WEST CHESTER AREA SCHOOL DISTRICT
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SPECIAL EDUCATION: FINANCIAL IMPACT AT NATIONAL, STATE, AND LOCAL LEVELS

AND

CASE STUDY: WEST CHESTER AREA SCHOOL DISTRICT

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Introduction

What drives the cost of Special Education?[1]

The spiraling costs of Special Education services, which are a paramount concern for state and local officials throughout the nation, have many causes, some of which are:

- increased enrollment of students;
- increased identification of students necessitated by the "child find" mandates of state and federal law and increased litigation over "child find "errors";
- the addition of more and very expensive support and related services for eligible students, particularly for students with previously unrecognized or poorly understood disorders such as autism, health impairments, and mental illnesses;
- the failure of state and federal formula funding mechanisms to reflect true costs, and true cost increases, in special education programs;
- the need for increased training for regular and Special Education school personnel, parents, and the local community; and
- the necessity for copious record keeping and documentation as mandated by state and federal statutes and regulations.

It must be noted that the right to Special Education services is one of two entitlement programs, medical assistance being the other, that does not allow any excuse or reason for not delivering a specially-designed, needed program, service, or device to an eligible child. Consequently, a lack of funds, personnel, or any other resource is not acceptable as a reason to limit service, and the local educational entity must provide the needed accommodations at any requisite cost.[2]

Adding to the increased expenditures are the increase in parent demands and special education litigation, fostered by—

- a growth in organized parent advocacy organizations;
- significant growth in the number of attorneys whose sole practice focuses on the representation of parents in special education disputes;
- the expansion of Websites dedicated to providing parents with sometimes good, but often poor, information about their rights and the public schools;
- significant growth in the number of private evaluators who dedicate a significant portion of their practices to providing parents with "independent educational evaluations" of their children; and
- the availability of increasingly disproportionate remedies from hearing officers and courts, including monetary damages for future income earning loss and intangibles such as "pain and suffering."

It also must be pointed out that these related services as well as primary Special Education services are provided to certain eligible children beyond the routine 180-day school calendar. The eligibility for this extended period must be considered for all children who are eligible for

[1] White Paper: Special Education in Pennsylvania. Alliance for School Aid Partnership. March 2001.
[2] Ibid.

Special Education services. All of these requisites as well as the record keeping and documentation maintained to ensure the integrity of the Special Education process have significantly added to the cost of provided mandated Special Education services.

Special education costs and funding must be addressed at the national, state, and local levels - the array of issues is overwhelming, and cannot be fully understood by examining the issues at only one school district such as West Chester. For this reason, in this report our intent is to provide the reader an historical perspective of mandates and funding for special education, and its impact to schools in the nation, in the State of Pennsylvania and at the West Chester Area School District. Our goal is that the reader will have significant talking points about the issues of special education to discuss with taxpayers, community organizations and legislators at the federal and state levels.

History of Special Education Mandates

Special Education Law Timeline

1954
Brown v. Board of Education of Topeka, Kansas
Establishes the principle that "equality" under the Fourteenth Amendment of the U.S. Constitution requires "inclusion," and cannot be achieved through equal investment in separate schools.

1964
Title VI of the Civil Rights Act of 1964
Congress prohibits discrimination on the basis of race, color, and national original in all federally-assisted programs. Congress later adds a prohibition against discrimination on the basis of gender in federally-assisted education programs with Title IX of the Education Amendments of 1972.

1965
The Elementary and Secondary Education Act
The first substantial block grant investment by the federal government in public education. Eventually, Congress would use the ESEA to allocate billions of dollars to State and local educational agencies to provide remedial instruction and other services to poor, disadvantaged, and disabled children.

1971-72
Pennsylvania Association for Retarded Citizens v. Commonwealth of Pennsylvania
In class action law suits here and in the District of Columbia, advocates for the disabled use the principles of equality enunciated in *Brown* to strike down laws that barred admission to the public school to certain classes of children with disabilities. Through a consent decree, the *PARC* court requires not only that previously excluded children be admitted to the public schools, but that they receive systematic evaluations to determine their disability status and educational needs and that parents and school employees cooperate in the development and regular revision of written individualized educational programs (IEPs) for each child based on these evaluations.

1973
Section 504 of the Rehabilitation Act of 1973
In a tentative response to the *PARC* and *Mills v. District of Columbia* cases, Congress enacts legislation similar to the Civil Rights Act of 1974, simply prohibiting discrimination on the basis of disability in federally assisted programs. The U.S. Department of Education issues regulations in 1980, however, that greatly expand the scope of the Act so that it effectively mirrors the affirmative mandates of the EHA-IDEA.

1975
The Education of the Handicapped Act & The Individuals with Disabilities Education Act
Congress melds a funding mandate that outpaces the ESEA in detail and scope with the rights and remedies of a civil rights statute in its most far-reaching legislative foray into public education ever. All children with disabilities must be identified, evaluated, and provided with a "free appropriate public education," as defined in an annually-developed IEP, in the least restrictive environment. In successive, "reauthorizations," the most recent of which came in late 2004, Congress expands the range of disabling conditions covered by the Act, adds increasingly complex procedural requirements, expands the scope of mandated programs and services to include such items as assistive technology and family training, and broadens the remedial coverage of the Act to encompass awards of parent attorney's fees, private school tuition, and, in conjunction with other civil rights statutes, the possibility of monetary damages.

2001
The No Child Left Behind Act
Seeking to remedy what the President characterizes as the "soft bigotry of low expectations," Congress drastically alters the ESEA to require that all children, including children with disabilities, meet common standards of "proficiency" in reading and math. The uniform standard seems to conflict with the individualization required by the IDEA and creates a new standard of "meaningful progress" for children with disabilities.

Individuals with Disabilities Education Act (IDEA)

In 1975, our country took a major step forward in promoting the inclusion and equality of one of our most disenfranchised groups of citizens. Passage of the Education for All Handicapped Children Act (now known as the Individuals with Disabilities Education Act) assured that all children with disabilities receive a free, appropriate public education in the least restrictive environment. Millions of children with disabilities are no longer limited by their families' ability to afford private education; they are no longer forced to attend costly state institutions, or worse, stay home and miss out entirely on the benefits of an education. IDEA ensures that children with disabilities may attend public schools alongside their peers.

IDEA requires that school districts offer **F**ree and **A**ppropriate **P**ublic **E**ducation (FAPE) to its special education students in the least restrictive environment. Simply put, we are challenged to educate students closest to their neighborhood school to the greatest extent possible, with the non-disabled peers. The primary vehicle through which disabled children are assured a FAPE is the "individualized education program" (IEP). The IEP is a written statement prepared as the result of consultation among a representative of local education agency, the teacher, and the parent. To ensure meaningful progress towards IEP goals, it must be reviewed at least annually and must be revised when appropriate.[3]

Another important aspect of IDEA is its child find mandate. All schools have an affirmative duty to locate, identify and provide services to children who may be disabled and may need special education and related services. If school employees know or have reason to suspect that a child has a disability, these school employees have an affirmative duty to act on the child's behalf. If they fail to do so, they have defaulted in their obligation to identify, locate and evaluate children with disabilities who need individualized special education programs.

Courts have attempted without success for many years to define the parameters of the "free appropriate public education mandate" for public schools. In 1982, the United State Supreme Court ruled, in *Board of Education of Hendrick Hudson Central School District v. Rowley*, that the so-called "FAPE" mandate required programs and services that were "reasonably calculated"—not guaranteed—to enable the child with disabilities to make "meaningful educational progress." Public schools were not required to maximize the child's educational potential. In cases such as *Polk v. Central Susquehanna Intermediate Unit 16*, the United States Court of Appeals for the Third Circuit, which has jurisdiction over Pennsylvania, attempted to refine the *Rowley* standard, concluding that "meaningful progress" must provide more than *de minimus* benefit to the child and that the measure of meaningfulness will depend, in part, on the child's potential. Thus, growth for a child with moderate to severe mental retardation might be expected to be considerably slower than growth for a child with learning disabilities and average intelligence. Unfortunately, the Courts have not always understood and applied properly the idea of using "potential" as a measure of "meaningful" progress. In *Chad C. v. West Chester Area School District,* for example, the court found a child eligible for special education on the ground that such services would close the gap between the child's above average intelligence and average grades. Such confusion, which is not uncommon, contravenes the intent of the Supreme Court in *Rowley* not to require public schools to provide programming that "maximizes the child's potential."

[3] Whitted, Cleary & Takiff, LLC. Overview of the Federal Mandate of Special Education. http://www.whittedclearylaw.com/CM/Publications/publications33.asp. November 2007

The enactment of the No Child Left Behind Act in 2001, with its uniform standard of "proficiency" for all students, including those with disabilities, has confused further the efforts to develop a coherent, child-specific standard of "meaningful progress. In its 2004 reauthorization of the IDEA, Congress attempted to resolve some of the conflict between NCLB and IDEA—its two largest public education mandates—by requiring that all children receive appropriate reading and math instruction in regular education, with regular progress monitoring in that setting, prior to identification for and placement in special education programming. Increases in the accountability of regular education programming, however, does not resolve the tension between the uniform expectations of all children under NCLB and the individualized expectations for children with disabilities under the IDEA.

The "least restrictive environment" (LRE) mandate of the IDEA legislation has also been a major source of litigious activity for the Pennsylvania Department of Education (PDE). The 2004 Gaskin's settlement, a landmark class action lawsuit filed against PDE on behalf of Pennsylvania public school students with disabilities, validated the spirit of the federal IDEA legislation. The plaintiffs alleged that PDE had systematically failed to enforce the provisions in federal law requiring local schools and school districts to offer a continuum of support services allowing disabled children to be educated in regular classrooms. The forty-six page settlement agreement established an array of reforms in Pennsylvania including changes to the IEP format, compliance monitoring and complaint resolution.[4]

This settlement brought the term "inclusion" into the limelight of special education instruction along with an assortment of new resources necessary to support it. As a result, school districts were required to modify the content of regular education curriculum to accommodate special education students. For example, for severely involved children, this can mean the teaching of basic living skills such as toileting, dressing and feeding. For others, school districts need to deliver the curriculum in a special way, such as a multi-sensory approach in order to take account of the student's learning differences. It is now common practice to have a full time instructional assistant accompanying a special education student in the regular education classroom. Over a seven year period – from 1998 to 2005- instructional assistants working in Pennsylvania school districts grew by 41% .[5] The expense of instructional aides in Pennsylvania will rise at an even faster pace since the state is committed to an approach that will require paraprofessionals to meet standards that exceed those established by the NCLBA.[6] Other staff members serve as transition coordinators or job coaches that may also be part of a youngster's program. School districts provide a host of support services including quasi medical services, such as physical, occupational and speech therapy as well as supports such as counseling, health services, and specialized physical education.

Even with the emphasis on inclusion, school districts place some students in alternative settings to meet their educational needs. Examples are approved private schools (APS) and residential treatment facilities. Tuitions for these facilities are typically $100,000 per year for a residential student and $50,000 per year for a day student, but can be as high as $200,000 and $70,000, respectively. School districts pay anywhere from 40% to 100% of the cost for these students and the state and federal governments pay the remainder. School districts also provide transportation to

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[4] Gaskin v. Pennsylvania Department of Education. Summary of Principal Provisions in the Proposed Settlement Agreement. http://www.pde.state.pa.us/special_edu/cwp/view.asp?a-177&Q=10902

[5] Source: Public School Support Personnel (PDE-5019). http://www.pde.state.pa.us/k12statistics/lib/k12statistics/9899SupPers.pdf http://www.pde.state.pa.us/k12statistics/lib/k12statistics/0506SupPers.pdf

[6] Faust, A.E, Special Education Challenges & Choices. PASBO presentation. November 9, 2007.

these institutions - some in far away locations. [7] A child may require special education services in a facility hundreds of miles from his home or even in another state.

