

## ANALYSIS

### Item 8: Department of Education Early Intervention and Early Childhood Special Education

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**Analyst:** Julie Neburka

**Request:** Appropriate \$22,107,626 General Fund to address caseload growth in the Early Intervention/Early Childhood Special Education program.

**Analysis:** The Early Intervention/Early Childhood Special Education (EI/ECSE) program serves children with disabilities and their families to improve developmental status and increase school readiness for each child. The EI portion of the program serves children from birth through age 2 and is statutorily required. The ECSE component serves children from age 3 until the age at which schooling begins (usually age 5) and is federally mandated. The Department generally contracts with Education Service Districts (ESDs) to provide and coordinate the services. Within the statewide budget development process, EI/ECSE is the only mandated caseload program in the Department, and receives funding adjustments based on caseload count plus inflation.

Children are typically recommended for EI/ECSE screening by families, pediatricians, or early childhood educators at the point where they either are first seen for medical care or are first introduced to a child care setting. Prior to the COVID-19 pandemic, the caseload for this program grew at an average rate of between 3.5%-5% annually, and had reached an average annual caseload of about 14,000 children per month in the 2019-2020 school year. During the pandemic, however, as schools and day care centers closed and fewer visits were made to medical providers, the caseload dropped significantly. The Department reports that post-pandemic, caseloads have rebounded and now appear to be on a trajectory to exceed pre-pandemic levels this biennium.

Current funding for EI/ECSE in the 2023-25 biennium is \$336 million total funds, a level that will not cover the program's estimated 2023-25 caseload at the current rate of growth. The Department estimates that an additional \$22.1 million would accommodate a caseload increase of 5% per year in the current biennium, and notes that, in order to address the volume of newly assessed children needing services, it has funded its 2023-24 (first year of the biennium) contracts at an amount that assumes this additional funding. This means that, unless the caseload drops significantly in the second year of the biennium, which is not anticipated, the department would have to: identify other resources in its budget to cover the shortfall; the EI/ECSE budget and services would have to be reduced; or the legislature would need to approve additional funding for the program. As this is a federally mandated service, budget reduction is not recommended.

**Recommendation:** The Legislative Fiscal Office recommends that the Joint Interim Committee on Ways and Means recommend including an increase of \$22,107,626 in the Other Funds expenditure limitation for the Department of Education in a budget reconciliation bill during the 2024 legislative session to address caseload growth in the Early Intervention/Early Childhood Special Education program. The source of Other Funds is the Early Learning Account in the Fund for Student Success.

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Oregon Department of Education  
Crawford

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**Request:** Appropriate \$22,107,626 General Fund for Oregon's Early Intervention/Early Childhood program.

**Recommendation:** Approve the request during the 2024 Legislative Session as modified: Appropriate \$22,107,626 General Fund for Oregon's Early Intervention/Early Childhood program and decrease Federal Funds expenditure limitation by \$7,100,320.

**Discussion:** Oregon Department of Education's Early Intervention/Early Childhood (EI/ECSE) program provides special education services to children ages birth to five, along with those children's families. Funding needs of the program are largely dependent on caseload of children served.

Historically, EI/ECSE has shown an average annual caseload growth of five percent. During the COVID-19 pandemic, EI/ECSE experienced a temporary decline in number of children served. Following the pandemic; however, there has been a significant rebound in enrollment resulting in increases above the historical average of five percent. This increasing caseload has created a shortfall in the 2023-25 biennium for the program.

The 2023-25 Legislatively Adopted Budget for EI/ECSE was \$336,017,690, comprised of \$195,333,054 in General Fund, \$97,270,198 of Other Funds from the Early Learning Account, and the remaining \$47,414,438 in Federal Funds. Unfortunately, actual available funding amounted to \$328,917,370 due to a \$7.1 million overestimation of incoming federal awards.

In order to maintain a consistent service level for enrolled children, a \$351 million total funds budget is needed, requiring a \$22,107,626 increase in the program's 2023-25 biennial budget.

The increased appropriation would address the increased funding needs resulting from the increased EI/ECSE caseload as well as making up the reduced Federal Funding amount.

**Legal Reference:** Appropriation of \$22,107,626 General Fund to supplement the appropriation established by chapter 449, section 2 (1), Oregon Laws 2023, for the Oregon Department of Education, Grant-in-aid Early intervention services for the 2023-25 biennium.

Decrease the Federal Funds expenditure limitation established by chapter 449, section 9 (3) Oregon Laws 2023, for the Oregon Department of Education, All other grants, by \$7,100,320 for the 2023-25 biennium.



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**Dr. Charlene Williams**

Director of the Department of Education

**December 4, 2023**

Senator Elizabeth Steiner, Co-Chair  
Representative Tawna Sanchez, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairs:

#### Nature of the Request

Oregon's Early Intervention/Early Childhood (EI/ECSE) program, required by both federal and state regulations, provides special education services to infants, toddlers, and children with disabilities, along with their families. The 23-25 funding of \$336,017,690 was based on the student population during the COVID pandemic and is insufficient to sustain the current growing population. To accommodate expected caseload growth, it was determined that Oregon Department of Education would fund the program as if it had received \$351,024,996 million total funds, resulting in overfunding contracts by \$11 million in the 2023-24 year. To maintain that same level of funding for the second year of the 23-25 biennium, ODE (Oregon Department of Education) needs an additional \$22 million in General Fund limitation. ODE requests that this additional limitation is funded to support the EI/ECSE program's caseload growth since the initial estimates in the spring of 2022. The agency is requesting \$22 million from General Funds to cover this budget deficit.

#### Agency Action

The agency has tracked the expansion of the student population in the initial months of this new biennium, and the growth consistently surpasses the 5% estimate, constituting the \$351 million target. In this period of recovery from COVID, EI/ECSE has had an influx of infants, toddlers, and children being referred for evaluation and this significant increase in referrals has put additional



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pressure on EI/ECSE staff to meet IDEA (Individuals with Disabilities Act) required 45 and 60-day timelines.

### **Action Requested**

The 2023-25 LAB (Legislatively Adopted Budget) for EI/ECSE budget was \$336,017,690, but actual available funding amounted to approximately \$328,917,370 due to an \$7.1 million overestimation of incoming federal awards. To align with the directive to fund the program as if it had received \$351 million, contracts were overfunded by an additional \$11 million in the 2023-24 year, resulting in a \$22 million shortfall for the 23-25 biennium. The agency is urging the legislature to allocate an additional \$22 million in General Funds to address the budget deficit in the 23-25 biennium.

### **Legislation Affected**

This action, if approved, would revise HB 5014 (2023 laws), chapter 449, and section 2, subsection (1) to provide additional General Funds limitation of \$22,107,626 in General Funds.

Sincerely,

Dr. Charlene Williams (she/her)

Agency Director

Oregon Department of Education

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