

# SPECIAL EDUCATION IN OREGON:

Analyzing Oregon's Implementation of the Individuals with Disabilities Education Act under ORS Chapter 343, ORS 327.013, and OAR Division 15.

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## **Executive Summary**

Despite disagreements over how best to achieve it, Oregon's education stakeholders have long converged on a shared objective: providing a procedurally compliant, and effective special education system. This objective has remained unrealized; Oregon's implementation of the Individuals with Disabilities Education Act (IDEA), codified in ORS Chapter 343, ORS 327.013, and OAR Division 15, has been marked by persistent compliance and service-delivery failures documented by multiple oversight mechanisms and legal proceedings. After analyzing the problem and its underlying drivers, this memorandum concludes that Alternative 1, reforming the current special education reimbursement programs, provides the greatest potential to improve Oregon's IDEA compliance and service capacity and should consequently be advanced during the 2027–2029 biennium.

This analysis will begin by outlining the historical and institutional developments of the Individuals with Disabilities Education Act, the current context of Oregon's IDEA implementation, and the contemporary failures associated with the existing policy framework. Having established the problem and its causes, the analysis next presents three policy alternatives and evaluates them against the status quo according to a common set of criteria, considers their outcomes and trade-offs before concluding with a recommendation and addressing likely objections.

## **History of the Problem**

The special education system within Oregon reflects a structural disconnect between expanding federally mandated services and their realization within the state. Funding limitations, workforce shortages, and oversight deficiencies have constrained Oregon's capacity to deliver federally mandated special education services. The contemporary pattern is the product of a

half-century of expanding federal special education obligations and comparatively limited growth in the state's capacity to meet them.

Prior to federal intervention, public education access for children with disabilities was routinely characterized by exclusion. In 1970, only one-fifth of children with disabilities were educated within the U.S. public school system; during this time, states possessed broad authority to deny enrollment, withhold educational assessments, or segregate students into specialized facilities (U.S. Department of Education, 2024). Educational exclusion was widespread and affected millions of children with estimates indicating that by the early 1970s roughly 1.8 million children with disabilities were being excluded from the public school system. Against this backdrop of fragmented and inadequate services, federal policy efforts in special education gradually emerged. The Individuals with Disabilities Education Act (IDEA) upon its enactment in 1975, was initially titled as the Education for All Handicapped Children Act (U.S. Department of Education, 2024).

Before the implementation of the Education for All Handicapped Children Act, federal intervention arose through a piecemeal system of targeted statutes that were preoccupied with personnel training, state-level grant assistance, early intervention services, and instructional materials; while judicial rulings, through cases such as *Mills v. Board of Education of the District of Columbia* and *Pennsylvania Association for Retarded Children (PARC) v. Commonwealth of Pennsylvania* affirmed that under the Fourteenth Amendment states and localities were obligated to provide children with disabilities educational access (Office of Special Education and Rehabilitative Services, 2007). Congress codified these constitutional requirements through the Education for All Handicapped Children Act in 1975; thus, creating the federal guarantee that children with disabilities were entitled to a free appropriate public

education (FAPE) that would be delivered in the least restrictive environment (LRE). Education for All Handicapped Children Act (EAHCA) instituted a hybrid framework that attached federal financial assistance to state compliance with the civil rights framework (National Council on Disability, 2018). Throughout the 1980s, federal special education law continued its expansion through a series of amendments that strengthened early intervention programs and extended services to younger children. Despite their previous expansion to the statute, the 1990s witnessed congressional concern shifting towards implementation gaps, and substantive educational outcomes (U.S. Department of Education, 2024). The Individuals with Disabilities Education Act of 1990 reflected both symbolic and policy-level change within federal disability law. The statutes revised titled embraced person-first language while the amendments broadened its substantive goals: requiring transition planning with emphasis on student preparation for further vocational, educational or independent living (Congressional Research Service, 2018). Later amendments to IDEA, in 1997 and 2004, substantially evolved the statutes framework by expanding the focus from accessibility toward accountability and outcomes to align more closely with the standards-based accountability structure used in general education (Apling & Jones, 2002; U.S. Department of Education, 2024).

