while federal sources have increased a net amount of \$140 million. (The negative amount for Federal IDEA indicated that funding from this source has decreased over the 10-year period.) During this same time, funding from local school districts has increased by \$1.335 billion. In comparative terms, local funding has increased almost 10 times as much as either state subsidies or federal funding individually.

A further examination of the annual changes in expenditures compared to the revenue sources indicates significant changes over the years. The annual changes are depicted in Figure 13. From 2003-04 through 2005-06, local school districts provided the bulk of the new funds to support the annual increases in expenditures. In 2006-07, the federal Pass-Through funds began and added an additional \$102 million, which supported more than half of the increase in expenditures that year. Again in 2007-08 and 2008-09, local funding provided most of the support for increased expenditures in those years. In 2009-10, federal ARRA funds showed a large increase and together with local funds provided the sources for expenditure increases that year. In the last 3 years of the study period, there was a major change in funding support. In each of these years, both state and federal funding for special education decreased from the prior year. This left local funding from school districts to support not only the full amount of expenditure increases, but also to make up for the reductions from state and federal sources. Consequently, local funding increases exceeded the annual increases of special education expenditures in 2010-11 through 2012-13.

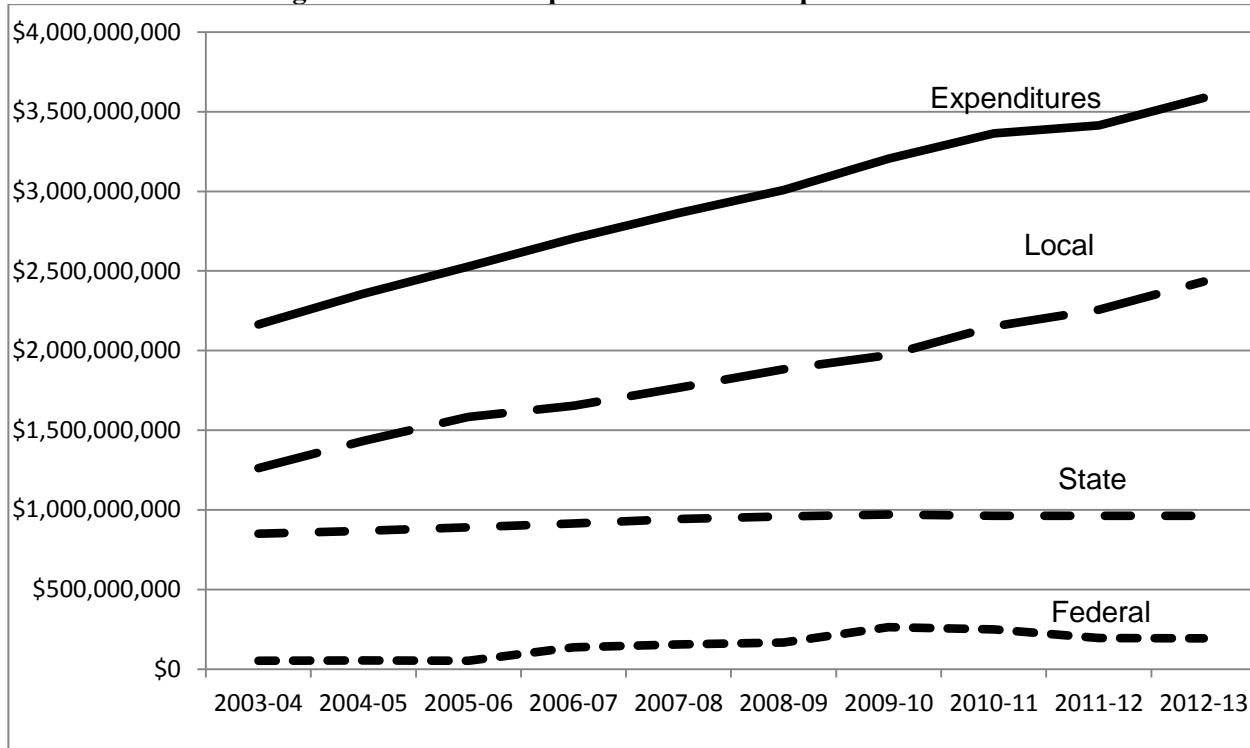
Figure 13: Annual Dollar Change, Special Education Expenditures and Revenues



Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

The 10-year trends for expenditures and revenues by funding source are shown in Figure 14. Expenditures showed a steady increase through 2010-11, then leveled off for a year in 2011-12, and then showed another increase in 2012-13. State subsidies were largely level throughout the study period, particularly in the later years due to legislative funding decisions. Federal revenues remained a minor portion of the total funding, but showed a small increase through 2009-10, but declined after that. The result is that school districts have borne the brunt of funding needs with a steady increase in the amount of funding required to balance their special education budgets.

Figure 14: Trends in Special Education Expenditures and Revenues



Source:

Pennsylvania Department of Education. Figures not adjusted for inflation.