In 2007, a new wrinkle has emerged in special education concerning parent placement of students in private institutions. [8] Parents are proceeding to make unilateral placements for their children and fighting the school district for reimbursement of the tuition costs. The courts have not given consistent guidance on whether parents are allowed to reject schools' proposed plans without first trying them. The expense is growing for school districts as the number of children with learning disabilities rises. According to the National School boards Association, as of 2005, more than 88,000 disabled students were educated in private settings at taxpayer expense, an increase of 34% over a decade.[9]

Congress reauthorized IDEA in 2004 and although it preserved the basic structure and civil rights guarantees of IDEA, it also made significant changes in the law. These changes included:[10]

- requirement that all special education teachers be "highly qualified"
- extensive provisions aimed at ensuring special education and related services for children with disabilities who are homeless or otherwise members of highly mobile populations
- increased compliance monitoring and reporting requirements for states including the submission of long term implementation plans (SSP) along with annual performance reports (APR) to the federal government.[11]
- revised state performance goals and requirements for children's participation in state and local assessments such as NCLB
- student discipline safeguard when a child has inflicted serious bodily injury on another person which allows the school to place the child in an interim alternative educational setting
- application of IDEA funds for early intervening services
- provisions aimed at reducing paperwork and other non-educational activities

Although IDEA mandates generate many additional costs for school districts, IDEA presents some unexpected financial consequences. For example, transportation is considered a "related service" necessary for special education students to benefit from their instructional program. As a result, school districts provide specially equipped buses with wheelchair lifts, air conditioning, bus aides and other supports necessary for the ride to school. These accommodations are in addition to providing unlimited transportation service as long as it is needed to comply with the child's educational plan. Lastly, in order to provide a least restricted environment for special education students, school districts allocate numerous rooms in their buildings for special education in addition to the regular education classrooms in which students also spend part of their day. This

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[7] White Paper: Special Education in Pennsylvania. Alliance for School Aid Partnership. March 2001.
[8] Schemo & Medina. *The New York Times.* October 27, 2007. Fitzgerald, *News-Times.* October 28, 2007.
[9] *School Business Daily.* Association of School Business Officials International. October 29, 2007.
[10] Apling R. N. & Jones, N.L. CRS Report for Congress. Individuals with Disabilities Education Act (IDEA) Analysis of changes Made by P.L. 108-446. January 5, 2005. http://www.cec.sped.org/Content/NavigationMenu/PolicyAdvocacy/IDEAResources/CRSAnalysisofNewIDEAPL108-446.pdf.
[11] Pennsylvania Department of Education Website. http://www.pde.state.pa.us/special_edu/cwp/view.asp?a=3&Q=117687. November 2, 2007.

allocation of space must be considered when renovating and constructing new buildings in the school system. At an average construction price of over $200,000 per classroom, the costs can quickly add up to a million or more dollars per building.

There are also large financial consequences for a school district if it is found to be noncompliant with IDEA. Parents are afforded significant procedural protections including the right to present complaints at an impartial due process hearing before a state or local educational agency as well as bringing an action in the United States District Court or a state court. [12] Districts are easy targets for lawsuits since there is so much complexity in the law and it is not uncommon for a district to make a mistake somewhere in the compliance process. For example, parents sue districts for failing to identify their child as disabled (child find), failing to correctly prepare and implement an IEP for the child (placement), and failing to correctly monitor the progress of the child (evaluation). Parents are awarded compensatory education in that the school district must provide services to the child for a period of time that equals the amount of time that the school was in violation of providing a free and appropriate public education in the least restrictive environment. Because IDEA is a civil rights law, courts have awarded money damages for pain and suffering and parents can require a jury trial for their case. School districts can also be held responsible for paying parent's attorney fees no matter what the hourly rate. In fact, attorney fee awards have been greater than the compensatory educational costs for the student in some cases. [13] The school district's high risk of financial exposure for noncompliance has empowered some parents to demand elaborate accommodations for their child, knowing that the school district has little recourse but to pursue expensive and risky litigation if it intends to resist the demand.

PA School Code - Chapter 14

Chapter 14 of the Pennsylvania School Code ensures that children with disabilities are provided with Special Education services and programs through an offering of a free and appropriate public education. The goal of Special Education is for students to participate fully and independently in the community, including preparation for employment or higher education. Chapter 14 also specifies how the Commonwealth will meet its obligations to suspected and identified children with disabilities who require Special Education and related services. The regulations under Chapter 14 provide the Commonwealth with supervision of services and programs and delegation of the operational responsibility for school aged students to its school districts to include the provision of their child find duties. Part of the Commonwealth's oversight responsibility is to regulate caseload requirements.

Chapter 14 is significant in that it establishes the mandates related to the disability type, degree of service and case load maximums based on these categories. Case load maximums are a major driver of costs for special education in that districts must construct additional classrooms and add staff to comply with the mandates. The typical regular education student-to-classroom teacher ratio is 25 to 1. Class size mandates for resource, part time and full time special education students are well below the class size for regular education students.

Type of Intervention

Chapter 14 identifies a special education child by the type of disability and the child must be in need of specifically designed instruction as determined by a multi-disciplinary team. The definitions of the disability types are as follows. The following types of special education

[12] Whitted, Cleary & Takiff, LLC. Overview of the Federal Mandate of Special Education. http://www.whittedclearylaw.com/CM/Publications/publications33.asp. November 2007.

[13] Faust, A.E, Special Education Challenges & Choices. PASBO presentation. November 9, 2007.

program, which every school district must have available for its students as needed either in its own facilities or in regular school facilities in neighboring school districts—

Autistic support. Services for students with the disability of autism who require services to address needs primarily in the areas of communication, social skills or behaviors consistent with those of autism spectrum disorders. The IEP for these students must address needs as identified by the team which may include, as appropriate, the verbal and nonverbal communication needs of the child; social interaction skills and proficiencies; the child's response to sensory experiences and changes in the environment, daily routine and schedules; and the need for positive behavior supports or behavioral interventions.

Blind-visually impaired support. Services for students with the disability of visual impairment including blindness, who require services to address needs primarily in the areas of accessing print and other visually-presented materials, orientation and mobility, accessing public and private accommodations, or use of assistive technologies designed for individuals with visual impairments or blindness. For students who are blind or visually impaired, the IEP must include a description of the instruction in Braille and the use of Braille unless the IEP team determines, after the evaluation of the child's reading and writing needs, and appropriate reading and writing media, the extent to which Braille will be taught and used for the student's learning materials.

Deaf and hard of hearing support. Services for students with the disability of deafness or hearing impairment, who require services to address needs primarily in the area of reading, communication accessing public and private accommodations or use of assistive technologies designed for individuals with deafness or hearing impairment. For these students, the IEP must include a communication plan to address the language and communication needs, opportunities for direct communications with peers and professional personnel in the child's language and communication mode, academic level, and full range of needs, including opportunities for direct instruction in the child's language and communication mode; and assistive technology devices and services.

Emotional support. Services for students with a disability who require services primarily in the areas of social or emotional skills development or functional behavior.

Learning support. Services for students with a disability who require services primarily in the areas of reading, writing, mathematics, or speaking or listening skills related to academic performance.

Life skills support. Services for students with a disability who require services primarily in the areas of academic, functional or vocational skills necessary for independent living.

Multiple disabilities support. Services for students with more than one disability the result of which is severe impairment requiring services primarily in the areas of academic, functional or vocational skills necessary for independent living.

Physical support. Services for students with a physical disability who require services primarily in the areas of functional motor skill development, including adaptive physical education or use of assistive technologies designed to provide or facilitate the development of functional motor capacity or skills.

Speech and language support. Services for students for students with speech and language impairments who require services primarily in the areas of communication or use of assistive technologies designed to provide or facilitate the development of communication capacity or skills.

Degree of Service

Each of these services must be offered at various levels of intensity, depending on the needs of the individual children. The various levels of service are defined as follows.

Full-time—special education supports and services provided by special education personnel for 80% or more of the school day.

Itinerant—special education supports and services provided by special education personnel for 20% or less of the school day.

Supplemental—special education supports and services provided by special education personnel for more than 20% but less than 80% of the school day.

Maximum Special Education Teacher Case Loads

Degree of Service / Intervention	Itinerant (20% or less)	Supplemental (less than 80% but more than 20%)	Full-time (80% or more)
Learning Support	50	20	12
Life Skills Support	20	20	12 (grades K-6) 15 (grades 7-12)
Emotional Support	50	20	12
Deaf & Hearing Impaired Support	50	15	8
Blind & Visually Impaired Support	50	15	12
Speech & Language Support	65		8
Physical Support	50	15	12
Autistic Support	12	8	8
Multiple Disabilities Support	12	8	8

History of Special Education Funding

IDEA Funding History

When IDEA passed in 1975, Congress understood that it was creating a law that would have increased financial impact at the state and local level. They agreed to pay for the excess costs of educating a child with a disability compared to a general education student.[14] Over several years, that promise was translated into 40 percent of the National Average per Pupil Expenditure (APPE) for every child enrolled in special education[15].

In the 31 year history of the Individuals with Disabilities Education Act, the federal contribution has always fallen far short of the congressional commitment to fully fund IDEA. Local and state budgets have been forced to absorb the shortfall. In the last several years Congress has made significant progress, but IDEA appropriations still need a 146 percent increase before IDEA is fully funded.

The table to the right demonstrates the IDEA funding shortfall. For example, in 2006, the national average per pupil excess cost was estimated to be $8,668. With 6,878,000 students served under IDEA, schools are qualified to receive $23.8 billion in federal funds. Unfortunately, the Federal government is only providing $10.6 billion to fund IDEA. In other words, states and school districts are currently receiving roughly 17.75% percent rather than the federal commitment of 40% of APPE. In 2008, states and school districts will be forced to go to their local tax payers to finance over $15 billion for the shortfall in funding from the Federal government – an average of $300 million per state. If IDEA had been fully funded for the last 31 years, state and local governments would have had $381.8 billion available to enhance teacher quality and compensation, increase student achievement, provide additional related services, or to purchase new computers and up-to-date textbooks.[16]

IDEA Funding Gap *

Fiscal Year	National APPE	# of Special Ed. Students	Total Cost (National APPE)	Part B Authorization (40%)	Part B Appropriations	% of National APPE	Funding Gap
1993	$5,108	4,896,000	25,008,768,000	$10,003,507,200	$2,050,000,000	8.20%	$7,953,507,200
1994	$5,206	5,101,000	26,555,806,000	$10,732,504,000	$2,150,000,000	8.10%	$8,582,504,000
1995	$5,429	5,467,000	29,680,343,000	$11,872,137,200	$2,320,000,000	7.82%	$9,552,137,200
1996	$5,640	5,629,000	31,747,560,000	$12,699,024,000	$2,323,837,000	7.32%	$10,375,187,000
1997	$5,796	5,806,000	33,651,576,000	$13,460,630,400	$3,107,522,000	9.23%	$10,353,108,400
1998	$6,046	5,978,000	36,142,988,000	$14,457,195,200	$3,801,000,000	10.52%	$10,656,195,200
1999	$6,296	6,133,000	38,613,368,000	$15,445,347,200	$4,310,000,000	11.16%	$11,135,347,200
2000	$6,631	6,274,000	41,602,894,000	$16,641,157,600	$4,989,000,000	11.99%	$11,652,157,600
2001	$7,006	6,381,000	44,705,286,000	$17,882,114,400	$6,339,685,000	14.18%	$11,542,429,400
2002	$7,499	6,483,000	48,616,017,000	$19,446,406,800	$7,528,533,000	15.49%	$11,917,873,800
2003	$7,839	6,611,000	51,823,629,000	$20,740,029,200	$8,874,398,000	17.12%	$11,865,631,200
2004	$8,148	6,723,000	54,779,004,000	$21,911,601,600	$10,068,106,000	18.38%	$11,843,495,600
2005	$8,400	6,803,000	57,145,200,000	$22,858,080,000	$10,589,746,000	18.53%	$12,268,334,000
2006	$8,668	6,878,000	59,618,504,000	$23,847,401,600	$10,582,961,000	17.75%	$13,264,440,600
2007	$9,045	6,947,000	62,835,615,000	$25,134,246,000	$10,782,961,000	17.16%	$14,351,285,000
2008	$9,204	7,010,000	64,520,040,000	$25,808,016,000	$10,491,941,000	16.26%	$15,316,075,000
2009	$9,426	7,066,000	66,604,116,000	$26,641,646,400	N/A		
2010	$9,653	7,115,000	68,681,095,000	$27,472,438,000	N/A		
2011	$9,885	7,158,000	70,756,830,000	$28,132,710,000	N/A		
2012	$10,121	7,194,000	72,810,474,000	$29,124,189,600	N/A		
2013	$10,371	7,223,000	74,909,733,000	$29,963,893,200	N/A		

* Data for chart taken from March 2006 Report by IDEA Funding Coalition, "IDEA Funding: Time for Congress to Live Up to the Commitment." Part B Appropiriations from 2001 to 2008 are from http://www.ed.gov/about/overview/budget/budget08/08bylevel.pdf.