The Individuals with Disabilities Education Act is administered in Oregon through three interconnected levels of state policy: ORS Chapter 343, which defines the substantive obligations and oversight structure for special education implementation; ORS 327.013, which establishes the statutory funding formula through which districts are funded; and OAR Chapter 581, Division 15, which outlines the operational rules governing enforcement, compliance, and eligibility. Through these interlocking provisions, Oregon has operationalized IDEA's federal requirements into state law; however, federal determinations have continued to identify

compliance and operational shortcomings across the state.

### **Current State of Affairs**

For three consecutive years under IDEA’s federal accountability framework, the United States Department of Education has classified Oregon’s Part B K–12 special education system as “Needs Assistance” reflecting continuing concerns regarding compliance and implementation performance (Oregon Department of Education, 2025a). Pursuant to IDEA Section 616, the Office of Special Education Programs (OSEP) annually evaluates state-level implementation across four escalating compliance categories (Congressional Research Service, 2026). Oregon’s Part C early intervention system, in contrast, received a determination of “Meets Requirements” in 2025 (Oregon Department of Education, 2025b). The discrepancy therefore suggests that Oregon’s difficulties arise from structural deficiencies specific to the K–12 special education system rather than a universal failure in IDEA implementation.

The state of Oregon is one of the seven states that imposes a restrictive statutory cap on special education funding; ORS 327.013 codifies these limits with the State School Fund formula, allocating enhanced per-student funding for those that receive special education services, however, these reimbursements are limited to 11% of each district's enrollment, excluding funding for all students above that threshold without specific authorization from the Oregon Department of Education (ODE) (Baumhardt, 2025; Legislative Policy and Research Office, 2022). This enrollment ceiling was adopted by legislators in 1991, intended as a mechanism to discourage school districts from overclassifying students to maximize their state aid; this threshold has remained fixed despite contemporary enrollment patterns in the state outpacing the underlying assumptions of the policy cap (Legislative Policy and Research Office, 2022; Pate, 2025). In the 2024-2025 report, ODE identified approximately 83,969 students with

disabilities between the ages of 5 to 21 throughout the state, encompassing approximately 15.4% of K-12 student enrollments (Oregon Department of Education, 2025d). With the state's special education funding cap at 11%, it effectively rendered 19,447 students with disabilities unfunded within the formula for the 2022-23 school year (Oregon Department of Education, 2025c). In other words, if any school district's special education enrollment exceeds the 11% cap, state funding effectively plateaus, but the districts are still federally required to provide services to all eligible students.

The fiscal impacts created by the cap are clearly documented: In 2022-23, Oregon districts spent \$1.2 billion on special education, while state special education funding only covered 58% of these expenditures; forcing school districts to reallocate almost \$375 million from other budget areas to satisfy obligations (Baumhardt, 2025; Brooks et al., 2025). The magnitude of the funding deficit is considerable; with estimates from the Oregon Education Association (OEA) projecting a recurring biennial shortfall of over \$700 million (Smith, 2025). While the High-Cost Disability Fund (HCDF), established under ORS 327.348, was originally intended to be Oregon's secondary mechanism for high-cost cases, the program remains underfunded; the \$55 million appropriation and \$30,000 eligibility threshold have not been adjusted for inflation, increasing claim volume, nor the growing number of high-cost students (Kolbe & Dhuey, 2025). Consequently, this reimbursement structure only covers a fraction of districts' eligible expenditures; under 60% in the 2020-21 school year, and roughly 40% currently, with districts expected to subsidize the remainder (Brooks et al., 2025; Kolbe & Dhuey, 2025; Oregon Department of Education, 2025c). By the state's own adequacy metrics, Oregon's K-12 education funding falls below the level required to sustain current service needs; the Quality Education Commission projects a \$2.252 billion adequacy gap for the 2025-2027

biennium (Quality Education Commission, 2024).

