

Senate Bill 868 Report

Approach to Estimate the Costs of Serving Children with Low-Incidence Disabilities

August 2026



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Executive Summary

Senate Bill 868, passed in 2025, directs the Oregon Department of Education (ODE) to establish a standardized, transparent approach to estimating the operational and administrative costs associated with serving children with low-incidence disabilities. The bill does not appropriate funds or mandate programmatic changes; rather, it establishes a consistent reporting framework to support legislative oversight, long-term planning, and future funding deliberations.

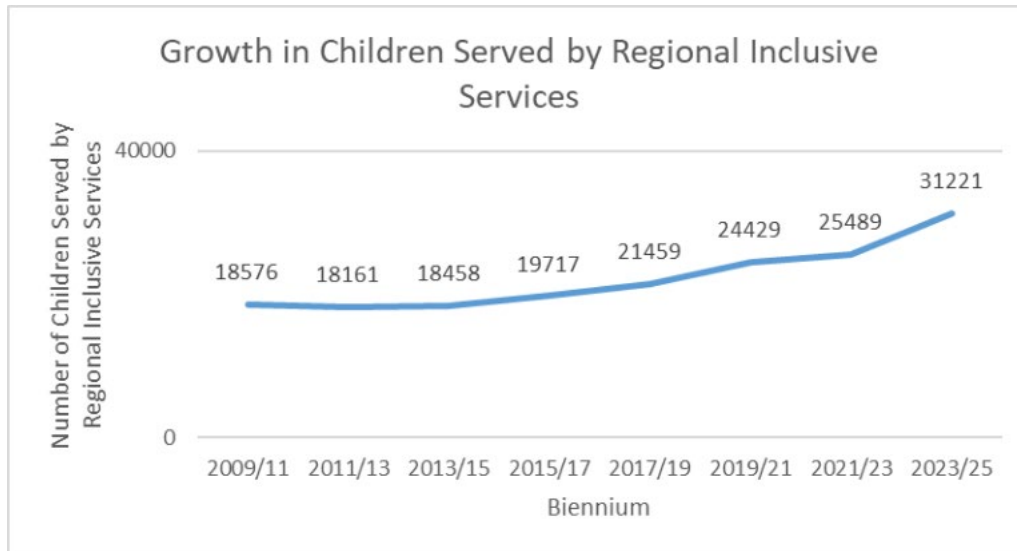
In response, a multidisciplinary Regional Inclusive Services Funding Taskforce developed a Statement of Need Funding Model to estimate the resources required to sustain Regional Inclusive Services (RIS). The model uses a per-child cost methodology, combined with child enrollment and inflation factors, to produce consistent, scalable estimates of funding needs across biennia.

This report documents the population served through RIS, describes trends in service capacity and demand, and identifies structural factors that influence the cost and delivery of services. It also describes the current funding structure and its limitations, including variability across funding sources, reliance on service level assumptions, and constraints in capturing the full scope of service demand.

As context for this analysis, Figure 1 illustrates that the number of children eligible for RIS has increased steadily over time, reflecting sustained growth in demand for specialized supports across the state.

Figure 1

Growth in children served by Regional Inclusive Services



Note. Based on Special Education Child Count (SECC) data through the 2023-25 biennium.

The Funding Taskforce methodology establishes a baseline per-child cost derived from the 2009-11 biennium and adjusts that cost forward over time using an agency inflation rate. This cost is then applied to historical and projected child counts to estimate total funding needs. This approach provides a reset of the RIS funding foundation. It projects estimated funding required, assuming a consistent investment that keeps pace with cost growth and increases in the number of children served.

Using this model, the estimated funding required to sustain RIS in the 2027-29 biennium is approximately \$194.3 million, reflecting both rising service costs and continued growth in the number of children eligible for services.

Key purposes of this report include:

- Establishing a standardized funding model to support consistent estimation of RIS funding needs
- Documenting the scale and characteristics of the population served through RIS
- Describing trends in service capacity and demand across low-incidence disability categories

- Identifying structural limitations in the current funding approach that affect transparency, stability, and alignment with need
- Providing a data-informed foundation to support future legislative and policy discussions related to funding adequacy and sustainability

Introduction

[Senate Bill 868](#), introduced on January 13, 2025, at the request of Governor Tina Kotek and the Oregon Department of Education (ODE), directs ODE to develop a standardized method for calculating the operational and administrative costs associated with special education services for children with low-incidence disabilities. The legislature’s intent is to improve transparency, consistency, and comparability in cost reporting, thereby supporting more informed policy decisions and promoting equitable access to services across Oregon.

