THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2227 Session of 2015

INTRODUCED BY O'NEILL, BARBIN, BARRAR, DiGIROLAMO, EVERETT, GODSHALL, A. HARRIS, KOTIK, McNEILL, MILNE, ORTITAY, PEIFER, QUINN, RAPP, ROEBUCK, SCHLOSSBERG AND WATSON, JUNE 28, 2016

REFERRED TO COMMITTEE ON EDUCATION, JUNE 28, 2016

AN ACT

1 Amending the act of March 10, 1949 (P.L.30, No.14), entitled "An
2   act relating to the public school system, including certain
3   provisions applicable as well to private and parochial
4   schools; amending, revising, consolidating and changing the
5   laws relating thereto," in pupils and attendance, further
6   providing for exceptional children and education and training
7   and for cost of tuition and maintenance of certain
8   exceptional children in approved institutions; in charter
9   schools, further providing for funding for charter schools;
10   and, in reimbursements by Commonwealth and between school
11   districts, further providing for special education payments
12   to school districts and for extraordinary special education
13   program expenses.

14   The General Assembly of the Commonwealth of Pennsylvania

15 hereby enacts as follows:

16   Section 1. Section 1372(8) of the act of March 10, 1949

17 (P.L.30, No.14), known as the Public School Code of 1949, added

18 May 10, 2000 (P.L.44, No.16), is amended to read:

19   Section 1372. Exceptional Children; Education and

20 Training.--* * *

21   (8) Reporting of Expenditures Relating to Exceptional

22 Students.

23   (i) By December 31, 2000, and each year thereafter, each

1 school district shall compile information listing the number of

2 students with disabilities for which expenditures are between

3 twenty-five thousand dollars ($25,000) and fifty thousand

4 dollars ($50,000), which shall be known as Category 2; between

5 fifty thousand dollars ($50,000) and seventy-five thousand

6 dollars ($75,000), which shall be known as Category 3A; and over

7 seventy-five thousand dollars ($75,000), which shall be known as

8 Category 3B, for the prior school year. The information shall be

9 submitted to the department in a form prescribed by the

10 department. By February 1, 2001, and each year thereafter, the

11 department shall submit to the chairman and minority chairman of

12 the Education and Appropriations Committees of the Senate and

13 the chairman and minority chairman of the Education and

14 Appropriations Committees of the House of Representatives a

15 report listing this information by school district.

16   (ii) By December 31, 2016, and each year thereafter, each

17 school district shall compile information listing the number of

18 students with disabilities for which expenditures are under

19 twenty-five thousand dollars ($25,000), which shall be known as

20 Category 1. The information shall be submitted to the department

21 in a form prescribed by the department.

22   (iii) Beginning with the 2016-2017 school year, the

23 department shall annually adjust the dollar ranges for which the

24 information is collected under this section by the percent

25 change in the Consumer Price Index for All Urban Consumers for

26 the Pennsylvania, New Jersey, Delaware and Maryland area

27 reported by the Bureau of Labor Statistics for the twelve (12)

28 month period ending in December of the school year for which the

29 data is being collected.

30   Section 2. Section 1376 of the act is amended by adding a

1 subsection to read:

2 Section 1376. Cost of Tuition and Maintenance of Certain

3 Exceptional Children in Approved Institutions.--* * *

4 (c.9) Beginning with audited data for the 2015-2016 school

5 year, the total of the amounts remitted to the Commonwealth

6 under subsection (c.2)(5)(ii) shall be distributed to each

7 approved private school with reportable costs that exceed the

8 amount of revenue received as follows:

9 (1) Subtract the amount of revenue received under subsection

10 (a.2) from the reportable costs in the audit submitted to the

11 Department of Education under subsection (c.2)(4).

12 (2) Multiply the amount in paragraph (1) by the lesser of

13 the total of the amounts remitted to the Commonwealth under

14 subsection (c.2)(5)(ii) or the total of the amounts in paragraph

15 (1).

16 (3) Divide the amount in paragraph (2) by the total of the

17 amounts in paragraph (1).

18 (4) Funds distributed under this subsection shall be paid in

19 May of the following school year.

20 (5) Funds distributed under this subsection shall not be

21 included in determining the payment amount under subsection

22 (a.2).

23 * * *

24 Section 3. Section 1725-A(a)(3) of the act, amended June 29,

25 2002 (P.L.524, No.88), is amended and the subsection is amended

26 by adding clauses to read:

27 Section 1725-A. Funding for Charter Schools.--(a) Funding

28 for a charter school shall be provided in the following manner:

29 * * *

30 (3) For the 1997-1998 school year through the 2015-2016

1 school year, for special education students, the charter school

2 shall receive for each student enrolled the same funding as for

3 each non-special education student as provided in clause (2),

4 plus an additional amount determined by dividing the district of

5 residence's total special education expenditure by the product

6 of multiplying the combined percentage of section 2509.5(k)

7 times the district of residence's total average daily membership

8 for the prior school year. This amount shall be paid by the

9 district of residence of each student.

