Evaluation of Oregon's Quality Education Model – Joint Legislative Briefing for Oregon House and Senate Committees on Education

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Agenda

- Introduction to Study Team
- Overview of Study Tasks
- Task-by-Task Highlights
- Question and Answer Session

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Study Team

Meet the Study Team

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Overview of Tasks

Key Study Tasks

Task 1 – Review Oregon's current public K-12 education funding formula

Task 2 – Explore alternatives for funding adequate education for all public K-12 students

Task 3 – Review and evaluate the efficacy and methodology of the Quality Education Model

Task 4 – Identify trends and disparities in student performance before and after the 2019-20 school year

Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

Task 6 – Review the costs and funding for special education and related services

Task 1 – Review Oregon's current public K-12 education funding formula

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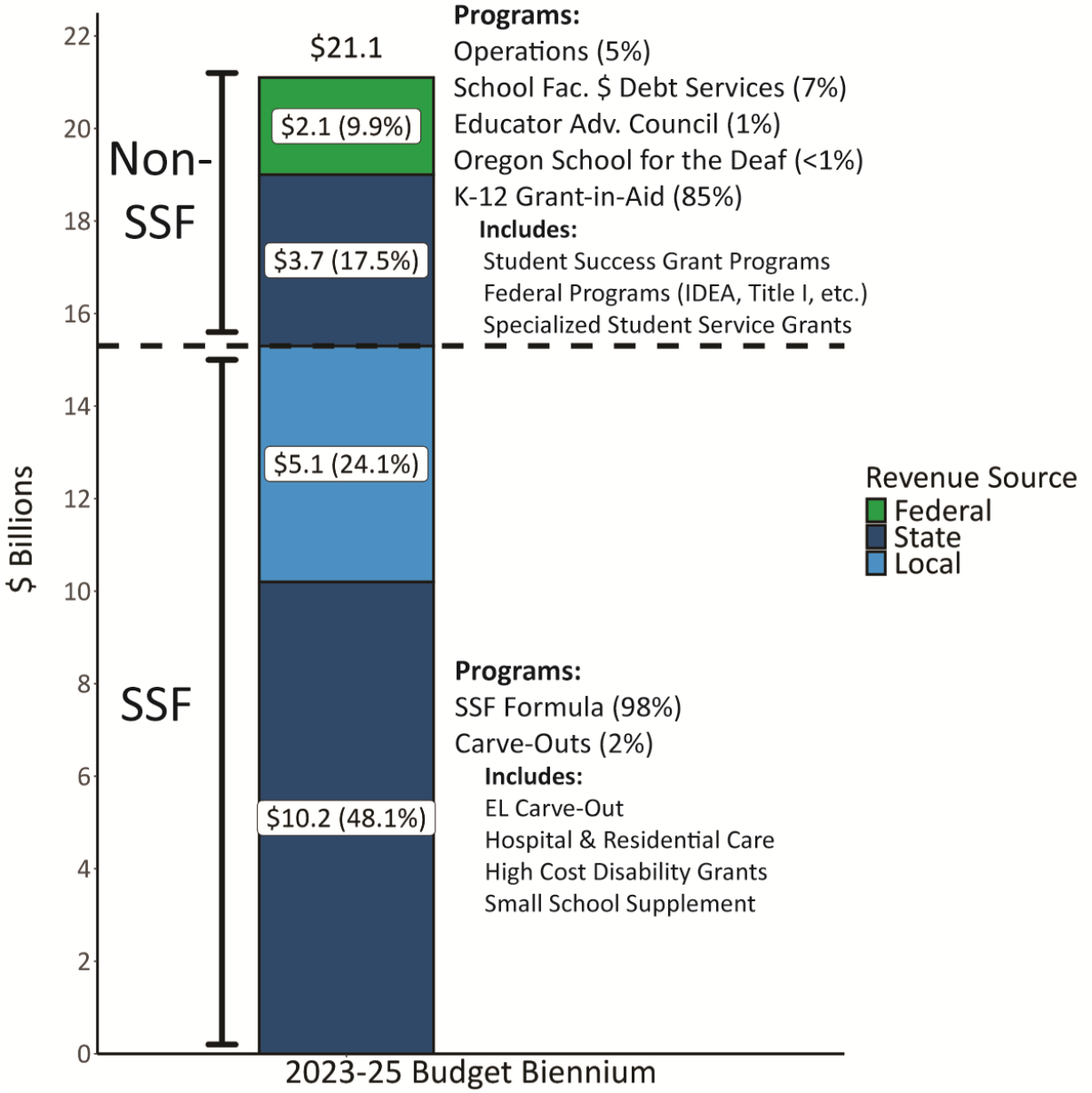
- Education is a substantial investment in Oregon.
- Most funding is discretionary, through the State School Fund (SSF).
  - Note: all figures based on the 2023-25 legislatively adopted budget for the two-year biennium period.
- The Student Success Act (2019) introduced new streams of non-SSF funding (e.g., the Student Investment Account programs).
  - Total grant-in-aid spending has nearly tripled, relative to the 2017-19 Legislatively Adopted Budget.

Exhibit 1. Overview of Oregon's K–12 Education Revenue Sources



Task 1 – Review Oregon's current public K-12 education funding

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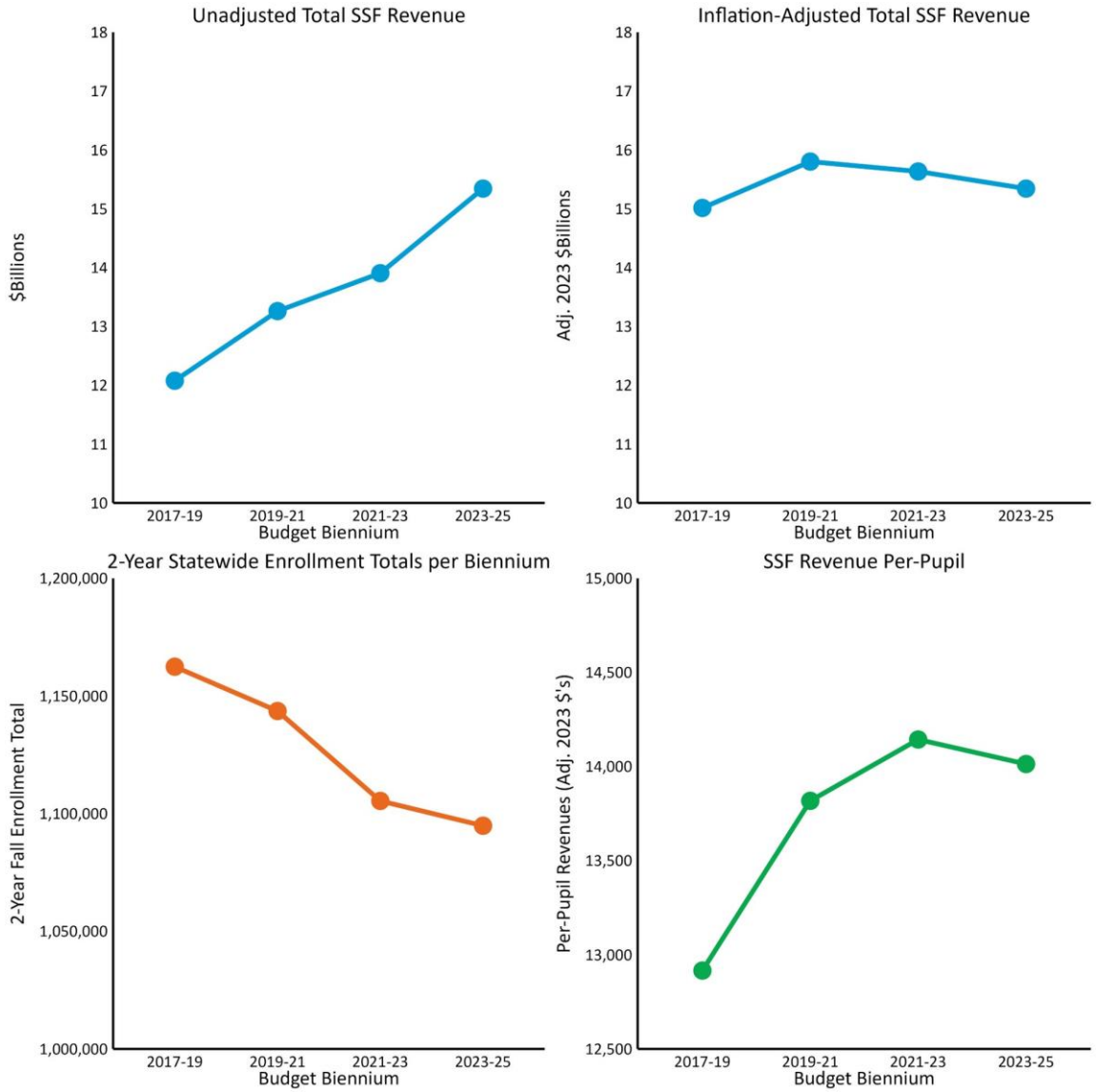
  - Note: all figures based on the 2023-25 legislatively adopted budget for the two-year biennium period.
- The Student Success Act (2019) introduced new streams of Non-SSF funding (e.g., the Student Investment Account programs).
  - Total grant-in-aid spending has nearly tripled, relative to the 2017-19 Legislatively Adopted Budget.
- SSF revenues per-pupil have increased substantially since the 2017-19 biennium.
  - Maintenance of SSF funding during a period of high inflation.
  - Notable decline in student enrollment.

Exhibit 2. Examining Trends in SSF Funding Over Time



Task 1 – Review Oregon's current public K-12 education funding

- Key steps in a student weighted funding model:
  - Counting students (average daily membership)
  - Establishing a baseline funding level
    - Teacher Experience Factor
    - The balance ratio: 2.138 in 2022-23
  - Weighting student counts
    - 11% cap on special education SSF funding

Exhibit 3. Summarizing the State School Fund

Category	Weight	Monetary value	Definition
Standard student	1.00	~$4,500	The funding per ADM, adjusted by Teacher Experience Factor
Student weights			
Special education	1.00	$4,500	Student eligible for special education as a child with a disability
English learner	0.50	$2,250	Student eligible for and enrolled in an English learner program
Student poverty	0.25	$1,125	Student determined to be in a family experiencing poverty, based on U.S. Census, district, and other data
Neglected/ Delinquent	0.25	$1,125	The number of children in the district in state-recognized facilities for neglected and delinquent children
Foster care	0.25	$1,125	The number of children in foster homes in the district
School weights			
Half-day kindergarten	-0.50	$-2,250	All students enrolled in half-day kindergarten programs
Small high school	Varies		Additional ADMw may be awarded to small high schools via a formula in 327.077.6b.
Remote small elementary school	Varies		Additional ADMw may be awarded to small remote elementary schools via a formula in 327.077.5b.
District weights			
Union high school	0.20	$900	All students in districts serving only Grades 9–12
K–8 district schools	-0.10	$-450	All students in districts serving only Grades 8–12
Other			
High-Cost Disabilities Grant	Varies		With ODE approval, districts may be reimbursed for services to SWDs costing more than $30,000 per pupil.
Transportation Grant	Varies		ODE ranks districts by per-ADM transportation costs and reimburses costs as follows: • 90% for transportation costs above the 90th percentile • 80% for transportation costs between the 80th and 90th percentiles • 70% for transportation costs below the 80th percentile

Task 2 – Explore alternatives for funding adequate education for all public K-12 students

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- We conducted a scan of school funding formulas across all 50 states
  - Structure of funding mechanisms used by states:
    - Constant or multiple weighting for students with specific educational needs.
    - Resource-based allocations based on ratios of (non)personnel resources to students in different need categories.
    - Reimbursement of educational costs.
  - Summary of findings:
    - Oregon adopts most of the commonly seen funding adjustments that are used in other states.
    - Exceptions include resource prices/geographic cost differences and the use of multiple weights for student needs.
    - Oregon is one of seven states to cap formula funding for special education

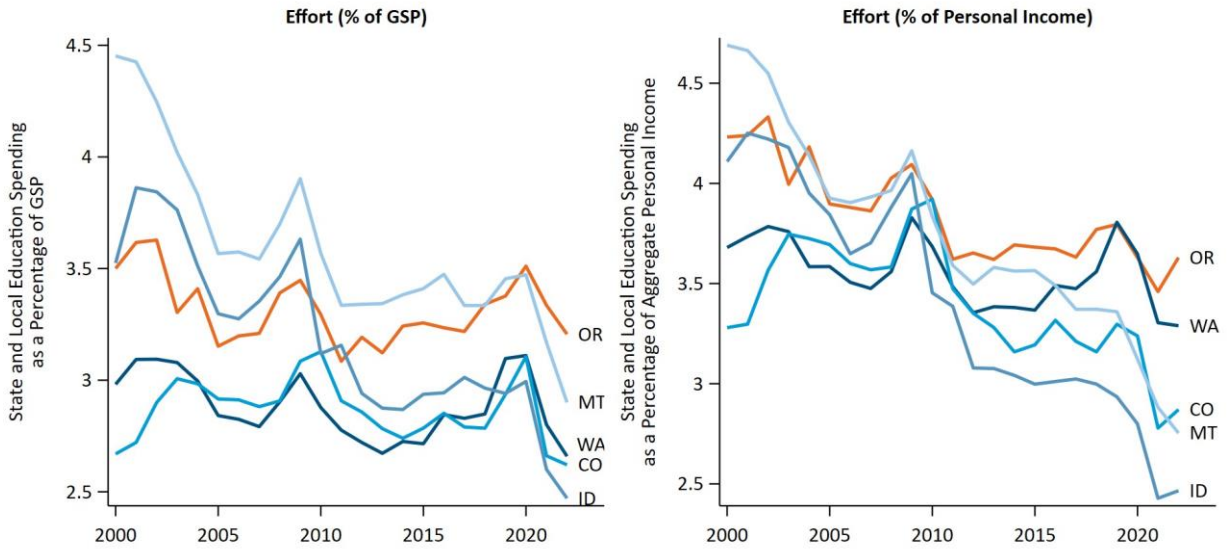
Exhibit 4. Enrollment Caps on Special Education Formula Funding

State	Percentage enrollment cap
Oregon	**11%**
Utah	12.18%
North Carolina	12.75%
Nevada	13%
Maine	15%
Washington	15%
New Jersey	15.40%

Task 2 – Explore alternatives for funding adequate education for all public K-12 students

- Peer state comparisons (Washington, Idaho, Montana, and Colorado)
  - Oregon has high fiscal effort in generating revenues for K-12 Education.