Low-incidence, high-impact disabilities affect a relatively small proportion of children eligible for special education but require specialized expertise, individualized supports, and, in many cases, regionally coordinated service delivery. For nearly four decades, Oregon has operated a regionalized service model, currently known as Regional Inclusive Services (RIS), designed to mitigate geographic inequities and ensure access to specialized personnel and resources regardless of district size or location.

The original design of the regional model sought to minimize disparities across geographic regions, disability categories, age groups, eligibility criteria, service delivery patterns, and funding and administrative structures. Over time, however, the expansion of child eligibility, combined with sustained underinvestment in RIS, has resulted in diminished service capacity across all low-incidence disability categories. SB 868 responds to these challenges by establishing a foundation for clearer cost attribution and more informed, long-term funding deliberations.

Legislative and Policy Background

SB 868 builds on earlier legislative direction focused on improving transparency, equity, and sustainability in funding for special education services, particularly those serving children with low-incidence disabilities. Most notably, [Senate Bill 53](#) (YEAR) required ODE to study and report on factors affecting the delivery and funding of these services, including the adequacy and consistency of existing funding structures.

The SB 53 report (2022) identified significant variation in service availability, cost tracking practices, and fiscal capacity across regions, particularly within Oregon's RIS system. The report emphasized the absence of a standardized method for estimating the true operational and administrative costs associated with low-incidence disability services, noting that this gap limited the legislature's ability to evaluate funding adequacy and equity.

Among its recommendations, the report called for improved cost transparency, standardized reporting methods, and further examination of funding models for regionalized services. These findings and recommendations directly informed the decision to convene a targeted funding taskforce to examine cost drivers and develop a standardized funding model, leading to the introduction of Senate Bill 868.

Following SB 53, SB 868 further builds on prior legislative efforts to strengthen Oregon's special education funding and accountability structures, including earlier legislation that highlighted the challenges associated with funding high cost, low-incidence services. These efforts culminated in the convening of a multidisciplinary taskforce charged with examining existing funding methodologies and recommending improvements aligned with legislative intent.

The SB 868 Funding Taskforce convened three times to review the current service level funding model, analyze cost drivers, and evaluate potential approaches to standardized cost reporting. The Funding Taskforce included representation from ODE leadership, RIS program managers, district superintendents, fiscal and budget staff, and external consultants with expertise in special education finance. The final recommendation, completed in March 2024, informed the Statement of Need Funding Model described in this report.

SB 868 Bill Provisions

Mandates for the Oregon Department of Education

SB 868 directs ODE to develop and maintain a standardized formula for estimating the operational and administrative costs of special education programs serving children with low-incidence disabilities. The formula is intended for reporting and planning purposes and does not, by itself, appropriate funds or alter existing funding distributions.

Reporting Requirements

ODE is required to submit a biennial report to the Governor and the Legislative Assembly outlining estimated funding needs, methodology updates, and relevant data analyses. The first

report is due September 1, 2026, with subsequent reports submitted every two years thereafter.

Children Served through Regional Inclusive Services

For purposes of this report, the term “child” or “children” is used to describe individuals served through RIS, encompassing infants, toddlers, school age children, and young adults from birth through age 21. This usage aligns with federal Individuals with Disabilities Education Act (IDEA) terminology, including Section 618 data collections (e.g., the December Special Education Child Count), which refer to all individuals receiving special education services as “children.” This terminology is used for consistency, while recognizing the full age range of individuals served across RIS programs.

For purposes of this report, the term “low-incidence disabilities” refers to disability categories that occur relatively infrequently within individual districts but typically require specialized instructional strategies, adaptive technology, clinical or sensory supports, and educators with advanced training. Because these services cannot be efficiently staffed or delivered within every district, Oregon has historically relied on a regionalized model to ensure statewide access and equitable service availability.