10 (3.1) (i) For the 2016-2017 school year and each school

11 year thereafter, subject to the provisions in clause (3.2),

12 which provides for the transition to the new student-based

13 funding methodology established in this clause, for special

14 education students, the charter school shall receive for each

15 student enrolled an amount which shall be paid by the district

16 of residence of each student to be determined as follows:

17 (A) For each special education student enrolled in the

18 charter school for which the annual expenditure is less than

19 twenty-five thousand dollars ($25,000), which shall be known as

20 Category 1, multiply the same funding as for each non-special

21 education student as provided in clause (2) by one and fifty-one

22 hundredths (1.51).

23 (B) For each special education student enrolled in the

24 charter school for which the annual expenditure is equal to or

25 greater than twenty-five thousand dollars ($25,000) and less

26 than fifty thousand dollars ($50,000), which shall be known as

27 Category 2, multiply the same funding as for each non-special

28 education student as provided in clause (2) by three and

29 seventy-seven hundredths (3.77).

30 (C) For each special education student enrolled in the

charter school for which the annual expenditure is equal to or

greater than fifty thousand dollars ($50,000), which shall be

known as Category 3, multiply the same funding as for each non-

special education student as provided in clause (2) by seven and

forty-six hundredths (7.46).

(ii) Pursuant to guidelines developed by the department, to

be eligible to receive funding for special education students

under subclause (i)(B) and (C), the charter school must document

the cost of providing an education to the student and provide

the documentation to the department.

(iii) For each weight provided in subclause (i)(A), (B) and

(C) for each school district, the department shall annually make

the following adjustment:

(A) Divide the school district's total expenditure for

special education programs and services excluding gifted

education by the number of special education students who reside

in the school district.

(B) Divide total expenditure for special education programs

and services excluding gifted education for all school districts

by the total number of special education students residing in

all school districts.

(C) Divide the quotient in unit (A) by the quotient in unit

(B).

(D) If the quotient in unit (C) is greater than one (1),

multiply the quotient by the weight to determine the school

district adjustment.

(E) In no case shall the adjustment made in subclause (i)(A)

and (B) result in a payment that exceeds the maximum amount

within the category's dollar range and in no case shall the

adjustment in subclause (i)(C) result in a payment that exceeds

the actual cost of providing an education to the student as

determined under subclause (ii).

(iv) The department shall annually adjust the dollar ranges

in subclause (i)(A), (B) and (C) by the Consumer Price Index for

All Urban Consumers for the Pennsylvania, New Jersey, Delaware

and Maryland area.

(v) The annual expenditure amounts used to calculate funding

under subclause (i)(A), (B) and (C) shall be based on the

amounts used in making reports to the department under section

1372(8).

(3.2) To transition to the new student-based funding

methodology for special education students under clause (3.1), a

charter school shall receive for each student enrolled an amount

to be paid by the district of residence and determined as

follows:

(i) For each special education student under clause (3.1)(i)

(A) in Category 1, the following shall apply:

(A) Determine the number of special education students under

clause (3.1)(i)(A) from the school district who were enrolled in

a charter school with individualized education plans as required

under the Individuals with Disabilities Education Act (Public

Law 91-230, 20 U.S.C. § 1400 et seq.) as of May 31, 2016.

(B) Divide the number determined in unit (A) by the total

number of students enrolled in a charter school from the school

district under clause (3.1)(i)(A) as of October 1.

(C) Multiply the lesser of the quotient in unit (B) or one

(1) by the amount for the same special education student

determined in clause (3) for the 2015-2016 school year.

(D) Subtract the lesser of the quotient in unit (B) or one

(1) from one (1) and multiply the difference by the amount for

1 the same special education student in clause (3.1)(i)(A).

2   (E)   Add the amounts in units (C) and (D) to determine the

3 amount paid by the school district.

4   (ii)   For each special education student under clause (3.1)

5 (i)(B) in Category 2, the following shall apply:

6   (A)   Determine the number of special education students under

7 clause (3.1)(i)(B) from the school district who were enrolled in

8 a charter school with individualized education plans as of May

9 31, 2016.

10   (B)   Divide the number determined in unit (A) by the total

11 number of students enrolled in a charter school from the school

12 district under clause (3.1)(i)(B) as of October 1.

13   (C)   Multiply the lesser of the quotient in unit (B) or one

14 (1) by the amount for the same special education student

15 determined in clause (3) for the 2015-2016 school year.