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[14] *IDEA Funding: Time for Congress to Live Up to the Commitment, Mandatory Funding Proposal*, IDEA Funding Coalition. March 2006.

[15] 20 U.S.C. § 141(a). APPE calculated by 2002 study by Special Education Expenditure Project. Chamber, Parrish et al. educating a special education student costs an average of 1.9 times as much as a regular education student. National APPE figure listed in the table is ***excess cost*** of special education student over a regular education student.

[16] *IDEA Funding: Time for Congress to Live Up to the Commitment, Mandatory Funding Proposal*, IDEA Funding Coalition. March 2006.

Another aspect of IDEA funding worth mentioning is the way it is distributed among the states. IDEA funding no longer works on a "bounty" system. In other words, the federal government distributes the IDEA money based on total student population in the state. A state does not receive more money when its schools identify more students as disabled. Although PDE allocates the IDEA funding to the intermediate units based on the same formula, intermediate units distribute the funding to individual school districts based on actual special education counts in the Penn Data system.

Medical ACCESS

The ACCESS program is a system that can be used by school districts, intermediate units, state-owned schools, or approved private schools (APS) to obtain funding for health-related services being provided to Special Education students within the school setting.

Public Law 94-142 (PL 94-142), the Education for all Handicapped Children Act, was signed into law in 1975. One of the mandates established by this act is that local school districts are responsible for providing health-related services. The act states that individualized education programs (IEP's) shall be provided for each child with special needs. When this law was enacted, the federal government committed to funding 40 percent of the national per pupil expenses for these services. However, the Rand Corporation published a report in 1981 that revealed the federal government's contribution for these programs was less than seven percent of the national average. As a result of this report, it became clear that responsibility for financing health-related services required by this act had to be established because the federal government was not paying its intended share.

In 1988, Congress clarified this issue by passing the Medicare Catastrophic Coverage Act (PL 100-360). This law stated that federal Medicaid funds must be available to reimburse for the cost of related services found in a child's IEP, individualized service plan, or individualized family service plan (IFSP). Therefore, state education agencies are eligible for partial federal reimbursement for the related services they are providing to children who are eligible for Medicaid.

PDE has responded to this legislation and the increasing need for Special Education services by developing the ACCESS program. ACCESS is a method of gaining medical assistance (MA) partial reimbursements for medically related services currently being provided to MA eligible Special Education students.

The federal funds received from Medicare are maintained in an account managed by PDE and must be used to enhance or expand special education programs. The funding is separated into two categories: one for the direct medical services costs and the second one for administration and transportation related costs. Districts must submit extensive reports to obtain reimbursements, such as an accounting of direct costs, daily time study logs and student transportation records.

According to annual financial reports submitted to PDE, Pennsylvania school districts submitted applications for $14.5 million in total ACCESS funding during

Pennsylvania School District Reimbursements from Medical Access ($Millions)

Year	Medical Assistance Reimbursements (ACCESS)	Medical Assistance Reimbursements for Health-Related Transportation / Administration
2001-02	$12.1	$2.4
2002-03	$18.7	$6.5
2003-04	$26.0	$5.6
2004-05	$38.1	$5.3
2005-06	$48.4	$6.0

http://www.pde.state.pa.us/k12_finances/lib/k12_finances/FederalRev_0001-0506.xls

the 2001-02 year. Five years later, applications totaled $54.4 million - an increase of $39.9 million (see table on the previous page). MA funding to intermediate units and other institutions in the state is not included in the table; therefore, the actual amount of Medical Access funds used for special education students in Pennsylvania may be substantially higher.

At the time this report is being written, Medicaid Services is moving closer to publishing a rule that would reduce federal payments to school districts in the nation by $636 million in 2008-09, and by $3.6 billion over five years. The reduction in funding would eliminate federal matching funds for administrative and transportation services related to Medicaid services provided by school districts. Congress may preempt the rule through its own bill (H.R. 3162) which reauthorizes the State Children's Health Insurance Program. [17] **School districts received $6 million in matching funds for administrative and transportation services during the 2005-06 year. If the proposed rule is adopted, starting in October of 2008, school districts, intermediate units, and approved private schools, will no longer be reimbursed for a portion of their costs to outfit buses with special equipment to accommodate students with disabilities; to transport disabled students to school, home and medical appointments; to identify students who need screenings and evaluations; and, to connect children and their families with community services.**

[17] Federal rules on Medicaid claiming threaten school budgets. *School Board News*. November 2007. http://www.nsba.org/site/doc_sbn_issue.asp?TRACKID=&CID=682&DID=41716

State Funding for Special Education in Pennsylvania

State Special Education Subsidy

For many years, state government recognized its obligation to pay for the extraordinary expense of special education programs. It provided funding to local school entities for all special education costs that exceeded those for regular instruction.

With Act 25 of 1991, the "excess cost" method was abandoned in favor of a formula funding system. This was in response to substantial annual deficits in state special education funding and the General Assembly and the Casey Administration completely revised the method of paying for special education. The long practice of paying the "excess cost" of special education was abandoned and replaced with a formula driven system. **This funding change was the most dramatic revision to state law affecting special education services.** [18] Since at least 1957 school districts were reimbursed for the cost of special education services to the extent they exceeded the cost to provide a "regular" education. Under Act 25, the state determines how much it wants to appropriate for special education on an annual basis. If school districts require more money than is provided to them under the formula, they must pay for services from local revenue sources or in some unusual cases, apply for contingency funds. That's when the real crisis in special education funding began for school districts in Pennsylvania. [19]

From 1991 through 2000 the state distribution formula for special education assumed 16% of the District student population needed special education services and funded Districts according to that formula based on an established rate per ADM. The formula for distributing state aid for special education was a simple calculation: fixed dollar amounts (determined each year by the General Assembly) multiplied by percentages of a district's pupil population. The percentage figures were arbitrary, and theoretically reflected the assumed incidence rate of children with disabilities in the district. There were some serious deficiencies with this method of distributing funds. Most importantly, the formula in effect allocated aid as if students with special education needs were evenly distributed across the commonwealth. Obviously, they were not. Incidence rates varied widely. The formula's fixed dollar reimbursement figures assumed that all special education costs were the same - not only across a broad range of disabilities but, also, among districts. This funding approach failed to account for the real differences in school district needs. Some districts had larger percentages of children with disabilities than others. Some had more children with severe disabilities who were even more expensive to serve. Yet, state aid assumed that every district is equally affected, that their expenses are all the same.

In 2001, the state created a new "base supplement formula" funding component that paralleled the Basic Education funding subsidy. The funding formula was even more unjust than the previous state distribution formula. For the new formula, each school district received its prior years Special Education subsidy amount and than a prorated share of new incremental funding. The allocation of the new incremental funding was based on the district's market value/personal income aid ratio applied to 16% of its ADM's. This remains the current funding formula. For example, in 2007-08, the state calculation used the 2006-07 funding, $898.1 million, as the foundation for the 2007-08 funding and added $27.0 million (3%) for a base supplement. There were other minor adjustments for inflation and a minimum 2% guarantee totaling $680,000. The total

[18] Daily, Jacob, Chester County Intermediate Unit. Memo on history of legislation impacting special education in Pennsylvania. September 2007.
[19] *White Paper: Special Education in Pennsylvania.* Alliance for School Aid Partnership. March 2001.

2007-08 funding was $925.8 million. The formula does not consider the actual number of students receiving services or the cost of the individual services. The annual incremental funding continues to be an insignificant amount compared to the districts' annual cost increases for special education.

The table to the right compares the funding for special education to the school district expenditures in the state of Pennsylvania. The school district expenditures were obtained from annual financial statements completed by all LEAs in the state. These costs do not include expenditures for transportation, nursing services, construction or other charges related to the requirements of IDEA. The costs also do not include the amount of time that special education students spend in the regular education classrooms, thus increasing regular education teacher allocations which are based on class size. These costs are often overlooked in considering the financial impact of special education to school districts. For example, special education students split their time between regular education classrooms and classrooms allocated for their specific disability. School districts reserve a "slot" in the regular education classroom as well as the respective special education classroom for the special education student.

From 1995-96 to 2005-06, state funding increased by $373.4 million compared to a $1,282.6 million increase in school district expenses. During the same time period, federal funding for IDEA increased by $308.0 million. In 1995-96, the state funded 43% of school district costs for special education compared to 36% in 2005-06. Although the federal funding for IDEA increased over the last ten years, we were unable to find the amount actually allocated to school districts by the Pennsylvania Department of Education and the schools' respective intermediate units each year.

State Funding of School District Special Education Costs in Pennsylvania

($Millions)

Year	State Funding for Special Education	School District Special Education Expendures (1200 in AFR)	Funding Gap	IDEA Allocation to Pennsylvania *	Funding Gap with IDEA Allocation
1995-96	$502.29	$1,155.76	$653.47	$86.33	$567.14
1996-97	$533.34	$1,228.86	$695.52	$86.08	$609.44
1997-98	$631.70	$1,305.76	$674.06	$113.17	$560.89
1998-99	$625.83	$1,406.41	$780.58	$139.85	$640.73
1999-00	$666.37	$1,513.79	$847.42	$156.23	$691.19
2000-01	$715.33	$1,630.53	$915.20	$183.44	$731.76
2001-02	$788.08	$1,762.23	$974.15	$235.99	$738.17
2002-03	$799.90	$1,919.49	$1,119.59	$281.51	$838.08
2003-04	$836.05	$2,110.64	$1,274.59	$336.06	$938.53
2004-05	$854.52	$2,303.72	$1,449.20	$376.74	$1,072.46
2005-06	$875.69	$2,438.35	$1,562.65	$394.31	$1,168.35
2006-07	$898.15	N/A		$393.75	N/A
2007-08	$925.83	N/A		$400.45	N/A

*** School districts do not directly receive the Federal IDEA funding. The State receives the funding and determines the amount of funding to the intermediate units in the State. The intermediate units determine the funding amounts for their individual school districts. There may be a large difference in the Federal allocation to the State and the amount the districts actually receive.**

Data Sources:
State Revenues - http://www.pde.state.pa.us/k12_finances/cwp/view.asp?a=5&q=81483
School District Expenditures - http://www.pde.state.pa.us/k12_finances/cwp/view.asp?a=3&Q=50949
IDEA Allocation from Jeannine J. Weiser, Department of Education, Bureau of budget and Fiscal

Contingency Fund

Pennsylvania's Contingency Fund was established to provide partial reimbursement to school districts for the implementation of the Individualized Education Program (IEP) for a student with severe disabilities. A contingency fund application may be submitted by a school district for partial reimbursement of extraordinary expenses incurred in meeting the educational needs of an individual child with severe disabilities who requires a highly specialized program or related services in order to receive an appropriate education. For a student to qualify for the contingency funding, his/her annual costs must exceed the average costs for a regular education student plus a standard "special education" excess cost as determined by PDE – the combined total also known as the "contingency threshold amount" (see table to the right of the 5 –year history) In theory, the contingency fund pays for the costs of each child that are in excess of the contingency threshold amount. Although the maximum annual grant to any school district was $300,000 for the first few years of the Contingency Fund, it was reduced to $150,000 starting in 2003-04. In most cases the grant is a much lower percentage of the maximum amount allowed, as well as a small fraction of the actual costs submitted for reimbursement.