This gap in funding has predictably resulted in effects on Oregon's ability to fulfill statutory service obligations. An audit performed by the Secretary of State in 2020 concluded that less than 1% of "high needs" classified students were receiving adequate levels of services and support throughout the 2018-2019 school year; while roughly one-third of early intervention eligible children had received the weekly consultations required under Part C (Manning, 2020; OSOS Audits Division, 2020). Oregon's IDEA obligations are compounded further by its insufficient staffing capacity. The 2018-19 school year saw special education teacher turnover reach over 20%; this is substantially higher than the state's general education turnover rate of 13.7% (OSOS Audits Division, 2020). Legislative reports and subsequent audits indicate that recruitment and retention instability within Oregon's special education system is an ongoing structural constraint rather than a temporary issue, particularly in Oregon's rural school districts (Legislative Policy and Research Office, 2022; OSOS Audits Division, 2020). In an analysis for Oregon's Educator Advancement Council, Penner et al. (2024) documented similar instability in Oregon's broader K-12 workforce; despite these widespread staffing challenges, ODE has stated that staffing initiatives remain controlled locally and are beyond the agency's statutory role (OSOS Audits Division, 2020).

At the same time, Oregon's enforcement capacity and data infrastructure remain constrained. While Oregon's early intervention programs utilize a statewide database for case management, corrective-action verification, and compliance monitoring, the K-12 system lacks any comparable platform; often leaving districts to rely on disconnected vendor systems (Oregon Department of Education, 2025b; OSOS Audits Division, 2020). When the 2020 Secretary of State audit recommended centralization ODE declined to pursue the recommendation, citing

budgetary and administrative constraints during the COVID-19 period (OSOS Audits Division, 2020). The absence of a statewide centralized K–12 special education data infrastructure has severely limited ODE’s capacity to systematically monitor districts compliance with IDEA requirements, including disciplinary patterns, placements decisions, service provisions, and procedural timelines (Legislative Policy and Research Office, 2022; OSOS Audits Division, 2020). The adoption of OAR 581-015-2015 by the State Board in 2022 clarified ODE’s supervisory authority; however, monitoring remains largely reactive in practice.

These systemic shortcomings have ultimately converged in active litigation, with these failures now being contested in federal court proceedings. *J.N. v. Oregon Department of Education* was filed in 2019, with the plaintiffs alleging that the state of Oregon had failed to ensure that full instructional days, that are required under federal law, were being guaranteed to students with disabilities (Bazelon Center for Mental Health Law, 2019). The Oregon Legislature responded in 2023, with Senate Bill 819; creating monitoring requirements and procedural limitations for abbreviated school-day programs (Oregon Department of Education, 2025c). *J.N. v. Oregon Department of Education (ODE)* was initially dismissed; however, the U.S. Court of Appeals for the Ninth Circuit reinstated the litigation in 2025 (Marshall, 2025). More broadly, this litigation highlights a broader structural pattern within Oregon’s administration of special education: compliance deficiencies persist within the policy framework, while ordinary state oversight lacks sufficient corrective capacity, with meaningful intervention emerging from external pressure instead of through routine state monitoring and enforcement structures.

### **Problem Framing and Justification for Intervention**

While the incorporation of IDEA’s framework into Oregon’s state laws has established meaningful statutory protections for students with disabilities, there are underlying structural

weaknesses and limitations that have become increasingly evident. The central issue lies in the persistent underfunding of services that are obligated by IDEA and ORS Chapter 343 and is indicative of broader institutional failures in Oregon's special education finance structure. Although ORS 327.013 is meant to fund educational services, the State School Fund formula is inadequately calibrated for special education and systematically underestimates actual need; while the 11% gap shifts unreimbursed costs onto districts that must use general education funding to subsidize mandatory services. Further, the High-Cost Disability Grant Fund structure is misaligned with the evolving needs in Oregon's special education system, which has shifted the financial responsibility onto districts.

This chronic underfunding has produced significant secondary externalities. As districts divert revenues from general funds to IDEA obligations, the resources available for general education programs are reduced (National Council on Disability, 2018). These structural funding deficiencies have implications beyond local budgets, extending to repeated federal compliance challenges within Oregon's IDEA Part B system. Between 2017 and 2025, Oregon's Part B implementation achieved a "Meets Requirements" determination from the Office of Special Education Programs once in 2022, with the remainder determining that Oregon "Needs Assistance" (Office of Special Education and Rehabilitative Services, n.d.).

The final issue embedded within Oregon's special education framework is structural as much as statutory; special education reflects a broader market-failure problem of information asymmetry and positive externalities. While the school districts and specialized providers hold the necessary expertise required to design services and diagnose disabilities, parents tend to lack equivalent technical knowledge. Simultaneously, the lasting benefits of effective intervention, including reduced public-benefit utilization, lower criminal-legal system involvement, stronger

labor-market outcomes, and improved educational attainment, are distributed broadly rather than privately; meaning the socially optimal level of investment would likely remain inadequate (Karoly et al., 2005; National Council on Disability, 2018). Oregon's policy framework is therefore the appropriate locus of reform; the unresolved issue is whether the current state framework can deliver the services federal law guarantees.

