



Date: December 10, 2024
To: House Education Committee
From: Morgan Allen, COSA
Subject: State School Fund - 11% Special Education Cap and Waiver

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

On behalf of the Coalition of Oregon School Administrators (COSA) and our 3,000 members statewide, we want to share our appreciation for today's discussion about special education funding within the State School Fund (SSF).

Our members were very pleased with Governor Kotek's budget proposal for the State School Fund of \$11.36 billion for the 2025-27 biennium. The changes the Governor has proposed to the Current Service Level (CSL) calculation are a much more accurate estimate of the inflationary costs that school districts and ESDs expect in the next budget cycle. More importantly, it allows our members to focus on advocacy for increased Special Education funding during the 2025 Session.

You will hear our support for raising the 11% Special Education Cap in the State School Fund, increasing the High Cost Disability Account appropriation, and the need for additional resources for Early Intervention/Early Childhood Special Education and Regional Inclusive Services. But today I will briefly focus on the 11% Special Education Cap Waiver in the State School Fund

Background - 11% Special Education Cap Waiver

The Oregon Department of Education is allowed by statute to administer a Cap Waiver for school districts that exceed the 11% Special Education Cap in the SSF funding formula. It is a comparative grant that analyzes spending by school districts on the needs of their students as compared to other districts. Based on this analysis, ODE provides additional funding to school districts to help pay for the costs of special education services.

It does not completely fill the gap between the 11% Special Education Cap and full funding - ODE estimates it covers about 36.9% of funding needs. For example, in the 2022-23 school



year ODE estimates that about 7,000 weights above the cap were funded totaling about \$70 million dollars.

Additive Funding Needed to Pay for the 11% Special Education Cap Waiver

Based on the most current estimates from ODE, about \$140 million will likely be directed to school districts in the form of Cap Waiver payments in the current biennium. Any discussion of raising the 11% Special Education Cap and additive dollars to pay for the additional weights must include additive funding to cover these 11% Special Education Cap Waiver “weights.” We do not believe that the Legislature has ever included additive dollars in the State School Fund for the waiver. The amount “carved out” of the SSF to pay for this waiver has grown from about \$35 million in the 2012-13 school year to about \$70 million in the 2022-23 school year.

Based on data shared by ODE, raising the 11% Special Education Cap to 15% would add about 16,000 additional weights to the SSF funding formula. In order to truly grow the investment in special education to cover all of the weights, the Legislature must add funding commensurate with an additional 16,000 formula weights per school year.

If the 11% Cap Waiver weights are subtracted out from the 16,000, we are not truly addressing the funding shortfall in Special Education. Additionally, we need to include additive funding to cover the new amount in payments that would be allocated through the 11% Special Education Cap Waiver relative to the increase in the 11% Special Education Cap.

2025 Is the Time to Invest in Special Education Funding

As the number of students in Oregon schools who are eligible for special education services continues to grow, it is clear that one of the most antiquated and inequitable components of the SSF is the 11% cap on funding for special education - it was established in 1991.

The percentage of special education students in our state is approaching 15% and it is clear that we need to add hundreds of millions of dollars to the State School Fund to truly meet the charge of serving every student equitably. Absent this change, school districts will continue to move money from their general fund to cover the shortfall for these critical services and supports.

We urge any discussion of raising the 11% Special Education Cap not to overlook the need to account for the costs of the 11% Special Education Cap Waiver. Without accounting for this expenditure, we will continue to underfund the true costs to provide services to our students with disabilities.