The share of special education expenditures supported by the various funding sources has also changed over the study period, reflecting the changing amounts of funding provided by the different sources. Table 21 shows the results for the beginning, middle, and last years in the study. For all districts, the share of state funds began in 2002-03 at 42 percent; it dropped to 33 percent by 2007-08, and to 27 percent in 2012-13, for an overall drop of 15 percent of total share of support over the 10 years. Federal sources started from a lower base and had a 3 percent gain over the same time period. To provide the balance of funding for special education, the local share increased from 56 percent in 2002-03 to 68 percent by 2012-13, a gain of 12 percent of funding share. Rural and urban school districts followed the same patterns of change over the study period, but there were substantial differences between them in the level of state shares they received, and the local shares they provided. Rural districts received a larger proportion of their special education funds from the state than did urban districts (34 percent and 25 percent), a

larger share from federal funds (5 percent and 2 percent), and, subsequently, had a lower local share (59 percent and 70 percent) (See Figure 15).

Table 21: Share of Special Education Revenues by Funding Source, Rural and Urban School Districts

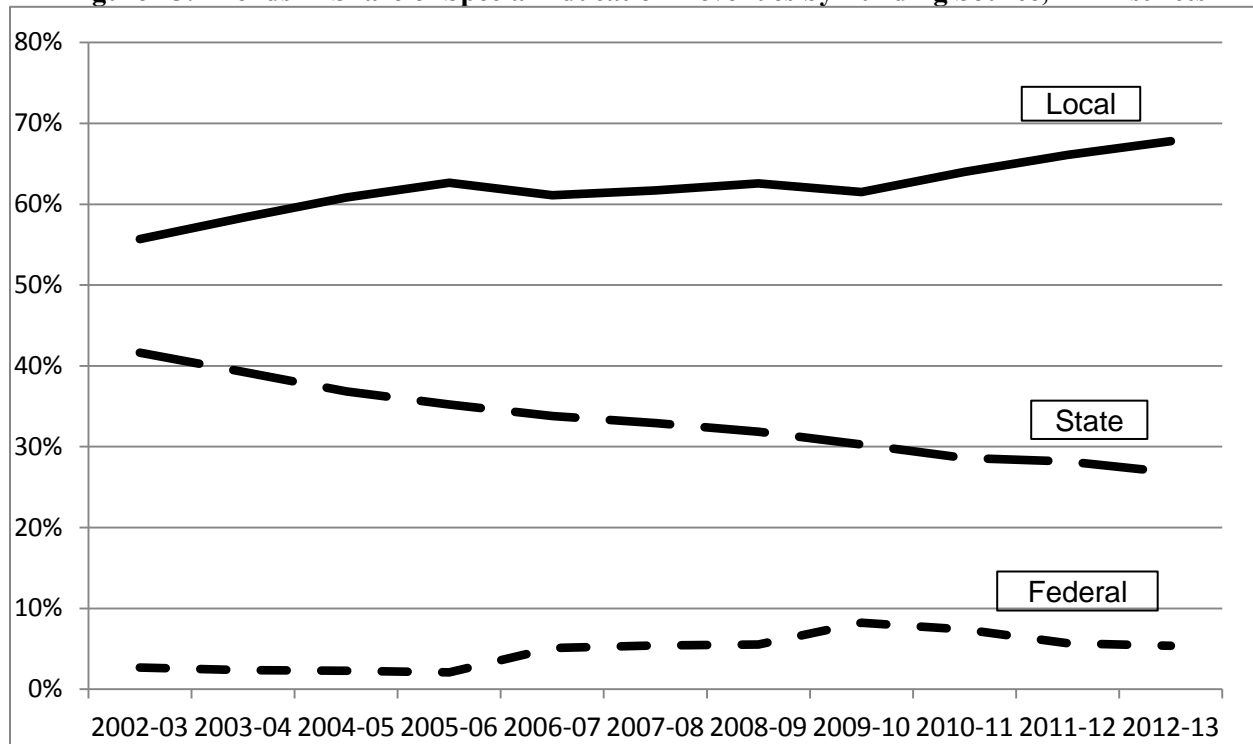
All Districts		2002-03	2007-08	2012-13	10 Year Change
Revenues	State	42%	33%	27%	-15%
	Federal IDEA	3%	1%	1%	-2%
	Federal Pass-Through	0%	4%	4%	4%*
	Federal	3%	5%	5%	3%
	State & Federal Subtotal	44%	38%	32%	-12%
	Local	56%	62%	68%	12%

Rural		2002-03	2007-08	2012-13	10 Year Change
Revenues	State	49%	40%	34%	-14%
	Federal IDEA	3%	1%	1%	-2%
	Federal Pass-Through	0%	5%	6%	6%*
	Federal	3%	7%	7%	5%
	State & Federal Subtotal	51%	47%	41%	-10%
	Local	49%	53%	59%	10%

Urban		2002-03	2007-08	2012-13	10 Year Change
Revenues	State	40%	31%	25%	-15%
	Federal IDEA	3%	1%	1%	-2%
	Federal Pass-Through	0%	4%	4%	4%*
	Federal	3%	5%	5%	2%
	State & Federal Subtotal	42%	36%	30%	-13%
	Local	58%	64%	70%	13%

* 7 Year Gain. *Source:* Pennsylvania Department of Education. Figures not adjusted for inflation.