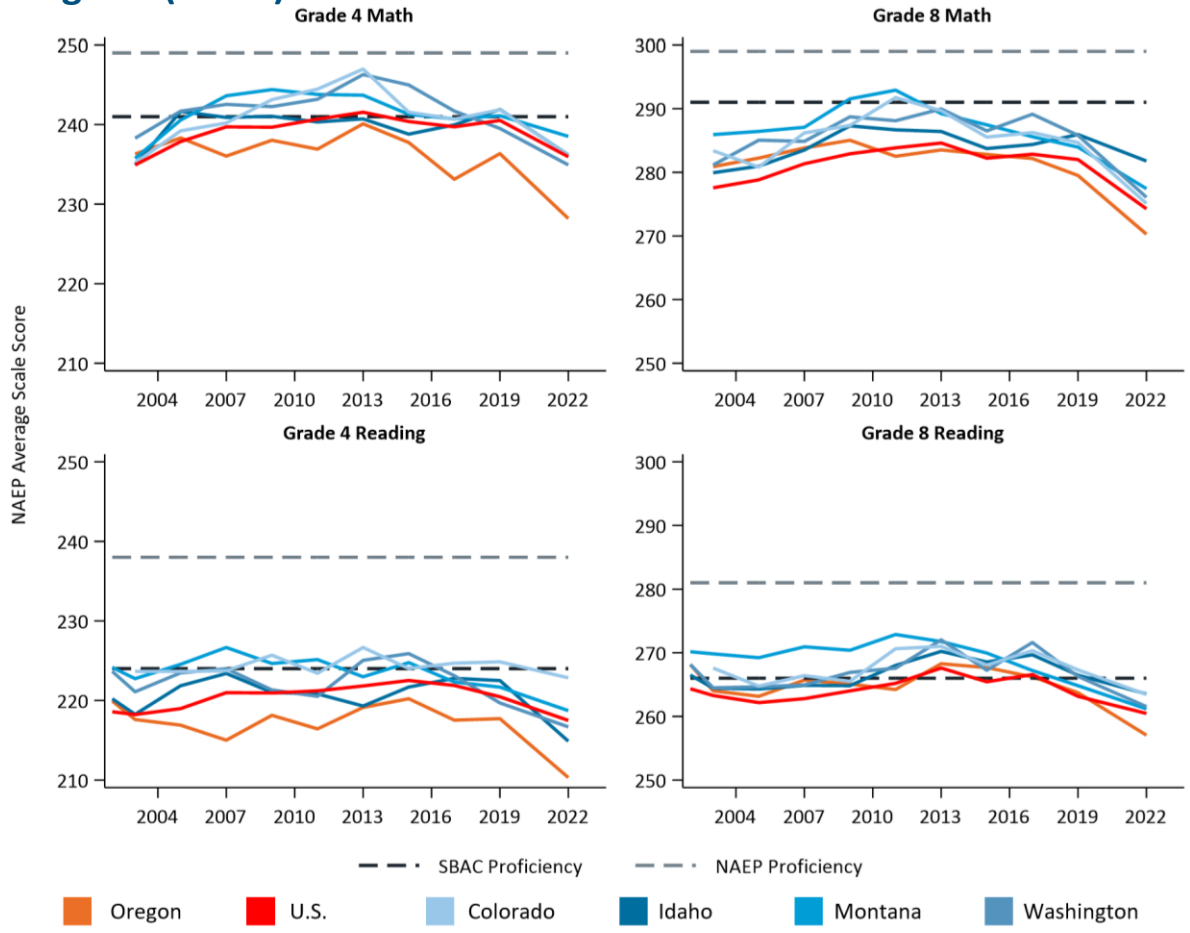
Exhibit 5. Comparison of Fiscal Effort for Education Across Peer States



Task 2 – Explore alternatives for funding adequate education for all public K-12 students

- Peer state comparisons (Washington, Idaho, Montana, and Colorado).
  - Oregon has high fiscal effort in generating revenues for K-12 Education.
  - Oregon's NAEP performance is below peer states and the national average.

Exhibit 6. Comparison of National Assessment of Educational Progress (NAEP) Scores Across Peer States



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- Peer state comparisons (Washington, Idaho, Montana, and Colorado)
  - Oregon has high fiscal effort in generating revenues for K-12 Education.
  - Oregon's NAEP performance is below peer states and the national average.
- Peer states funding formulas include:
  - Multiple weights: in Colorado and Washington, multiple weights are used based on concentration of economically disadvantaged students.
  - Regional price differences: Colorado adjusts funding according to local cost of living or other price differences, which may be relevant to Oregon's context.

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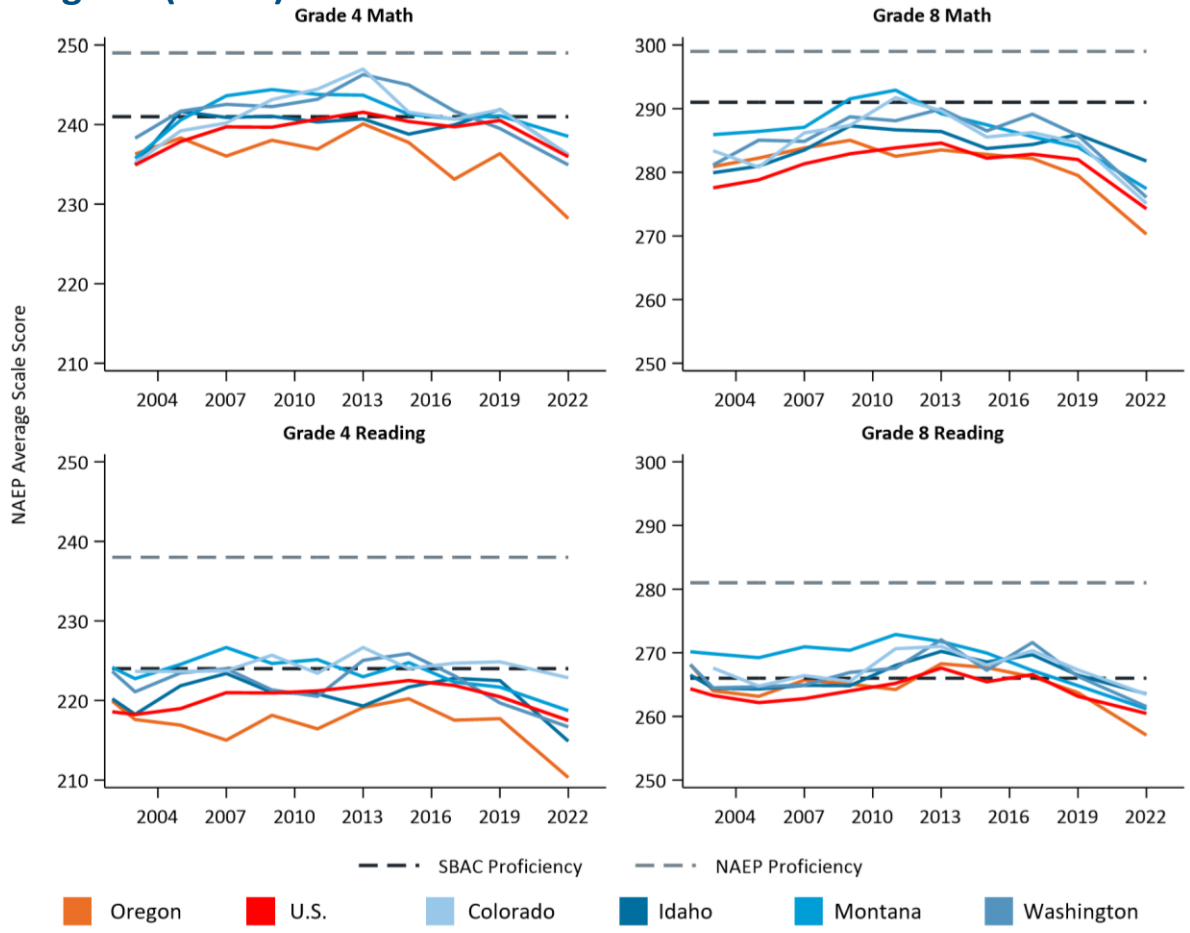

Task 3 – Review and evaluate the efficacy and methodology of the Quality Education Model

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- Approaches to Determine Adequate Educational Cost
  - Input-Oriented Approach (QEM)
    - Professional Judgment: Expert educators specify resources necessary to meet outcome goals for hypothetical schools that vary with respect to student need and context (school size, locale, etc.)
    - Evidence-Based: Rely on research evidence to determine resources necessary to meet outcome goals.
    - Determine the cost of the resources identified and apply to actual schools that vary with respect to student need and context.
  - Outcome-Oriented Approach (AIR Task 5 Analysis)
    - Cost Function: Use existing data on student outcomes and education spending to determine the appropriate level of spending to meet specified outcomes for schools with differing student needs in different locations.

Task 3 – Review and evaluate the efficacy and methodology of the Quality Education Model (QEM)

- Objective – Evaluate the QEM and suggest improvements that could be made.
- Methods and Data
  - Method: Assess the input-oriented processes used in developing and revising the QEM by addressing the following:
    - What goal(s) are used to define educational adequacy?
    - How are adequate educational best practices and corresponding resource (staff and non-personnel) specifications determined?
    - How are the prices of resources identified?
    - How is the QEM data used to estimate adequate educational costs and inform funding levels for Oregon schools and districts?
    - How do the QEM cost projections compare to those generated by outcome-oriented cost function approach (AIR Task 5)?
  - Data: Information leveraged to review QEM included official reports released by Quality Education Commission (Quality Education Commission, 2024), QEM Excel models, and historical documents (e.g., Conley & Picus, 2003; Legislative Council on Oregon QEM, 1999).

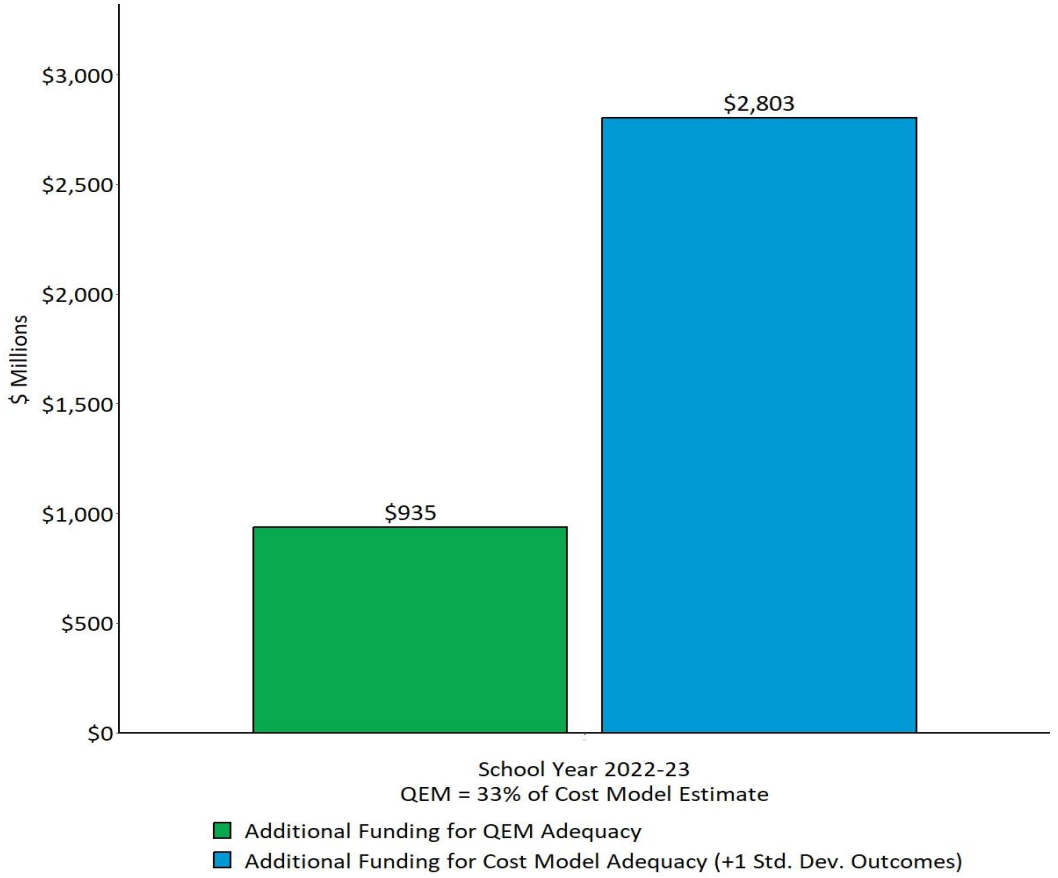
Task 3 – Review and evaluate the efficacy and methodology of the Quality Education Model (QEM)

- Recommendations for improvements to the QEM
  - Defining Goals: Expand the set of outcomes upon which the cost of an adequate education is based.
  - Increase Number of School Prototypes: Use a larger set of school prototypes that vary with respect to student needs and context across Oregon for determining adequate resources and costs.
  - Engage Multiple Panels: Recruit multiple panels specific to locale type (urban, suburban, small town, rural).
  - Leverage Comprehensive and Targeted Expertise: Convene panels that include a comprehensive set of practitioner roles (principals, teachers, English learner and special education specialists, school business officials, etc.)
  - Programmatic Flexibility: Ensure panelists have necessary flexibility in considering those program components they feel are necessary to provide an adequate education (e.g., length of school year, career and technical education, etc.)
  - Report School/District Specific Cost Projections: Exploit variation in estimated school-level costs and add costs for district-level functions to project an adequate cost that is unique to each district.

Task 3 – Review and evaluate the efficacy and methodology of the Quality Education Model (QEM)

- Comparison of QEM cost projection to that generated by AIR cost function:
  - In 2022-23, the additional funding necessary to meet AIR adequacy goal is approximately three times higher than that for the QEM goal.
  - AIR adequacy goal is more inclusive accounting for ELA/math achievement, chronic absenteeism, and high school graduation.
  - QEM funding gaps have grown in more recent years due to updated resource assumptions (e.g., $1.514 billion in 2023-24 to 2024-25).
  - Importantly, results are qualitatively similar suggesting that additional funding is necessary to provide an adequate education.

Exhibit 7. Comparison of Additional Funding Required to Meet Statewide Adequacy Standards Estimated by the AIR Cost Model and QEM, School Year 2022–23



Task 4 – Identify trends and disparities in student performance before and after the 2019-20 school year

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- COVID-19 had a substantial impact on student learning and education systems
  - Students in the U.S. experienced the equivalent of .42 school years of lost learning (Patrinos et al., 2021).
  - Chronic absenteeism increased by 13.5 percentage points nationwide, equivalent to 6.5 million additional students missing more than 10% of the school year (Dee, 2024).
  - Impacts were worse for schools and districts that served lower-performing students, and served more Black, Hispanic, or free or reduced-price lunch-eligible students (Domingue et al., 2021; Hicks & Faulk, 2022; Jack et al., 2021; Kogan & Lavertu, 2022; Kuhlfeld et al., 2022; Pier et al., 2022).

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- To understand COVID-19's impact on Oregon, we conducted an interrupted time series (ITS) analysis.
  - ITS analysis allows us to estimate:
    - The immediate effect of COVID on an outcome
    - The post-COVID trend in an outcome post-COVID
    - Was the post-COVID trend is statistically different from the pre-COVID trend

Exhibit 8. Average School Percentage of Chronic Absenteeism from Before to After the COVID-19 Pandemic (2014–15 to 2022–23)

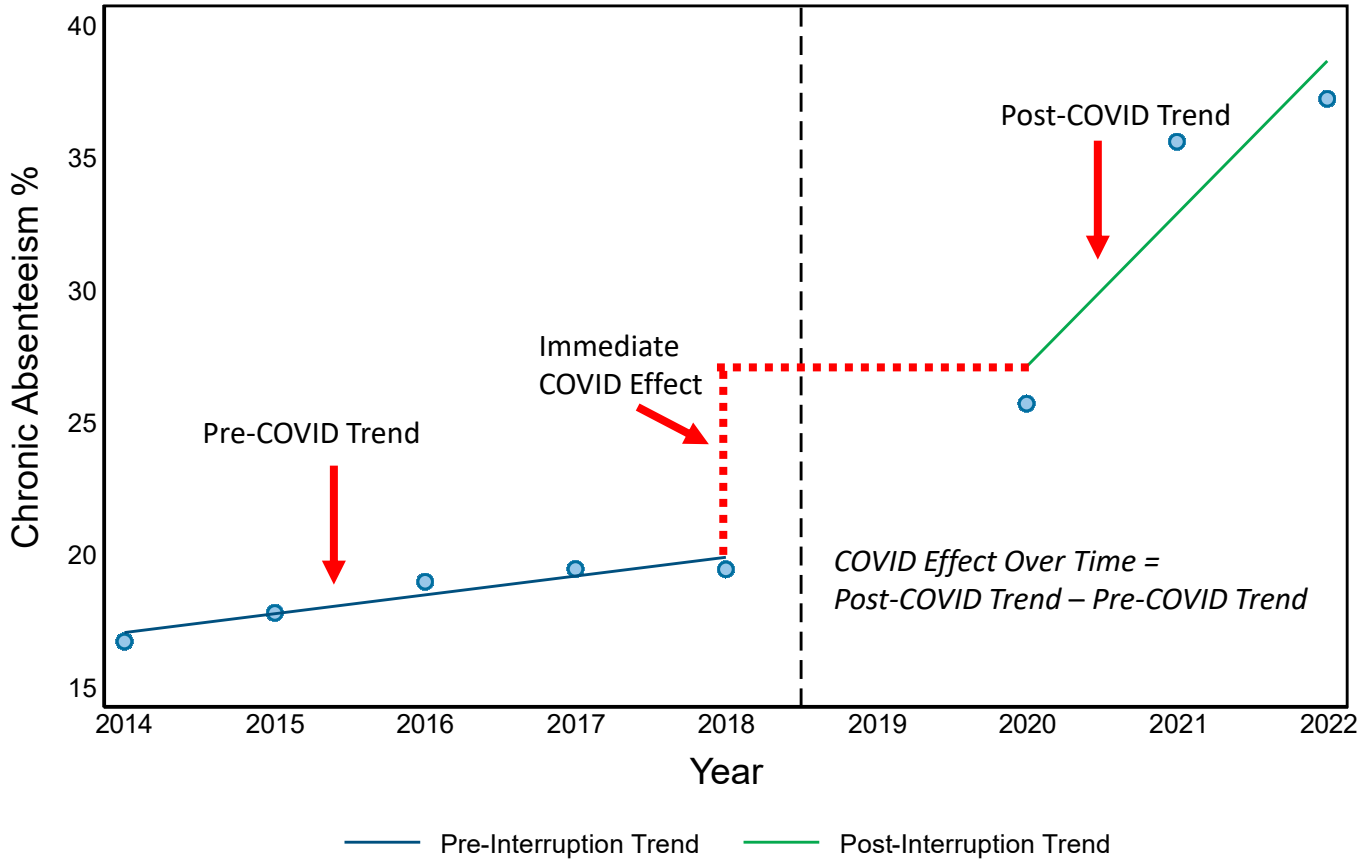


Exhibit 9. Average School Math and ELA Proficiency Rates from Before to After the COVID-19 Pandemic (2014–15 to 2022–23)

