

March 22, 2021

Chair Dembrow and Members of the Committee,

My name is Kevin Strong. I am the business manager for the Sweet Home School District and I am testifying in support of Senate Bill 624-1 which addresses a quirk within the State School Fund calculation.

The State School Fund currently provides additional revenue to charter schools located in declining enrollment districts even if the charter school's enrollment is stable or growing. Here is an example:

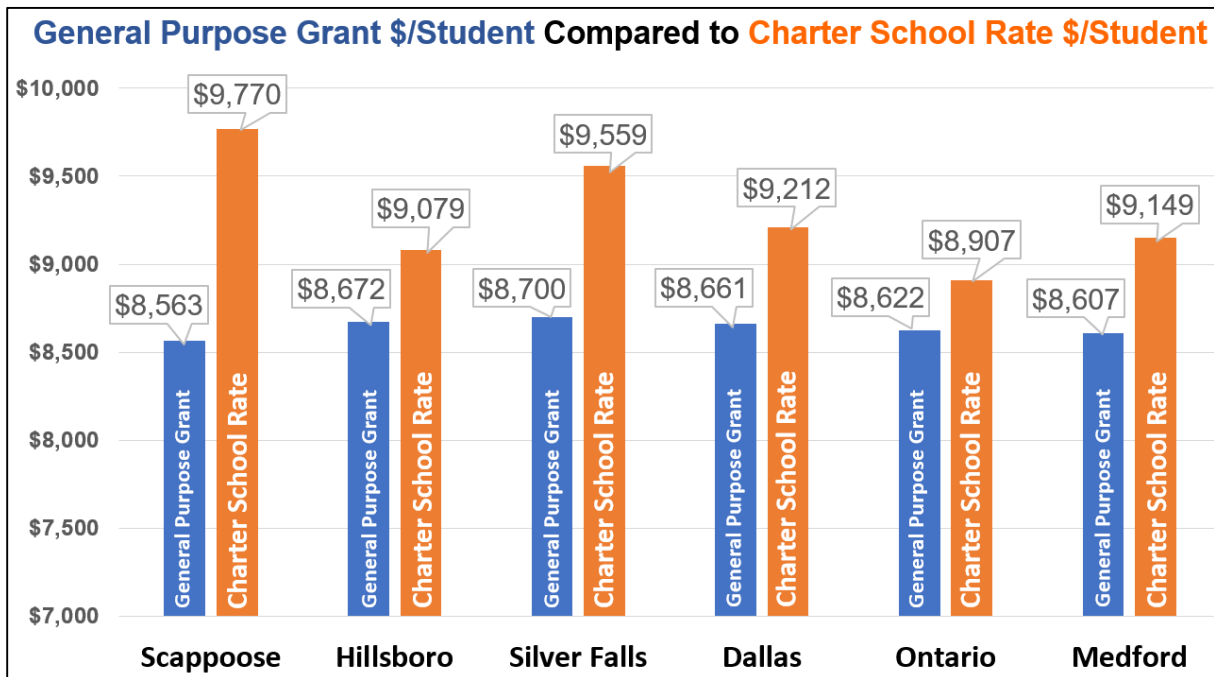
Suppose a district has a charter school that grows by 50 students from year one to year two while enrollment at district operated schools decreases by 200 students from year one to year two.

Since the district's overall enrollment declined by 150 students, the State will pay the district in year two as if these 150 students are still enrolled. By doing so, the district is given more time to make spending cuts.

However, there is currently a twist within the funding formula.

The Charter School Rate is calculated by dividing a district's General Purpose Grant by the district's current year enrollment even in declining enrollment districts where the General Purpose Grant is calculated based on prior year enrollment. The net result is that the Charter School Rate will always be greater than a district's General Purpose Grant Rate in declining enrollment districts since a smaller denominator is used to calculate the Charter School Rate.

You can see the calculation's outcome in the 2020-2021 State School Fund estimates available on the Oregon Department of Education website. Here are six examples from across the state:



The larger the percentage reduction in year to year district enrollment, the larger the Charter School Rate will be.

Senate Bill 624-1 solves this issue. The same enrollment denominator will be used to calculate the Charter School Rate and the General Purpose Grant. As a result, these funding amounts will equal one another on a per student basis.

This bill will also correct an equity issue. Currently, a charter school located in a declining enrollment district receives more funding than a charter school located in a stable or growing enrollment district assuming all other variables are equal. This funding difference will go away if Senate Bill 624-1 passes.

Thank you for considering these concerns.