Figure 15: Trends in Share of Special Education Revenues by Funding Source, All Districts



Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

To show the fiscal impact of the changing levels of support from state and local funding sources on school districts, the research included a hypothetical analysis to calculate the impact of maintaining the funding shares at the 2002-03 level for the remaining 10 years. In the analysis, the expenditures and the federal revenues were kept the same, but the 2002-03 state share percentage was applied to the expenditures of all following years; the state shares remained fixed at 42 percent, 49 percent, and 40 percent, respectively, for all, rural, and urban districts. Then the amounts for local funds to balance the needed support were calculated. The summary results are shown in Table 22. The estimate is that there would have been a shift of \$531 million from local funding to state subsidies for special education over this time. The differences for rural and urban school districts would have been \$110 million and \$416 million, respectively. While many considerations and judgments were behind policy decisions resulting in the 10-year ongoing reduction in state shares, the fiscal effect on school districts was to increase substantially the local funding required for special education. This necessity is likely to have resulted in school districts reallocating funding away from other educational areas and into special education, and increasing local taxes to offset the drop in state funding. To maintain the same state share of support for special education as 2002-03, the state would have had to reallocate funding to increase state subsidies for special education.

Table 22: Hypothetical Change in State and Local Funding of Special Education Using 2002-03 State Share

	10 Year Change		
	Actual	Using 2002-03 State Share	Difference
Expenditures	\$1,617,144,378	\$1,617,144,378	\$0
Revenues			
All Districts			
State	\$142,002,281	\$673,511,112	\$531,508,832
Local	\$1,335,451,554	\$803,942,722	(\$531,508,832)
Rural Districts			
State	\$43,212,366	\$153,269,487	\$110,057,120
Local	\$228,922,096	\$118,864,976	(\$110,057,120)
Urban Districts			
State	\$98,789,914	\$515,114,731	\$416,324,817
Local	\$1,106,529,458	\$690,204,641	(\$416,324,817)

Source: Pennsylvania Department of Education. Figures not adjusted for inflation.

Conclusions

Enrollments

Overall special education enrollments have not been growing. Special education enrollments have been essentially constant over the 2004-05 to 2012-13 period, shifting up or down by 1,000 to 2,000 pupils each year. Total enrollments grew by only 4,800 pupils (1.8 percent) from a base of approximately 270,000 enrollments and that growth occurred in the first year. This is in contrast to the total student enrollment in school districts, which have seen a net decline of 7.3 percent over the same time period.

Special enrollments have declined more and faster in rural school districts than in urban school districts. Rural school districts have lost more than 5,000 special education students (7.0 percent) since 2004-05, while urban districts, which have larger populations, have lost about 3,000 special education students (1.6 percent) in the same time period.

However, the composition of special education enrollments changed noticeably. Special education enrollments in school districts declined by almost 8,000 students, while special education enrollments in charter schools increased by 12,800. At the beginning of the study period, school districts served 98 percent of all special education pupils; by 2012-13, their proportion declined to 93 percent. At the same time, a growing proportion of total enrollments in charter schools were special education students. While charter school special education enrollments increased, they still served only 7 percent of all special education pupils.

In general, the types of disabilities that are considered more severe, such as autism, mental retardation, and other health impairments, were served in higher proportions in school districts. For the more prevalent types of disabilities, which are typically less severe and require fewer resources in education programs, the results are mixed. Charter schools had a higher percentage of their population classified as specific learning disability than school districts, while the situation is reversed for speech and language impairment students.

Expenditures

Expenditures for special education consist mainly of instructional expenses with only a small fraction coming from related services, such as psychological services and speech pathology and audiology services. Reported special education expenditures for school districts have grown from \$1.9 billion in 2002-03 to about \$3.5 billion in 2012-13. This represents a gain of \$1.6 billion, or 82 percent, over the 10-year period; the annual dollar increases ranged from approximately \$140 million to \$190 million. Rural districts showed a \$300 million increase (69 percent) over the study period, while urban districts had a greater increase (\$1.3 billion) and percent gain (86 percent). Over this time, there was a small shift toward urban districts in the share of total expenditures. Concurrent with this happening, special education expenditures were taking a greater share of total school district expenditures, rising from approximately 10 percent to 12.4 percent for all districts, with special education in urban districts consistently having a higher share of total expenditures than rural districts.