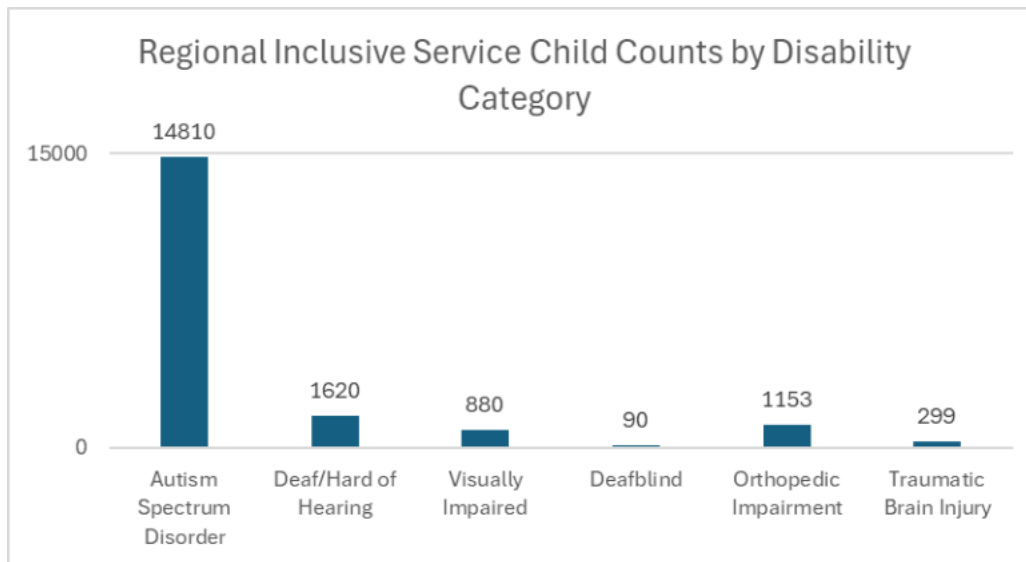
Low-incidence disabilities often involve higher per-child costs, driven by factors such as itinerant service delivery, specialized equipment, smaller service populations spread across large geographic areas, and the need for coordination with medical, rehabilitative, and community partners. As a result, child counts alone do not fully capture system complexity or cost pressures; the organization and delivery of services are key drivers of resource needs within RIS.

Number of Children in the Program by Disability Category

In 2025-26, RIS provided support for 17,959 children, including children with primary or secondary eligibilities in the low-incidence disability categories (see Figure 2).

Figure 2

Counts of Children by Low-Incidence Disability Category Served by Regional Inclusive Services



Note: Based on 2025 Special Education Child Count data. Counts are by primary or secondary disability, so a child may be counted in more than one disability category.

Although the number of children identified with autism spectrum disorder exceeds what is commonly perceived as “low incidence,” autism spectrum disorder is defined under IDEA as a disability category requiring specialized instruction and is recognized within RIS as an eligible low-incidence disability. The autism spectrum disorder category encompasses a wide spectrum of strengths and needs. While many children with autism spectrum disorder can access education with limited additional supports, others require intensive, highly specialized services, including individualized behavioral supports, specialized instructional approaches, assistive technology, and coordinated services across educational and clinical providers.

While many children served through RIS have multiple low-incidence disability eligibilities, the current RIS funding approach recognizes only a single eligibility, with funding allocated based on the first low-incidence disability identified in the Special Education Child Count. As a result, children with co-occurring needs are counted only once, even when they require and receive services across multiple disability areas.

For example, a child identified with both traumatic brain injury and blindness/visual impairment may receive coordinated support from providers across both specialties; however, that child is reflected in funding calculations under only one category. While RIS delivers services that address the full range of identified needs, this approach obscures the scope and complexity of

service delivery and contributes to an underrepresentation of the intensity and breadth of supports required across the RIS program.

Trends in Service Capacity and Demand

Over time, the expansion of child eligibility, combined with sustained underinvestment in RIS, has resulted in diminished service capacity across all low-incidence disability categories. Since the 2007-09 biennium, funding reductions have weakened Oregon's ability to maintain what was once a comprehensive statewide model of specialized support. RIS staff report that increasing demand, paired with constrained resources, has led to measurable declines in service intensity, workforce capacity, and timely access to supports for children and families.

At a systems level, insufficient and constrained funding has contributed to steadily increasing caseloads, while the number of specialized staff has declined or remained insufficient to meet demand. Persistent vacancies in hard-to-fill roles, such as teachers of the deaf/hard of hearing and teachers of the visually impaired, combined with staff attrition, have contributed to escalating caseloads and reduced service frequency. As a result, service delivery has shifted over time from proactive, capacity-building approaches toward more limited, reactive models of support.

These system-wide pressures are reflected differently across disability categories but consistently point to reduced access and intensity of services. For children who are deaf or hard of hearing, higher caseloads have limited opportunities for direct instruction, particularly in critical areas such as language and literacy development. In autism spectrum disorder services, large caseloads have increasingly constrained providers to consultation roles, reducing direct child support and participation in evaluation processes. For children who are blind or visually impaired, staffing capacity has affected frequency of services and contributed to delays in the provision of Braille materials, assistive technology, and orientation and mobility supports. In orthopedic impairment services, supports have narrowed in scope, with greater emphasis on equipment provision and more limited availability of consultation for assistive technology and communication supports.

