

Date: February 6, 2024  
To: House Education Committee  
From: Kevin Strong, Sweet Home School District  
Subject: House Bill 4068-1

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Chair Neron, Vice Chairs Hudson and Wright, and members of the committee:

Thank you for the opportunity to submit written testimony on House Bill 4068-1. I urge you to vote no on this bill that would increase the size of the High Cost Disability Grant from \$110 million to \$150 million per biennium. The deeper you dig into the High Cost Disability Grant calculation, the more problems you find. Here are some of them:

**1. The High Cost Disability Grant widens the funding gap between more affluent and less affluent districts.**

During the 2021-22 fiscal year, 65.5 percent of the High Cost Disability Grant was distributed to school districts with poverty rates below the mean statewide average.<sup>1</sup>

Several reasons account for this.

- Districts serving relatively affluent communities are more likely to have other funding sources available such as local option levies. These districts can then spend even more on teacher salaries and other eligible high cost disability expenses than less affluent districts.
- Districts serving relatively affluent communities often have lower percentages of special education students. These districts do not need to hire as many special education teachers and classified support staff as similar sized districts with higher special education percentages. Therefore, districts with lower special education percentages have more money to spend on teacher salaries and other eligible expenses per special education student.
- Districts with high percentages of special education students must spread shared special education costs (such as for a special education director) over a greater number of students watering down the amount spent on each special education student.
- Districts with high special education percentages are further penalized by the 11 percent cap on special education funding. They have to spread their State School Fund special education dollars over more students resulting in less spending per student.

When you examine the data, it is not surprising that 107 out of 748 special education students in Lake Oswego (14.3 percent) qualified as High Cost Disability students in the 2021-22 school year as compared to 23 out of 2,107 special education students in Medford (1.1 percent).<sup>2</sup> Lake Oswego has more resources available to spend per student and the High Cost Disability Grant further exacerbates the resource gap.

FY 2022 Data	Lake	
	Oswego SD	Medford SD
High Cost Disability Students	107	23
Total Special Education Students	748	2,107
High Cost Disability Students as a % of Special Education Students	14.3%	1.1%

**2. The High Cost Disability Grant calculation only recognizes the amount spent on special education services for a small percentage of special education students and does not consider how much was spent on the vast majority of special education students.**

Suppose District A has 1,000 students including 200 special education students that on average cost \$20,000 but none that cost over \$30,000 individually. Meanwhile, District B has 1,000 students including five special education students that each cost \$100,000 and 115 special education students that on average cost \$20,000.

District A spends a total of \$4 million on special education but does not receive any additional funding from the High Cost Disability Grant.

District B spends \$2.8 million on special education and will receive additional funding from the High Cost Disability Grant.

In the words of my nine-year-old son, this does not make sense.

**3. The High Cost Disability Grant rewards districts that devote staff time to tracking costs over serving students.**

Some school districts have staff members whose primary job is to track high cost disability costs while other districts do not. For example, Astoria, Pendleton and Ontario are among districts that did not report any high cost disability costs in 2021-22.<sup>3</sup>

Tracking high cost disability costs on a per student basis takes considerable time. A 2015 *Forest Grove News-Times* article quoted Forest Grove's special education director at that time saying the process is grueling but financially rewarding for the districts that do it.<sup>4</sup>

A related problem is that school districts use different assumptions and methods to calculate the High Cost Disability Grant. Whether a district chooses to be conservative or aggressive can have a significant impact on the final grant amount.

Personally, I would much rather see school districts hire additional special education staff to directly help students than hire additional accountants to track high cost disability costs.

Unfortunately, the High Cost Disability Grant encourages districts to hire accountants to track eligible costs so they can get a larger slice of the available funding. An “aggressive” district may even count the accountant as an eligible High Cost Disability Grant expense.

Oregon has limited resources and many needs. The High Cost Disability Grant should be reexamined before more funds are added to it.

Thank you for your time and consideration.