However, not all reported special education expenditures were made by school district operated programs. Tuition payments to charter schools for district special education students are reported as district expenditures. Adjusting for the tuition payments to charter schools reduces the actual growth rate for school district expenditures for special education by 0.5 percent to 2.5 percent, depending on the year, with later years showing the greater adjustments.

Of the tuition payments to charter schools by school districts, less than half of the total amount was reported by charter schools as being spent for instruction and support services for special education students. In 2012-13, for example, \$150 million (43 percent) of the total tuition payments of \$350 million received by charter schools from school districts was reported for special education instruction and support services (See Table 11 on Page 31).

In comparing school district and charter school expenditures for special education, the results are similar to enrollment patterns. School district expenditure totals are much larger, the annual growth amounts are greater, but the annual growth rates are much lower than charter schools. In terms of the expenditures for special education, districts still have approximately 96 percent of the total amount.

Revenues and Funding Sources

State subsidies for special education showed small growth both in dollars and percent gains through about 2009-10, but stagnated or declined in the following years through 2012-13. Federal revenues for special education increased over the study period, first from the start of Pass-Through funds, then from a 2-year boost from ARRA

funding, and finally from continuing Pass-Through funds. The balance of the funding came from school districts, primarily generated through local taxes. Since special education expenditures were increasing at faster rates than related state subsidies and federal funding, school districts, by necessity, were required to provide large annual increases, which resulted in a steadily growing local share of the total expenditures of special education. The result is an increasing structural imbalance in funding where local taxpayers are supporting a higher proportion of special education expenditures while state subsidies were essentially frozen and federal funding was stabilized as well.

The 10-year changes have seen the state subsidies and the federal funding for special education increase approximately \$140 million each, while local funding has risen by \$1.335 billion. The state share has dropped from 42 percent to 27 percent, and the federal share has risen slightly from 3 percent to 5 percent, while the local share rose substantially from 56 percent to 68 percent of total special education revenues. What was essentially an equal state/local partnership in 2002-03 has changed dramatically to where the state is a minor partner and the local districts have been moved into the major partner role. The direct fiscal impact of the state policy decisions to reduce the state's role has been a shift of funding of more than \$500 million from prior levels of state support to local districts and taxpayers.

The fiscal effect of charters schools on school districts has increased substantially, particularly over the last several years of the study period. From 2009-10 to 2012-13, mandated special education tuition payments to charter schools from school districts increased by \$176 million, two-thirds of which were greater than the charter-school-reported special education expenditures. During this same time, state subsidies for special education to school districts decreased by \$7.5 million. Districts had a double barreled impact having to provide more funding to charter schools for special education students and at the same time make up for the relative reduction in state subsidies for special education.

Policy Recommendations

There are three main areas in which state policy choices about special education can influence or control fiscal outcomes for school districts and the state: enrollments, expenditures, and revenues. Of these, enrollments are the least amenable to change. Eligibility for special education is driven by state and federal requirements to “ensure that each student with a disability receives a Free Appropriate Public Education (FAPE)”⁹. The specification of the appropriate programs and related services to carry out this mandate is done in each student's individual educational program (IEP). “An Individualized Education Program (IEP) is a written statement of the educational program designed to meet a child's individual needs.”¹⁰ This document controls the types of programs and services to be provided and resources needed to implement them. Modification of existing special education policies to reduce or control expenditures could occur by tightening eligibility requirements or by mandating specific lower expenditure

⁹ http://www.portal.state.pa.us/portal/server.pt/community/special_education/7_465.

¹⁰ <http://www.parentcenterhub.org/repository/iep-overview/>.

services. Both of these actions would face stiff legal challenges at both the state and federal levels as well as from special education interest groups and are not recommended.

Within the expenditure area, there may be some efficiencies that could be achieved in the provision of services by school districts. However, the focus of the IEP is serving the child, not conserving or minimizing expenditures. Given the increasing burden on local funding for special education over the past 10 years, it is likely that school districts have already been implementing many expenditure saving actions. Among the most frequent expenditure reduction actions by school districts were leaving positions unfilled after retirements and furloughs; special education teachers were included in these cuts. In 2011-12 and 2012-13, there was a reduction of 800 special education teachers reported by PDE¹¹. Other actions that have been used to reduce expenditures but have a potentially negative impact on program quality or availability were: increasing class sizes or caseloads of professional staff; reducing instructional aides; delaying upgrading or purchase of equipment and software; and reducing or eliminating tutoring programs and summer school¹².

