

A History of Special Education Funding in PA

Contingency Fund (after 1991)

A separate annual state appropriation, distributed by PDE upon application by districts only for the most costly students with disabilities. Funded at varying levels – 2% in the past but now at 1% of all state appropriations for special education.



Excess Cost System: Funding Based on Need (before 1991)

The state paid school districts for the difference between special education costs and regular education costs. The formula included the actual number of students in special education and the actual costs in each district. Adjustments were made during the year to give extra funds needed or apply left-over funds to the next year.

- Pros: Funding levels were relatively high and met the demands of districts.
- Cons: Special education costs were rising rapidly. Some advocates also felt that this system encouraged school districts to put too many students into special education and to pay for expensive pull-out programs instead of using inclusion in regular classes.



Census Method: Funding Based on Assumed Averages (after 1991)

The state pays school districts a “supplement” based on a single formula. The formula assumes that 15 percent of all students in the district have mild disabilities and that 1 percent have severe disabilities. Districts receive a fixed level of funding whether they have more or less than this number of students. The state used to pay more money for the 1 percent category.

- Pros: Districts no longer have an incentive to put too many students into special education or to avoid inclusion. Funding is predictable from year to year.
- Cons: Funding is not based on actual needs in the district and does not count how many students are actually in special education.

NOTES: In the first year of this formula, but not in other years, the state assumed that 17 percent of all students have mild disabilities. Since 2000-01, the state has capped state funding and used the assumptions about percentages of students only to divide the total amount of funding between districts.



Annual Variations in the Census Method of Funding (after 1991)

The funding formula for special education has changed in almost every year since 1991. The following boxes describe the major areas of change. The Pros and Cons remain unchanged.



Hold Harmless

The state usually gives funding to every district at the same or a higher level as the year before. This is called “hold harmless.” Guaranteed increases are usually between 1% and 5% -- (2% in 2008-09).



State Payment Criteria

From 1994 to 2001, the supplement benefited districts with higher costs than the “average” district. From 1997 to 2001, this favored high-cost districts with high levels of poverty and high property taxes. After 2001, the state calculated the supplement using the district’s poverty, enrollment, and tax base. The 2008-09 supplement used only the poverty level.



Other Extras

The state sometimes gives extra funds for other reasons, such as helping large districts (1998-2000), helping districts with more students in special education (1999-2001), or for inflation (2008-09).