Notes:

1. 2021-22 High Cost Disability Grant funding for districts with SAIFE poverty percentages below the mean state average

**2021-22 High Cost Disability Grant Amounts for Districts with a  
SAIFE Poverty % Below the State Average**

District	SAIFE Poverty % Released Dec. '21	HCD Grant Amount
Sherwood School District 88J	2.80%	\$280,382
Lake Oswego School District 7J	3.02%	\$1,327,511
West Linn School District 3J	3.95%	\$938,063
Banks School District 13	4.01%	\$88,573
Corbett School District 39	5.83%	\$94,305
Beaverton School District 48J	6.03%	\$3,242,449
Colton School District 53	6.04%	\$55,291
Yamhill-Carlton School District 1	6.22%	\$7,041
Oregon City School District 62	6.34%	\$605,571
Oregon Trail School District 46	6.49%	\$451,877
Tigard-Tualatin School District 23J	6.56%	\$2,740,766
Canby School District 86	6.83%	\$542,310
Estacada School District 108	6.87%	\$780,631
Scappoose School District 1J	6.97%	\$167,260
North Clackamas School District 12	7.15%	\$1,654,149
Stanfield School District 61	7.21%	\$25,083
Hillsboro School District 1J	7.26%	\$1,839,431
Bend-La Pine	7.28%	\$1,478,354
Molalla River School District 35	7.68%	\$245,281
Portland School District 1J	7.79%	\$11,338,412
Newberg School District 29J	7.93%	\$645,262
Gladstone School District 115	8.03%	\$275,966
Gaston School District 511J	8.30%	\$78,373
Crow-Applegate-Lorane Sd 66	8.54%	\$13,159
Central Linn School District 552	8.65%	\$11,267
Forest Grove School District 15	8.98%	\$1,241,747
Sisters School District 6	9.03%	\$55,921
Redmond School District 2J	9.22%	\$293,987
St. Helens School District 502	9.35%	\$268,959
Philomath School District 17J	9.58%	\$123,970
Silver Falls School District 4J	9.65%	\$1,018,666
Gresham-Barlow School District 1J	9.74%	\$1,445,768
Amity School District 4J	9.87%	\$21,110
Greater Albany School District 8J	9.98%	\$785,774
Hood River County School District 1	10.12%	\$126,438
Vernonia School District 47J	10.19%	\$41,652
North Santiam School District 29J	10.22%	\$191,021
Mount Angel School District 91	10.28%	\$24,478
Jefferson School District 14J	10.37%	\$93,954
Corvallis School District 509J	10.38%	\$646,085
Central Point School District 6	10.47%	\$383,913
McMinnville School District 40	10.52%	\$328,151
Group Total		\$36,018,361
Total HCD funds distributed		\$55,000,000
<b>Group Amount / Total Funds</b>		<b>65.5%</b>

2. High Cost Disability grant data from <https://www.oregon.gov/ode/schools-and-districts/grants/Documents/2021-22%20state%20school%20fund/2021-22%20Actual%20HCD%205-5-2023.pdf>

IEP student count data from <https://www.oregon.gov/ode/schools-and-districts/grants/Documents/2021-22%20state%20school%20fund/21-22%20ADMw%20Breakout%205-8-23.pdf>

3. 2021-2022 ODE High Cost Disability Grant Reconciliation spreadsheet:

**Oregon Department of Education**

Office of School Finance

2021-22 High Cost Disability Grant Reconciliation

May 5, 2023

Dist_ID	Count y	Dist_Name	Actual HCD Count	Actual Expenses	Actual Allowed	Rate	Total Payment
			5049	\$262,229,252.00	\$110,759,252.00	0.4966	\$55,000,000.00
1933	Clatsop	Astoria SD 1	0	\$0.00	\$0.00		\$0.00
2207	Umatilla	Pendleton SD 16	0	\$0.00	\$0.00		\$0.00
2108	Malheur	Ontario SD 8C	0	\$0.00	\$0.00		\$0.00

4. "First Place in Costs," Forest Grove News-Times, 1/6/2015