The preceding analysis indicates an underlying policy problem: a substantial number of students with disabilities in Oregon remain underserved relative to the special-education services federal law guarantees them and the current state policies have failed to close the resulting gap.

### **Policy Alternatives**

Although IDEA's legal framework originates from the federal level, the conditions shaping Oregon's implementation gap are substantially state produced. Oregon's special education framework continues to face significant structural limitations: insufficient administrative oversight to monitor and ensure compliance, inadequate workforce capacity for service delivery, and chronic underfunding. The failures identified above can be pursued through policy changes that the Oregon Legislative Assembly possess the authority to implement. First, ORS 327.013 and ORS 327.348 should be amended to align state appropriations with the actual cost of the IDEA obligations and IDEA student enrollment levels to correct the government failure that produced the chronic underfunding. Second, the state should establish a statewide special-education workforce strategy through amendments to ORS Chapter 343, addressing the negative externalities the workforce shortage produces. Third, ORS Chapter 343 and OAR Division 15 should be amended to build centralized data infrastructure and expand ODE's enforcement authority, addressing the regulatory dimension of the same government failure.

*Status Quo* Under the status quo, Oregon's special education framework would remain:

ODE oversight would remain complaint driven; districts would remain responsible for delivering FAPE with restricted funding mechanisms; no K-12 centralized data infrastructure; and the state declining workforce coordination responsibilities. Further use of this framework will result in reproducing the structural problems identified in recent audits and analyses: significant educator shortages, chronic underfunding, and persistent service gaps. Accordingly, the status quo serves as the no-action benchmark that the following alternatives will be evaluated against.

***Reforming the current special education reimbursement programs.*** To address the persistent underfunding for special education, Oregon should revise its special education funding framework. First, eliminating the current weighted 11% cap in its State School Fund and transitioning the single-weight structure currently utilized to a tiered reimbursement structure that reflects the actual differences in disability-related costs. Existing reports and analyses indicate the current cap is no longer consistent with statewide disability prevalence, resulting in around 19,000 students being excluded from weighted funding calculations; a funding gap that districts must backfill through general education Student Success Act revenues to cover obligated IDEA services (Kolbe & Dhuey, 2025; Oregon Department of Education, 2025c). The current weighted system fails to account for substantial cost variation associated with high-cost disabilities; a tiered and regularly recalibrated weighting system would result in a more accurate, transparent, and responsive funding framework that more closely aligns with student enrollment and Oregon's IDEA obligations.

To reduce fiscal volatility around exceptionally high-cost cases, the Legislature should also strengthen the HCDF into a more reliable reimbursement mechanism. While recent appropriations have increased the annual funding to roughly \$50–55 million, this has reimbursed only about 40–58% of eligible costs in recent years (Brooks et al., 2025; Kolbe & Dhuey, 2025;

Oregon Department of Education, 2025c). This reform should establish a clear statewide reimbursement target, require appropriations sufficient to meet that benchmark, and mandate annual reporting on unmet obligations, reimbursement levels, and claims to ODE. Following implementation of tiered weighting structures, the HCDF can be narrowed to its intended role as insurance for genuinely extraordinary low-incidence cases. Collectively, these reforms would produce a more predictable and fiscally aligned special education reimbursement system.

***Building a statewide SPED workforce strategy.*** To target the staffing instability that constrain Oregon districts' ability to provide IDEA-mandated services, this proposal would establish explicit state-level workforce obligations and appropriations within ORS Chapter 343. The current turnover rate for special education teachers in Oregon is 6.7 percentage points higher than the rate for general education teachers; which has left districts to rely on nontraditional and emergency licensure to maintain necessary special education staffing capacity (Legislative Policy and Research Office, 2022; ODE Quality Education Commission, 2022). Historically, ODE has resisted leading a centralized workforce strategy, citing limitations on its statutory authority and local-control concerns; this alternative would statutorily redefine workforce obligations as a state-level responsibility, through statutory amendments under ORS Chapter 343 (OSOS Audits Division, 2020).