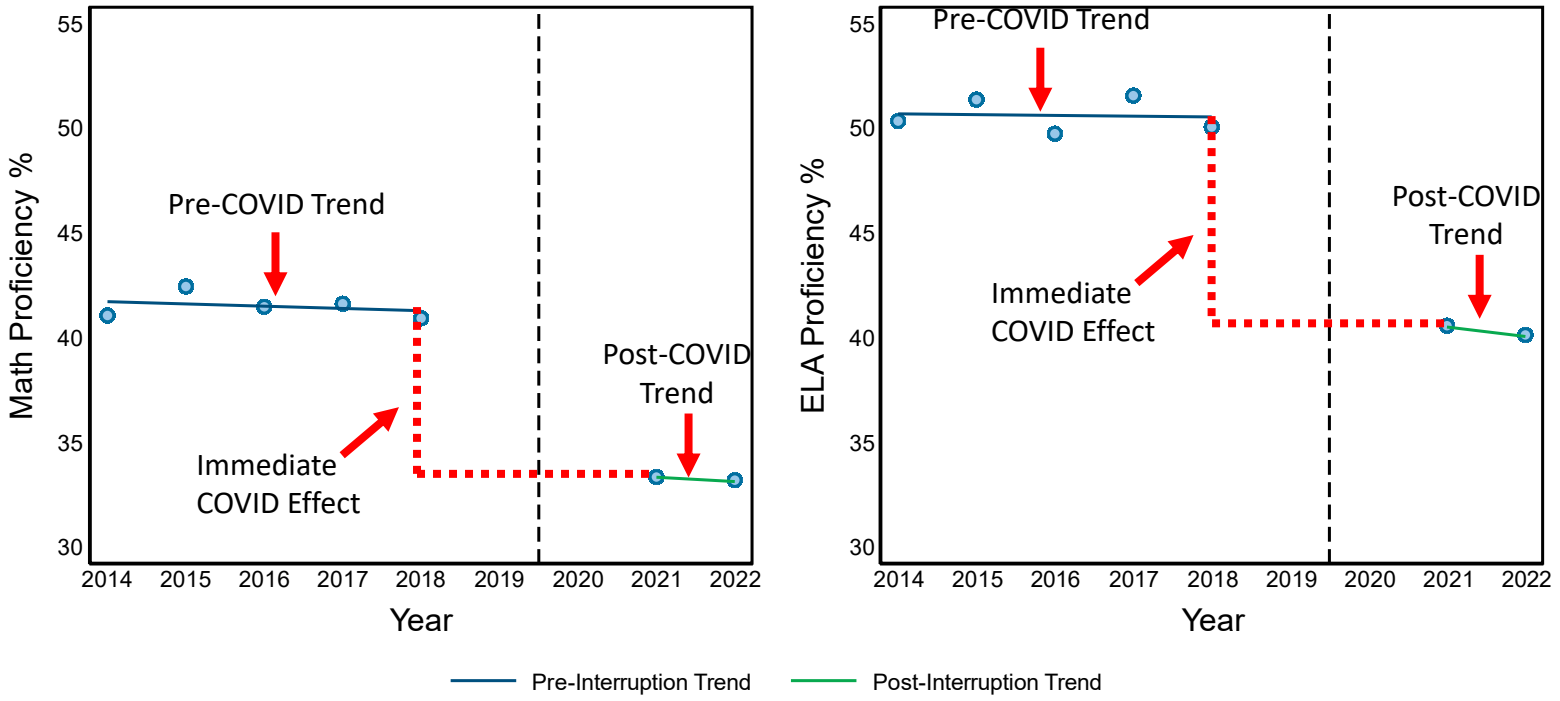
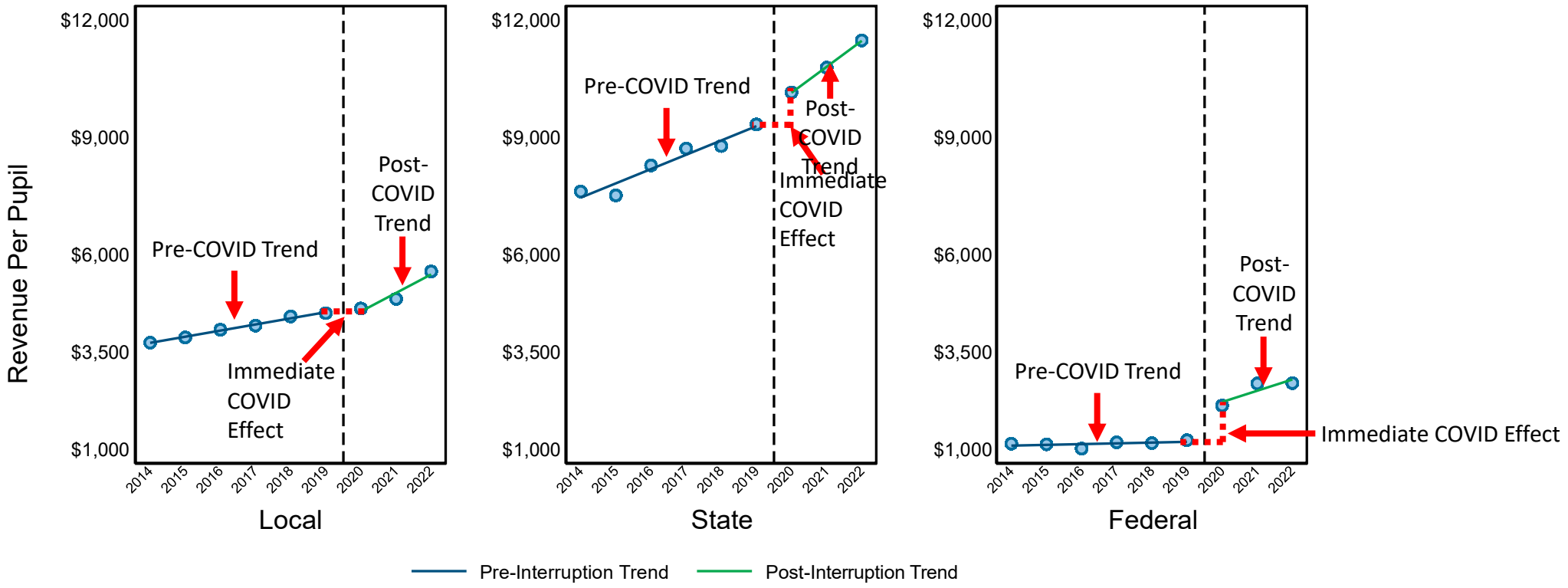


Exhibit 10. Average Local, State, and Federal Per-Pupil Revenue from Before to After the COVID-19 Pandemic (2014–15 to 2022–23)



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Multi State Comparisons

Exhibit 11. Changes in Grade 4 and Grade 8 Reading NAEP Scores Across All States from 2019 to 2022

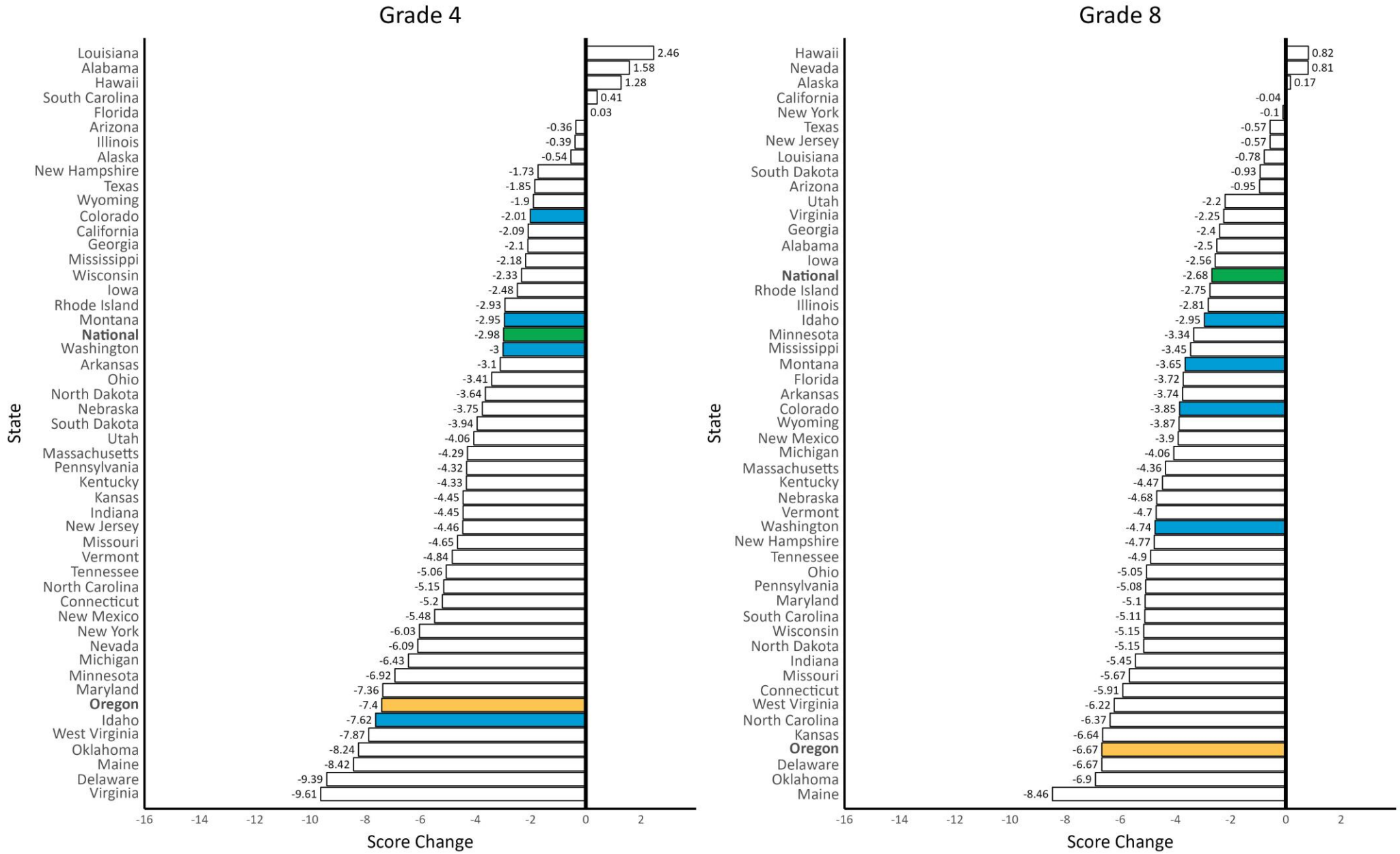


Exhibit 12. Percentage Point Changes in Chronic Absenteeism Rates Across All States During the COVID-19 Pandemic

Exhibit 13. Percentage Changes in K–12 Enrollment Across All States During the COVID-19 Pandemic

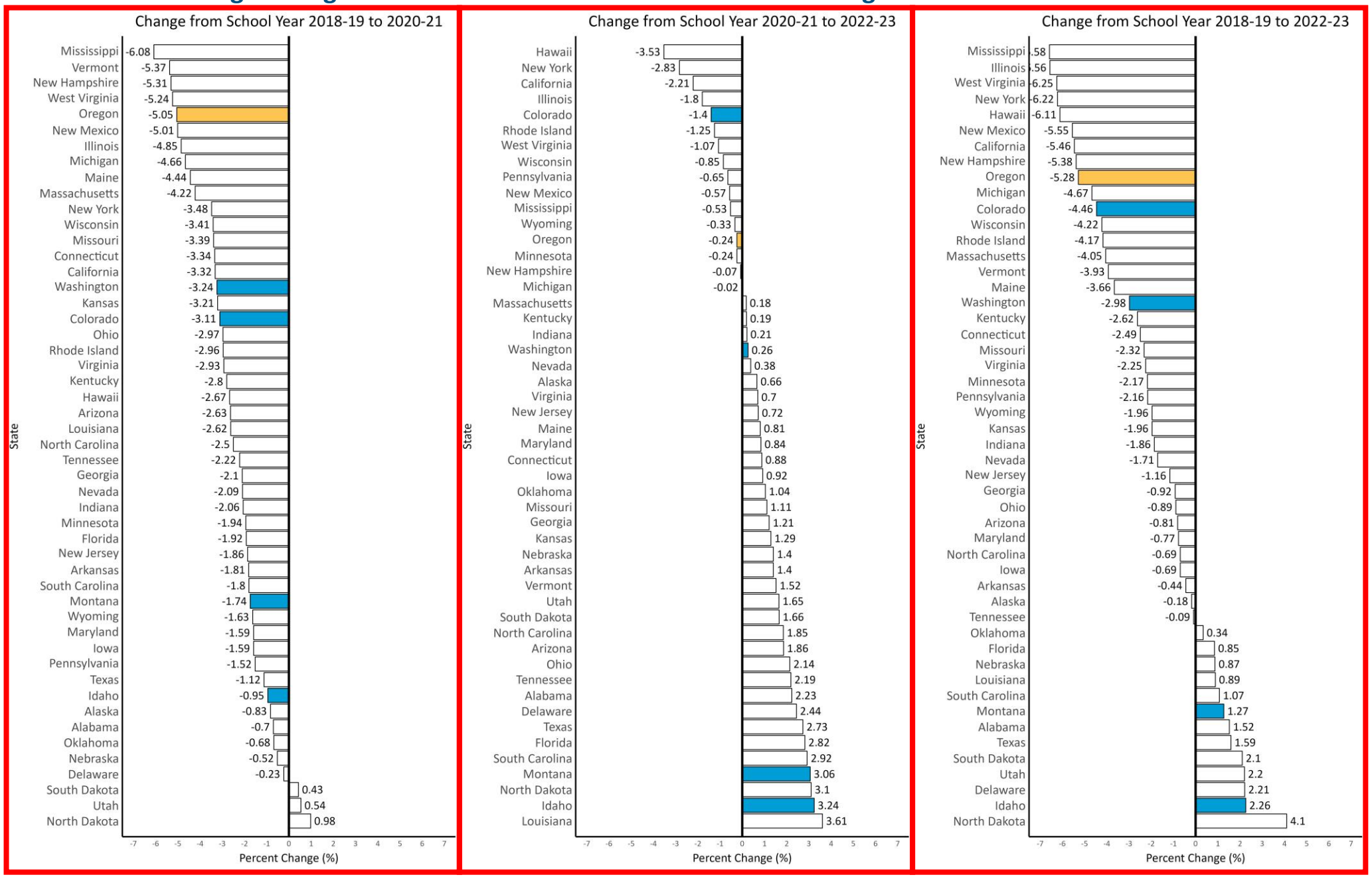
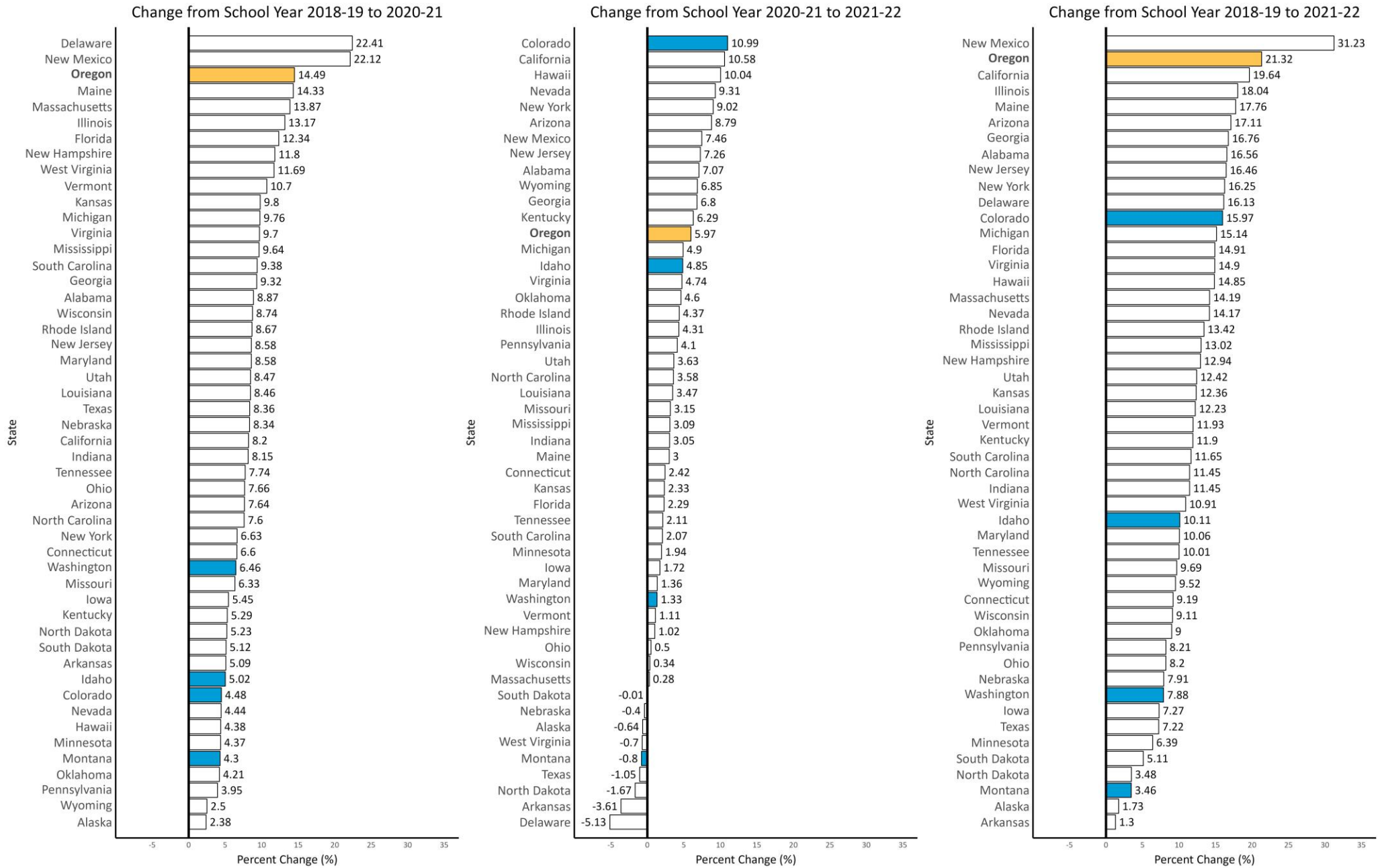


