

Aligning Special Education Funding with Special Education Data to Help Serve Oregon Students

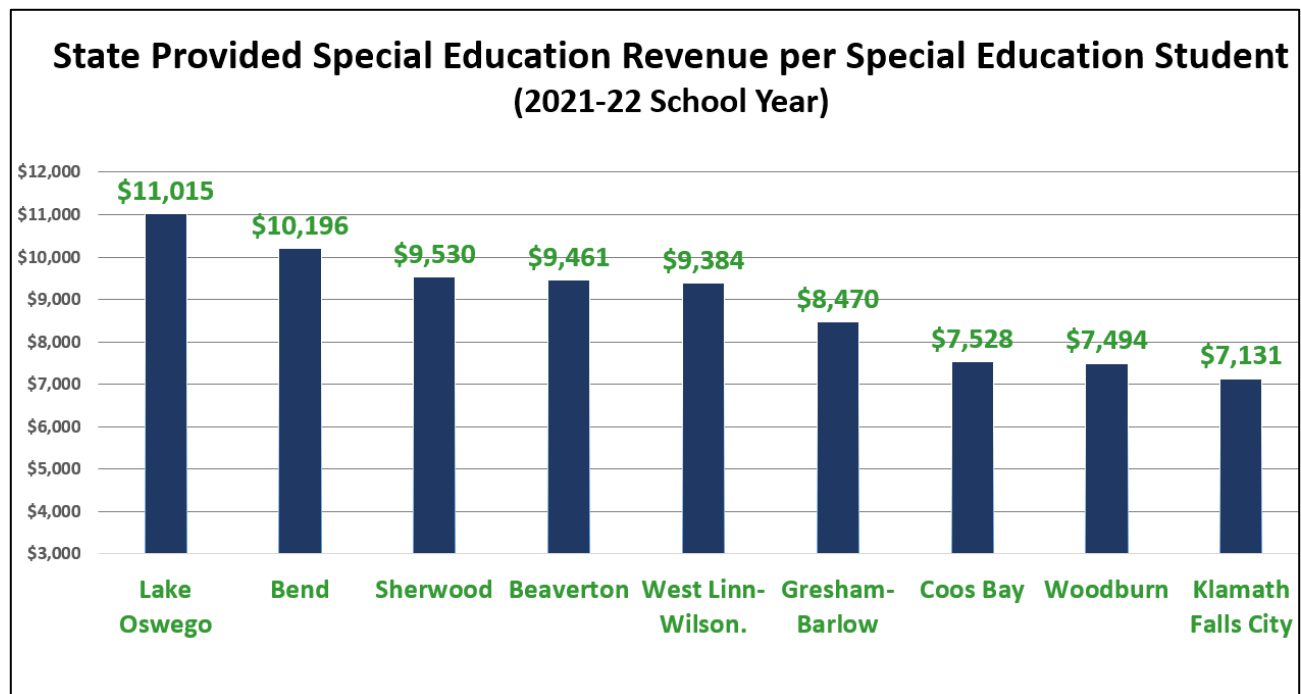
Oregon school districts receive state revenue to help provide special education services from three different calculations.

First, all school districts receive an extra weight in the State School Fund formula for special education students up to 11 percent of Average Daily Membership (ADMr). For example, a school district with 1,000 students including 150 special education students would receive 110 additional weights. ($1,000 \text{ students} \times 11\% = 110 \text{ additional weights}$).

Second, the Oregon Department of Education performs a calculation based on spending and severity for districts above the 11 percent cap. If spending and severity outpace other school districts, then some additional weights are distributed.

Third, school districts submit information to the state when the combined District General Fund + District Student Investment Account + ESD General Fund expenditures for special education related costs for a student exceed \$30,000 in a fiscal year. Districts then receive additional funding (not full funding) for each student costing over \$30,000.