16   (D)   Subtract the lesser of the quotient in unit (B) or one

17 (1) from one (1) and multiply the difference by the amount for

18 the same special education student in clause (3.1)(i)(B).

19   (E)   Add the amounts in units (C) and (D) to determine the

20 amount paid by the school district.

21   (iii)   For each special education student under clause (3.1)

22 (i)(C) in Category 3, the following shall apply:

23   (A)   Determine the number of special education students under

24 clause (3.1)(i)(C) from the school district who were enrolled in

25 a charter school with individualized education plans as of May

26 31, 2016.

27   (B)   Divide the number determined in unit (A) by the total

28 number of students enrolled in a charter school from the school

29 district under clause (3.1)(i)(C) as of October 1.

30   (C)   Multiply the lesser of the quotient in unit (B) or one

1 (1) by the amount for the same special education student

2 determined in clause (3) for the 2015-2016 school year.

3   (D) Subtract the lesser of the quotient in unit (B) or one

4 (1) from one (1) and multiply the difference by the amount for

5 the same special education student in clause (3.1)(i)(C).

6   (E) Add the amounts in units (C) and (D) to determine the

7 amount paid by the school district.

8   (iv) In no case shall a payment made under subclause (iii)

9 exceed the amount allowed for the same student under clause

10 (3.1).

11   (v) At such time that the amount determined under subclause

12 (i) for a student in Category 1 is greater than the amount

13 determined for a student under clause (3) for the 2015-2016

14 school year, payment made by the school district of residence

15 shall be based on the provisions under clause (3.1), and the

16 transition under this clause shall expire.

17   (vi) The department shall develop guidelines to collect the

18 enrollment data required under this clause and calculate

19 estimated payments until such time as actual enrollments are

20 determined.

21   * * *

22   Section 4. Section 2509.5 of the act is amended by adding a

23 subsection to read:

24   Section 2509.5. Special Education Payments to School

25 Districts.--* * *

26   (bbb) (1) During the 2016-2017 school year and each school

27 year thereafter, each school district shall receive an amount

28 equal to the amount it received during the 2013-2014 school year

29 under subsection (aaa) and a student-based allocation equal to

30 the difference between the amount allocated for special

education payments for school districts and the sum of the

amounts paid under subsection (aaa) during the 2013-2014 school

year to all school districts. The student-based allocation for

each school district shall be calculated as follows:

(i) Multiply the sum of the school district's weighted

special education student headcount and its sparsity/size

adjustment calculated under paragraph (2)(v) by its market

value/income aid ratio and its equalized millage multiplier

calculated under paragraph (2)(vi).

(ii) Multiply the product under subparagraph (i) by the

total amount available for the student-based allocation.

(iii) Divide the product under subparagraph (ii) by the sum

of the products under subparagraph (i) for all school districts.

(2) For the purposes of paragraph (1)(i):

(i) The weighted special education student headcount shall

be calculated for each school district as follows:

(A) Multiply the number of special education students who

reside in the school district for which the annual expenditure

is in Category 1 by one and fifty-one hundredths (1.51).

(B) Multiply the number of special education students who

reside in the school district for which the annual expenditure

is in Category 2 by three and seventy-seven hundredths (3.77).

(C) Multiply the number of special education students who

reside in the school district for which the annual expenditure

is in Category 3 by seven and forty-six hundredths (7.46).

(D) Add the products under clauses (A), (B) and (C).

(ii) The sparsity ratio shall be calculated for each school

district as follows:

(A) Divide the school district's average daily membership

per square mile by the Commonwealth's average daily membership

1 per square mile.

2   (B) Multiply the quotient under clause (A) by one-half

3 (0.5).

4   (C) Subtract the product under clause (B) from one (1).

5   (iii) The size ratio for each school district shall be

6 calculated as follows:

7   (A) Divide the school district's average daily membership by

8 the average of the average daily membership of all school

9 districts.

10   (B) Multiply the quotient under clause (A) by one-half

11 (0.5).

12   (C) Subtract the product under clause (B) from one (1).

13   (iv) The sparsity/size ratio for each school district shall

14 be calculated by adding forty percent (40%) of the sparsity

15 ratio and sixty percent (60%) of the size ratio.

16   (v) The sparsity/size adjustment for each school district

17 shall be calculated as follows:

18   (A) For a school district with a sparsity/size ratio less

19 than or equal to the sparsity/size ratio that represents the

20 seventieth percentile of the sparsity/size ratio of all school

21 districts, the school district's sparsity/size adjustment shall

22 be zero (0).