Exhibit 14. Percentage Changes in State and Local Revenues Per Pupil Across All States During the COVID-19 Pandemic



Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

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- Conducted a suite of three analyses used to determine the cost of providing an adequate educational opportunity for all students:
  - Student Outcomes Analysis
  - Spending Equity Analysis
  - Cost Function Analysis

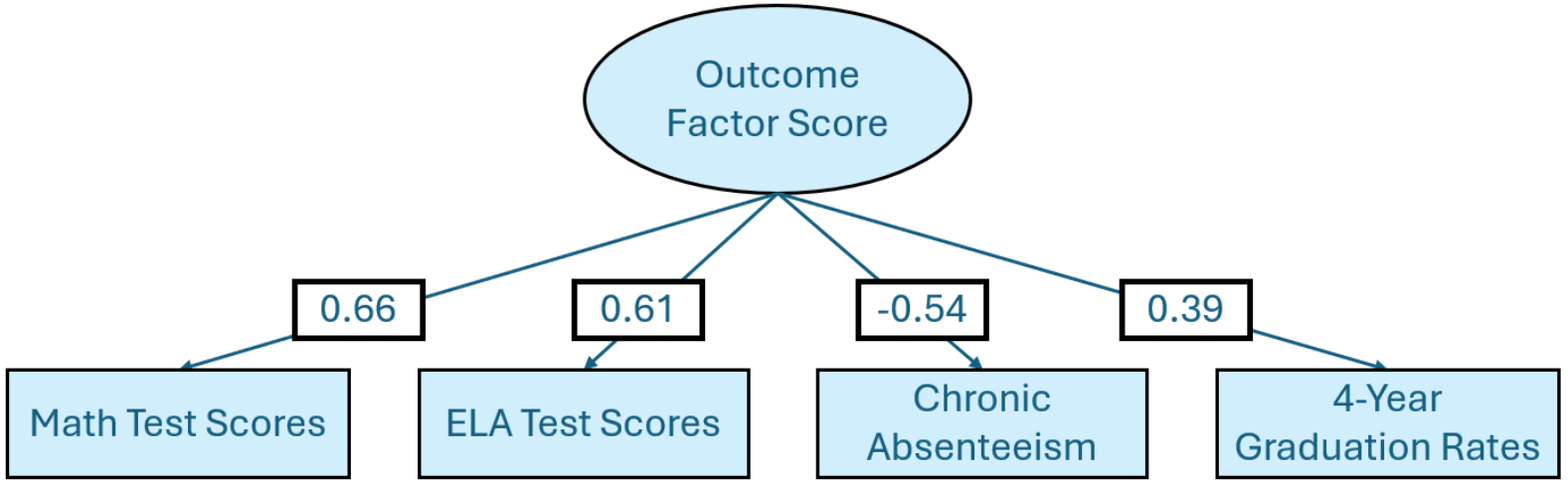
Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Student Outcomes Analysis
  - Estimates relationships between student outcomes and student needs/school context:
    - Outcomes include ELA/math achievement, chronic absenteeism, and high school graduation through a combined Outcome Factor Score.
    - Student needs/school context include Economic Disadvantage Index (EDI), disability, English proficiency, enrollment, and population density.
  - Findings provide insight as to which student needs are most strongly related to outcomes and therefore should be considered as factors used to adjust funding.

Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Student Outcomes Analysis
  - Outcome Factor Score developed using a measurement model that considers ELA/math test achievement, chronic absenteeism, and 4-year graduation rates.
  - ELA/math achievement are the strongest contributors, followed by chronic absenteeism and graduation rate.

Exhibit 15. Measurement Model Used to Generate the Outcome Factor Score



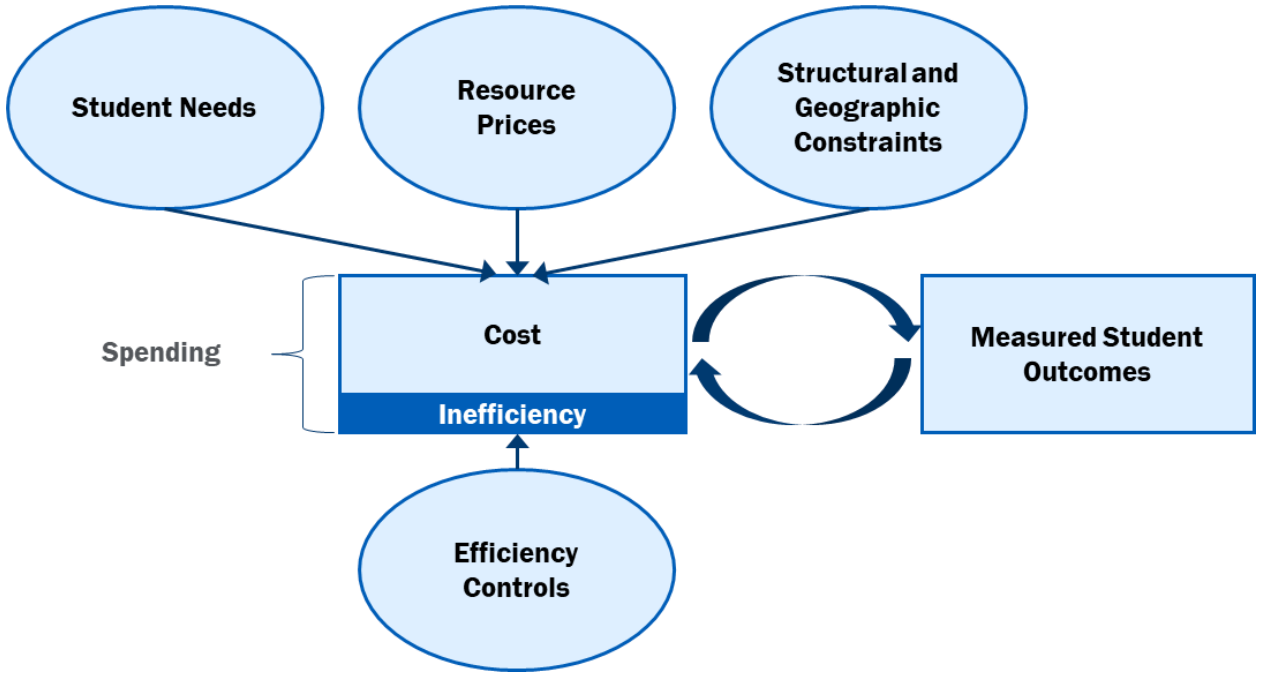
Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Spending Equity Analysis
  - Estimates relationships of educational spending per pupil with (1) student needs/school context and (2) wealth/income/preference:
    - Needs/school context include economic disadvantage, disability, English proficiency, enrollment, and population density.
    - Wealth/income/preference include median household income, net-assessed property value, share of taxable wealth held as personal property, and shares of population who are school aged (5–17) and 65 or older.
  - Results provide a "what is" picture of equity showing the degree to which per-pupil spending is significantly related to:
    - Student needs/school context (**Good**)
    - Wealth/income/preference (**Bad**)

Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Cost Function Analysis
  - Estimates relationships of educational spending per pupil with student outcomes, cost factors (student needs, resource prices, structural/geographic constraints), and measures of efficiency.
  - Provides a "what should be" account of the cost of providing an equal opportunity for all students to achieve at a common level on a host of educational outcomes.
  - Shows how *adequate* cost varies according to student needs and school/district characteristics.

Exhibit 16. Education Cost Model Components



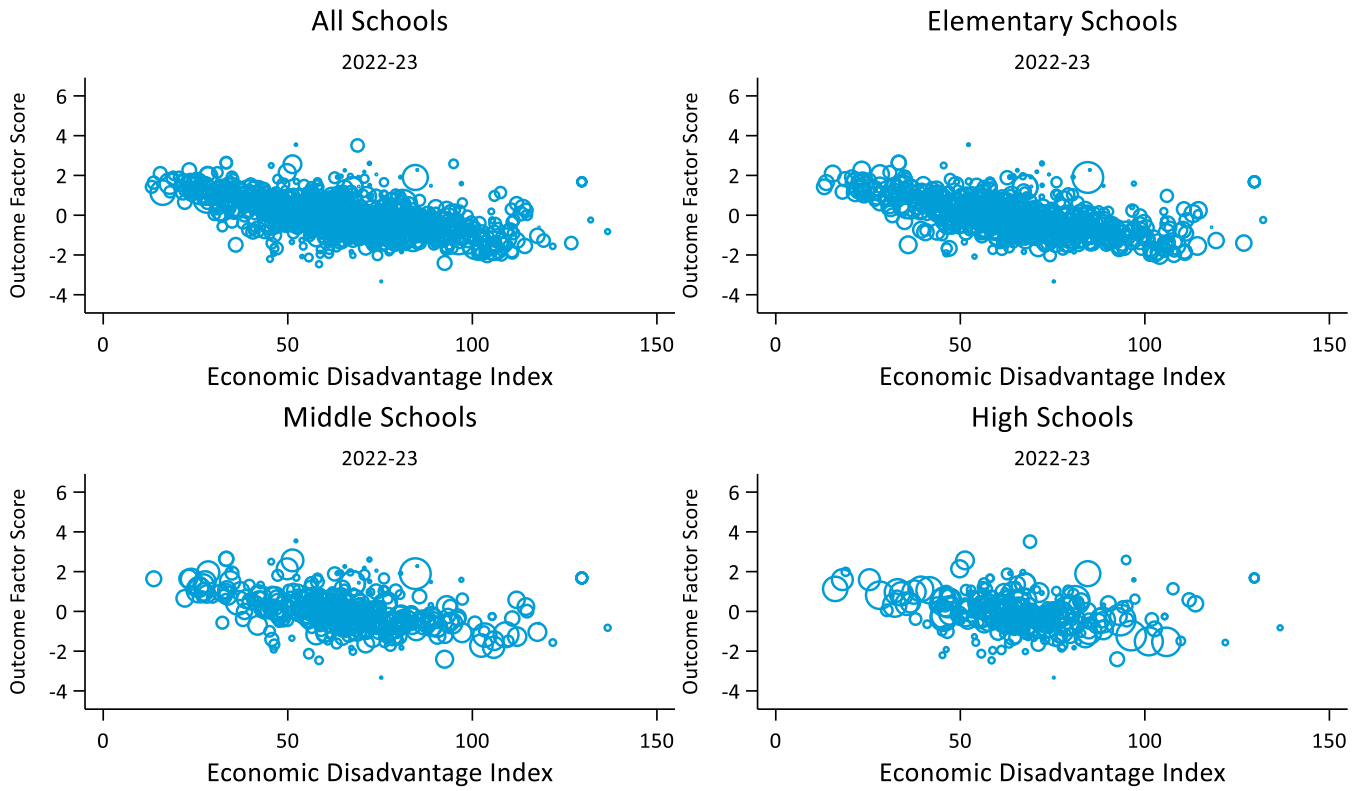
Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Cost Function Purpose: Estimated cost function can predict how much spending is needed to support an equal opportunity for all students to reach a specific performance level.
  - Provides costs for different types of students learning in different school/district contexts that inform funding policy (i.e., base per student cost and funding weights).
  - Used to develop formula to generate funding allocations for individual districts.
  - District-level funding projections can be aggregated to inform state-level funding allocation.
  - Results can be used to identify schools/districts that produce student outcomes more or less efficiently.

Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Student Outcomes Analysis Results
  - There is a clear negative relationship between student outcomes and economic disadvantage.
  - Regression analysis shows that outcomes are also negatively related to the incidences of students with disabilities and English learners.