Across all areas, these trends reflect a broader pattern: demand for specialized services continues to grow, while available capacity has not kept pace. The result is reduced timeliness of services, diminished access to specialized instruction and materials, and fewer opportunities for early intervention and prevention. Collectively, these shifts represent a system that has become increasingly constrained in scope, consistency, and responsiveness over time.

Current Funding Structure and Limitations

RIS programs are supported through a combination of state and federal funding sources, within a structure that has evolved over time, but that does not fully reflect current service demand or cost. While this approach has enabled regional delivery of specialized services, it also introduces complexity, variability, and limitations that affect transparency, stability, and alignment with children's needs.

State Funding Approach

At the state level, ODE uses a Current Service Level (CSL) approach to estimate RIS funding needs for the legislature. CSL is the standard budget development method used in Oregon to project the cost of continuing existing programs at their current level of service into the next biennium.

Under this approach, funding estimates are built by taking the current base budget and applying adjustments for inflation and caseload or enrollment changes. The intent of CSL is to reflect the resources needed to maintain services at their present level, rather than to expand or redesign programs.

Within RIS, the CSL approach approximates the funding required to sustain existing service delivery models. However, because it is anchored in current (and historically constrained) service levels, CSL does not fully account for unmet need, changes in service intensity, or shifts in how services are delivered over time. If service levels have already been reduced due to prior funding limitations, the CSL methodology effectively carries forward those reduced levels.

Federal Individuals with Disabilities Education Act Funding Through Districts

In addition to state funding, RIS is supported through federal IDEA Part B funding, including Section 611 and Section 619 funds. These funds are calculated using the state's IDEA allocation tool based on district-level data.

Districts can elect to have a portion of their IDEA Part B funds designated for RIS. When this election is made by districts, the IDEA funds designated for RIS are retained at the state level and then earmarked for the RIS service region that serves the district that generated the allocation. These funds are subsequently rolled into the appropriate RIS service region to support the delivery of regional services, thereby meeting IDEA Part B requirements.

This structure creates a hybrid funding model in which RIS is supported by state funding and by federally sourced IDEA funds that are generated at the district level, but that may be partially redirected to regional programs through district elections. While this model enables shared investment in regional infrastructure, it also introduces variability based on district participation decisions and creates dependencies that can affect the overall stability and predictability of RIS funding.

District Opt-Out Provision and Funding Stability

Under the current model, school districts can opt out of participating in RIS and instead provide all required services for children with low-incidence disabilities independently. Although this option is not widely exercised, it remains a structural feature of the system with important implications.

Because RIS funding is tied, in part, to district participation and the flow of IDEA funds, an opt-out decision by a district can reduce the funding base for the regional program serving that area. In addition, districts may reconsider their funding elections for each federal award year, creating the potential for shifts in the amount of IDEA funding directed to RIS from year to year. This can create instability in staffing, service delivery, and long-term planning, particularly in smaller regions where the participation of individual districts represents a significant portion of overall funding.

As funding pressures on local education agencies increase, districts may also be more likely to retain IDEA funds to support local service delivery rather than direct those funds to RIS. While district participation remains strong statewide, the potential for annual changes in funding elections contributes to uncertainty within the current funding structure. As a result, RIS programs must operate within a funding model that is sensitive to changes in district participation and funding elections.

Limitations in Child Counting and Service Capture

The current approach to funding and reporting relies on child counts derived from district reporting systems, including the Special Education Child Count. These data are used to identify children eligible for RIS and inform funding calculations. However, this approach has notable limitations.

First, child counts are based on a single primary disability eligibility. Children with multiple low-incidence disabilities are counted only once, even when they require services across multiple specialized areas, resulting in an underrepresentation of total service need.

Second, the Special Education Child Count reporting primarily reflects children who are directly served or receive targeted consultation through RIS. Districts are responsible for identifying these children, and these reported counts are used to inform federal funding allocations. However, this approach does not fully capture the broader reach of RIS.

In practice, RIS also provides technical assistance and training that support educators, specialists, and systems across districts. As a result, some children who benefit indirectly from RIS are not reflected in Special Education Child Count reporting. For example, in the 2025-26 school year, 18.4% of children with a primary or secondary eligibility of autism spectrum disorder were not counted as receiving RIS. Across the low-incidence disability categories, the share of children not counted as served by RIS ranges from 4.1% to 32.4%.