Charter school funding reform is a current issue in the legislature with several proposals under consideration. Special education tuition payments to charter schools have been rising steadily and significantly; over the last 4 years, districts have paid out \$1.036 billion to charter schools for their special education students. However, only \$483 million was reported by charter schools as expenditures for their special education instruction expenditures. The difference of \$553 million (53 percent of the total tuition payments) was used by charter schools for other purposes. These payments in excess of special education instruction expenditures for special education come from local funds and have a significant impact on school district budgets. Put in perspective, for 2012-13, the special education tuition payments by school districts to charter schools beyond what they reported as special education expenditures were \$200 million. The additional state funding to school districts that year was zero for special education and approximately \$40 million for basic education funding.¹³

The policy recommendation in this area depends on the objective of policy makers. If the primary objective is to reduce expenditures for school districts then there is substantial room for reduction in district expenditures by basing tuition payments for special education more on actual charter school expenditures rather than district tuition amounts. A change of this sort would not require additional funding from the state and would significantly reduce the burden on school districts and taxpayers. However, it would substantially reduce the revenues of charter schools by the same amounts.

On the other hand, if the objective is to maintain the level of funding to charter schools, then continuing the current funding stream to charter schools from the special education tuition payments will accomplish this objective. The present policy of mandating district special education tuition payments to charter schools, which this research has shown to be in excess of their special education instruction expenditures, will continue and likely

¹¹ http://www.portal.state.pa.us/portal/server.pt/community/professional_and_support_personnel/7429.

¹² Pennsylvania Association of School Administrators & Pennsylvania Association of School Business Officials, *Continued Cuts: The PASA-PASBO Report on School District Budgets*, January 2015.

¹³ PDE, Summaries of AFR Data, AFR Data: Detailed, State Revenue, 2003-04 – 2012-13.

increase the amount of taxpayer-funded subsidies for other, non-special education charter school expenditures with no additional funding from the state.

The Special Education Funding Commission was established in 2013 (Act 3 of 2013) to review the funding system for special education in the commonwealth and provide recommendations regarding the distribution of state monies for special education. Following the commission's recommendations, the legislature enacted Act 126 of 2014, which created a three-tiered expenditure-based special education funding formula for school districts and charter and cyber charter schools, but only for new funds exceeding amounts appropriated in 2010-11. The special education funding formula employed three broad-based expenditure-per-student categories that narrowed the reimbursement base, but did not base funding on an individual school district's or charter school's actual expenditure data for special education students.

If the policy objective is to reduce the funding burden on school districts, a direct choice on the revenue side is to increase state funding support for special education. The shift from approximately half local and half state funding that was in place at the beginning of the study period to approximately one-quarter state and two thirds local, with the balance from federal sources (5 percent) in 2012-13, has had significant impacts in districts' budgets. Approximately \$500 million has been moved from state funding responsibility to local school districts and taxpayers. This has been particularly burdensome since 2008-09, with multiple years of no state subsidy increases. The \$20 million increase in 2014-15, which is a 2 percent increase, is a relatively small start, but it is in the right direction to redress the imbalance. A policy choice to continue this effort would be to increase the state share over time to previous levels. However, implementation of this recommendation is constrained by the current fiscal situation in the state, other pressing demands for state funds, such as pension reform, and the currently looming state level budget deficits that limit available state resources to deal with fiscal problems.