Contingency Threshold Amounts			
School Year	Fee Factor	Average Tuition **	Total
2007-08*	$39,100	$9,634	$48,734
2006-07	$20,400	$9,205	$29,605
2005-06	$19,600	$8,696	$28,296
2004-05	$19,000	$8,312	$27,312
2003-04	$18,000	$8,122	$26,122

***In 2007-08 Year PDE added $18,000 to the threshold in addition to the Fee Factor amount of $21,100**

**** Average Tuition is for WCASD. Each District in PA has its own tuition rate.**

Approved Private Schools

Pennsylvania school districts send 4,000 students to more than 30 state-licensed Approved Private Schools (APSs) located in various locations across the state. The student's home school district pays 40% of the cost and the state is supposed to pay 60%. Based on appropriation amounts listed in the State Budget Office website (see table to the right), State funding to APSs was increased minimally – an average of 3% per year - from 1995-96 to 2003-04. As a result, the APSs did not receive the state's full amount of its share of the tuition. In 2004 the APSs announced that they could no longer exist on the low amount of state funding they received, and the only recourse was to send the students back to their home districts or have the school districts pay 100% of the costs. After much political debate, the legislators passed House Bill 564 (Act 70 of 2004) which increased the funding by 19% for the 2004-05 school year as well as established additional funding to the APSs for prior year audit resolutions. Starting with 2005-06 and each year thereafter, APSs are to receive an increase equivalent to 125% of the percentage increase in the special education subsidy in the prior year and the state is continuing to be responsible for 60% of the cost and school districts 40% of the cost of the APS tuition. In response to the funding crisis, some APSs began accepting students from school districts on two separate tuition payment schedules in the last few years. A school district may still send students to the APS at the 40% tuition rate as long as there are sufficient spots available. After the spots are filled, the school district must pay 100% of the tuition for any additional students attending the APS.

Fiscal Year	APS	APS Audit Resolution
1995-96	$52.7	-
1996-97	$54.1	-
1997-98	$56.4	-
1998-99	$58.1	-
1999-00	$59.8	-
2000-01	$61.6	-
2001-02	$63.5	-
2002-03	$63.5	-
2003-04	$67.6	-
2004-05	$80.7	$6.9
2005-06	$83.8	$3.0
2006-07	$92.7	$10.0
2007-08	$89.9	$5.0
AVG Annual Increase for APS Funding = 4.6%		

Transportation for Special Education Students

State funding for school district expenses related to transporting special education students is included in the transportation subsidy provided for all school district students. This subsidy is based on a complex formula applied to each school bus including factors such as the age and size of the bus, the number of students on the bus relative to its capacity, and the number of miles the bus travels on its route. In addition to this calculation, the subsidy is automatically reduced when there is an increase in the total market value of real estate properties in the school district's tax base. Supposedly when the formula was created many years ago, market value was considered a measurement of a school district's wealth and ability to fund its expenses through local tax dollars. The premise was that as market value increased, the subsequent boost in local tax dollars could replace the loss of state funding. Unfortunately, this was not always been the case. As a result of large increases in real estate prices, the transportation subsidy became a smaller percentage of overall transportation costs, and school districts had to pick up the difference through local real estate taxes. Because the real estate tax base - derived from assessed values, and used to calculate a district's annual millage rate- has not increased at the same pace as property market values, school districts have experienced a negative fiscal impact.

In addition to the formula's general shortcoming describe above, the state also has not considered the cost of special education related to transportation. As a result there is no supplement in the formula for transporting a special education student unless s/he attends a nonpublic school. In contrast to the funding formula which does not recognize the extra financial burden, the average cost of transporting a special education student attending a public school is far greater than the average regular education public school student. For example, in West Chester Area School District, the 2005-06 average cost of transporting a special education student was $1,900 compared to $360 for a regular education student. As mentioned in previous sections of this report, although the state's Contingency Fund and the Medical Access Program may provide some relief for the cost of transporting a special education student, the gap between the school district's expenses and its state and federal subsidies remains large.

Case Study: Special Education Costs and Funding at West Chester Area School District

West Chester Area School District Demographics

Using the West Chester Area School District as a case study provides insight to the impact of special education at the local organizational level. The most efficient way to present the cost and funding issues for special education at West Chester Area School District is in tables and charts. Therefore, this section of the report contains a series of tables and charts along with a description of our interpretation of the data in them.

To appreciate the context of special education in West Chester compared to other schools in the state, it is important to understand the District's basic demographics relative to the state average. The District serves a 75-square-mile suburban, urban and rural area in central Chester County. West Chester Borough is the hub of the district. The surrounding townships of East Bradford, East Goshen, West Goshen, West Whiteland, Westtown, and Thornbury, all in Chester County, are part of the district, as is Thornbury Township in adjacent Delaware County. The student body has an ethnic distribution of 84.5% Caucasian, 7.4% African-American, 3.4% Hispanic, 4.6% Asian, and 0.1% Native American.[20] According to statistics (see table to the right) reported by Standard and Poor's *School Matters*, compared to the state average, the West Chester community has a higher level of education and income and lower level of poverty and single parent households. With close to 12,000 students, the West Chester Area School District is one of the largest schools in the state - the top 3% in the number of students out of 501 schools. [21] With the exception of district size, the characteristics of the West Chester School District student body and community are typical of many school districts in the Philadelphia suburban area.

West Chester Area School District Community Demographics		
	This District	State
Adult Education Levels	2006	2006
Adults with at Least a High School Diploma (%)	95.7	87.3
Adults with at Least a Bachelor's Degree (%)	54.5	25.8
Household Characteristics		
Number of Households	40,465	4,884,398
Single-Parent Households with Children (%)	4.6	10.2
Household Income Distribution (%)		
Less than $15,000	5.4	14.5
$15,000-$29,999	9.1	17.9
$30,000-$49,999	15.5	21.6
$50,000-$74,999	17.2	19.9
$75,000-$99,999	15.0	11.2
$100,000-$149,999	20.4	9.5
$150,000 or More	17.5	5.3
Population		
Population	110,884	12,464,563
Population Density	1,503	275
Median Age	35	39

Data Source: Standard and Poor's School Matters

http://www.schooldatadirect.org

[20] West Chester Area School District website. http://www.wcasd.net/about/about_main.htm. November 6, 2007

[21] Pennsylvania Department of Education website. http://www.pde.state.pa.us/k12statistics/lib/k12statistics/ 0607PPNSEnroT1.pdf. November 6, 2007

Data Tables and Charts for Special Education in West Chester Area School District

The following is a description of the information in the eleven tables, which show the financial impact of the federal and state mandates, and relevant funding for the West Chester Area School District. Tables 1 and 2 list historical special education student enrollment data. Tables 3 through 7 analyze special education program expenses funded by the West Chester Area School District. Tables 8 and 9 analyze state and federal funding received by the District for special education, and tables 10 and 11 show the comparison of the District's expenses for special education and the state and federal funding we receive as well as its consequences to local taxpayers. There are charts on each page which are a graphic representation of the data in the tables.

Table 1. West Chester Area School District: Special Education Students Grouped by Disability Type

This table shows an eleven year history of special education enrollment for the School District along with the 2005-06 total enrollments for all school districts in the state. Total enrollment for West Chester Area School District (WCASD) grew from 986 in 1995-96 to 1,515 in 2005-06. The number of students as a percent of population grew from 9.0% to 12.8% during the same time period, although WCASD's 2005-06 percentage is less than the state average of 14.8%. The specific learning disabilities that grew the most in the last 10 years at WCASD were autism, emotional disturbance, other health impairment and specific learning.

Table 2. West Chester Area School District: Special Education Students Grouped by Level of Service

This table shows a four year history of service levels for special education students in WCASD along with a comparison of the 2005-06 year to the state average. Over the last four years, WCASD has increased its placement of special education in other settings. In 2005-06 the District's number of special education students in this category - 9.3% - was double the state average. On the other hand, WCASD mainstreamed its students in regular education classrooms for a greater part of the day than the state average. In 2005-06, WCASD provided itinerant and resource services to 80% of its students compared to the state average of 67%. WCASD provided part-time and full-time services to 301 out of 1,513 special education students in the 2005-06 year.

Table 3. & Table 4. West Chester Area School District: Growth in Expenditures for Special Education Students

Table 3 lists the history of WCASD's annual salaries and benefits, tuitions, contracted services, transportation and other expenses for special education. In the 1990-91 and 1991-92 years, PDE transferred its funding and thus, the responsibility for special education services from the intermediate units to local school districts. For those transition years, student enrollment counts are not available, thus the years are excluded from the average student cost analysis in Table 4.

From 1990-91 to 2006-07, expenses grew from $5.1 million to $25.4 million, respectively. This is an average annual increase of 11%. Salaries and benefits grew by $10.8 million (348%), tuitions and contracted services grew by $7.1 million (546%) and transportation grew by $2.4 million

(343%). The cost per student grew from $6,777 in 1992-93 to $17,081 in 2006-07. The cost of living index (CPI) is commonly used as a comparative measurement for increases in local taxes and expenses in public schools. If this index was applied to the expense of educating the average special education student from 1992-93 to 2006-07, the cost would only be $9,797. The District's actual 2006-07 cost is 74% higher than the 1992-93 cost inflated annually by the CPI.

Table 5. West Chester Area School District: Comparison of Growth in Special Education Expenses to Growth in all other District Expenses, Growth in Years from 1990-91 and 2005-06 to 2006-07

Table 5 compares the growth in special education expenses to the growth in all the other expenses in the District's annual budget starting with the 1990-91 year. For example, from 1990-91 to 2006-07, the District's special education expenses grew by 400% compared to 139% growth for all other District expenses. And, from 1996-97 to 2006-07, the growth in special education costs was 160% compared to 77% for all other District expenses. For every year in the comparison, the growth in special education was at least double the growth in all the other District expenses during the same relative time period.

Table 6. West Chester Area School District: Growth in Staff for Special Education Students

As shown in Table 3, salaries and benefits for special education grew by from $3.1 million in 1990-91 to $13.9 million in 2006-07. Table 6. provides the explanation for the growth in these costs. During this period of time, the District increased its staff for special education by 3 administrators, 76.8 teachers, 3 secretaries, and 123.9 instructional assistants. The number of instructional assistants used for special education students – by far the largest increase - grew by 1077%.

The 1990-91 year is significant because it represents the time before the state overhauled the excess cost system for funding special education.

