

# Oregon's Special Education Funding System: Key Characteristics & Policy Considerations

---

Tammy Kolbe, Principal Researcher (AIR)  
Elizabeth Dhuey (University of Toronto)

May 12, 2025

# 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

## 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 Trends in Identifying Students for Special Education

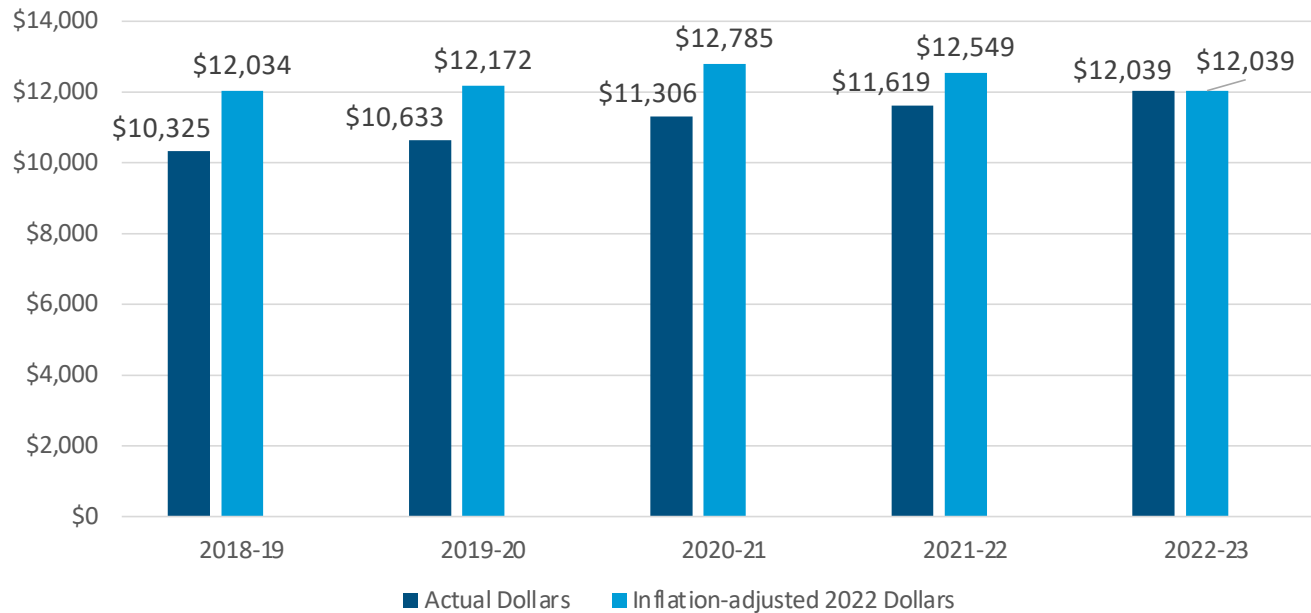
## Percentage of Students Statewide Receiving Special Education, Overall and by Disability Cost Categories, School Years 2018–19 to 2022–23