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Appendix

Special Education Expenditures and Revenues

Special Education Expenditures and Revenues													
		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	10 Year Change
All Districts													
Expenditures	Instruction	\$1,898,553,576	\$2,086,101,185	\$2,272,801,796	\$2,438,376,498	\$2,608,895,090	\$2,762,992,090	\$2,901,398,746	\$3,090,167,393	\$3,245,011,769	\$3,290,672,495	\$3,461,058,240	\$1,562,504,664
	Support	\$72,200,305	\$78,009,081	\$83,775,009	\$88,645,984	\$95,575,440	\$100,679,856	\$106,303,230	\$114,354,937	\$119,422,353	\$123,049,444	\$126,840,019	\$54,639,715
	Total	\$1,970,753,881	\$2,164,110,266	\$2,356,576,805	\$2,527,022,482	\$2,704,470,529	\$2,863,671,946	\$3,007,701,975	\$3,204,522,331	\$3,364,434,122	\$3,413,721,939	\$3,587,898,259	\$1,617,144,378
													\$0
Revenues	State	\$820,783,015	\$850,038,457	\$868,700,481	\$890,541,109	\$913,936,415	\$942,502,954	\$958,806,603	\$970,346,927	\$962,532,161	\$962,037,409	\$962,785,295	\$142,002,281
	Federal IDEA	\$52,885,803	\$51,321,596	\$54,193,807	\$53,142,007	\$35,155,410	\$34,824,460	\$34,610,846	\$37,059,117	\$35,343,874	\$32,177,650	\$31,261,133	-\$21,624,670
	Federal Pass Thorough	\$0	\$0	\$0	\$0	\$102,402,630	\$119,783,290	\$132,073,356	\$226,721,120	\$213,787,695	\$162,766,399	\$161,315,214	\$161,315,214
	Federal	\$52,885,803	\$51,321,596	\$54,193,807	\$53,142,007	\$137,558,040	\$154,607,750	\$166,684,202	\$249,131,569	\$194,944,049	\$192,576,347	\$192,576,347	\$139,690,544
	State & Federal Subtotal	\$873,668,818	\$901,360,053	\$922,894,288	\$943,683,116	\$1,051,494,455	\$1,097,110,705	\$1,125,490,805	\$1,234,127,164	\$1,211,663,730	\$1,156,981,458	\$1,155,361,642	\$281,692,824
	Local	\$1,097,085,063	\$1,262,750,213	\$1,433,682,517	\$1,583,339,366	\$1,652,976,074	\$1,766,561,242	\$1,882,211,170	\$1,970,395,167	\$2,152,770,392	\$2,256,740,481	\$2,432,536,617	\$1,335,451,554
Rural		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	10 Year Change
Expenditures	Instruction	\$437,146,555	\$477,500,059	\$516,025,746	\$553,805,560	\$589,869,542	\$618,160,557	\$644,204,953	\$697,386,656	\$721,797,619	\$715,388,751	\$738,401,201	\$301,254,646
	Support	\$16,499,802	\$18,294,019	\$19,677,461	\$20,449,033	\$22,693,433	\$24,370,217	\$25,150,268	\$26,416,824	\$28,801,998	\$29,763,087	\$30,661,929	\$14,162,128
	Total	\$453,646,357	\$495,794,078	\$535,703,206	\$574,254,593	\$612,562,976	\$642,530,774	\$669,355,220	\$723,803,480	\$750,599,617	\$745,151,838	\$769,063,130	\$315,416,774
Revenues	State	\$220,438,956	\$231,899,396	\$237,420,914	\$243,463,935	\$249,904,323	\$258,848,615	\$263,030,841	\$266,056,964	\$264,614,998	\$263,929,263	\$263,651,322	\$43,212,366
	Federal IDEA	\$11,732,107	\$12,183,015	\$11,891,708	\$11,121,598	\$7,716,573	\$8,056,138	\$7,575,579	\$7,203,394	\$7,313,887	\$5,674,384	\$5,402,414	-\$6,329,693
	Federal Pass Thorough	\$0	\$0	\$0	\$0	\$31,807,308	\$34,078,426	\$39,084,359	\$71,184,518	\$63,234,115	\$46,518,615	\$49,612,005	\$49,612,005
	Federal	\$11,732,107	\$12,183,015	\$11,891,708	\$11,121,598	\$39,523,881	\$42,134,564	\$46,659,938	\$78,387,912	\$70,548,003	\$52,192,999	\$55,014,418	\$43,282,311
	Subtotal	\$232,171,063	\$244,082,411	\$249,312,622	\$254,585,533	\$289,428,204	\$300,983,178	\$309,690,779	\$344,444,877	\$335,163,001	\$316,122,262	\$318,665,740	\$86,494,678
	Local	\$221,475,294	\$251,711,667	\$286,390,585	\$319,669,060	\$323,134,772	\$341,547,596	\$359,664,442	\$379,358,603	\$415,436,617	\$429,029,576	\$450,397,390	\$228,922,096
Urban		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	10 Year Change
Expenditures	Instruction	\$1,461,407,021	\$1,608,601,126	\$1,756,776,050	\$1,884,570,938	\$2,019,025,547	\$2,144,831,533	\$2,257,193,793	\$2,392,780,737	\$2,523,214,149	\$2,575,283,744	\$2,722,657,039	\$1,261,250,018
	Support	\$55,700,503	\$59,715,062	\$64,097,548	\$68,196,951	\$72,882,006	\$76,309,639	\$81,152,962	\$87,938,114	\$90,620,356	\$93,286,356	\$96,178,090	\$40,477,587
	Total	\$1,517,107,524	\$1,668,316,188	\$1,820,873,598	\$1,952,767,889	\$2,091,907,553	\$2,221,141,172	\$2,338,346,755	\$2,480,718,851	\$2,613,834,505	\$2,668,570,100	\$2,818,835,129	\$1,301,727,605
Revenues	State	\$600,344,059	\$618,139,062	\$631,279,568	\$647,077,174	\$664,032,092	\$683,654,340	\$695,775,762	\$704,289,963	\$697,917,163	\$698,108,146	\$699,133,973	\$98,789,914
	Federal IDEA	\$41,153,696	\$39,138,581	\$42,302,099	\$42,020,409	\$27,438,838	\$26,768,322	\$27,035,267	\$29,855,723	\$28,029,987	\$26,503,266	\$25,888,719	-\$15,294,977
	Federal Pass Thorough	\$0	\$0	\$0	\$0	\$70,595,322	\$85,704,865	\$92,988,997	\$155,536,601	\$150,553,579	\$116,247,784	\$111,703,209	\$111,703,209
	Federal	\$41,153,696	\$39,138,581	\$42,302,099	\$42,020,409	\$98,034,159	\$112,473,186	\$120,024,264	\$185,392,325	\$178,583,566	\$142,751,050	\$137,561,929	\$96,408,232
	Subtotal	\$641,497,755	\$657,277,642	\$673,581,667	\$689,097,583	\$762,066,251	\$796,127,526	\$815,800,026	\$889,682,287	\$876,500,729	\$840,859,196	\$836,695,902	\$195,198,146
	Local	\$875,609,769	\$1,011,038,546	\$1,147,291,932	\$1,263,670,306	\$1,329,841,302	\$1,425,013,646	\$1,522,546,729	\$1,591,036,563	\$1,737,333,776	\$1,827,710,905	\$1,982,139,227	\$1,106,529,458