Table 7. West Chester Area School District: Annual Expense Tracking for Individual Students with Exceptional Needs

To comply with Act 16, on an annual basis the District has filed reports with PDE documenting its special education students whose expenses are "exceptional" or "extraordinary" compared to the cost of educating a regular education student. There are three categories of costs ranging from $25K - $50K, $50K – $75K, and over $75K.

In 1996-97, the District had 8 students whose programs each cost between $25K - $50K in annual expenses. The number of special education students whose expenses were more than $25K per year grew from 8 in 1996-97 to 102 in 2006-07. More importantly, in 2006-07, the District had 18 students whose annual costs were between $50K -$75K and 2 students whose costs were over $75K per year. The District receives no extra state or federal funding for these students, with the exception of a small subsidy from PDE's Contingency Fund.

Table 8. West Chester Area School District: Growth in State and Federal Funding for Special Education Students

Table 8 lists the history of WCASD's funding from Pennsylvania and the Federal Government. In the 1990-91 and 1991-92 years, PDE transferred its funding and the responsibility for special education services from the intermediate units to local school districts. For those transition years, student enrollment counts are not available, thus the years are excluded from the average funding per student cost analysis in the Table.

From 1990-91 to 2006-07, total State and Federal funding grew from $2.1 million to $7.1 million, respectively. State funding grew by $3.2 million (150%), and Federal funding grew from no funding in 1990-91 to $1.8 million. The funding per student grew from $2,892 in 1992-93 to $4,769 in 2006-07. The cost of living index (CPI) is commonly used as a comparative measurement for local tax and expense increases in public schools. If this index was applied to the average funding per special education student from 1992-93 to 2006-07, the funding would be $4,129. The District's actual 2006-07 funding is 15% higher than the 1992-93 cost inflated annually by the CPI. This 15% difference in the funding/student is significantly less than the 74% difference in the 2006-07 actual average student cost compared to the CPI indexed average cost found in Table 4.

Table 9. West Chester Area School District: Contingency Funding for Special Education Students

In addition to the special education subsidy, in 1996-97 the State created a budget line item to reimburse school districts whose costs for individual special education students exceeded an annual average cost of education for a special education student. For a student to qualify for the contingency funding, his/her annual costs must exceed the average costs for a regular education student plus a standard "special education" excess cost as determined by PDE. For example, in 2006-07 this excess cost was $29,605. Table 9 lists the District's annual submissions for Contingency Funding since 1996-97. Since 2002-03, the District has received a reduction in funding as a percentage of the costs submitted for reimbursement. In 2006-07, the District only received reimbursement for 12% of the costs OVER $29,605 for an individual special education student.

Table 10. West Chester Area School District: Special Education Comparison: Expenses, State, Federal funding and Millage Impact to Local Residents

Table 10 compares District special education expenses to its Federal and State funding on an annual basis. The difference, or "gap", between District expenses and funding grew from $3.0 million in 1990-91 to $18.3 million in 2006-07. The $15.3 million growth in the gap over the 16 years represents an average annual increase of 12.8%. Over the same time period, the funding of special education costs from our local tax payers grew from 58% to 72%. In 2006-06, the average homeowner paid $415 in local school taxes to support special education compared to $100 in 1990-91.

Table (Chart) 11. West Chester Area School District: Special Education State/Federal Funding Gap

The chart is a graphical representation of the gap between District expenses and the funding received from the State and Federal governments. The blue portion of the chart demonstrates the growth in local taxes needed to support special education costs in our School District.

West Chester Area School District Tables & Charts

West Chester Area School District: Special Education Students Grouped by Disability Type

Total Special Ed % of Total Enrollment	State 2005-06	West Chester Area School District 2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
Total Enrollment	1,830,684	11,800	11,782	11,746	11,690	11,432	11,613	11,711	11,638	11,486	11,282	11,012
Total Special Ed Enrollment	270,075	1,515	1,498	1,453	1,477	1,346	1,143	1,182	1,146	1,113	1,011	986
Special Ed % of Total Enrollment	14.8%	12.8%	12.7%	12.4%	12.6%	11.8%	9.8%	10.1%	9.8%	9.7%	9.0%	9.0%

Specific Learning Disability % of Total	State	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
Autism	3.2%	5.6%	4.2%	3.6%	2.4%	1.6%	1.1%	1.0%	1.1%	0.7%	0.8%	0.2%
Deaf-Blindness	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Emotional Disturbance	9.7%	9.0%	8.7%	8.3%	8.2%	8.4%	9.5%	8.3%	7.5%	7.8%	7.4%	7.9%
Hearing Impairment	1.1%	0.9%	0.7%	0.3%	0.8%	1.3%	1.2%	1.5%	2.0%	1.7%	1.6%	1.4%
Mental Retardation	9.4%	3.0%	3.3%	3.4%	3.0%	4.5%	4.8%	4.9%	5.5%	4.5%	5.4%	7.1%
Multiple Disabilities	1.1%	1.8%	1.7%	1.8%	1.6%	1.3%	1.3%	1.2%	1.7%	1.5%	1.8%	1.6%
Orthopedic Impairment	0.3%	0.1%	0.2%	0.2%	0.2%	0.3%	0.7%	0.8%	1.0%	0.9%	1.5%	1.5%
Other Health Impairment	4.4%	6.7%	3.7%	3.2%	2.0%	1.0%	0.4%	0.3%	0.2%	0.3%	0.3%	0.2%
Specific Learning	53.9%	57.6%	62.8%	64.4%	67.0%	67.3%	68.1%	64.4%	61.3%	62.9%	62.9%	58.8%
Speech or Language Impairment	16.0%	14.3%	13.8%	13.9%	13.9%	13.2%	11.4%	16.6%	19.0%	19.0%	17.6%	20.6%
Traumatic Brain Injury	0.3%	0.1%	0.2%	0.2%	0.1%	0.5%	0.7%	0.7%	0.5%	0.4%	0.6%	0.3%
Visual Impairment	0.4%	0.8%	0.6%	0.5%	0.7%	0.7%	0.7%	0.3%	0.2%	0.2%	0.1%	0.1%

Specific Learning Disability Enrollment	State	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98	1996-97	1995-96
Autism	8,642	85	63	52	35	21	13	12	13	8	8	2
Deaf-Blindness	-	0	1	0	0	0	0	0	0	0	0	0
Emotional Disturbance	26,197	136	130	121	121	113	109	98	86	87	75	78
Hearing Impairment	2,971	14	10	4	12	17	14	18	23	19	16	14
Mental Retardation	25,387	45	49	49	44	60	55	58	63	50	55	70
Multiple Disabilities	2,971	27	25	26	24	17	15	14	19	17	18	16
Orthopedic Impairment	810	2	3	3	3	4	8	9	12	10	15	15
Other Health Impairment	11,883	102	55	46	30	13	5	4	2	3	3	2
Specific Learning	145,570	873	941	936	990	906	778	761	702	700	636	580
Speech or Language Impairment	43,212	217	207	202	205	178	130	196	218	212	178	203
Traumatic Brain Injury	810	2	3	3	1	7	8	8	6	5	6	3
Visual Impairment	1,080	12	9	7	10	10	8	4	2	2	1	1
Total	**269,535**	**1513**	**1498**	**1450**	**1476**	**1346**	**1143**	**1182**	**1146**	**1113**	**1011**	**984**

Data Source for Years 2002-03 to 2005-06: http://penndata.hbg.psu.edu/BSEReports/SD_Reports/Comparison/PDF_Documents/Speced_Compare_Report_SD447_Final.pdf

Date Source for Years 1995-96 to 2001-02: West Chester Area School District Records

Table 1.

West Chester Area School District: Special Education Students Grouped by Level of Service

	State	West Chester Area School District			
	2005-06	2005-06	2004-05	2003-04	2002-03
Total Enrollment	1,830,684	11,800	11,782	11,746	11,690
Total Special Ed Enrollment	270,075	1,515	1,498	1,453	1,477
Special Ed % of Total Enrollment	14.8%	12.8%	12.7%	12.4%	12.6%
	2005-06	2005-06	2004-05	2003-04	2002-03
Special Education Students in Other Settings	4.4%	9.3%	8.2%	6.8%	6.6%
Itinerant Service	39.9%	49.3%	47.3%	48.7%	47.7%
Resource Service	27.2%	30.7%	32.2%	31.0%	34.5%
Part-Time Service	21.1%	11.7%	13.1%	13.5%	10.8%
Full-Time Service	11.8%	8.2%	7.5%	6.8%	6.9%
	2005-06	2005-06	2004-05	2003-04	2002-03
Special Education Students in Other Settings	11,883	141	123	99	97
Itinerant Service	11,883	747	709	708	705
Resource Service	107,760	465	482	450	510
Part-Time Service	73,460	177	196	196	160
Full-Time Service	56,986	124	112	99	102
Total	250,089	1,513	1,499	1,453	1,476
	2005-06	2005-06	2004-05	2003-04	2002-03
Itinerant and Resource Service	67.1%	80.0%	79.5%	79.7%	82.2%
Part-Time and Full-Time Service	32.9%	19.9%	20.6%	20.3%	17.7%
Itinerant and Resource Service	119,643	1,212	1,191	1,158	1,214
Part-Time and Full-Time Service	130,446	301	309	295	261
Total	250,089	1,513	1,499	1,453	1,476

Table 2.

Data Source: http://penndata.hbg.psu.edu/BSEReports/SD_Reports/Comparison/PDF_Documents/Speced_Compare_Report_SD447_Final.pdf

West Chester Area School District: Growth in Expenditures for Special Education Students

($Millions)

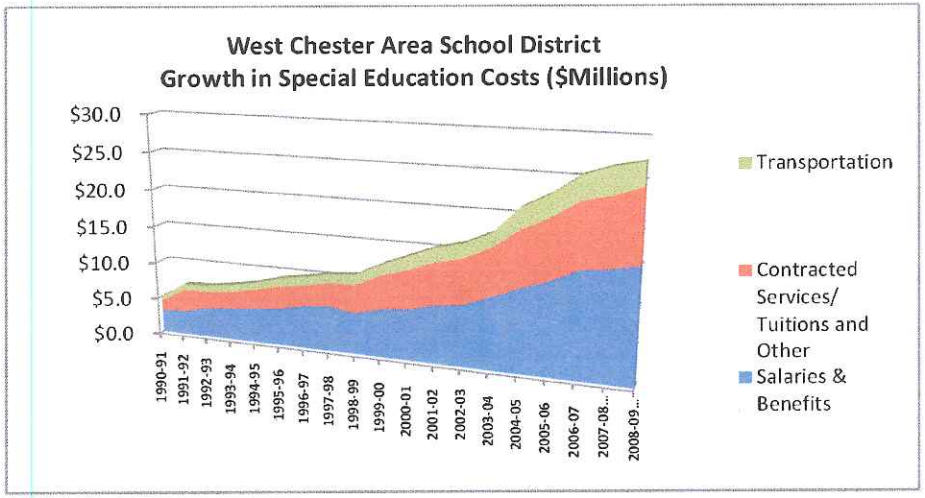
Fiscal Year	Salaries & Benefits	Contracted Services/ Tuitions and Other	Transportation	Total
1990-91	$3.1	$1.3	$0.7	$5.1
1991-92	$3.3	$2.9	$0.8	$7.0
1992-93	$4.1	$2.2	$0.9	$7.1
1993-94	$4.4	$2.3	$1.0	$7.6
1994-95	$4.7	$2.6	$1.0	$8.3
1995-96	$5.1	$3.0	$1.1	$9.2
1996-97	$5.8	$2.8	$1.2	$9.8
1997-98	$6.1	$3.1	$1.2	$10.4
1998-99	$5.5	$3.8	$1.4	$10.7
1999-00	$6.5	$4.4	$1.5	$12.4
2000-01	$6.9	$5.1	$1.8	$13.8
2001-02	$7.7	$5.6	$1.9	$15.2
2002-03	$8.2	$5.9	$2.0	$16.0
2003-04	$9.5	$6.2	$1.9	$17.6
2004-05	$11.0	$7.3	$2.7	$21.1
2005-06	$12.2	$7.8	$2.9	$22.9
2006-07	$13.9	$8.4	$3.1	$25.4
2007-08 Projection	$14.4	$8.7	$3.5	$26.6
2008-09 Budget	$15.1	$9.3	$2.9	$27.3