The alternative consists of four integrated workforce components: (1) loan-forgiveness program for special education teachers completing a designated service commitment; (2) state-supported salary differentials for positions in special education; (3) induction and mentoring programs to support new educators in special education; (4) enforceable statutory caseload limits. These interventions are designed to target the systemic pressures contributing to educator attrition in special education roles: salary disparities, unsustainable workload

expectations, and inadequate professional support (ODE Quality Education Commission, 2022; OSOS Audits Division, 2020; Penner et al., 2024).

*Strengthening statewide compliance and monitoring systems.* Oregon currently lacks a statewide centralized IEP monitoring and case management infrastructure, which has resulted in the state's oversight of IDEA largely reactive, utilizing a complaint-based model. By establishing a centralized K–12 IEP and special education case management system, modeled after ecWeb database used for Oregon's early intervention and early childhood special education programs, Oregon's IDEA enforcement structure would shift towards a more proactive and data-driven model. In their 2020 audit, the Secretary of State recommended ODE on the development of such a system; at the time, ODE declined based on competing priorities and current fiscal constraints (OSOS Audits Division, 2020). Modeled on ecWeb, the statewide K–12 system would allow evaluations, procedural timelines, service provision, placement and least restrictive environment decisions, and disciplinary patterns to be centrally monitored and provide Oregon with infrastructure necessary to improve compliance monitoring and federal reporting capacity (Oregon Department of Education, 2025a).

### **Criteria for Assessing Results**

The evaluative framework centers on three interconnected dimensions, consistent with Bardach's (2012) framework, designed to collectively reflect the primary barriers to special education reform in Oregon: administrative feasibility, political sustainability, and fiscal effectiveness.

Technical and administrative feasibility, as the first criterion, considers the extent to which ODE and local school districts can operationalize each policy alternative. The alternatives are rated from highly feasible to low feasibility, aligned with the practicality of implementation

based on current institutional and operational infrastructure. Policy alternatives that rank low within feasibility would require substantial new capacity; a medium feasibility rating reflects if implementation requires moderate administrative development; high-feasibility alternatives could occur within existing ODE and district structures.

The second criterion assesses the political sustainability and institutional compatibility of each policy alternative by examining which policy alternatives align with the preferences, incentives, and institutional norms of major stakeholders, such as ODE, advocacy organizations, school districts, and educator organizations. Ratings range from high to low: high indicating broad and durable support being likely; medium where stakeholder alignment is contested or divided; low if organized opposition would likely constrain adoption or long-term sustainability.

The final criterion evaluates the degree in which additional expenditures are proportionate to the expected policy impact on reducing the identified deficiencies in Oregon's capacity to meet IDEA Part B requirements, including delivery of FAPE, least restrictive environment placement, timely identification and evaluation, and student outcomes. The policy alternatives that rank highly if projected expenditures generate substantial service improvements; medium if costs and expected gains are proportionate; low when expected benefits are limited with required funding levels.

## **Outcomes**

The matrix below qualitatively scores each policy alternative and the status quo across the evaluative dimensions, with the outcomes consolidated into a weighted comparative assessment at the end of the section.

Technical and administrative feasibility is the first criteria; both status quo and reforming the current special education reimbursement programs receive high feasibility ratings, as they

both can operate largely within Oregon’s existing administrative structures. No new implementation capacity is required for the status quo, while the funding reforms modify existing state-administered distribution mechanisms that can be modified at the state-level (Kolbe & Dhuey, 2025). Building a statewide SPED workforce strategy receives a medium feasibility rating, given its implementation would require additional development of a workforce-support infrastructure; however, comparable models already exist within Oregon workforce policy and could be adaptable (ODE Quality Education Commission, 2022; U.S. Commission on Civil Rights, 2025). Strengthening statewide compliance and monitoring systems receives a low feasibility ranking; implementation requires substantial institutional capacity to establish a centralized statewide IEP system (OSOS Audits Division, 2020).