All, Rural, and Urban School Districts

Share of Special Education Revenue by Funding Source

		2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
All Districts												
Expenditures	Instruction	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%
	Support	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
	Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Revenues	State	42%	39%	37%	35%	34%	33%	32%	30%	29%	28%	27%
	Federal IDEA	3%	2%	2%	2%	1%	1%	1%	1%	1%	1%	1%
	Federal Pass Thorough	0%	0%	0%	0%	4%	4%	4%	7%	6%	5%	4%
	Federal	3%	2%	2%	2%	5%	5%	6%	8%	7%	6%	5%
	State & Federal Subtotal	44%	42%	39%	37%	39%	38%	37%	39%	36%	34%	32%
	Local	56%	58%	61%	63%	61%	62%	63%	61%	64%	66%	68%
Rural												
Expenditures	Instruction	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%
	Support	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%	4%
	Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Revenues	State	49%	47%	44%	42%	41%	40%	39%	37%	35%	35%	34%
	Federal IDEA	3%	2%	2%	2%	1%	1%	1%	1%	1%	1%	1%
	Federal Pass Thorough	0%	0%	0%	0%	5%	5%	6%	10%	8%	6%	6%
	Federal	3%	2%	2%	2%	6%	7%	7%	11%	9%	7%	7%
	State & Federal Subtotal	51%	49%	47%	44%	47%	47%	46%	48%	45%	42%	41%
	Local	49%	51%	53%	56%	53%	53%	54%	52%	55%	58%	59%
Urban												
Expenditures	Instruction	96%	96%	96%	97%	97%	97%	97%	96%	97%	97%	97%
	Support	4%	4%	4%	3%	3%	3%	3%	4%	3%	3%	3%
	Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Revenues	State	40%	37%	35%	33%	32%	31%	30%	28%	27%	26%	25%
	Federal IDEA	3%	2%	2%	2%	1%	1%	1%	1%	1%	1%	1%
	Federal Pass Thorough	0%	0%	0%	0%	3%	4%	4%	6%	6%	4%	4%
	Federal	3%	2%	2%	2%	5%	5%	5%	7%	7%	5%	5%
	State & Federal Subtotal	42%	39%	37%	35%	36%	36%	35%	36%	34%	32%	30%
	Local	58%	61%	63%	65%	64%	64%	65%	64%	66%	68%	70%