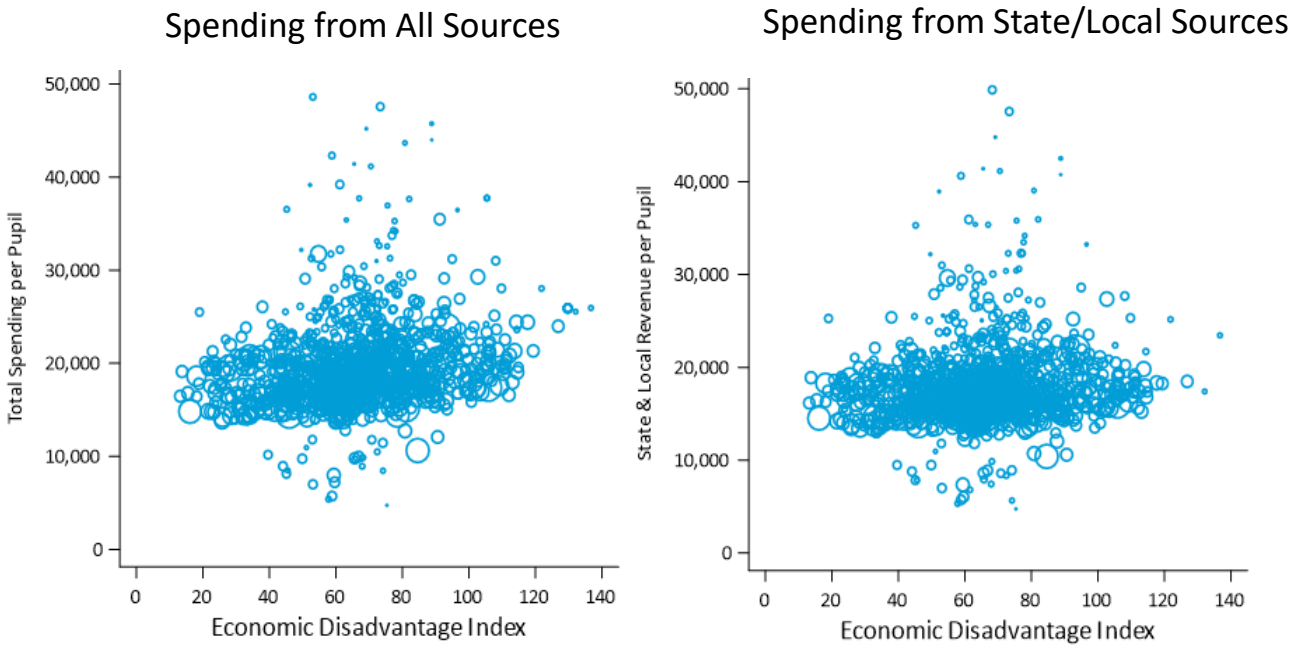
Exhibit 17. Scatter Plots of Economic Disadvantage Index Versus Outcome Factor Score, School Year 2022–23



Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Spending Equity Analysis Results
  - Relationship between per-pupil spending and economic disadvantage is positive and slightly stronger when taking into account all sources of funding (local, state and federal) versus only state/local sources.
  - Regression analysis shows that (1) spending is also positively related to the incidence of students with disabilities, but not to English learners and (2) spending is negatively related to school/district enrollment.
  - *Important: Results do not imply that funding is sufficiently differentiated to support an equal opportunity for all students to achieve at the same level.*

Exhibit 18. Per-Pupil Expenditures by Economic Disadvantage Index, School Year 2022–23



Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Spending Equity Analysis Results (continued)
  - Regression analyses of per-pupil spending from all sources and only state/local sources showed:
    - Spending is positively associated with taxable property wealth but negatively associated with median household income.
    - Tax price measured as the share of the additional dollar of revenue paid by local residents is negatively associated with spending.
    - Districts with larger elderly populations tend to spend at lower levels.

Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Cost Function Analysis Results – Establishing the adequacy target based on Outcome Factor Score.
  - One standard deviation above the statewide average Outcome Factor Score selected as adequacy target because:
    - Average graduation rate of this school group equals 89.4% versus state long-term goal of 90%.
    - Average chronic absenteeism rate of this school group equals 26.7% versus national average of 28%.
    - Average ELA and math proficiency rates for this school group (60.2% and 55.6%) are much closer to the Oregon Every Student Succeeds Act (ESSA) long-term targets of 80% than for schools with statewide average factor score.

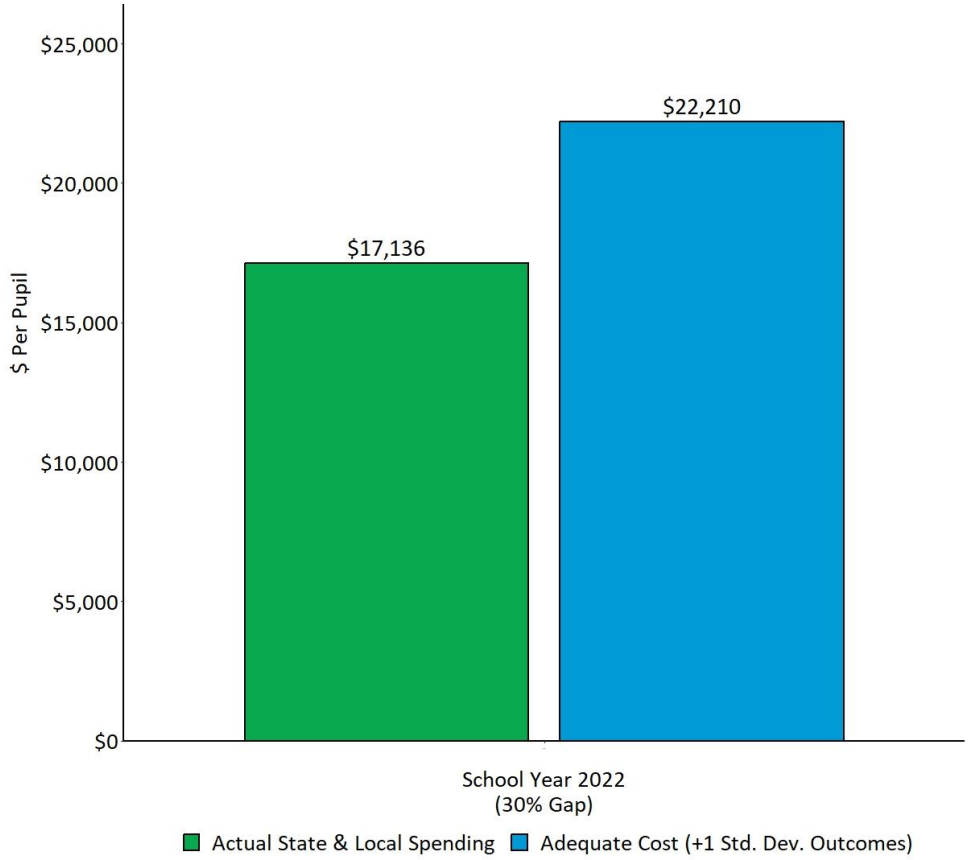
Exhibit 20. Average School-Level Outcomes by Outcome Target Level, School Year 2022–23

Outcome measure	Average performing schools (Outcome factor score = -0.25 to 0.25)		Higher performing schools (Outcome factor score = 0.75 to 1.25)	
	Mean	Count	Mean	Count
ELA test score (std.)	0.091	272	1.062	104
Math test score (std.)	-0.042	272	1.105	104
ELA proficiency rates	42.4%	268	60.2%	103
Math proficiency rates	32.0%	268	55.6%	103
Chronic absenteeism rate	36.0%	275	26.7%	105
Graduation rate	84.6%	75	89.4%	27
Number of observations	275		105	

Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Cost Function Analysis Results
  - In 2022-23, Oregon would have had to spend $5,074 more per pupil from state and local funding sources in order to meet the adequacy target.
  - In relative terms, the relative difference between actual state/local spending and adequate cost (funding gap) equals 29.6%

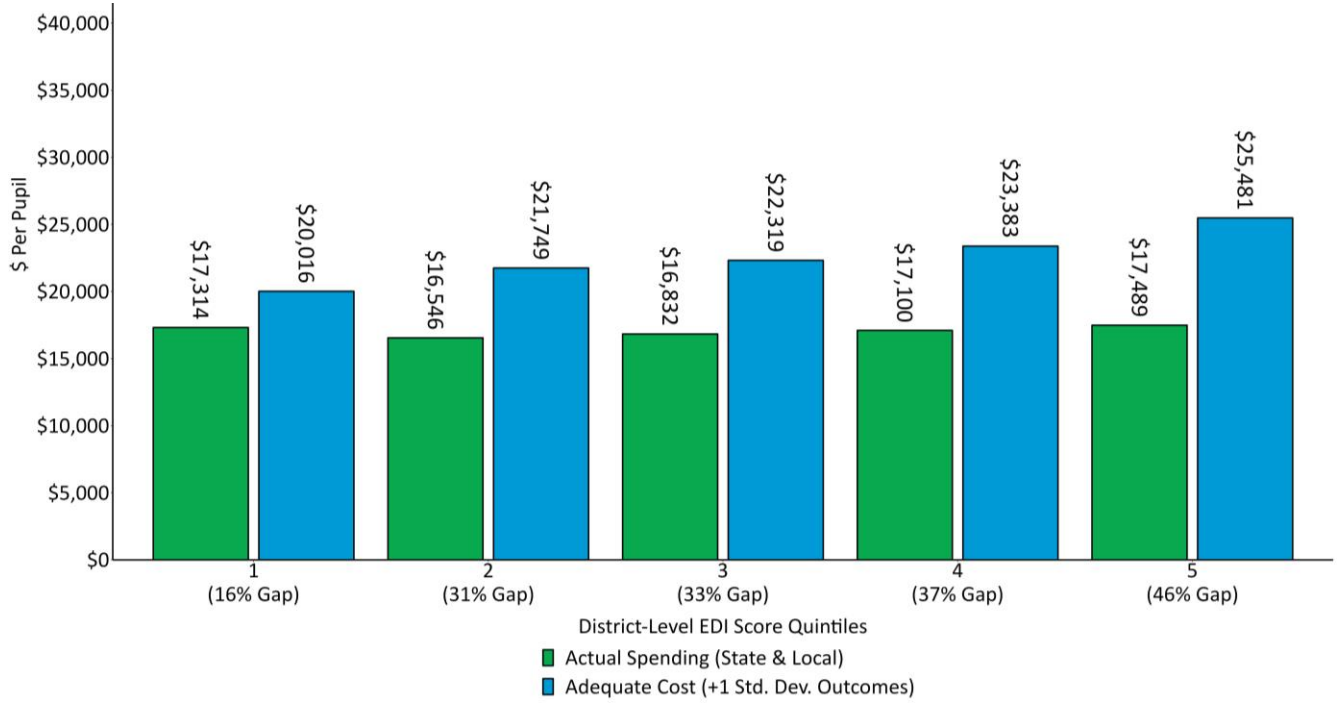
Exhibit 20. Comparison of Actual State and Local Spending Per Pupil and Adequate Spending Per Pupil in Oregon, School Year 2022–23



Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Cost Function Analysis Results
  - Average funding gap consistently increases with higher levels of student economic disadvantage, from 16% in the districts with the least disadvantage to 46% in those with the most disadvantage.

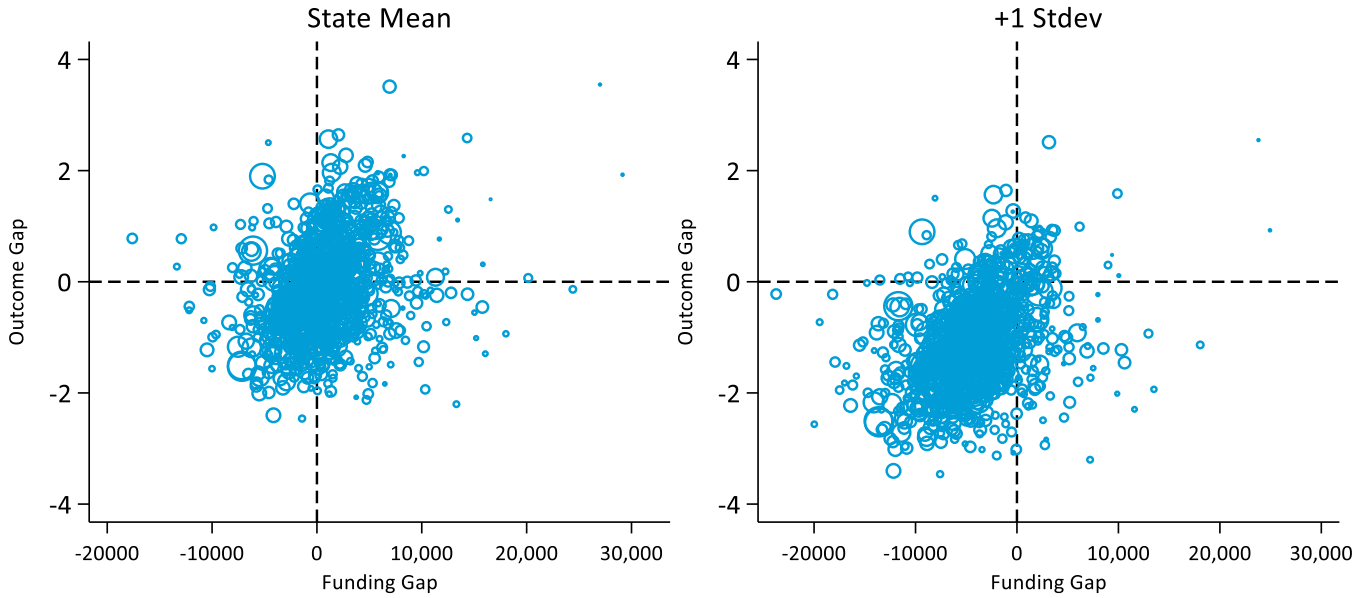
Exhibit 21. Comparing Actual State and Local Spending Per-Pupil and Adequate Spending Estimates Per-Pupil Across EDI Quintiles, School Year 2022–23



Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Cost Function Analysis Results
  - There is a positive relationship between funding gaps and outcome gaps.
  - Increasing the adequacy target clearly exacerbates these gaps.

Exhibit 22. Funding Gaps by Outcome Gaps for Statewide Average and Statewide Average +1 Standard Deviation Target Outcome Standards, School Year 2022–23



Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Cost Function Analysis Results
  - Model produces raw weights for cost factors that represent a formula for calculating adequate per-pupil cost for districts.
  - Effective funding weights are calculated as follows:

$$Effective\ Weight = Raw\ Weight^{Characteristic\ Value}$$

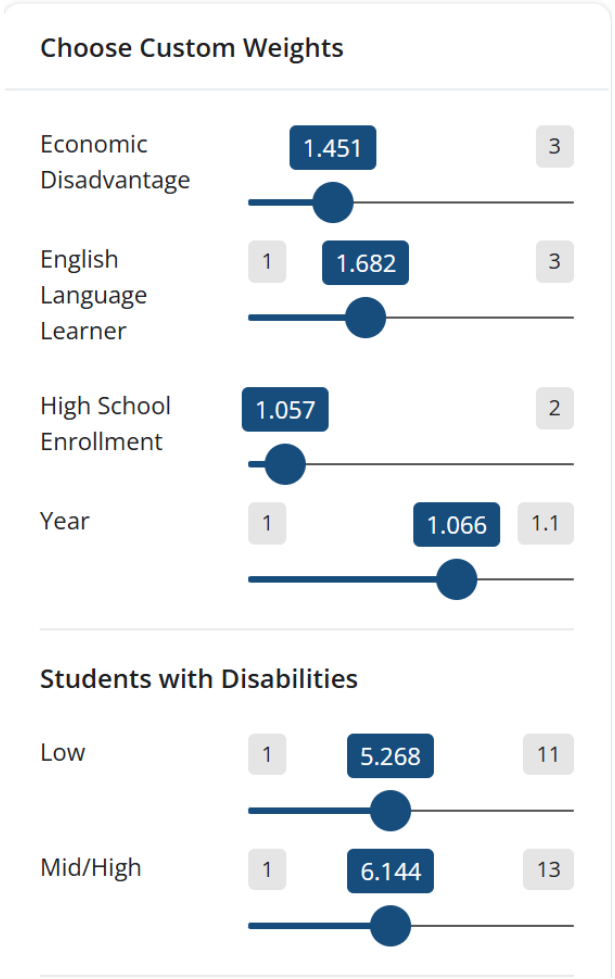
  - Product of effective weights provides an overall needs index that indicates the level of additional funding above the model base per-pupil amount is necessary.
  - In the example, this district would require 48.5% more funding (e.g., needs index equals 1.485) above the base per-pupil amount ($14,643) or $21,746 to provide an adequate opportunity to its students.
  - The bulk of the additional cost of supporting an adequate education is driven by EDI and students with disabilities (those factors with larger effective weights).