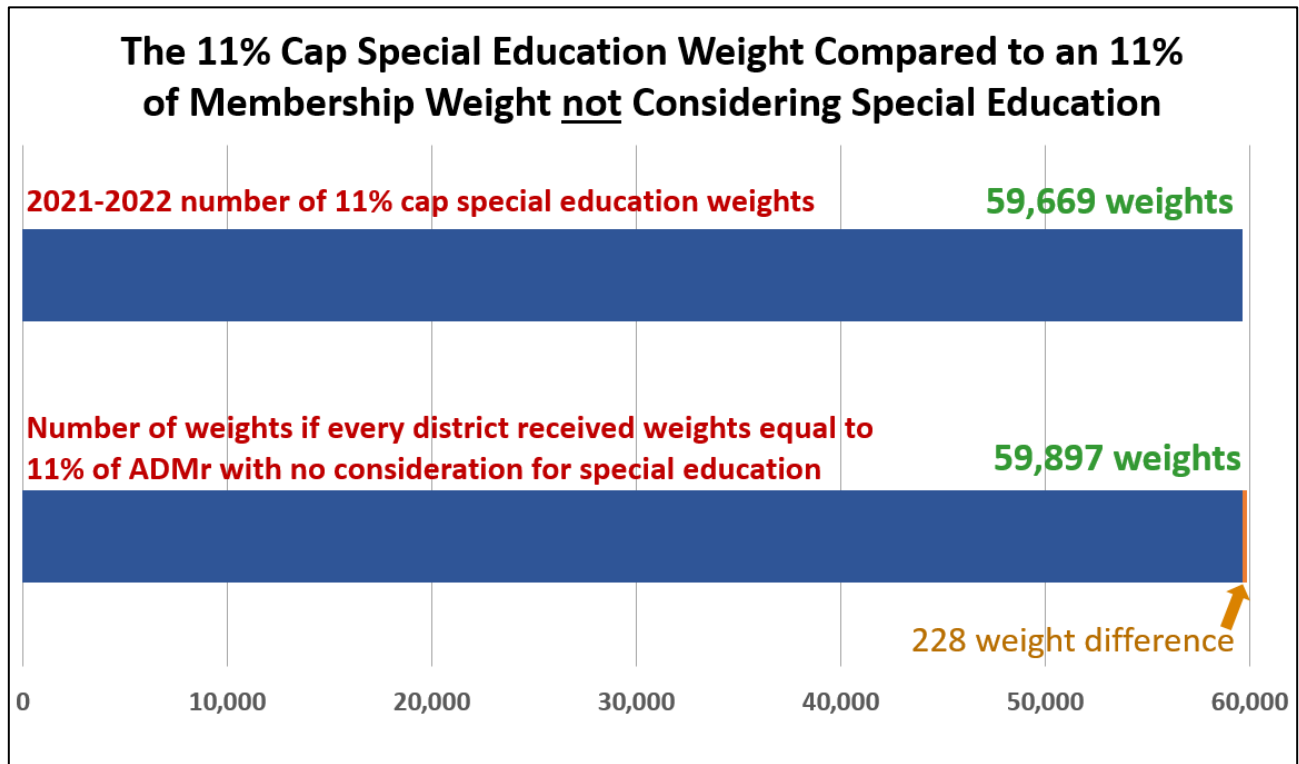
Together, these three calculations result in a significant variation in funding per special education student. For example, during the 2021-2022 school year, Lake Oswego received \$11,015 in state revenue per special education student while the Klamath Falls City School District received \$7,131 in state revenue per special education student.¹