Ten Year Results: 2002-03 to 2012-13

Annual Dollar Change for Special Education Expenditures & Revenues

		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	10 Year Change
All Districts												
Expenditures	Instruction	\$187,547,609	\$186,700,611	\$165,574,702	\$170,518,592	\$154,097,001	\$138,406,656	\$188,768,647	\$154,844,376	\$45,660,726	\$170,385,745	\$1,562,504,664
	Support	\$5,808,776	\$5,765,928	\$4,870,975	\$6,929,455	\$5,104,417	\$5,623,373	\$8,051,708	\$5,067,416	\$3,627,090	\$3,790,576	\$54,639,715
	Total	\$193,356,385	\$192,466,539	\$170,445,677	\$177,448,047	\$159,201,417	\$144,030,029	\$196,820,355	\$159,911,791	\$49,287,816	\$174,176,321	\$1,617,144,378
Revenues	State	\$29,255,443	\$18,662,024	\$21,840,627	\$23,395,307	\$28,566,539	\$16,303,649	\$11,540,324	(\$7,814,766)	(\$494,752)	\$747,886	\$142,002,281
	Federal IDEA	(\$1,564,207)	\$2,872,211	(\$1,051,800)	(\$17,986,597)	(\$330,950)	(\$213,614)	\$2,448,272	(\$1,715,243)	(\$3,166,224)	(\$916,517)	(\$21,624,670)
	Federal Pass Thorough	\$0	\$0	\$0	\$102,402,630	\$17,380,661	\$12,290,066	\$94,647,763	(\$12,933,425)	(\$51,021,296)	(\$1,451,185)	\$161,315,214
	Federal	(\$1,564,207)	\$2,872,211	(\$1,051,800)	\$84,416,033	\$17,049,710	\$12,076,452	\$97,096,035	(\$14,648,668)	(\$54,187,520)	(\$2,367,702)	\$139,690,544
	State & Federal Subtotal	\$27,691,235	\$21,534,235	\$20,788,828	\$107,811,339	\$45,616,249	\$28,380,101	\$108,636,359	(\$22,463,434)	(\$54,682,272)	(\$1,619,815)	\$281,692,824
	Local	\$165,665,150	\$170,932,304	\$149,656,850	\$69,636,708	\$113,585,168	\$115,649,928	\$88,183,997	\$182,375,225	\$103,970,089	\$175,796,136	\$1,335,451,554
Rural												
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	10 Year Change
Expenditures	Instruction	\$40,353,504	\$38,525,687	\$37,779,814	\$36,063,982	\$28,291,015	\$26,044,396	\$53,181,703	\$24,410,963	(\$6,408,868)	\$23,012,450	\$301,254,646
	Support	\$1,794,217	\$1,383,442	\$771,572	\$2,244,400	\$1,676,784	\$780,050	\$1,266,556	\$2,385,174	\$961,089	\$898,842	\$14,162,128
	Total	\$42,147,721	\$39,909,129	\$38,551,387	\$38,308,383	\$29,967,798	\$26,824,446	\$54,448,260	\$26,796,137	(\$5,447,779)	\$23,911,292	\$315,416,774
Revenues	State	\$11,460,440	\$5,521,518	\$6,043,021	\$6,440,388	\$8,944,291	\$4,182,226	\$3,026,123	(\$1,441,966)	(\$685,735)	(\$277,941)	\$43,212,366
	Federal IDEA	\$450,908	(\$291,307)	(\$770,110)	(\$3,405,025)	\$339,565	(\$480,559)	(\$372,184)	\$110,493	(\$1,639,503)	(\$271,971)	(\$6,329,693)
	Federal Pass Thorough	\$0	\$0	\$0	\$31,807,308	\$2,271,117	\$5,005,934	\$32,100,159	(\$7,950,403)	(\$16,715,500)	\$3,093,390	\$49,612,005
	Federal	\$450,908	(\$291,307)	(\$770,110)	\$28,402,283	\$2,610,683	\$4,525,374	\$31,727,974	(\$7,839,910)	(\$18,355,004)	\$2,821,419	\$43,282,311
	State & Federal Subtotal	\$11,911,348	\$5,230,211	\$5,272,912	\$34,842,671	\$11,554,974	\$8,707,600	\$34,754,098	(\$9,281,876)	(\$19,040,739)	\$2,543,478	\$86,494,678
	Local	\$30,236,373	\$34,678,918	\$33,278,475	\$3,465,712	\$18,412,824	\$18,116,846	\$19,694,162	\$36,078,013	\$13,592,960	\$21,367,813	\$228,922,096
Urban												
		2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	10 Year Change
Expenditures	Instruction	\$147,194,105	\$148,174,924	\$127,794,888	\$134,454,609	\$125,805,986	\$112,362,260	\$135,586,944	\$130,433,412	\$52,069,594	\$147,373,295	\$1,261,250,018
	Support	\$4,014,559	\$4,382,486	\$4,099,403	\$4,685,055	\$3,427,633	\$4,843,323	\$6,785,152	\$2,682,242	\$2,666,001	\$2,891,734	\$40,477,587
	Total	\$151,208,664	\$152,557,410	\$131,894,291	\$139,139,664	\$129,233,619	\$117,205,583	\$142,372,096	\$133,115,654	\$54,735,595	\$150,265,029	\$1,301,727,605
Revenues	State	\$17,795,003	\$13,140,506	\$15,797,606	\$16,954,918	\$19,622,248	\$12,121,422	\$8,514,200	(\$6,372,799)	\$190,983	\$1,025,827	\$98,789,914
	Federal IDEA	(\$2,015,116)	\$3,163,518	(\$281,690)	(\$14,581,571)	(\$670,516)	\$266,945	\$2,820,456	(\$1,825,737)	(\$1,526,721)	(\$644,546)	(\$15,294,977)
	Federal Pass Thorough	\$0	\$0	\$0	\$70,595,322	\$15,109,543	\$7,284,133	\$62,547,604	(\$4,983,022)	(\$34,305,795)	(\$4,544,575)	\$111,703,209
	Federal	(\$2,015,116)	\$3,163,518	(\$281,690)	\$56,013,750	\$14,439,027	\$7,551,078	\$65,368,060	(\$6,808,759)	(\$35,832,516)	(\$5,189,121)	\$96,408,232
	State & Federal Subtotal	\$15,779,887	\$16,304,024	\$15,515,916	\$72,968,668	\$34,061,275	\$19,672,500	\$73,882,261	(\$13,181,558)	(\$35,641,534)	(\$4,163,294)	\$195,198,146
	Local	\$135,428,777	\$136,253,386	\$116,378,375	\$66,170,996	\$95,172,344	\$97,533,083	\$68,489,835	\$146,297,212	\$90,377,129	\$154,428,323	\$1,106,529,458

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