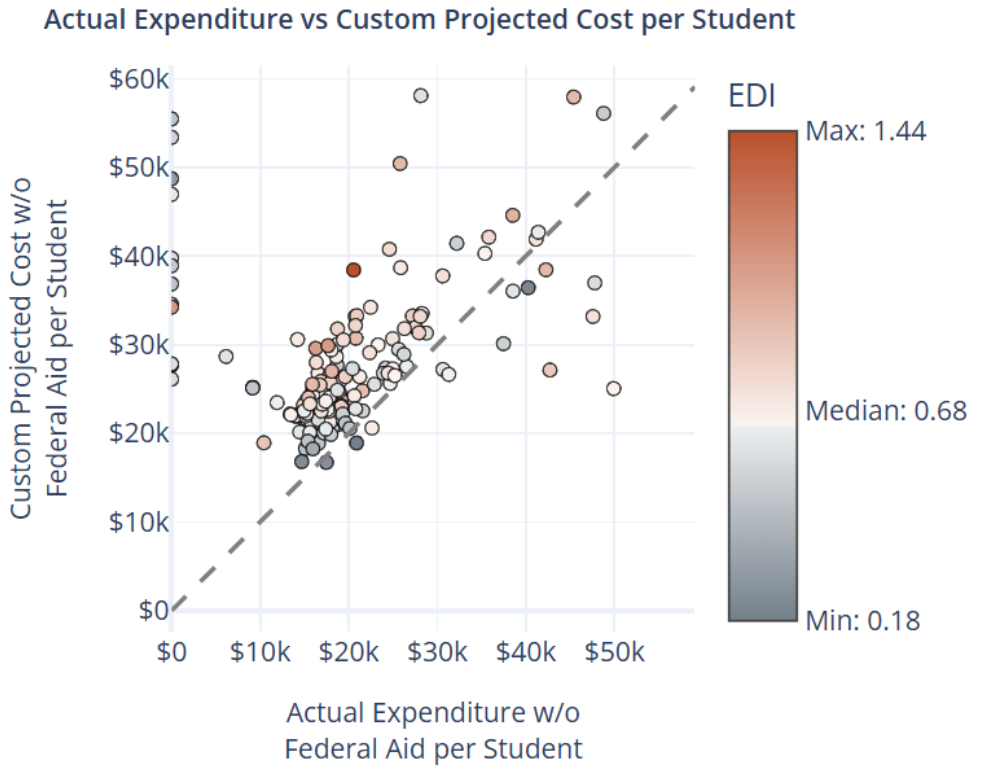
Exhibit 23. Application of Formula to Calculate Adequacy Target Funding for Typical Oregon District in 2022–23

Model factor	Estimated raw weight	Characteristic value (enrollment percentage/ enrollment group indicator/ year)	Effective weight
Student needs			
EDI	1.452	65.8%	1.278
% students with low-cost disabilities	5.269	7.72%	1.137
% students with middle- and high-cost disabilities	6.145	7.71%	1.150
% EL	1.682	10.6%	1.057
Grade range distribution			
% Grades 9–12	1.057	32.9%	1.018
Enrollment group			
Under 100	1.837	0	1.000
101 to 300	1.430	0	1.000
301 to 600	1.216	0	1.000
601 to 1,200	1.110	0	1.000
Time (Base year = 2025)	1.066	-3.00	0.826
Base per-pupil amount	14,643.47		
	Overall needs index (multiplied effective weights)		1.485
District per-pupil funding =	***$14,643***	***x 1.485 =***	***$21,746***

Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Simulator Preview (Work in progress; all values subject to change)



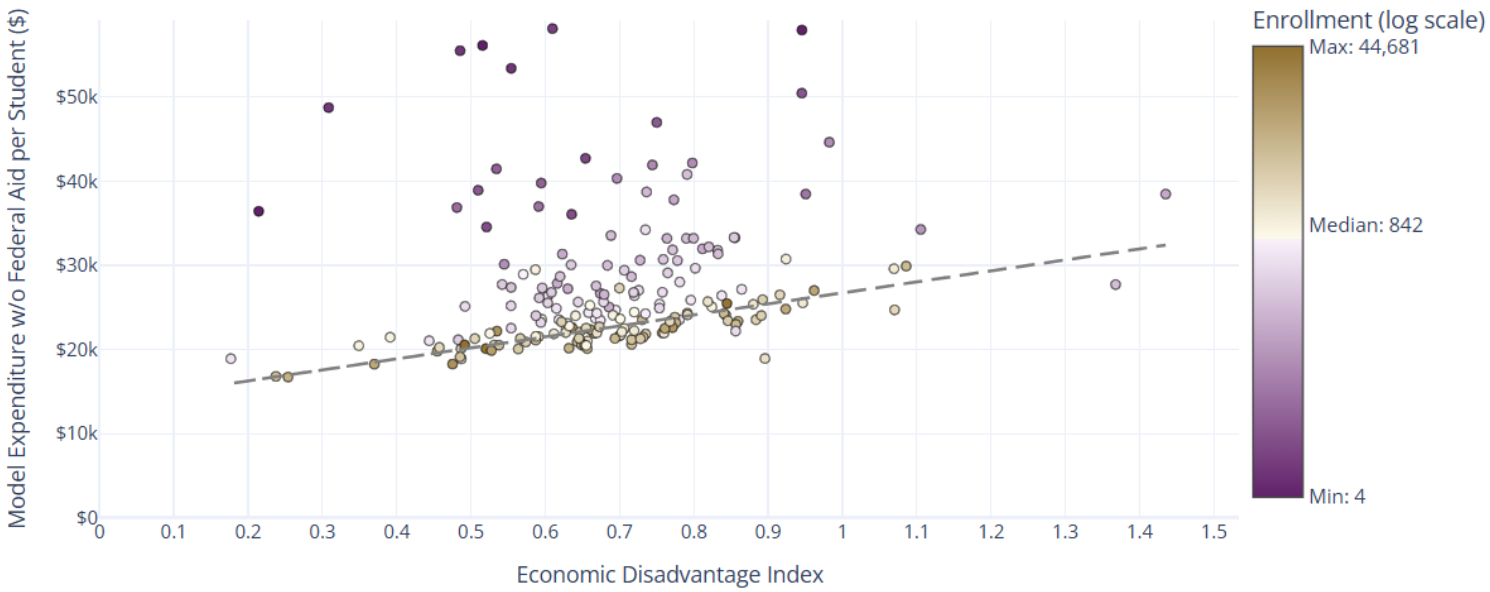


Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Simulator Preview (work in progress; all values subject to change)

Actual Expenditures Per Pupil

Model Expenditures Per Pupil (+1 std. Outcome Factor)



Policy Considerations

Task 5 – Establish a baseline for the cost of providing an adequate educational opportunity for all students

- Policy Considerations
  - Consider using a formula based on the empirical cost function model analysis conducted for this study and corresponding simulator tool that provides the following:
    - Base per-pupil funding amount and funding weights to account for the differential costs of students with varying needs being served in different contexts.
    - The ability to calibrate the formula to different adequacy outcome target levels.
  - Leverage analysis to identify schools that are relatively efficient at generating student outcomes and further investigate common programmatic practices and patterns of resource allocation upon which spending guidance can be based.

Task 6 – Review the costs and funding for special education and related services

Overview

- **Key characteristics of current system**
  - State funding for special education
  - Statewide trends in students identified for special education
  - Funding per student receiving special education

- **Policy considerations**
  - SSF special education funding weights
  - Impacts of the SSF ”cap”
  - Increased demand for HCDF reimbursement

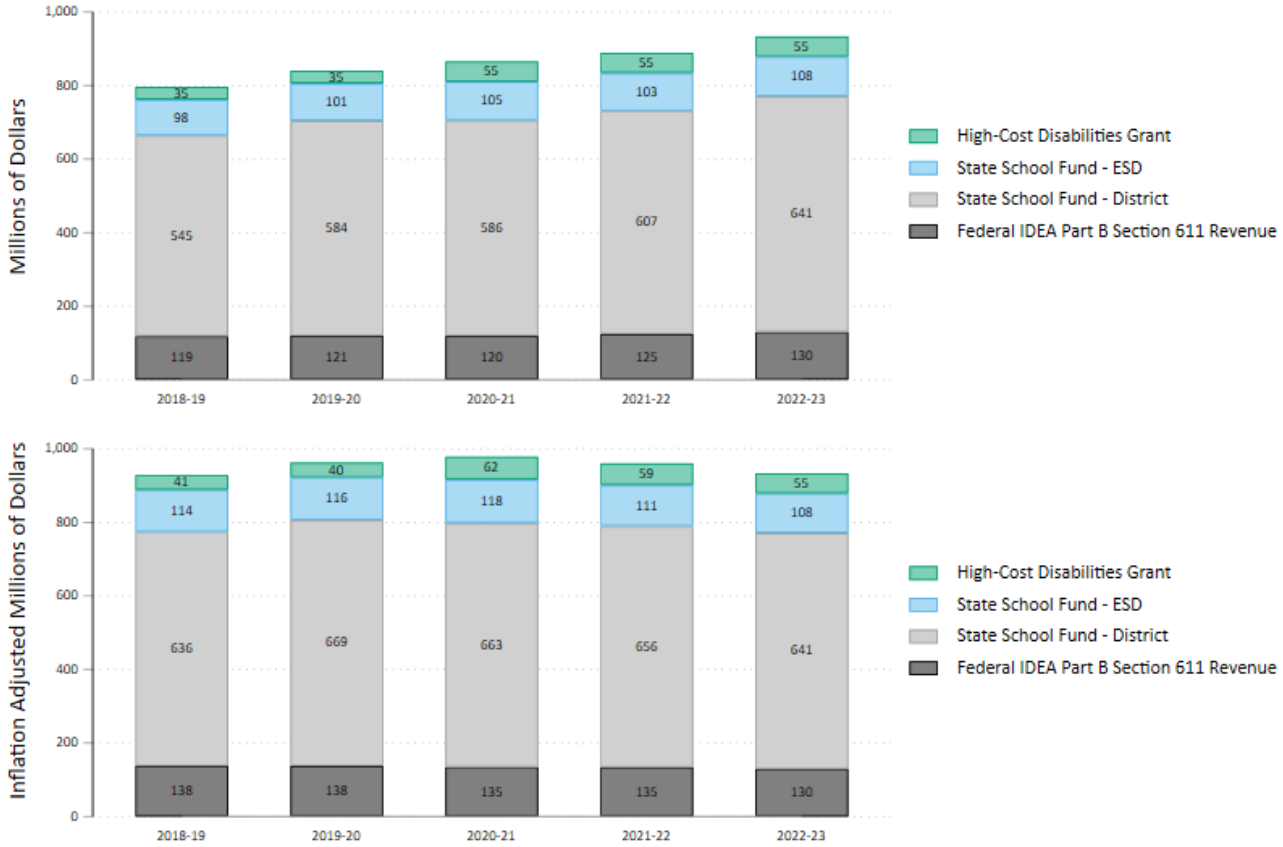
Key Characteristics of Oregon's Existing Special Education Funding System

State Special Education Funding Sources

- Oregon operates **three funding programs** that provide **supplemental state funding** for **local special education** programs:
  1. A **special education weight** that is part of the State School Fund (SSF)
     - **Single weight of 1.0** for each student receiving special education
     - The special education weight only applies to the first 11% of a district's ADM for the count of students receiving special education. This is known as the "funding cap."
  2. Grants from the **High-cost Disability Fund (HCDF)**
     - Designed to help districts offset the financial burden of providing intensive services to a small number of students.
     - Districts are eligible to be reimbursed for **special education expenses that exceed $30,000** in a school year for a student
  3. SSF funding for the state's **Education Services Districts (ESDs)**
     - The state allocates **5% of total SSF funding to Oregon's ESDs** in each funding biennium.
     - A portion of this funding is **passed through to school districts** to pay for special education services, and a **portion is used by ESDs to provide direct services** to students with disabilities.

Special Education Funding in Oregon

Exhibit 24. Special Education Revenues from Federal IDEA Part B Section 611 and State Sources, FYs 2018–19 to 2022–23



- For FY2022/23, **state appropriations** make up about **86**% of special education revenues; **14%** comes from **federal IDEA Part B** dollars.
- **Total federal and state appropriations increased 17.2%** between FYs 2018–19 and 2022–23.
    - **Most growth** was attributable to **increased appropriations for the SSF special education weight (23.9%);** federal revenues from IDEA Part B Section 611 increased about 9.8% over the same period.
- **After accounting for inflation, the spending power of the total FY 2022–23 special education funding** districts received from federal and state sources **was about the same as FY 2018–19.**

Statewide Trend in Identifying Students for Special Education

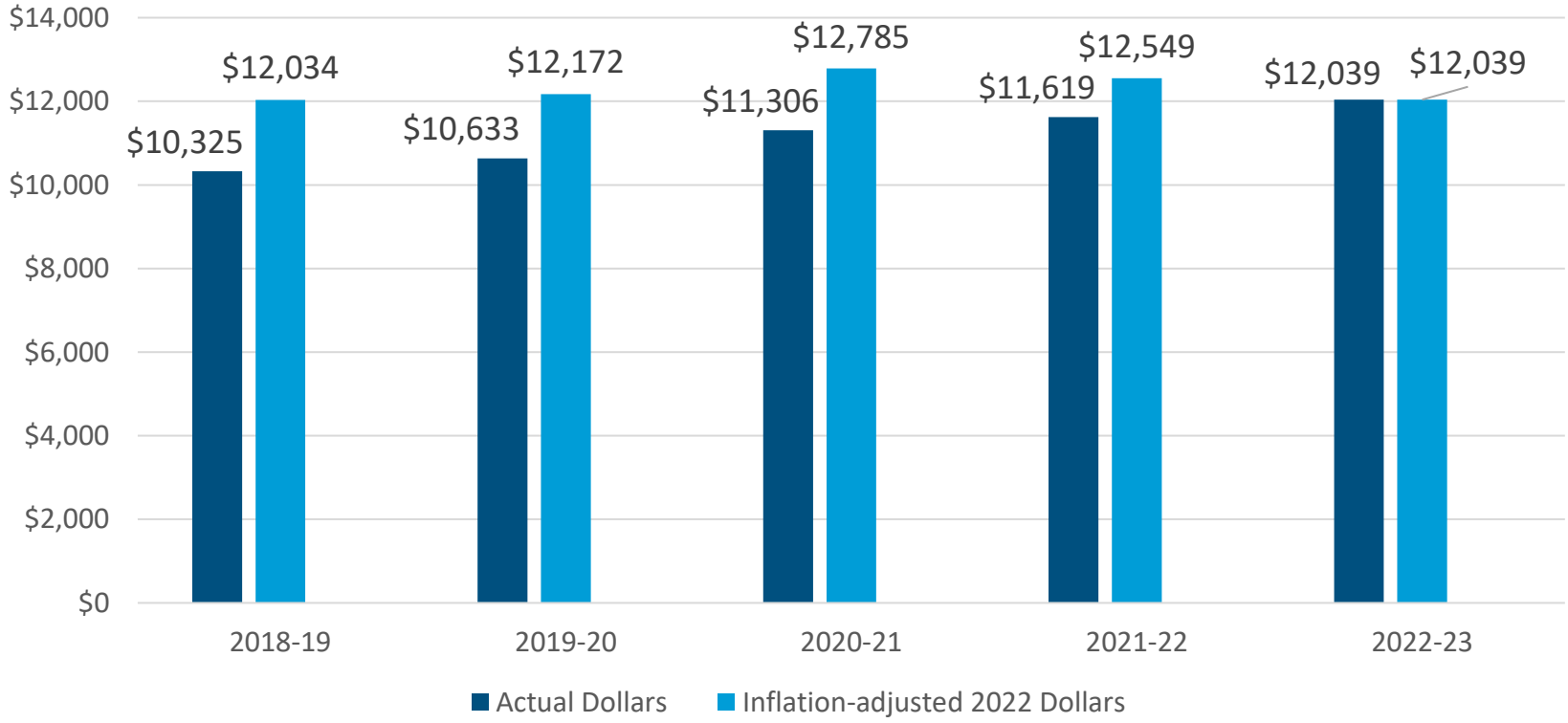
Exhibit 25. Percentage of Students Statewide Receiving Special Education, Overall and by Disability Cost Categories, School Years 2018–19 to 2022–23

School year	Students receiving special education	Students with moderate- or high-cost disabilities	Students with low-cost disabilities
2018–19	13.8%	4.9%	8.9%
2019–20	14.2%	5.3%	8.9%
2020–21	14.2%	5.7%	8.5%
2021–22	14.5%	6.2%	8.4%
2022–23	14.5%	6.2%	8.3%
Percentage point change (2018–19 to 2022–23)	0.7%	1.4%	–0.6%
Relative % change (2018–19 to 2022–23)	5.0%	27.6%	–7.2%

- In the 2022–23 school year, **14.5% of Oregon students received special education services**, a **5% increase** from the 2018–19 school year.
- The **largest increases** in students receiving special education were among students who on **average require more expensive special education services**.
  - Between the 2018–19 and 2022–23 school years, there was a **27.6% increase in students with moderate- and high-cost disabilities.**
  - The share of **students with disabilities typically characterized as "low cost" decreased by 7.2%.**