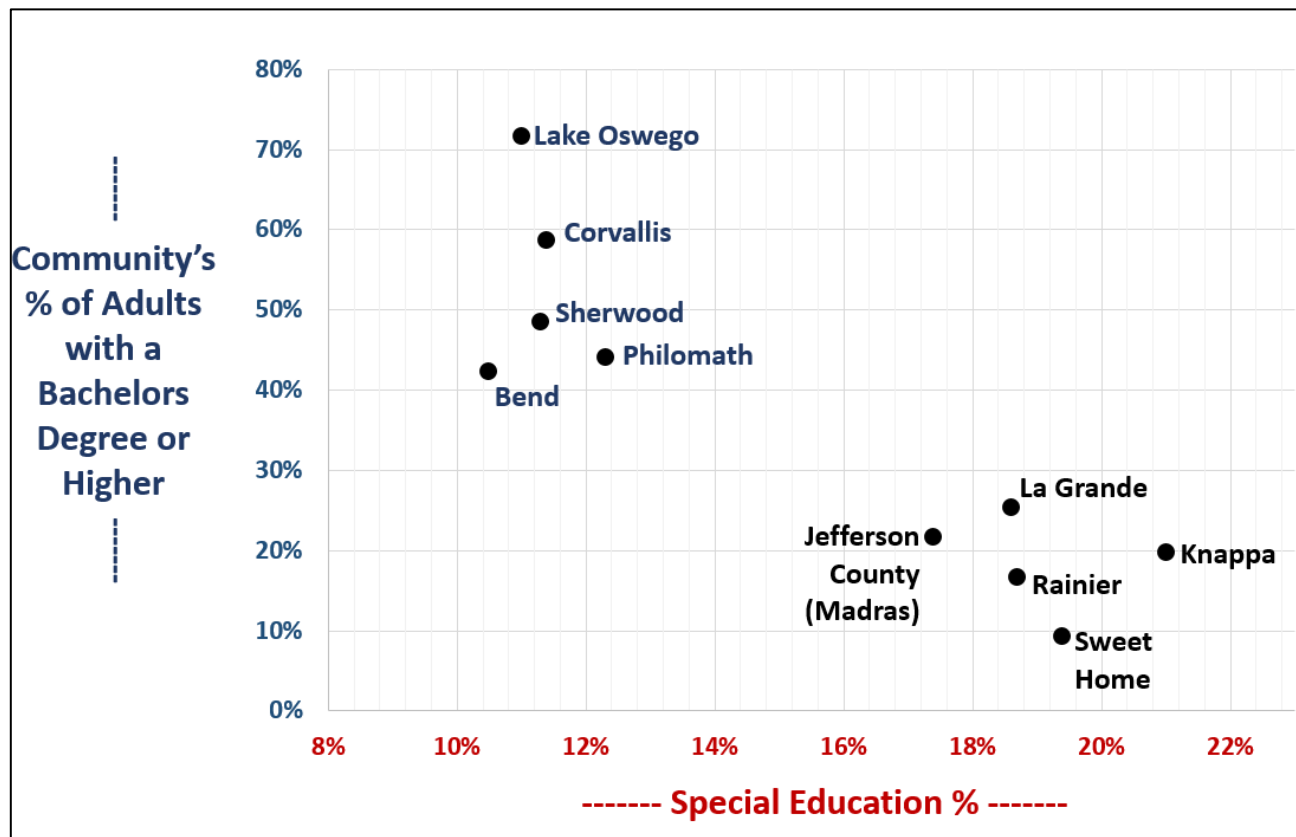
One of the reasons why funding per special education student varies from district to district is that the 11 percent special education cap weight hurts school districts that have the greatest special education demands.

When one does the math, it becomes clear that the 11 percent cap special education weight could more aptly be called the SPINO (Special Education in Name Only) weight.

During the 2021-22 fiscal year, the 11 percent cap special education weight provided 59,669 weights to school districts. In comparison, an extra weight equal to 11 percent of total membership would have provided 59,897 weights with no consideration given for special education.



Research shows that school districts serving communities with higher poverty rates and lower adult education attainment levels typically have the highest percentages of special education students.² Oregon is no exception. The following chart compares data for five school districts that are among those with Oregon’s highest percentages of special education students and five districts that are among those with the lowest percentages of special education students.



If resources were not an issue, the 11 percent cap could be lifted. However, resources are an issue. Therefore, here are three proposals to modify Oregon's special education funding formula so it more closely aligns with special education data.

These proposals consider the severity of disabilities in addition to the number of special education students served. The first two proposals maintain the number of overall State School Fund weights. The third proposal would increase the overall number of weights by less than one-half of one percent.

Proposal 1 – Consider Disability Severity

Allocate State School Fund weights based on the severity of each student’s primary disability. It seems rational that more resources should be allocated for intellectually disabled students than for students receiving once a week speech services. This option includes three tiers of severity modeled after Indiana’s special education per pupil allocation formula.

Severe Disabilities 2.5 additional weights*	Mild and Moderate Disabilities 0.5 additional weights	Communication Disorders 0.2 additional weights
Autism	Developmental Delay	Language or Speech impairment
Hearing Impairment	Emotional Behavior Disability	
Intellectual Disability	Other Health Impairment	
Orthopedic Impairment	Specific Learning Disability	
Traumatic Brain Injury		
Visual Impairment		

*The 2.0 additional weight limit for any student as outlined in ORS 327.013 would need to be lifted for this option.

Proposal 1 would replace the 11 percent cap special education weight and the 11 percent cap waiver weight. Using 2021-2022 data, the overall number of State School Fund weights would be within 100 of the current funding formula.