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%

- During 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

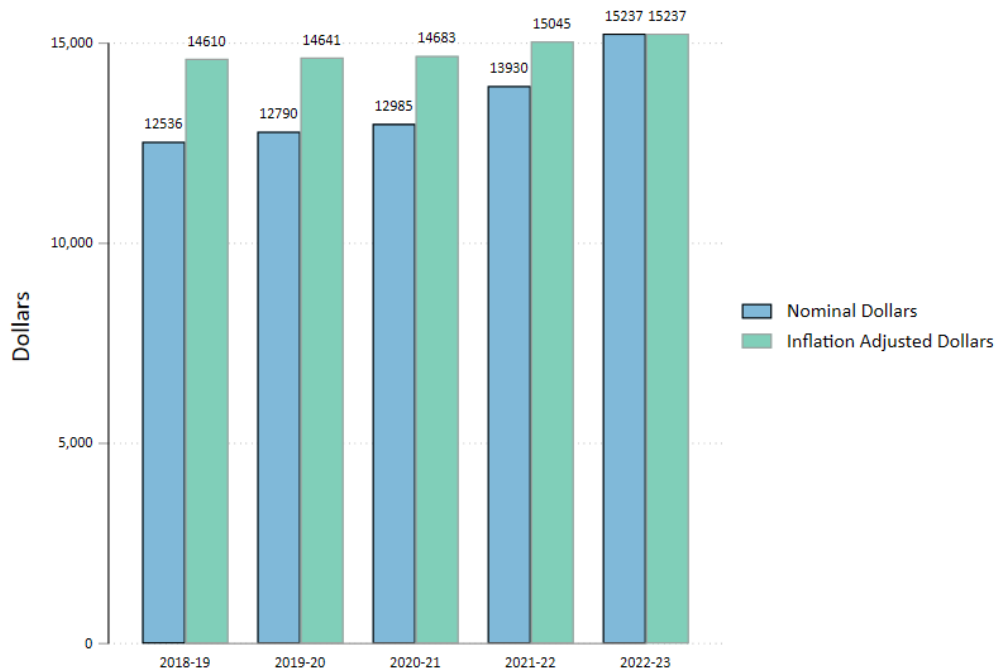
Special Education Funding from Federal IDEA Part B and State Sources Per Student Receiving Special Education, FYs 2018–19 to 2022–23



- 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

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



- For the 2022/23 school year, statewide the **average special education expenditure per student** receiving special education was **\$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**.



## Key takeaways ...

---

- Although the Oregon legislature has increased appropriations for special education – especially the SSF special education weight - **the spending power of the funding districts received in 2022/23 was about the same as it was in FY2018/19.**
- The **average amount spent for a student receiving special education increased**, due in part to the fact that **the share of students with moderate- and high-cost disabilities grew** between 2018/19 and 2022/23.

# Policy Considerations

---

## Policy Consideration 1:

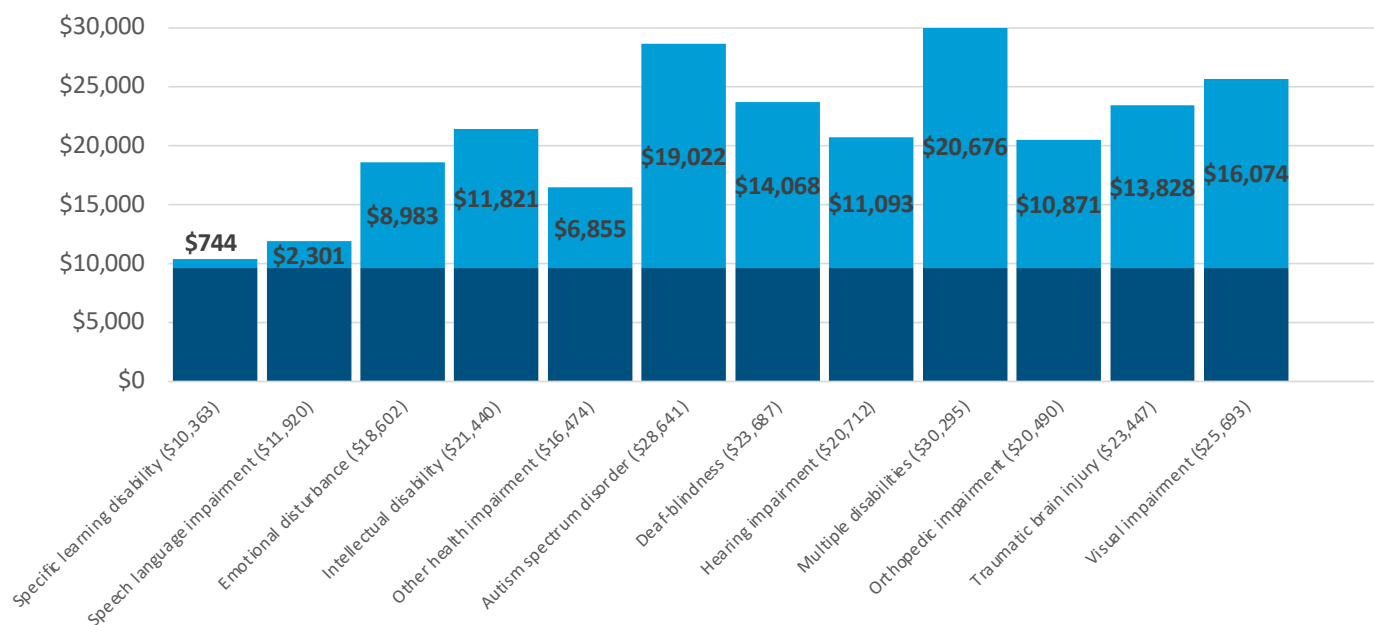
**Consider moving toward multiple SSF special education weights that adjust for differences in the expense of serving students with different needs or disability.**