Funding Per Student Receiving Special Education

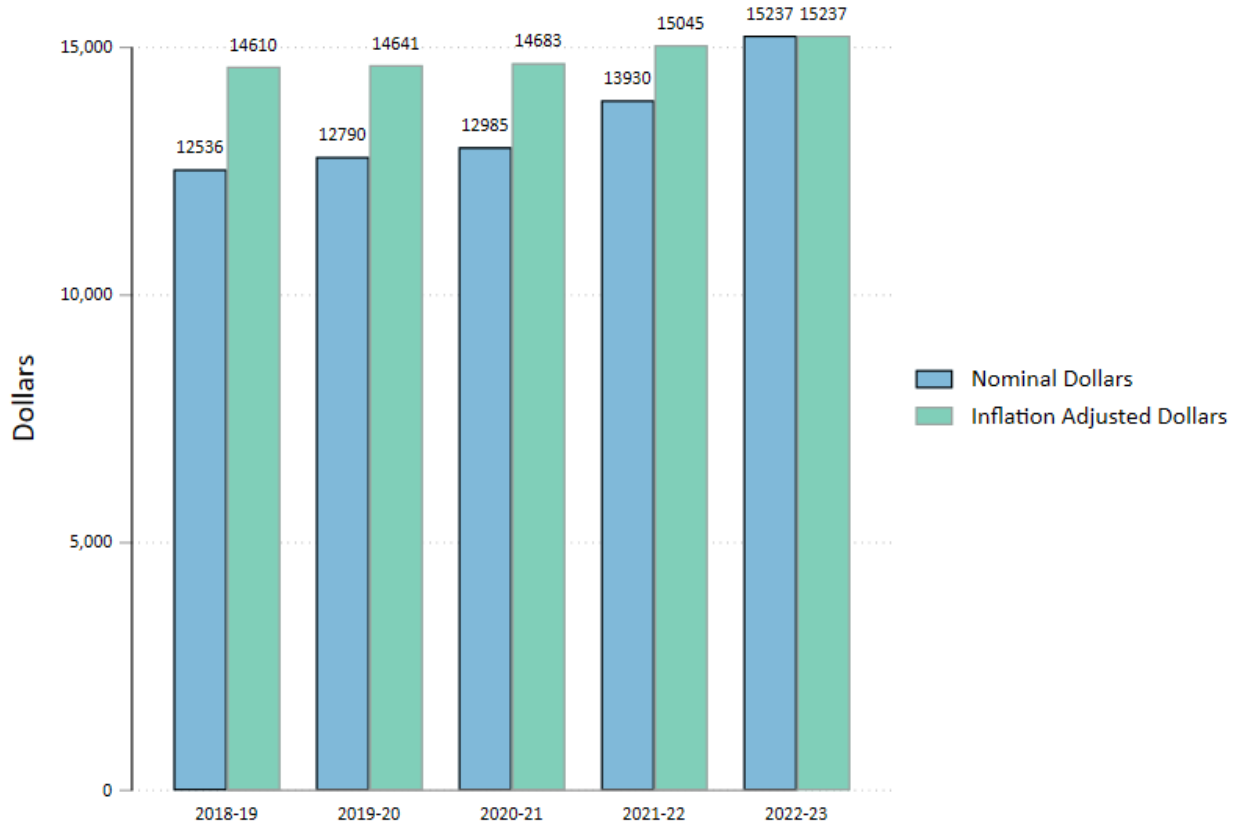
Exhibit 26. Special Education Funding from Federal IDEA Part B and State Sources Per Student Receiving Special Education, FYs 2018–19 to 2022–23



- Between FY 2018-19 and 2022-23, there was **a 16.6% increase in funding per student**.
- During the same period, there was essentially **no increase in inflation-adjusted dollars.**

Funding Per Student Receiving Special Education

Exhibit 27. Special Education Spending Per Student Receiving Special Education, FYs 2018–19 to 2022–23



- Statewide **average special education expenditure per student** receiving special education of **$15,237**, a 21.5% increase from FY 2018–19.
- **After adjusting for inflation**, the statewide average expenditure per student receiving special education **increased 4.3% between FY 2018–19 and 2022-23**.

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Policy Considerations

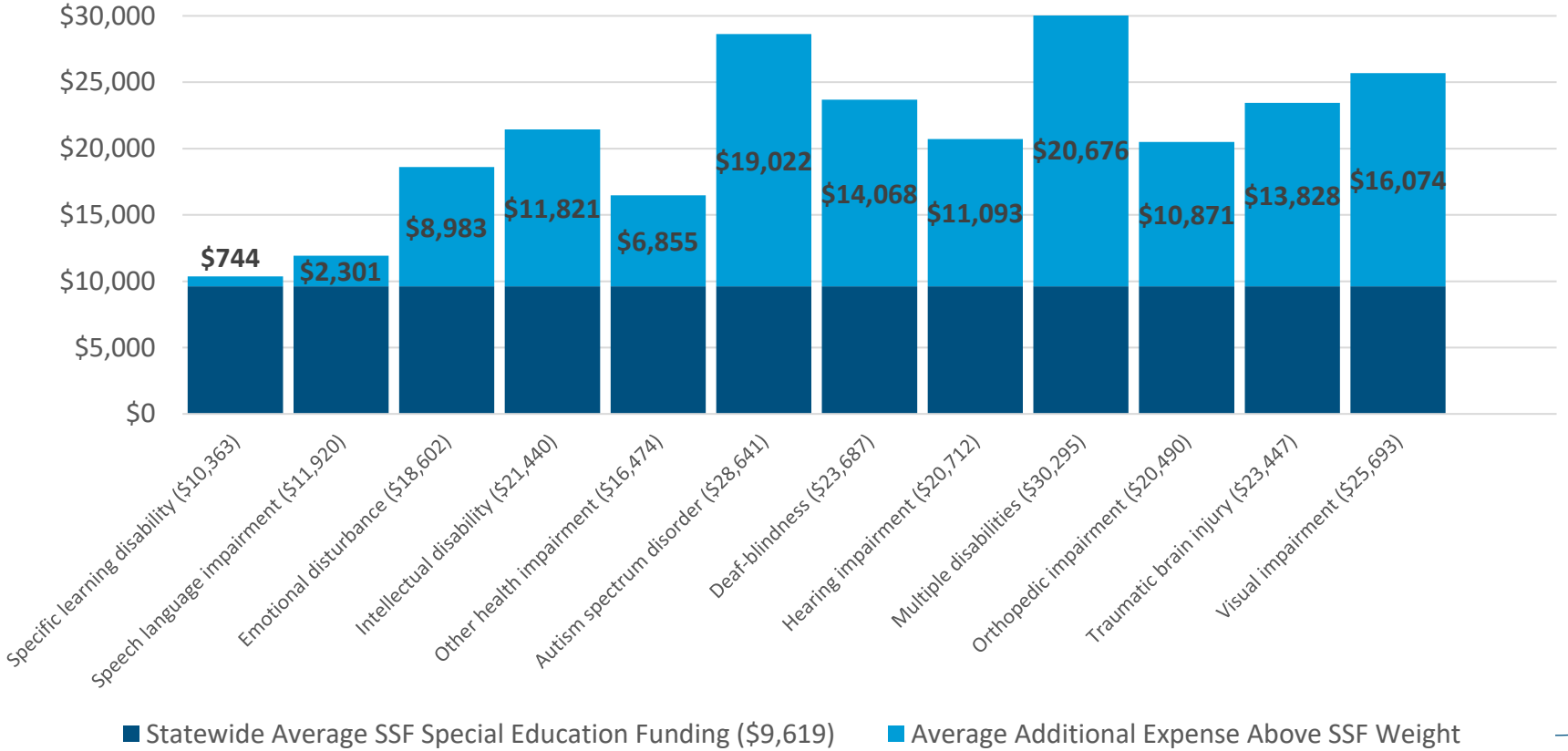
Policy Consideration 1:

Consider moving toward multiple SSF special education weights that adjust for differences in the expense of serving students with different needs or disability.

- The single SSF special education weight *does not adjust for differences* in the cost of providing special education services to students.
- The single SSF special education weight *disadvantages districts* that serve larger shares of students with moderate- and high-cost students with disabilities.

Difference Between Average Funding from SSF Single Weight and Special Education Spending, By Disability Category

Exhibit 28. SSF Weight and Special Education Spending, By Disability Category



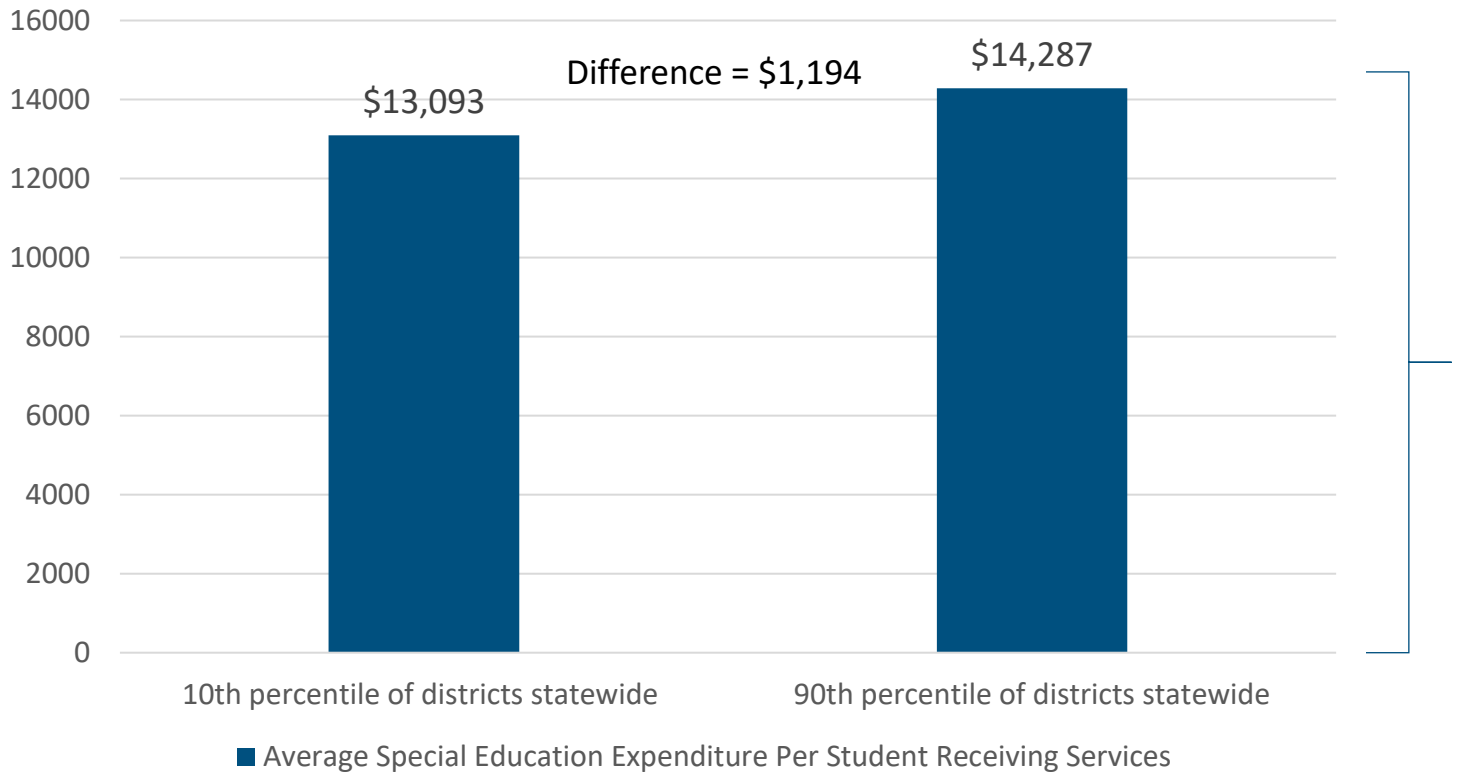
Estimates for the average amount spent to provide special education services for a student with a specific disability were derived from findings from the US Department of Education's Special Education Expenditure Project (SEEP). See: *Total expenditures for students with disabilities, 1999-2000: Spending variation by disability.* Special Education Expenditure Project, American Institutes for Research. https://www.csef-air.org/publications/seep/national/AdvRpt1.pdf

The SSF single weight does not account for differences in the expense of providing special education services to students with different needs.

The amount of state special education funding generated for each student from the SSF single special education weight does not differ, even though the expense of serving students varies considerably according to student need or disability.

Differences in Special Education Spending Between Districts According to Student Need

Exhibit 29. Difference in the Average Special Education Expenditure Between Districts with the Smallest and Largest Percentages of Students with Moderate/High-Cost Disabilities



The SSF single weight disadvantages districts with larger percentages of students with moderate/high-cost disabilities.

Districts with larger percentages of students with moderate/high-cost disabilities spend on average $1,194 more per student receiving special education than districts with the smallest percentages of students with moderate/high-cost disabilities.

Most Common Funding Mechanisms Used by States (FY2020)

Exhibit 30. Summary of Special Education Funding Mechanisms, by State (FY2020)

Funding Mechanisms and Components	States with Approach/Component	Number of States
Single Weight	AL, LA, MD, ME, MO, ND, NY, **OR**	8
Fixed Dollar Grants	CA, IL, MA, MS, NH, NJ, NC, UT, VA, VT	9
Multiple Weights	**AK, AZ, DC, FL, GA, IA, KY, NM, NV, OH, OK, PA, SC, TX, WA**	**15**
Tiered Grants	**CO, DE, ID, IN, SD, TN**	**6**
Embedded in Foundation Aid	AR, CT, RI	3
Cost Reimbursement	KS, MI, NE, WI, WY	6
Hybrid	HI, MN, MT	3

21 states **incorporate multiple weights or provide tiered fixed grants that reflect differences in student need.**

Criteria Used by States for Multiple Weights

- **Disability categories**
  - *States are moving away from using individual disability categories, and instead group categories into tiers according to cost or student need*
- **Support levels or tiers**
  - *Low/high need for specialized supports*
  - *Incidence-based groupings*
- **Cost based**
  - *Cost to provide services on an IEP*
  - *Time spent in general education setting and out-of-district placement*

Cost-based approaches are the most efficient and equitable.

Policy Consideration 2:
Consider Eliminating the SSF Funding Cap

- Most districts exceed the funding cap and then go on to receive a waiver from the cap.
- Districts who receive waivers from the cap receive *funding for a small percentage of the count of students* who are above the cap and receive *just 30% of the funding they receive for students under the cap.*
- The SSF funding cap disadvantages districts with larger percentages of students with moderate/high-cost disabilities.

Districts Exceeding the SSF Special Education Funding Cap

Exhibit 31. Number of Oregon School Districts Receiving SSF Special Education Funding Cap Waivers, School Year 2022–23

District data	Number of districts
Total districts	189
Number of districts under 11% cap	22
Number of districts above 11% cap but received no waiver	16
Number of districts above 11% and received waiver	151

Most districts exceed the funding cap and then go on to receive a waiver from the cap.

For the 2022–23 school year, **88% of school districts exceeded the SSFs special education funding cap** because more than 11% of their student population received special education services.

Of the 167 school districts that exceeded the cap, 90% received waivers from the cap and additional funding for some of their students receiving special education services.

16 districts that exceeded the cap did not receive waivers.