Proposal 2 – Consider Disability Severity and add a 0.5 homeless weight

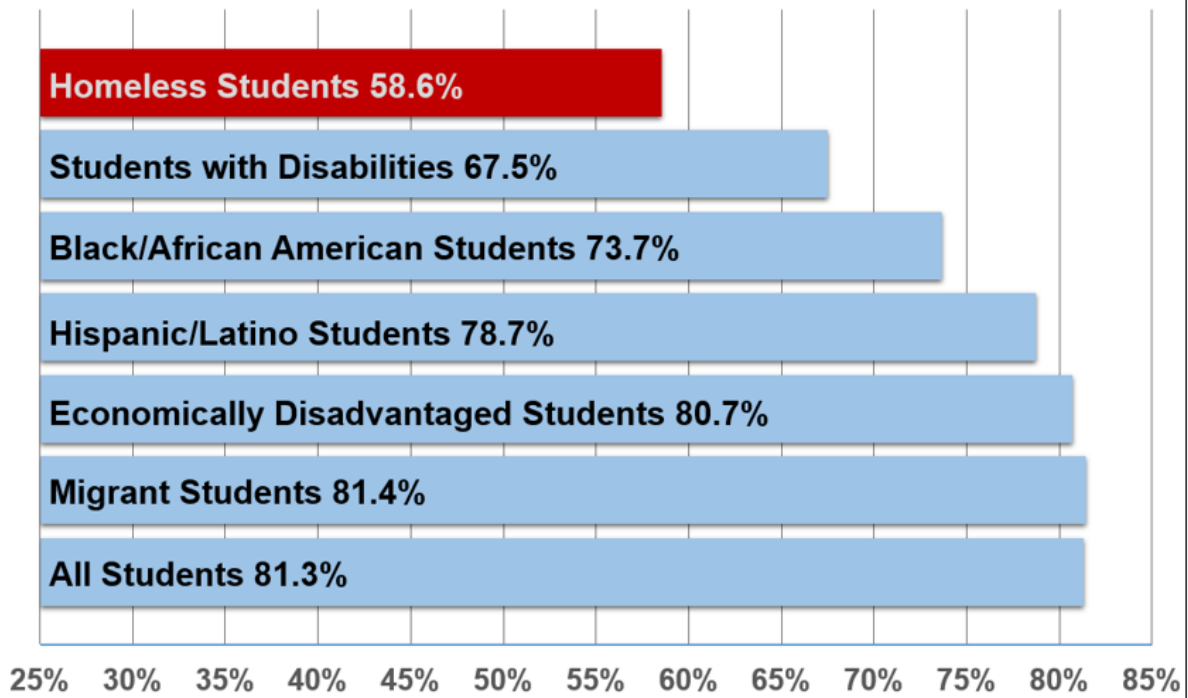
The disability weights outlined in the first proposal would be reduced to provide enough capacity in the funding formula to add a 0.5 homeless weight.

Severe Disabilities 2.0 additional weights	Mild and Moderate Disabilities 0.5 additional weights	Communication Disorders 0.1 additional weights
Autism	Developmental Delay	Language or Speech impairment
Hearing Impairment	Emotional Behavior Disability	
Intellectual Disability	Other Health Impairment	
Orthopedic Impairment	Specific Learning Disability	
Traumatic Brain Injury		
Visual Impairment		