---

- 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

SSF Weight and Special Education Spending, By Disability Category



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

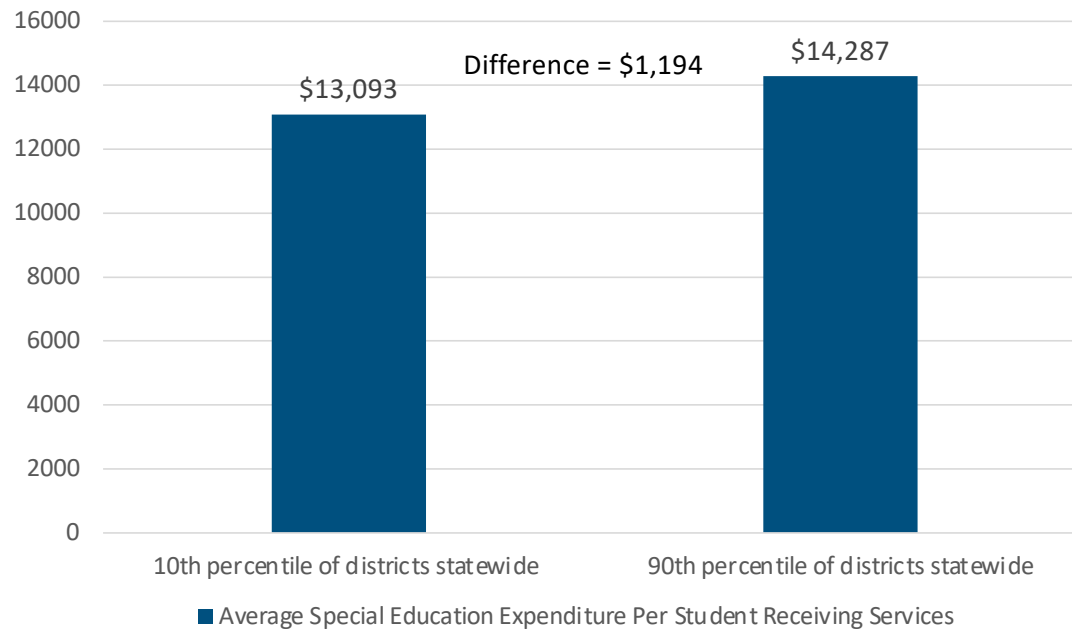
The amount of state special education funding generated for each student from the SSF single special education weight does not differ (\$9,619 FY2022/23), even though the expense of serving students varies considerably according to student need or disability.

■ Statewide Average SSF Special Education Funding (\$9,619) ■ Average Additional Expense Above SSF Weight

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>

# Differences in Special Education Spending Between Districts According to Student Need

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)


## 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, <b>OR</b>	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

## 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

Summarizing funding cap waiver funding, School Year 2022–23

Students receiving special education	Statewide average	District minimum	District maximum
% of students receiving special education <u>above a district's cap</u> 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