Districts Receiving Waivers from Funding Cap

Exhibit 32. Summarizing funding cap waiver funding, School Year 2022–23

Students receiving special education	Statewide average	District minimum	District maximum
% of students receiving special education above a district's cap that were funded with a waiver	17.6%	2.6%	75.6%
SSF funding per student receiving special education above a district's cap (from a waiver)	$2,981	$46	$8,534

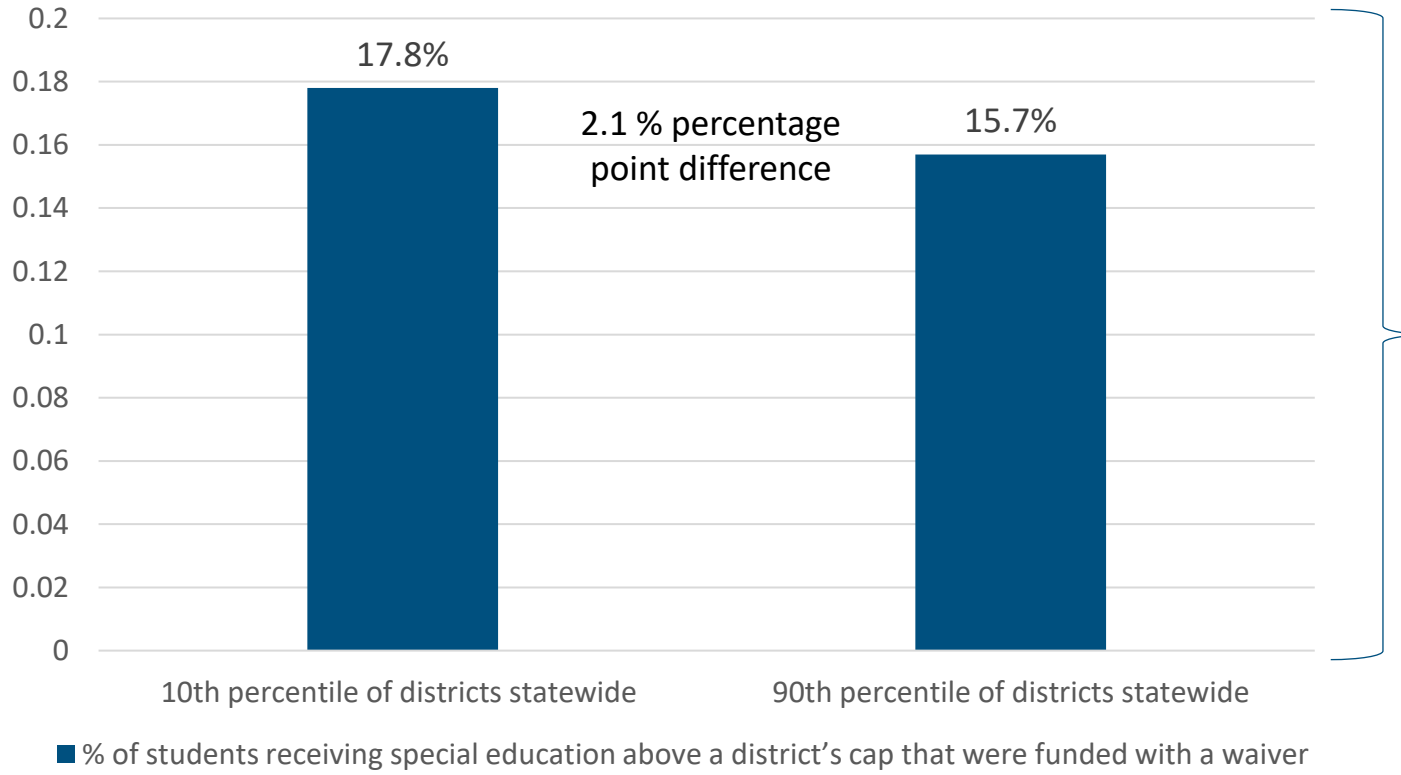
Districts who receive waivers from the cap receive *funding for a small percentage of the count of students* who are above the cap and receive *just 30% of the funding they receive for students under the cap.*

Districts received funding for 17.6% of their count of students receiving special education who were above the 11% cap; the other 81.4% of students above the cap were unfunded.

On average, districts receive $2,981 in SSF funding for each student above the cap – $6,638 less than what they receive per student under the cap.

Impact of Funding Cap on Districts with Higher Need Students

Exhibit 33. Difference in the Percentages of Students Receiving Special Education Above the District's Cap That Were Funded With a Waiver



The SSF funding cap disadvantages districts with larger percentages of students with moderate/high-cost disabilities.

Districts with the largest percentages of students with moderate- or high-cost disabilities received waiver funding for a slightly smaller percentage of their student count over the cap (a 2.1 percentage point difference).

Policy Consideration 3:
Consider Additional Appropriations for HCDF

- The HCDF covers less than half of districts' eligible expenditures.
- HCDF funding has not kept pace with the number of students eligible for funding.

Percentage of Eligible Expenses Reimbursed by HCDF

Exhibit 34. Percentage of Eligible Expenses Reimbursed by the HCDF, FYs 2018–19 to 2022–23

The HCDF covers less than half of districts' eligible expenditures.

In the first year following the increase in appropriations (2020-21), the HCDF reimbursed districts for about 58% of eligible expenditures; however, by FY 2022–23, the reimbursement rate fell to about 41% of eligible district expenditures

Number of Students Eligible for HCDF Funding

HCDF funding has not kept pace with the number of students eligible for funding.

Exhibit 35. Average Special Education Revenues from High-Cost Disability Fund Per Eligible Student, FYs 2018–19 to 2022–23

School year	Number of Eligible Students	Actual dollars	Inflation-adjusted dollars
2018–19	4,982	$7,519	$8,763
2019–20	5,292	$7,288	$8,342
2020–21	4,922	$12,395	$14,016
2021–22	5,049	$12,020	$12,982
2022–23	5,442	$11,338	$11,338

HCDF funding per eligible high-cost student declined between FYs 2020–21 and 2022–23, from $12,395 to $11,338, per eligible student, respectively.

The decline in HCDF funding per student is due to an increasing number of eligible students with special education expenditures of more than $30,000 per school year (4,982 to 5,442, between 2018-19 and 2022-23).

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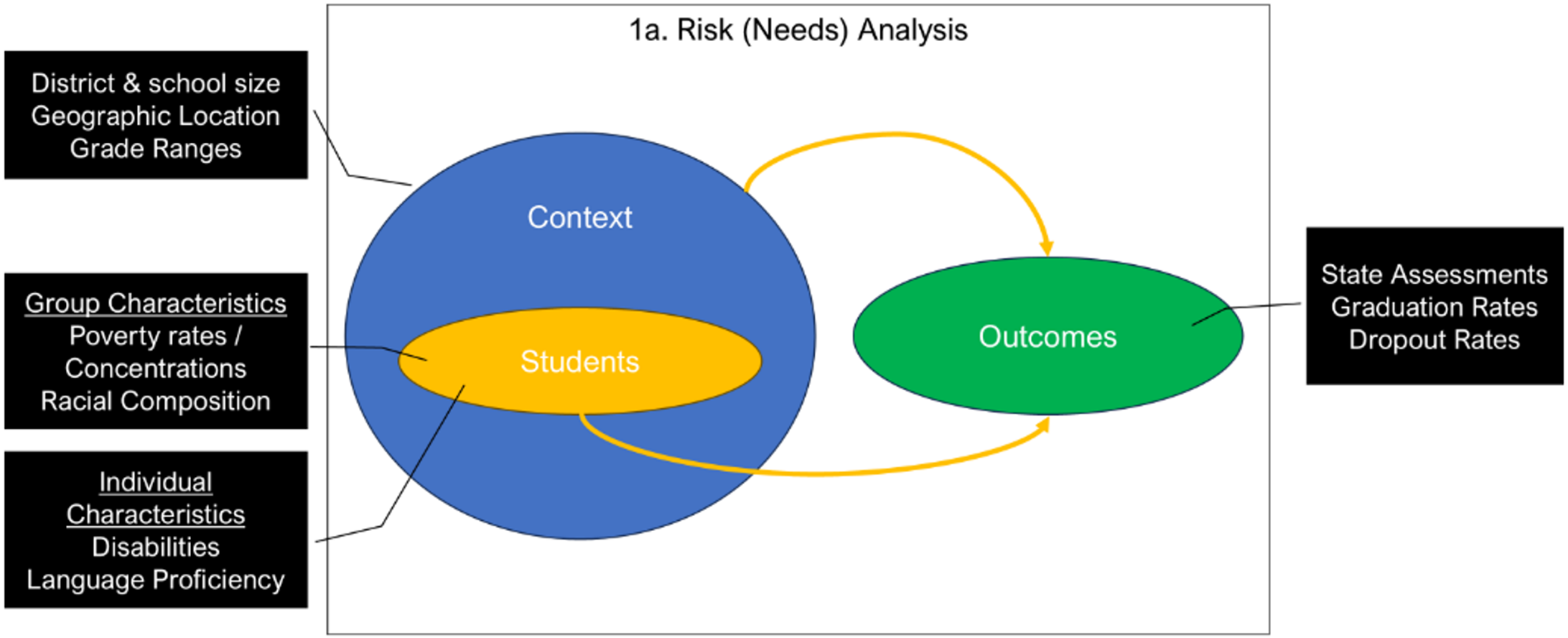
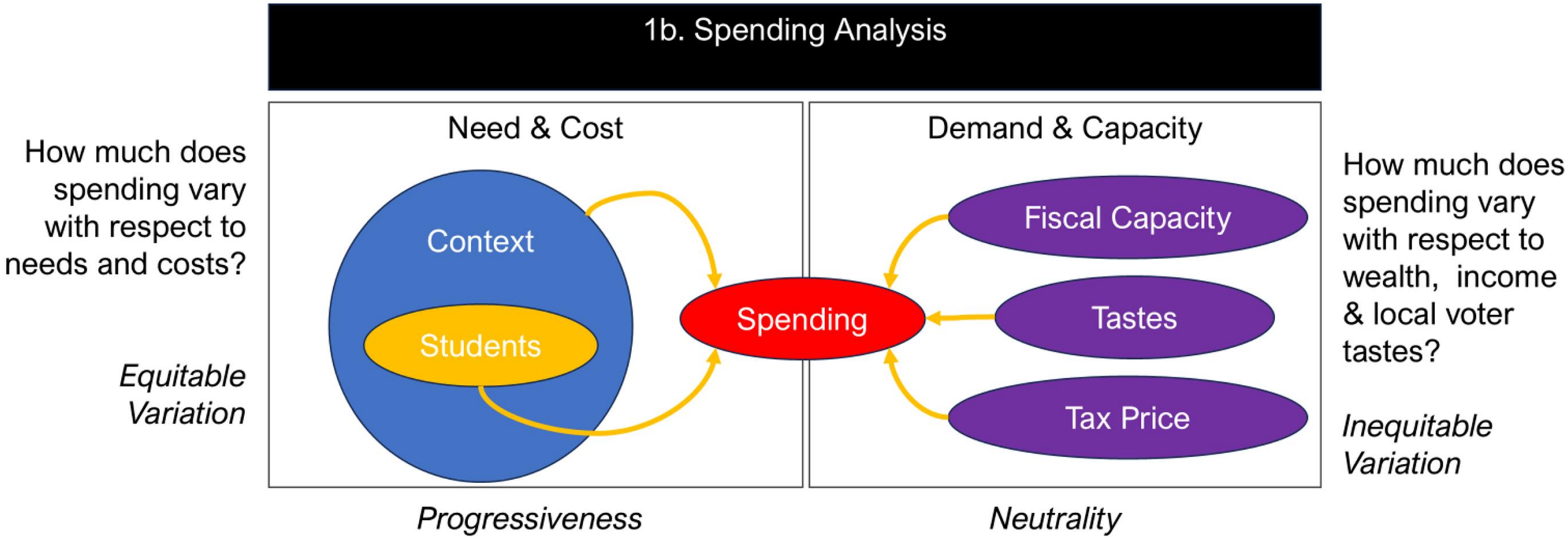
Supplemental Slides

Task 5 – Supplemental Slides



Task 5 – Supplemental Slides



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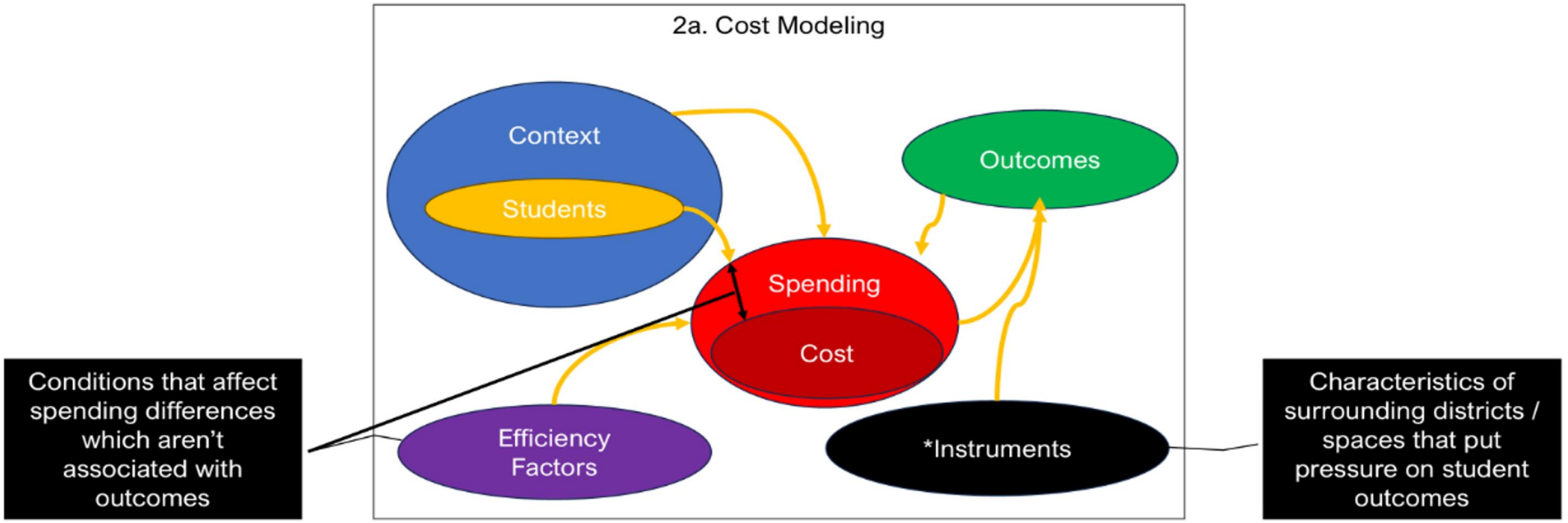
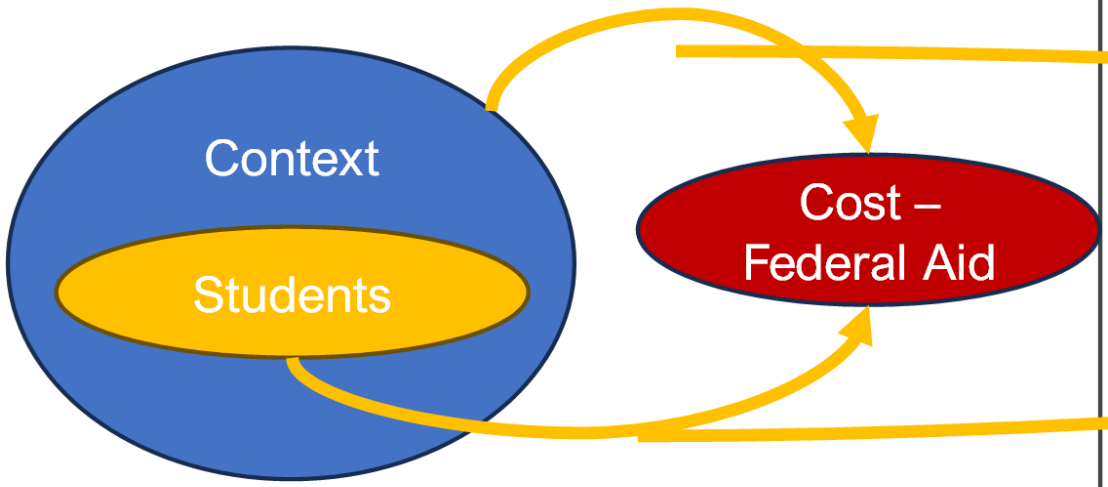


Task 5 – Supplemental Slides

2b. Translation to Formula

Weights Model



Formula Simulation

A. Set Custom Funding Weights									
	Custom/Suggested Funding Weights and Base Per-Student Funding Definitions	Percent First Generation	Percent Income Less Than $30,000	Percent Older Than 24	Percent English Learner	Percent Dual Credit	Enrollment Less Than 4,001	Enrollment Between 4,001 and 30,000	Base Per-Student Funding
A1. Set Custom Funding Weights (Use Up/Down Arrows To Adjust Values)	Custom Funding Weights	2.49	1.31	2.63	1.19	0.84	1.28	1.18	$4,537
	Suggested Funding Weights	2.49	1.31	2.63	1.19	0.84	1.28	1.18	$4,537
A2. Select Funding Weight Type (Choose From Pull-Down Menu) -------->	Suggested Funding Weights								