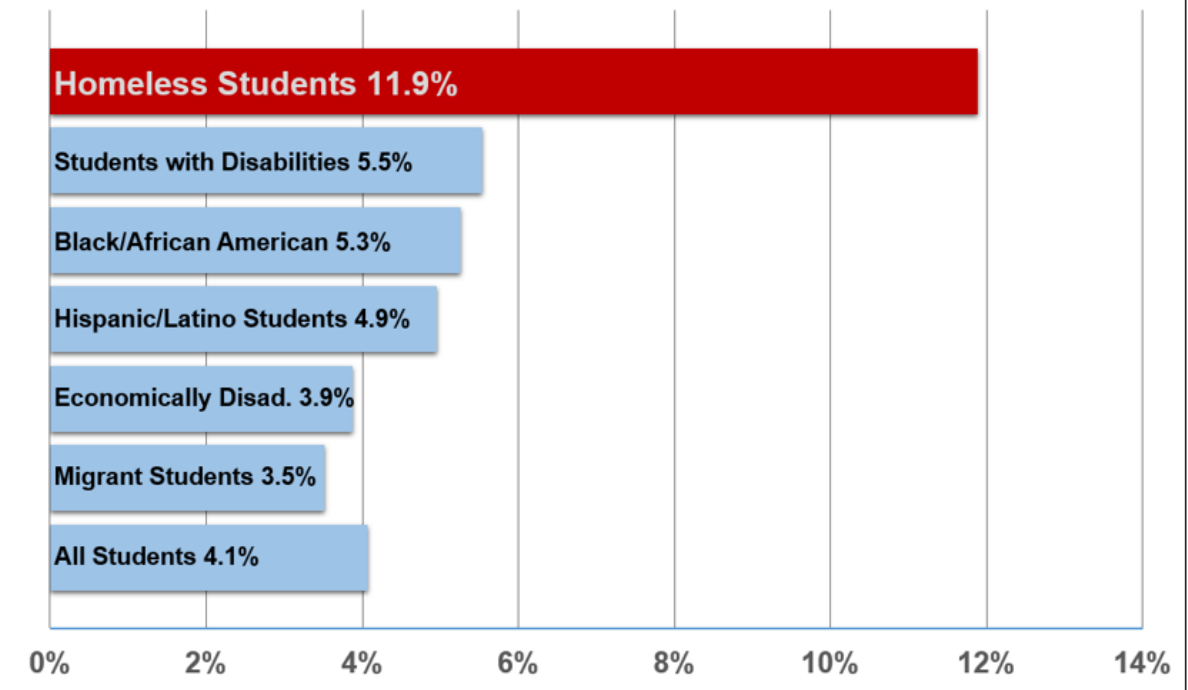
The State School Fund does not currently provide a funding weight for homeless students. Furthermore, many homeless students are likely undercounted in the poverty weight calculation since poverty data is estimated for each school district using data gathered from those that complete the American Community Survey and from dependent information on tax returns.^{3, 4}

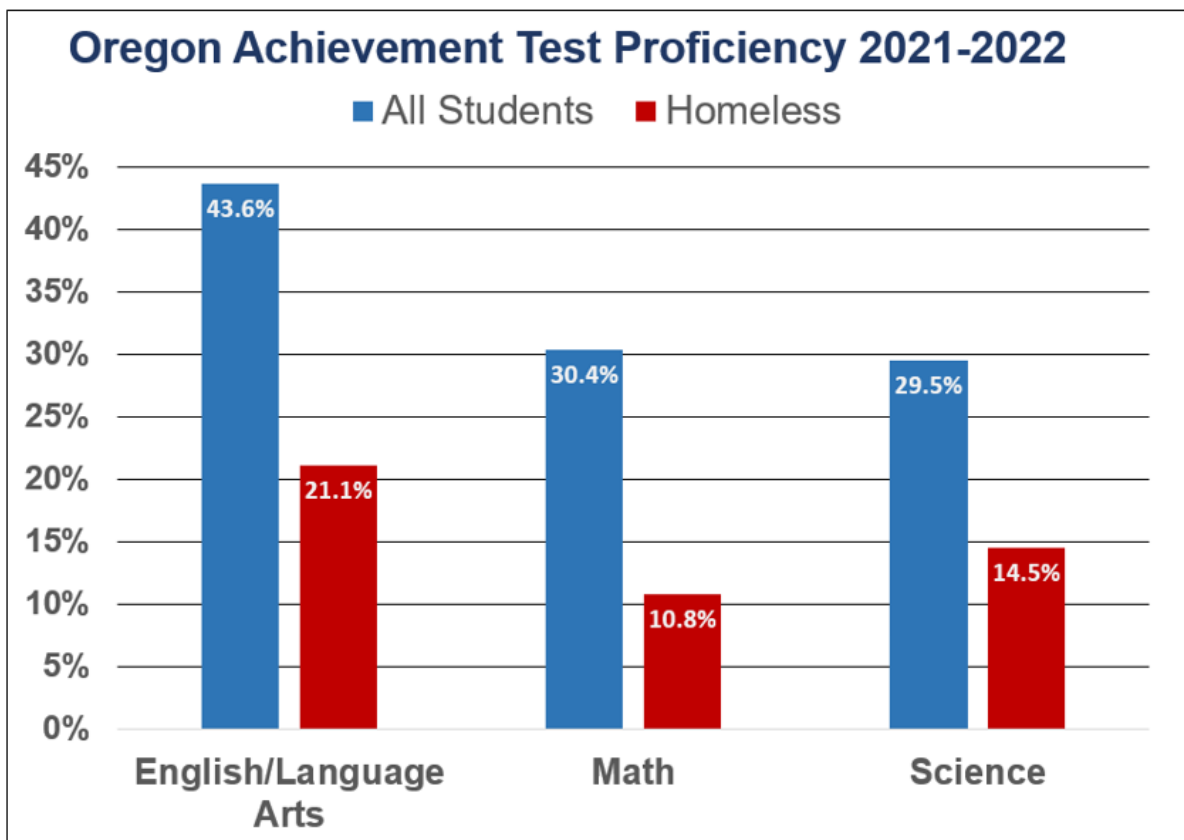
The following charts generated from information provided by the Oregon Department of Education show how vulnerable Oregon’s homeless students are compared to other groups of students.^{5, 6}

