



TO: House Committee on Education  
FROM: Stacy Michaelson, East Multnomah County Schools  
RE: HB 4068 -1  
DATE: February 5, 2024

Chair Neron, Vice Chairs Wright and Hudson, Members of the Committee:

For the record, I'm Stacy Michaelson, representing Centennial, Corbett, David Douglas, Gresham-Barlow, Parkrose, and Reynolds School Districts, as well as Multnomah ESD. Collectively, these districts serve nearly 40,000 students.

In those six school districts, the proportion of students who qualify for special education ranges from 13-18%. However, districts only receive additional State School Fund formula money for up to 11% of students. One other pot of funds available is the High Cost Disability Fund, which provides *some* reimbursement for per-student costs in excess of \$30,000. For districts that exceed the 11% cap on special education funding, it could be helpful to have access to the High Cost Disability Fund, even for costs under the \$30,000 threshold. For this reason, we support the general concept of the -1 amendments, with some concerns noted below.

It is important to note that the proposed model only works if additional monies are invested into the fund. The High Cost Disability Fund is a fixed amount of money allocated by the Legislature that is then dispersed based on the total claims submitted by districts in a given school year. Historically, these claims have exceeded the amount in the Fund, resulting in partial reimbursements. As such, districts do not know at the outset of the school year what portion of their costs will be reimbursed. In recent years, the reimbursement rate has been as high as 70%, but is currently predicted to be roughly 50% for the current school year.

Should the bill move forward, we would like to see greater specificity regarding the community impact eligibility standard. As of Spring 2023, 171 school districts had more than 11% of students qualifying for special education services. If all of those school districts were eligible for reimbursement out of the High Cost Disability Fund, it would further increase the need for additional investment in the Fund in order to cover costs. Alternatively, the bill could further define what threshold would actually make a district eligible under the community impact standard. Special education rates should also not be the only standard considered.

When we think about “factors that are beyond the control of the school district,” one example impacting some districts in East County comes to mind. When the Oregon Department of Human Services certifies new group homes serving youth with intellectual/developmental disabilities (I/DD) in a community, students who, by definition, qualify for special education move into those homes and enroll in the local school district. We acknowledge and embrace our duty to serve these students, but this is one example of how the decisions of another government agency can have a profound effect on a local school district’s budget.

With the above context, we believe the bill could be strengthened by greater specificity regarding the community impact eligibility standards. It is also important to note that with additional eligibility criteria, an investment of \$150 million (while very much appreciated) is likely to continue the model of only providing a partial-reimbursement to districts.

Chair Neron, we appreciate your bringing this issue forward and your dedication to addressing the inadequacy of special education funding in our state. We look forward to ongoing work with you and the Committee to tackle this issue. We do encourage you to pass HB 4068 with the -1 amendment and send it to Ways and Means.

Thank you.