As a result, reported counts may underrepresent the full scope and impact of RIS, including the total number of children benefiting from services and the associated resource requirements.

Summary of Structural Limitations

Taken together, the current funding structure presents several systemic limitations:

- Reliance on a service level model that does not fully reflect funding needs or evolving service demands
- A blended state and federally sourced IDEA funding model administered through districts, introducing variability and dependence on district-level decisions
- Structural funding instability linked to district participation and opt-out provisions
- Child counting methods that underrepresent both the complexity of need and the full scope of RIS delivery

These limitations directly informed the Funding Taskforce's development of a more transparent methodology for estimating RIS funding needs.

Statement of Need

The Statement of Need methodology developed under the Funding Taskforce is intended to provide a clear, consistent, and transparent approach to estimating funding needs for RIS. Rather than relying on a complex set of inputs, the approach is intentionally straightforward: it establishes a baseline per-child cost and projects that cost forward over time using changes in child enrollment and an agency fiscal inflation rate. At its core, the methodology represents a reset of the RIS funding foundation. By recalculating what the original level of investment

would equate to today (had funding kept pace with cost inflation and child growth) it provides a more accurate starting point for aligning resources with current service demands and creates a stable framework for projecting funding needs in future biennia.

Definitions of Funding Inputs

The funding inputs referenced in this methodology are defined as follows:

- **Federal IDEA District-Allocated Funds:** Federal special education funds allocated to districts and programs based on eligible children identified through the December Special Education Child Count. The IDEA formula, required by IDEA regulations (CFR §300.705 and 300.815–816), consists of a base payment amount and amounts that are determined by student population and poverty measures for each local education agency. The formula is applied separately to IDEA section 611 and section 619 subgrants. The IDEA formula is not adjustable through the RIS distribution formula.
- **General Funds:** State-appropriated funds provided by the legislature to support RIS operations and statewide service delivery. These funds may be adjusted through the funding formula.
- **IDEA Part B Set-Aside Funds:** Specific portions of Part B 611 and Part B 619 grants that state education agencies reserve before distributing funds to districts and programs. These reserves are capped by statutory formulas and are used to finance state-level administration, monitoring, and statewide activities to support special education.

Assumptions and Context

The RIS Statement of Need methodology was developed using a shared set of policy and fiscal assumptions intended to clarify the scope and purpose of the analysis:

- **Funding source and sustainability:** The methodology assumes ongoing, sustainable program funding supported primarily through the State General Fund. Funding is assumed to grow biennium over biennium in response to changes in child counts and inflationary pressures.
- **Child count basis:** All per-child calculations are based on the December 1 unweighted Special Education Child Count, consistent with existing state and federal special education reporting practices.

- Elimination of IDEA set-aside for program operations: The methodology assumes that the IDEA state set-aside funds will no longer be used to support the ongoing operations of RIS, including audiology and traumatic brain injury liaison services.
- Federal funding treatment: Federal IDEA funds are assumed to be distributed according to federal formula requirements.

Since 2009, RIS has not received sufficient General Fund support to fully meet program needs. As a result, IDEA state set-aside funds have been used to backfill program costs, typically ranging between \$6 million and \$9 million per biennium. Despite this backfilling, the program has continued to struggle to maintain service levels statewide.

In most biennia, ODE submits a Policy Option Package seeking to increase General Fund support for RIS. These requests have not been funded, contributing to ongoing structural funding challenges and continued reliance on federal set-aside funds.

The state's long-term policy intent is to remove IDEA set-aside dollars from regular RIS funding and to refocus those funds on State Performance Plan/Annual Performance Report priorities, consistent with federal requirements.

Statement of Need-Methodology Overview

The Funding Taskforce developed a methodology to estimate the funding required to sustain RIS at a level that reflects both current costs and child demand. The approach is intentionally simple and transparent, rooted in two primary factors: per-child cost growth over time and changes in the number of children served.

The calculation begins with the established per-child funding level from the 2009-11 biennium. This baseline represents the most recent point at which RIS funding was aligned with program design and service expectations. From this starting point, the Funding Taskforce applied a consistent annual agency fiscal inflation rate of 4.2% to estimate how the cost of providing those same services would have increased over time. This rate reflects the agency's inflation assumption in use at the time the Funding Taskforce developed projections for the 2025-27 biennium. This inflation factor is applied consistently from the 2009-11 biennium through the 2025-27 biennium to produce an updated per-child cost that reflects current conditions. For future biennia, this methodology is designed to apply the most current agency inflation rate available at the time of calculation.