Oregon 4-Year Cohort Graduation Rates 2021-2022



Oregon Dropout Percentage by Subgroup 2021-2022





Nationally, children experiencing homelessness are absent more frequently, are identified as having developmental delays four times as frequently and are identified as having learning disabilities twice as frequently as other students.⁷

The encouraging news is that according to a 2019 University of Chicago study, students who face housing instability but stay in school and graduate are much less likely to become homeless as adults.⁸

Using 2021-2022 data and recognizing that some students are double-counted in the statewide homeless count because they move between districts during the year (and would therefore be pro-rated in the proposed calculation), the overall number of State School Fund weights with this proposal would be comparable to the current funding formula.

Proposal 3 – Consider Disability Severity and Demographic Data for the 11% Cap Waiver

When calculating the 11 percent special education cap waiver weight, direct the Oregon Department of Education to consider a school district's special education severity data and the district's median household income and adult education attainment data relative to the state average as published by the United States Census Bureau.⁹

Districts with special education percentages above the state average including proportionately more severe disabilities that have median household incomes and adult education attainment levels below the state average would be prioritized for full special education funding. This option could add from 1,000 to 3,500 weights to the funding formula.

Thank you for your time and consideration.

Kevin Strong
Business Manager
Sweet Home School District

Notes:

1. Lake Oswego: $[747.31 \text{ 11\% cap weights} \times \$9,249/\text{ADMw} + \$1,327,511 \text{ High Cost Disability grant}] / 748 \text{ special education students} = \underline{\$11,015}$ per special education student

Klamath Falls City: $[(289.25 \text{ 11\% cap weights} + 38.10 \text{ 11\% cap waiver weights}) \times \$9,143/\text{ADMw} + \$73,410 \text{ High Cost Disability grant}] / 430 \text{ special education students} = \underline{\$7,131}$ per special education student
2. "Demographic and Parental Factors Associated with Developmental Outcomes in Children with Intellectual Disabilities," *Frontiers in Psychology*, April 24, 2019
3. U.S. Census Bureau, "Quantifying Relative Error in the School District Estimates" <https://www.census.gov/programs-surveys/saipe/guidance/district-estimates.html>
4. "Differential Undercounts in the U.S. Census: Who is Missed?" William O'Hare, 2019
5. <https://www.oregon.gov/ode/reports-and-data/students/Pages/default.aspx>
6. <https://www.oregon.gov/ode/educator-resources/assessment/Pages/Assessment-Results.aspx>
7. "America's Homeless Children: New Outcasts: A Public Policy Report," Better Homes Fund, 1999
8. Chapin Hall at the University of Chicago, "Homelessness and Education Systems Can Work Together to Improve Youth Outcomes," 2019
9. Possible language (in green text and underlined) to be added to 327.013 (1)(c)(A)(i)

1.0 for each student in average daily membership eligible for special education as a child with a disability under ORS 343.035 (Definitions for chapter), which may not exceed 11 percent of the district's ADM without review and approval by the Department of Education. The Department of Education in its review shall consider the severity of student disabilities and the school district's poverty percentage along with the school district's median household income and the school district's adult education attainment level relative to the state average as published by the United States Census Bureau. Children with disabilities eligible for special education in adult local correctional facilities, as defined in ORS 169.005 (Definitions for ORS 169.005 to 169.685 and 169.730 to 169.800), or adult regional correctional facilities, as defined in ORS 169.620 ("Regional correctional facility" defined), may not be included in the calculation made under this sub-subparagraph.