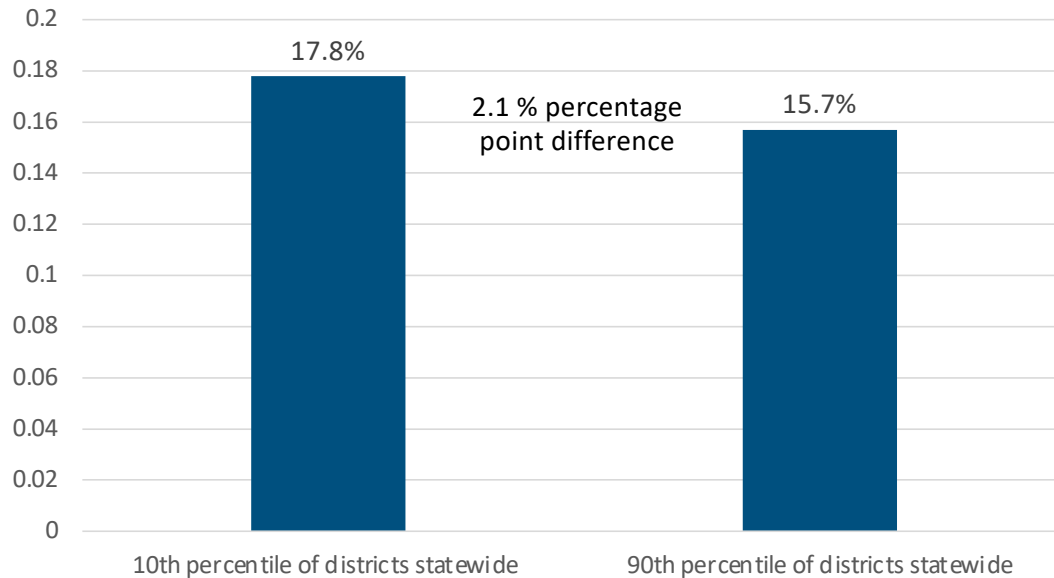
Districts who receive waivers from the cap receive *funding for a small percentage of the count of students who are above the cap and receive just 30% of the funding they receive for students under the cap.*

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 – about \$6,638 less than what they receive per student under the cap.

# Impact of Funding Cap on Districts with Higher Need Students

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



■ % of students receiving special education above a 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).

# States with Funding Caps

## States That Incorporate Enrollment Caps in their Special Education Funding Formula

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

- Oregon's special education funding cap is the **lowest** funding threshold among states with a cap.
- Oregon is the **only** state with a cap that also has a process where districts can receive a **waiver** from the cap.



The Washington legislature voted during the 2025 legislative session to remove its special education funding cap.

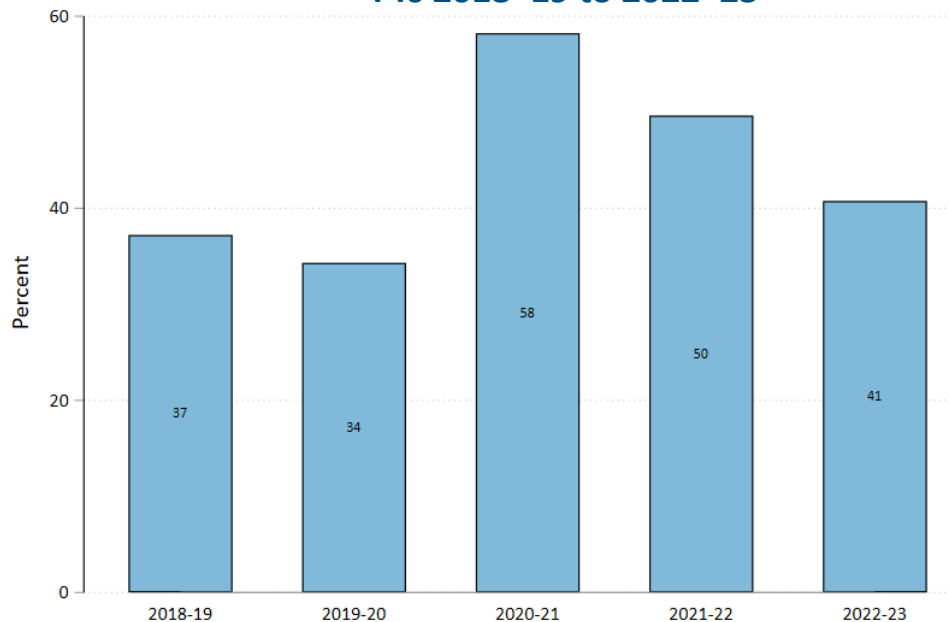
## **Policy Consideration 3: Consider Additional Appropriations for HCDF**

---

- **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

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

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

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).