This inflation-adjusted per-child cost is then paired with child count estimates to identify the total funding need. Historical child counts are used for completed biennia. Actual enrollment

data are used for more recent and current years, and projected counts are used where necessary for the future year of the current biennium. For forward projections, an average annual growth rate is applied to estimate increases in the number of children served.

By combining an inflation-adjusted per-child cost with a child population that reflects both historical and projected growth, the methodology produces an estimate of the total funding required to deliver RIS services in each biennium.

At its core, this approach represents a recalculation of what RIS funding would be today if the original investment level had been consistently adjusted over time to reflect both rising costs and increasing child demand. In doing so, it establishes a more accurate and transparent foundation for understanding current funding needs and projecting future requirements.

Table 1 illustrates the application of the Funding Taskforce’s methodology, showing how inflation-adjusted per-child costs and changes in child counts together produce estimated funding levels across biennia.

Table 1

Regional Inclusive Services Statement of Need Funding Calculation by Biennium

Biennium	Cost per Child	Inflation Rate	SECC	Total Funding
2009–11	\$3,341	—	18,576	\$62,062,416
2011–13	\$3,481	4.2%	18,161	\$63,224,289
2013–15	\$3,628	4.2%	18,458	\$66,957,088
2015–17	\$3,780	4.2%	19,717	\$74,528,172
2017–19	\$3,939	4.2%	21,459	\$84,519,483
2019–21	\$4,104	4.2%	24,429	\$100,258,398
2021–23	\$4,276	4.2%	25,489	\$109,002,281
2023–25	\$4,456	4.2%	31,221	\$139,122,482
2025–27	\$4,643	4.2%	36,686	\$170,339,772
2027–29	\$4,871	4.9%	39,890	\$194,291,486

Note. Funding is calculated per biennium based on the Statement of Need funding model, illustrating the combined effects of inflation-adjusted per-child cost and changes in Special Education Child Count on total estimated funding requirements for RIS.

- The per-child cost increases across each biennium using a 4.2% agency inflation rate through 2025-27.
- The 2027-29 biennium reflects an updated inflation projection of 4.9%.
- Child counts shift from actual counts to projected counts beginning in 2025-27 and continuing into 2027-29. Projections apply a 4.4% average growth assumption.
- Total funding is calculated as: Cost per Child × Special Education Child Count

Estimated Funding Requirement for the 2027-29 Biennium

Based on the methodology established by the Funding Taskforce, the estimated funding required to sustain RIS in the 2027-29 biennium is approximately \$194.3 million. This estimate reflects the application of an updated per-child cost, adjusted for inflation, to a projected child population. Specifically, the per-child cost is projected to reach approximately \$4,871, incorporating annual cost growth carried forward from prior biennia. This cost is applied to an estimated 39,890 children, reflecting continued increases in the number of children eligible for RIS services.

This estimate represents the funding level necessary to maintain service delivery consistent with current expectations, adjusted for both rising costs and increasing child demand. It also reflects the continuation of the Funding Taskforce’s methodology, which updates the historical funding baseline to account for inflation and enrollment growth over time, thereby providing a more accurate representation of the resources required to sustain the RIS system at scale.

Conclusion

SB 868 establishes an important step toward improving the transparency, consistency, and long-term sustainability of funding for services supporting children with low-incidence disabilities. This report reflects the work of the Funding Taskforce to develop a standardized and data-informed approach to estimating the costs associated with RIS, building on prior legislative direction and addressing identified gaps in existing funding methods.

The analysis highlights both the increasing complexity of service delivery and the structural limitations within the CSL funding model, including variability in funding sources, constraints in cost estimation methods, and challenges in fully capturing service demand. At the same time, it

underscores the continued value of Oregon's regionalized model in ensuring access to specialized supports across diverse geographic and community contexts.

The methodology developed under SB 868 provides a practical and scalable framework for improving how funding needs are estimated and understood. By offering a consistent approach grounded in child data and cost factors, it supports more informed policy and budget discussions while maintaining flexibility for refinement over time.

Ultimately, this report is designed to strengthen the foundation for decision-making by improving visibility into the factors that drive RIS costs. Continued attention to these dynamics will be critical to ensuring that Oregon's system remains responsive, equitable, and capable of meeting the needs of children with low-incidence disabilities now and into the future.