With respect to political and institutional values, the status quo receives a medium rating. While institutional support remains, active litigation, repeated federal “Needs Assistance” determinations, and publicly documented funding deficits have reduced the political sustainability of maintaining current policy arrangements (ODE Quality Education Commission, 2024; Oregon Department of Education, 2025a). Reforming the current special education reimbursement programs rates high due to bipartisan sponsorship and broad stakeholder support (Baumhardt, 2025; Smith, 2025). Building a statewide SPED workforce strategy receives a medium rating, workforce stabilization measures are likely to garner support from educator and advocacy organizations but may encounter district resistance to having limited discretion over caseload standards and staffing decisions. Finally, strengthening statewide compliance and monitoring systems faces the greatest institutional resistance as such, it is rated low; given anticipated resistance from ODE as well as districts due expanded reporting requirements and implementation burdens (Manning, 2020; OSOS Audits Division, 2020).

For efficiency, the status quo is evaluated as low, considering the current expenditures associated with noncompliance, and litigation, including *J.N. v. Oregon Department of Education*, have produced minimal measurable improvements in Oregon’s service-delivery gap (Manning, 2020; Oregon Department of Education, 2025a; OSOS Audits Division, 2020). Alternatively, reforming the current special education reimbursement programs receives a high rating, although associated with a substantial fiscal cost, this reform largely reallocates expenses districts already subsidize locally, and it directly addresses the primary funding-related shortages in documented implementation failures. Building a statewide SPED workforce strategy, with respect to efficiency, receives a medium rating. While Oregon-specific longitudinal evidence suggests that special education teachers are more responsive to compensation increases, and likely to generate meaningful improvements in workforce retention, workforce support will involve continuing expenditures (Penner et al., 2024). Since strengthening statewide compliance and monitoring systems requires immediate staffing and infrastructure investments, measurable benefits would emerge more slowly than other policy alternatives; which support a medium efficiency ranking.

From the evaluation matrix, two broader patterns emerge: First, none of the policy alternatives are rated high across every criterion; each alternative faces tradeoff. Second, the alternatives address different mechanisms of Oregon’s IDEA implementation gap, meaning the alternatives may function more effectively as complementary reforms rather than direct substitutes. These findings will be examined further in the Trade-Offs and Recommendation sections.

In order to operationalize the qualitative assessments, each criterion was weighted to reflect its centrality to the Legislative Assembly's House Committee on Education. The

following weighting structure was assigned to each criterion:

- Efficiency = 7
- Political Sustainability and Institutional Compatibility = 5
- Technical and Administrative Feasibility = 2

Since reducing Oregon's IDEA service-delivery gap is a central policy objective, efficiency is given the heaviest weight. Political sustainability and institutional compatibility are assigned the next-highest weight, considering institutional and legislative support is necessary for enactment. The lowest weight is assigned to technical and administrative feasibility; each policy alternative remains achievable in principle despite the differing implementation burdens. High scoring policy alternatives receive scores of 10; medium 5; and low 1.

Alternative 1: Reforming the current special education reimbursement programs, is identified as the strongest standalone reform. It is therefore recommended as the first phase of a multi-stage reform strategy.

### **Trade-Offs**

Through the evaluation process, Alternative 1: Reforming the current special education reimbursement programs emerged as the preferred alternative given its ability to address the largest structural constraint in Oregon's special education implementation. However, the analysis results also reveal the trade-offs and limitations that accompany each policy choice. Each alternative policy recommendation targets different aspects of Oregon's implementation challenges, therefore generating distinct benefits and trade-offs. The following section evaluates

the extent to which funding reform is positioned to address Oregon's implementation challenges and any constraints that would remain unresolved without further reforms.

The principal trade-off for reforming the SPED reimbursement programs is the large fiscal burden that will result from implementation. This alternative requires higher state spending, but it directly targets the major challenge underlying Oregon's IDEA obligations. Expanding the High-Cost Disability Grant Fund, eliminating the 11% cap in the State School Fund, and transitioning to a tiered reimbursement structure with differential disability weights would require new biennial appropriations. Despite its significant fiscal commitments, this reform directly addresses the underlying resource deficit, resulting in tangible improvements for service delivery than reforms focused on longer-term institutional change. While the alternative addresses the major fiscal constraints, it does not resolve the other institutional challenges that contribute to Oregon's special education implementation.