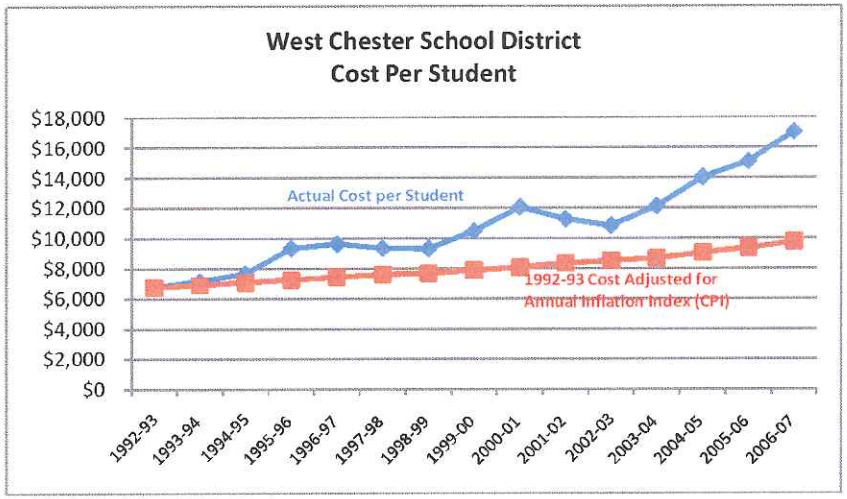
Table 3.

Number of Students	Per Student Expenditure	Growth in 1992-93 Exp. By Inflation Index	Inflation Index (CPI)
N/A	N/A		
N/A	N/A		
1,055	$6,777	$6,777	
1,060	$7,182	$6,912	1.02
1,078	$7,690	$7,099	1.027
983	$9,362	$7,269	1.024
1,011	$9,662	$7,451	1.025
1,113	$9,371	$7,622	1.023
1,145	$9,348	$7,706	1.011
1,182	$10,510	$7,899	1.025
1,143	$12,068	$8,096	1.025
1,346	$11,277	$8,363	1.033
1,477	$10,855	$8,539	1.021
1,453	$12,142	$8,693	1.018
1,498	$14,060	$9,075	1.044
1,515	$15,108	$9,384	1.034
1,487	$17,081	$9,797	1.044
1,531	$17,347	$9,953	1.016

Table 4.

***1990 - 1992 were transition years for Pennsylvania school districts due to major PDE funding changes for special education and cost transfers from intermediate units to the school district budgets. Student enrollment data is not available for these years so they are excluded from the cost per student analysis (Table 4) and chart below.**



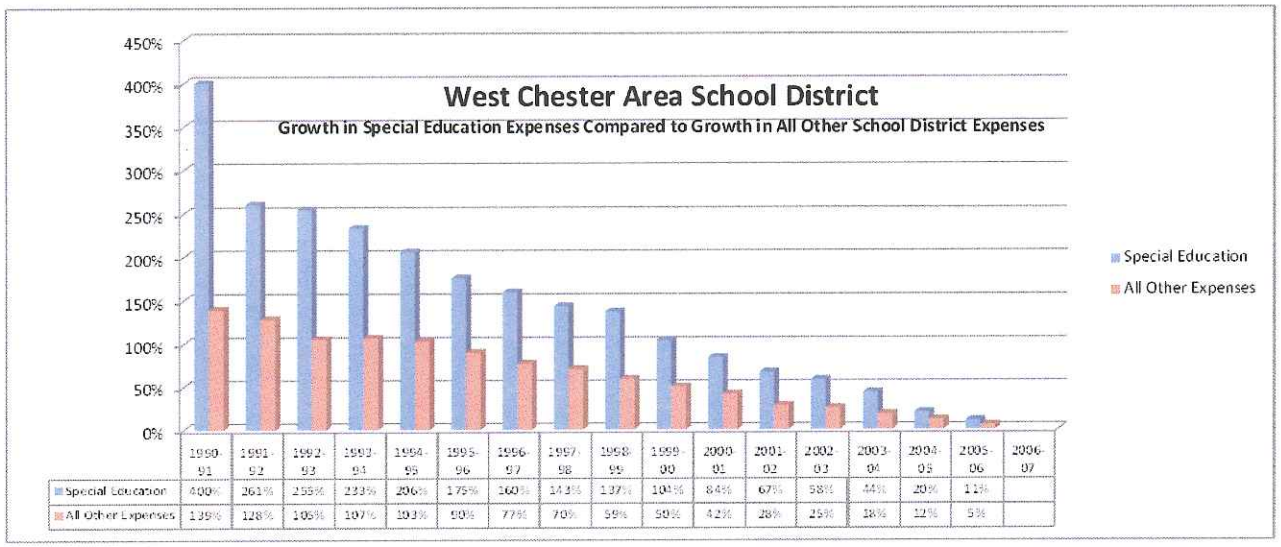


West Chester Area School District

Comparison of Growth in Special Education Expenses to Growth in All Other District Expenses
Growth in Years from 1990-91 and 2005-06 to 2006-07

Fiscal Year	Total District Expenses	Total Special Education Expenses	Total All Other District Expenses	Growth in Expenses from	Special Education	All Other Expenses
1990-91	$67.4	$5.1	$62.3	1990-91 to 2006-07	400%	139%
1991-92	$72.3	$7.0	$65.3	1991-92 to 2006-07	261%	128%
1992-93	$79.7	$7.1	$72.6	1992-93 to 2006-07	255%	105%
1993-94	$79.7	$7.6	$72.1	1993-94 to 2006-07	233%	107%
1994-95	$81.7	$8.3	$73.4	1994-95 to 2006-07	206%	103%
1995-96	$87.6	$9.2	$78.4	1995-96 to 2006-07	175%	90%
1996-97	$94.0	$9.8	$84.3	1996-97 to 2006-07	160%	77%
1997-98	$97.8	$10.4	$87.4	1997-98 to 2006-07	143%	70%
1998-99	$104.4	$10.7	$93.7	1998-99 to 2006-07	137%	59%
1999-00	$111.6	$12.4	$99.2	1999-00 to 2006-07	104%	50%
2000-01	$118.8	$13.8	$105.0	2000-01 to 2006-07	84%	42%
2001-02	$131.3	$15.2	$116.1	2001-02 to 2006-07	67%	28%
2002-03	$134.9	$16.0	$118.9	2002-03 to 2006-07	58%	25%
2003-04	$143.8	$17.6	$126.2	2003-04 to 2006-07	44%	18%
2004-05	$154.6	$21.1	$133.5	2004-05 to 2006-07	20%	12%
2005-06	$164.3	$22.9	$141.4	2005-06 to 2006-07	11%	5%
2006-07	$174.3	$25.4	$148.9			

Table 5.

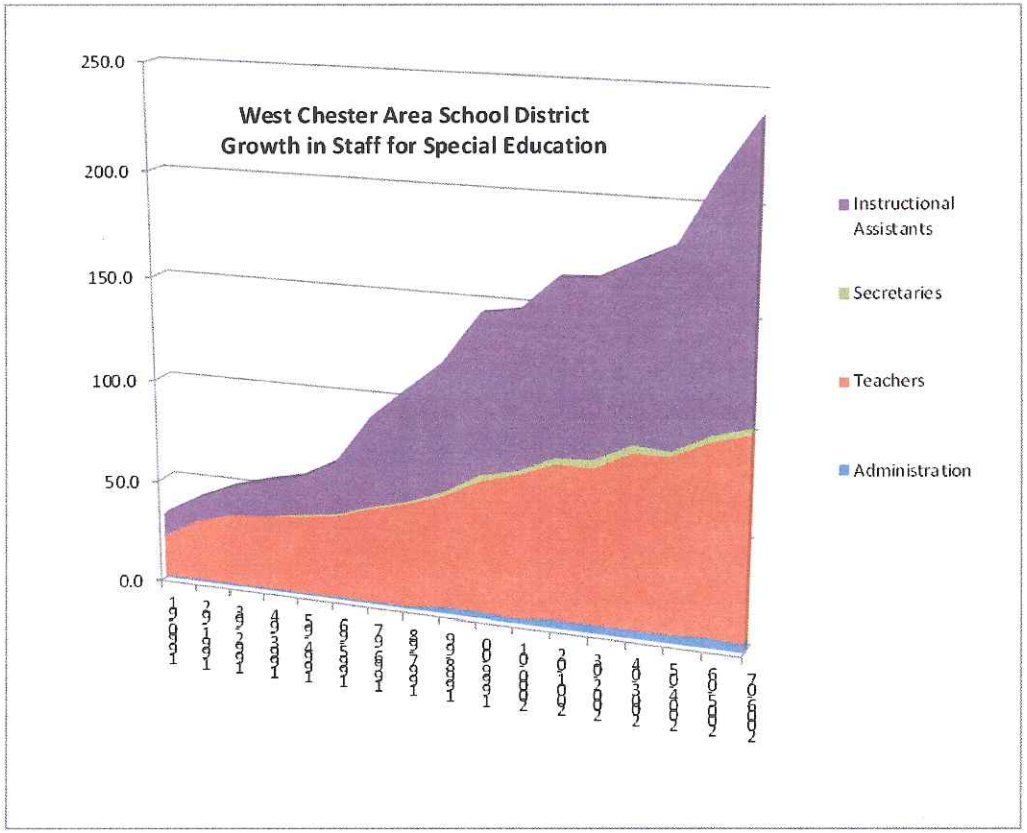


West Chester Area School District: Growth in Staff for Special Education Students

Full Time Headcount Analysis by Employee Category for Special Education					
Year	Administration	Teachers	Secretaries	Instructional Assistants	Total
1990-91	1.0	20.0	0.0	11.5	32.5
1991-92	1.0	29.6	0.0	11.5	42.1
1992-93	1.0	34.6	0.0	14.0	49.6
1993-94	1.0	35.8	0.0	17.6	54.4
1994-95	1.0	37.8	1.0	18.6	58.4
1995-96	1.0	40.0	1.0	25.5	67.5
1996-97	1.0	45.8	1.0	43.3	91.1
1997-98	1.0	50.2	1.0	53.9	106.1
1998-99	3.0	54.0	2.0	61.8	120.8
1999-00	3.0	63.1	3.0	75.9	145.0
2000-01	2.0	69.0	2.0	74.9	147.9
2001-02	4.0	74.0	3.0	83.0	164.0
2002-03	4.0	74.0	4.0	83.0	165.0
2003-04	4.0	82.8	4.0	83.0	173.8
2004-05	4.0	83.2	2.5	92.4	182.1
2005-06	5.0	90.8	3.0	114.4	213.2
2006-07	4.0	96.8	3.0	135.4	239.2

Data obtained from WCASD Budget Documents
For years 1990-91 to 1994-95, amounts are budgeted headcount
For years 1995-96 to 2006-07, amounts are actual headcount

Table 6.