23   (B) For a school district with a sparsity/size ratio greater

24 than the sparsity/size ratio that represents the seventieth

25 percentile of the sparsity/size ratio of all school districts,

26 the school district's sparsity/size adjustment shall be

27 calculated as follows:

28   (I) Divide the school district's sparsity/size ratio by the

29 sparsity/size ratio that represents the seventieth percentile of

30 the sparsity/size ratio of all school districts.

1   (II) Subtract one (1) from the quotient under subclause (I).

2   (III) Multiply the remainder under subclause (II) by one-

3 half (0.5).

4   (IV) Multiply the product under subclause (III) by the

5 school district's weighted special education student headcount.

6   (vi) The equalized millage multiplier for each school

7 district shall be calculated as follows:

8   (A) For a school district with an equalized millage rate

9 greater than or equal to the equalized millage rate that

10 represents the seventieth percentile of the equalized millage

11 rate of all school districts, the school district's equalized

12 millage multiplier shall be one (1).

13   (B) For a school district with an equalized millage rate

14 less than the equalized millage rate that represents the

15 seventieth percentile of the equalized millage rate of all

16 school districts, the school district's equalized millage

17 multiplier shall be calculated by dividing the school district's

18 equalized millage rate by the equalized millage rate that

19 represents the seventieth percentile of the equalized millage

20 rate of all school districts.

21   (vii) The dollar ranges for the annual expenditure amounts

22 designated as Category 1, Category 2 and Category 3 under

23 subparagraph (i) shall be based on the information reported to

24 the department under section 1372(8). For the purposes of

25 subparagraph (i), Category 3 shall be the sum of the students

26 reported in Categories 3A and 3B under section 1372(8).

27   (viii) The data used to calculate the weighted special

28 education student headcount under subparagraph (i) shall be

29 based on information from the most recent year for which data is

30 available as determined by the Department of Education. The data

1 used to calculate the provisions under subparagraphs (ii),

2 (iii), (iv), (v) and (vi) shall be averaged for the three most

3 recent years for which data is available as determined by the

4 Department of Education.

5 Section 5. Section 2509.8(e) of the act, added December 23,

6 2003 (P.L.304, No.48), is amended and the section is amended by

7 adding a subsection to read:

8 Section 2509.8. Extraordinary Special Education Program

9 Expenses.--* * *

10 (e) For the 2003-2004 school year [and each school year

11 thereafter] through the 2013-2014 school year, the Department of

12 Education shall set aside one percent (1%) of the special

13 education appropriation for extraordinary expenses incurred in

14 providing a special education program or service to one or more

15 students with disabilities as approved by the Secretary of

16 Education. Such special education program or service shall

17 include, but not be limited to, the transportation of students

18 with disabilities; services related to occupational therapy,

19 physical therapy, speech and language, hearing impairments or

20 visual impairments; or training in orientation and mobility for

21 children who are visually impaired or blind.

22 (f) (i) For the 2016-2017 school year and each school year

23 thereafter, an amount equal to one percent (1%) of the special

24 education appropriation shall be distributed to school districts

25 and charter schools for extraordinary expenses incurred in

26 providing a special education program or service to one or more

27 students with disabilities as approved by the Secretary of

28 Education. Such special education program or service shall

29 include, but not be limited to, the transportation of students

30 with disabilities; services related to occupational therapy,

1 physical therapy, speech and language, hearing impairments or

2 visual impairments; or training in orientation and mobility for

3 children who are visually impaired or blind.

4   (ii) Funds distributed to a school district or charter

5 school under this subsection shall be allocated for students for

6 which expenses are incurred on an annual basis that are equal to

7 or greater than seventy-five thousand dollars ($75,000) as

8 follows:

9   (A) For a student for whom expenses are equal to or greater

10 than seventy-five thousand dollars ($75,000) and less than or

11 equal to one hundred thousand dollars ($100,000), subtract the

12 State subsidies paid on behalf of the student to the school

13 district or, for a student enrolled in a charter school, the

14 charter school payment received by the charter school where the

15 child is enrolled from the expense incurred for the student and

16 multiply the difference by the school district's or charter

17 school's market value/personal income aid ratio.

18   (B) For a student for which expenses are greater than one

19 hundred thousand dollars ($100,000), subtract the State

20 subsidies paid on behalf of the student to the school district

21 or, for a student enrolled in a charter school, the charter

22 school payment received by the charter school where the child is

23 enrolled from the expense incurred for the student.

24   (iii) No school district or charter school shall in any

25 school year receive an amount under subclause (i) which exceeds

26 the total amount of funding available multiplied by the

27 percentage equal to the greatest percentage of the State's

28 special education students enrolled in a school district or

29 charter school.

30   Section 6. This act shall take effect in 60 days.