Reforming the SPED reimbursement programs leaves two important implementation constraints intact: workforce and oversight challenges. Workforce shortages would remain, as would the absence of a statewide centralized IEP monitoring and case management infrastructure; without corresponding reforms, the benefits of additional funding may be only partially realized. The first improves the state's ability to deliver services while the second determines whether failures are identified and corrected. Alternative 1 presents the most direct path to improving district capacity, though more expensive; Alternatives 2 and 3 target oversight and workforce deficiencies that persist even with increased funding but require gradual institutional change. With alternatives 2 and 2, neither reform can compensate for an underfunded service-delivery system; districts cannot provide services they have not been given the funding necessary to deliver.

These trade-offs resolve in favor of Alternative 1; its advantages outweigh its limitations under the evaluation criteria and weights adopted here. Alternative rankings remain plausible if greater emphasis was placed on long-term institutional change, oversight capacity, or workforce development.

## **Recommendation**

This memorandum concludes that of the alternatives evaluated the strongest course of action is reforming the current special education reimbursement programs; by eliminating the 11% funding cap, implementing differential disability weights, and expanding the High-Cost Disability Grant Fund enacted through amendments to ORS 327.348, and ORS 327.013 is therefore recommended for advancement by the House Committee on Education for the 2027-2029 biennium.

The recommendation of Alternative 1 reflects both analytical and practical considerations. Substantively, reimbursement reforms directly target the fundamental constraint that undermines Oregon's IDEA obligations, rather than the resulting deficiencies. Although the reform carries a substantial cost, it does not create a new obligation; it shifts the cost of fulfilling existing statutory obligation from local district budgets to the State School Fund, the funding mechanism the legislature originally designated for that responsibility. The political environment is unusually favorable: HB 2953 saw an uncommon degree of stakeholder convergence among bipartisan lawmakers, key actors across Oregon's education system, parent and disability advocacy groups, and aligned with the Oregon Department of Education's priorities concerning special-education funding (Baumhardt, 2024; Pate, 2025; Smith, 2025).

The strongest argument against Alternative 1 is fiscal, but evidence suggests the costs are already being borne by Oregon's education system. During the 2022–23 school year, districts incurred more than \$1 billion in SPED expenditures; despite only receiving approximately \$696 million in dedicated special education funding (Baumhardt, 2025; Brooks et al., 2025). The state's funding model creates a persistent shortfall with limiting special education weighting to 11% of districts enrollment; forcing districts to absorb the difference through general education to close the gap (Brooks et al., 2025; Kolbe & Dhuey, 2025; Oregon Department of Education, 2025c). Refusing to fund these costs at the state level does not eliminate them; instead, they remain embedded in district budgets, federal compliance failures, and continuing legal exposure (Marshall, 2025; OSOS Audits Division, 2020).

The remaining concern is whether Alternative 1 is sufficient on its own. While funding reforms alone cannot fully resolve Oregon's service delivery gap, it is the necessary precondition for the success of future reforms. Adequately funded school districts possess the institutional capacity to recruit and retain qualified personnel, improve information systems, and satisfy compliance requirements. For this reason, workforce reform should remain a future priority; additional oversight should be evaluated once districts have alleviated the resource limitations that contribute to noncompliance.

## **Conclusion**

This report examines the challenges in Oregon's implementation of the Individuals with Disabilities Education Act, which can be traced to three structural deficiencies: chronic underfunding, workforce instability, and inadequate oversight capacity. The challenges are the product of decades of incremental institutional development, in which obligations accumulated

faster than the resources needed to fulfill them; evidence has been documented across oversight forums, including a Secretary of State audit, repeated federal *Needs Assistance* determinations, and the active *J.N. v. Oregon Department of Education* litigation (Marshall, 2025; Oregon Department of Education, 2025a; OSOS Audits Division, 2020).

The comparative analysis reflects prioritization rather than exclusivity: the primary driver is identifiable, and the political conditions for reform are unusually strong. Alternative 1, reforming the current special education reimbursement programs, was identified as the highest-ranked option, by a considerable margin, across the criteria of feasibility, political and institutional values, and efficiency. The subsequent trade-offs analysis demonstrated that Alternative 1 possesses superior capacity to reduce Oregon's IDEA implementation gap relative to its cost. For that reason, this report therefore recommends that the House Committee on Education advance Alternative 1: Reforming the current special education reimbursement programs, as its principal special education initiative for the 2027-2029 biennium.

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