West Chester Area School District

Annual Expense Tracking for Individual Students with Exceptional Needs *

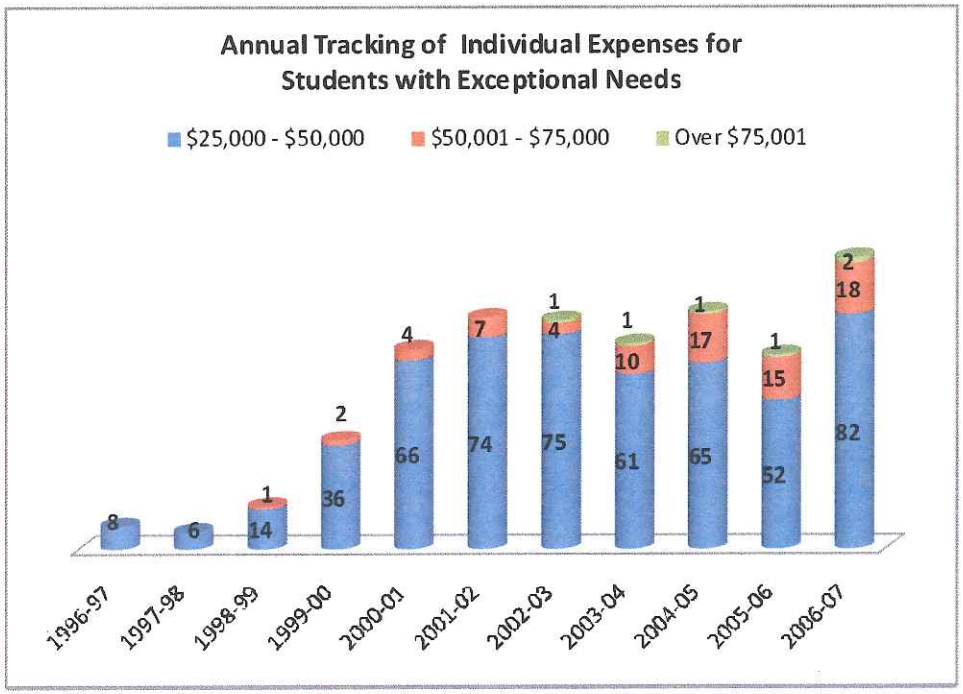
Cost Range Per Student	Number of Students By Year										
	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
$25,000 - $50,000	8	6	14	36	66	74	75	61	65	52	82
$50,001 - $75,000			1	2	4	7	4	10	17	15	18
Over $75,001							1	1	1	1	2
	8	6	15	38	70	81	80	72	83	68	102

Table 7.

*** Data Obtained from the District's PDE Submissions for Act 16 for Special Education Students**
The District receives no extra funding for these students with the exception of a small subsidy from PDE's Contingency Fund. In the last 4 years the amount of the Contingency Subidy was $150,000 or less. The remainder of the costs are born by local tax payers. (See Contingency Fund Analysis on separate page)

Annual Tracking of Expenses for Exceptional Students

Exceptional students are identified by compiling multiple sources of extraordinary costs. Extraordinary costs are defined as any cost that is over and above the average cost of educating a regular education student. Extraordinary costs for a special education student can include, 1:1 instructional assistants, occupational therapy, physical therapy, speech therapy, hearing therapy, vision services, orientation & mobility services, psychiatric services, psychological services, and tuition to outside special education centers or schools.

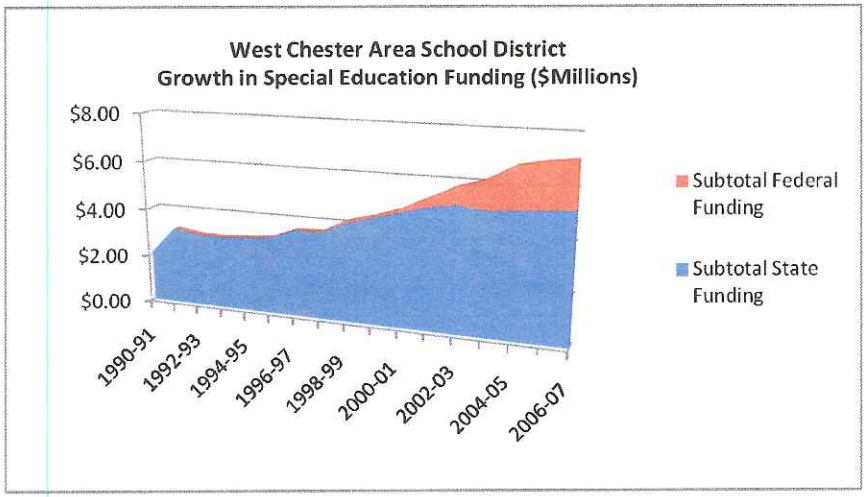


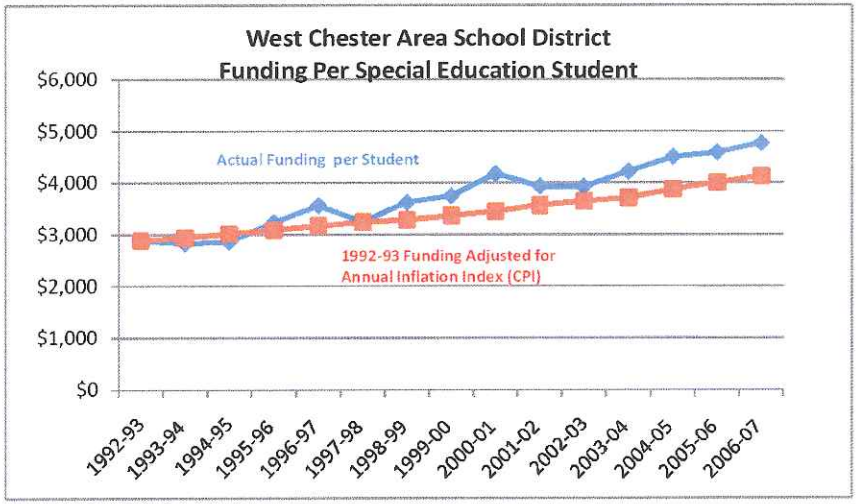
West Chester Area School District: Growth in State and Federal Funding for Special Education Students

Year	State Special Ed Funding	($Millions) State Special Ed Contingency	State Transportation Subsidy	Subtotal State Funding	Federal IDEA	($Millions) Federal Medical Access	Subtotal Federal Funding	($Millions) Total State & Federal Funding	Number of Students	Per Student Funding	Growth in 1992-93 Funding By Inflation Index	Inflation Index (CPI)
1990-91	$2.10	$0.00	$0.00	$2.10	$0.00	$0.00	$0.00	$2.10	N/A			
1991-92	$3.08	$0.00	$0.13	$3.21	$0.00	$0.00	$0.00	$3.21	N/A	N/A		
1992-93	$2.95	$0.00	$0.10	$3.05	$0.00	$0.00	$0.00	$3.05	1,055	$2,892	$2,892	
1993-94	$2.89	$0.00	$0.11	$3.01	$0.00	$0.00	$0.00	$3.01	1,060	$2,837	$2,950	1.02
1994-95	$2.96	$0.00	$0.14	$3.09	$0.00	$0.00	$0.00	$3.09	1,078	$2,870	$3,030	1.027
1995-96	$3.08	$0.00	$0.11	$3.19	$0.00	$0.00	$0.00	$3.19	983	$3,242	$3,102	1.024
1996-97	$3.39	$0.07	$0.14	$3.60	$0.00	$0.00	$0.00	$3.60	1,011	$3,562	$3,180	1.025
1997-98	$3.46	$0.00	$0.13	$3.59	$0.03	$0.00	$0.03	$3.62	1,113	$3,255	$3,253	1.023
1998-99	$3.91	$0.00	$0.18	$4.08	$0.07	$0.00	$0.07	$4.15	1,145	$3,625	$3,289	1.011
1999-00	$4.10	$0.07	$0.21	$4.37	$0.06	$0.00	$0.06	$4.43	1,182	$3,748	$3,371	1.025
2000-01	$4.34	$0.12	$0.21	$4.67	$0.10	$0.00	$0.10	$4.77	1,143	$4,175	$3,455	1.025
2001-02	$4.44	$0.30	$0.22	$4.96	$0.33	$0.00	$0.33	$5.29	1,346	$3,930	$3,569	1.033
2002-03	$4.51	$0.30	$0.32	$5.13	$0.64	$0.03	$0.67	$5.80	1,477	$3,924	$3,644	1.021
2003-04	$4.57	$0.15	$0.28	$5.00	$0.96	$0.16	$1.12	$6.13	1,453	$4,216	$3,710	1.018
2004-05	$4.67	$0.13	$0.29	$5.08	$1.31	$0.34	$1.65	$6.73	1,498	$4,493	$3,873	1.044
2005-06	$4.76	$0.15	$0.26	$5.17	$1.31	$0.46	$1.77	$6.94	1,515	$4,582	$4,005	1.034
2006-07	$4.85	$0.15	$0.25	$5.26	$1.23	$0.59	$1.82	$7.08	1,484	$4,769	$4,129	1.031

***1990 - 1992 were transition years for Pennsylvania school districts due to major PDE funding changes for special education and cost transfers from intermediate units to the school district budgets. Student enrollment data is not available for these years so they are excluded from the funding per student analysis and chart below.**

Table 8.





West Chester Area School District

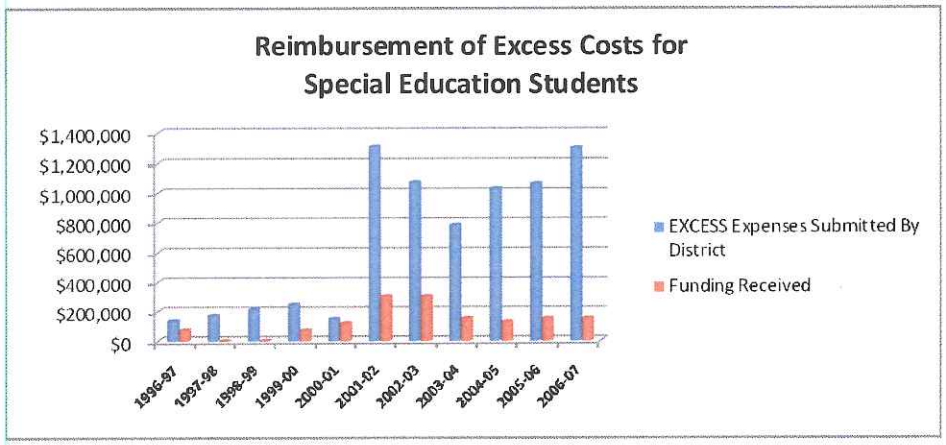
Contingency Funding for Special Education Students

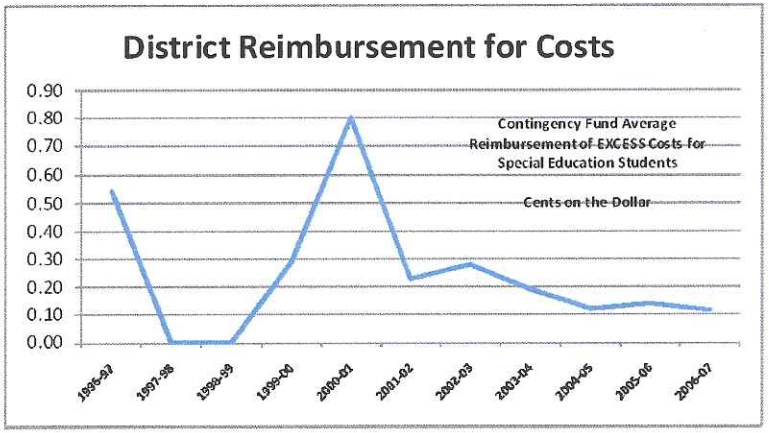
Contingency Funding for Special Education Students

In addition to the special education subsidy, in 1996-97 the state created a budget line item to reimburse school districts whose costs for individual special education students exceeded an annual average cost of education for a special education student. For a student to qualify for the contingency funding, his/her annual costs must exceed the average cost for a regular education student plus a standard "special education" excess cost as determined by PDE. For the 2006-07 year, the threshold amount for the contingency funding was $29,605. Any individual student expenses that exceeded the threshold were eligible for contingency funding for the "excess amount". For example, if the District had a student whose 2006-07 expenses were $40,000, according to the procedures established by PDE, the District should have received $10,395 from the contingency fund. Unfortunately, the amount in the state's contingency fund does not fully fund the excess costs and our District only receives reimbursement for a fraction of its excess costs.

Year	EXCESS Expenses Submitted By District	Funding Received	District Reimbursement for Costs
1996-97	$133,962	$72,735	0.54 Cents Per Excess Dollar
1997-98	$169,945	$0	0.00 Cents Per Excess Dollar
1998-99	$211,888	$0	0.00 Cents Per Excess Dollar
1999-00	$244,140	$70,433	0.29 Cents Per Excess Dollar
2000-01	$147,119	$117,515	0.80 Cents Per Excess Dollar
2001-02	$1,307,060	$300,000	0.23 Cents Per Excess Dollar
2002-03	$1,070,469	$300,000	0.28 Cents Per Excess Dollar
2003-04	$783,287	$150,000	0.19 Cents Per Excess Dollar
2004-05	$1,027,941	$125,798	0.12 Cents Per Excess Dollar
2005-06	$1,063,801	$150,000	0.14 Cents Per Excess Dollar
2006-07	$1,297,624	$150,000	0.12 Cents Per Excess Dollar

Table 9.



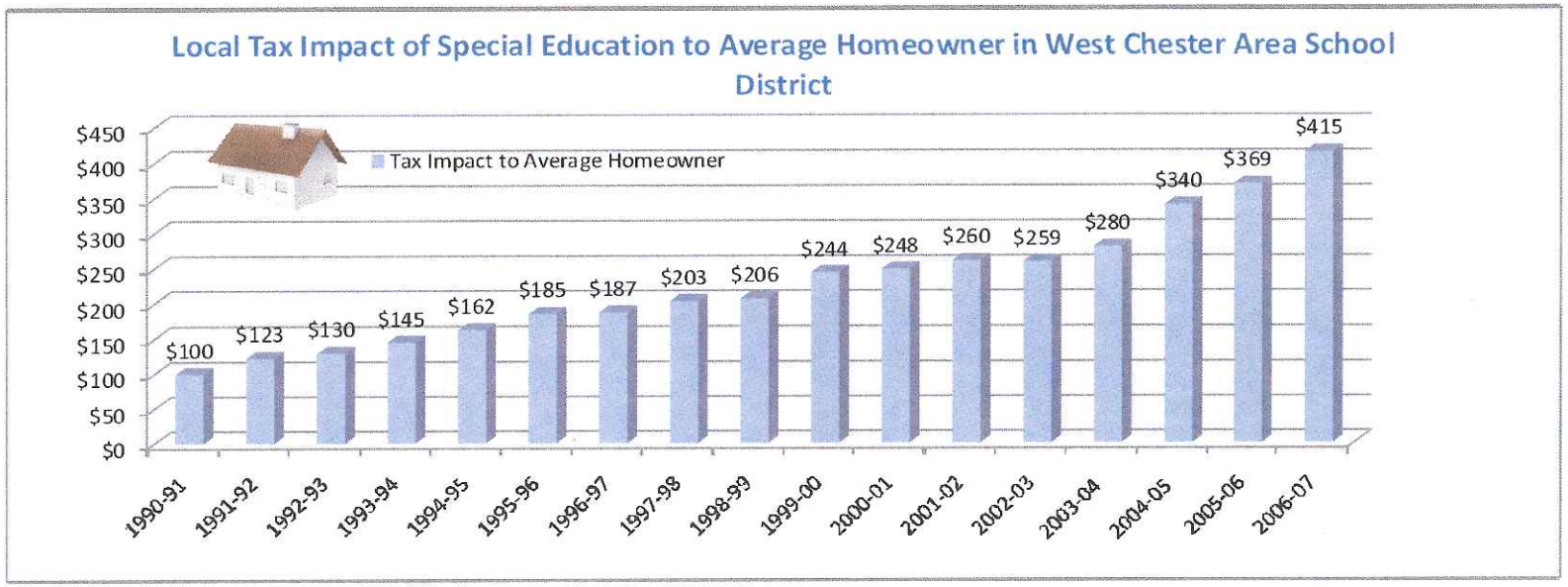


West Chester Area School District
Special Education Comparison: Expenses, State & Federal Funding, and Millage Impact to Local Residents

Year	($Millions) Expenses	State Funding	Federal Funding	Funding Deficit	% of Local Support	% of State Support	% of Federal Support	Mill Value	Millage Impact	Impact to the Average Homeowner
1990-91	$5.07	$2.10	$0.00	$2.96	58%	42%	0%	$340,673	8.7	$100
1991-92	$7.03	$3.21	$0.00	$3.82	54%	46%	0%	$356,639	10.7	$123
1992-93	$7.15	$3.05	$0.00	$4.10	57%	43%	0%	$362,056	11.3	$130
1993-94	$7.61	$3.01	$0.00	$4.61	61%	39%	0%	$363,584	12.7	$145
1994-95	$8.29	$3.09	$0.00	$5.20	63%	37%	0%	$367,259	14.1	$162
1995-96	$9.20	$3.19	$0.00	$6.02	65%	35%	0%	$372,731	16.1	$185
1996-97	$9.77	$3.60	$0.00	$6.17	63%	37%	0%	$377,657	16.3	$187
1997-98	$10.43	$3.59	$0.03	$6.81	65%	34%	0%	$384,026	17.7	$203
1998-99	$10.70	$4.08	$0.07	$6.55	61%	38%	1%	$5,810,704 *	1.1	$206
1999-00	$12.42	$4.37	$0.06	$7.99	64%	35%	0%	$6,004,490	1.3	$244
2000-01	$13.79	$4.67	$0.10	$9.02	65%	34%	1%	$6,650,183	1.4	$248
2001-02	$15.18	$4.96	$0.33	$9.89	65%	33%	2%	$6,953,495	1.4	$260
2002-03	$16.03	$5.13	$0.67	$10.24	64%	32%	4%	$7,240,478	1.4	$259
2003-04	$17.64	$5.00	$1.12	$11.52	65%	28%	6%	$7,518,565	1.5	$280
2004-05	$21.06	$5.08	$1.65	$14.33	68%	24%	8%	$7,713,045	1.9	$340
2005-06	$22.89	$5.17	$1.77	$15.95	70%	23%	8%	$7,905,604	2.0	$369
2006-07	$25.35	$5.26	$1.82	$18.27	72%	21%	7%	$8,062,043	2.3	$415

Table 10.

*** Represents reassessment to fair market value of properties**



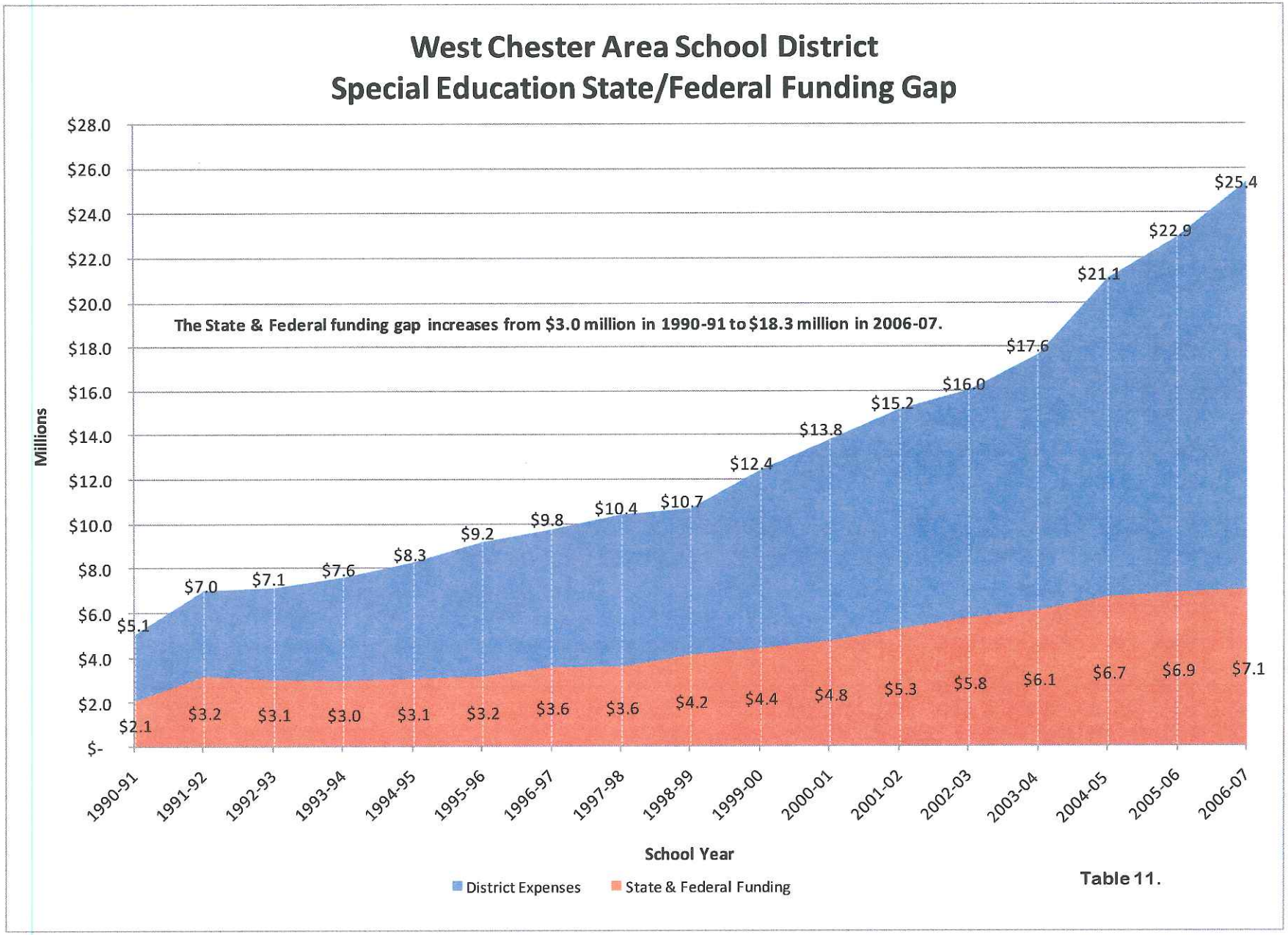

West Chester Area School District
Special Education State/Federal Funding Gap
$28.0
$26.0
$24.0
$22.0
$20.0
$18.0
$16.0
$14.0
$12.0
$10.0
$8.0
$6.0
$4.0
$2.0
$-
Millions
The State & Federal funding gap increases from $3.0 million in 1990-91 to $18.3 million in 2006-07.
$5.1
$7.0
$7.1
$7.6
$8.3
$9.2
$9.8
$10.4
$10.7
$12.4
$13.8
$15.2
$16.0
$17.6
$21.1
$22.9
$25.4
$2.1
$3.2
$3.1
$3.0
$3.1
$3.2
$3.6
$3.6
$4.2
$4.4
$4.8
$5.3
$5.8
$6.1
$6.7
$6.9
$7.1
1990-91
1991-92
1992-93
1993-94
1994-95
1995-96
1996-97
1997-98
1998-99
1999-00
2000-01
2001-02
2002-03
2003-04
2004-05
2005-06
2006-07
School Year
District Expenses
State & Federal Funding

Table 11.