OREGON EDUCATION ASSOCIATION

The State School Fund Distribution Formula

- Created in 1991 to fairly distribute state funding to Oregon's school districts and ESDs.
- The formula's goal is to approximate <u>the cost value of differences</u> among districts over which schools have no control – student demographics, family poverty, and other characteristics.
- It also attempts to address student enrollment losses, helping districts with the funding cliff that would otherwise result. It does this by allowing the district to take the larger of the current or previous year's student count, which smooths losses more gradually. This is called the **extended ADMw** feature of the formula.

Why the Bill is Needed/How it Works

- When the funding formula was developed, there were no virtual charter schools. The extended weight <u>was designed for brick-and-mortar</u> public education.
- The pandemic has led to significant flow of students to <u>temporary enrollments</u> in these virtual programs. When all schools are back for in-person learning in the coming two years, most students will return to their neighborhood schools.
- So that the state does not have to <u>double-pay</u> (both to the virtual schools for some 7700 students no longer being served by them and also to their resident school districts where they've re-enrolled), SB 743 will give the virtual schools 10% of that "free year" of extension money, but not 100%.

A Related Issue is also Fixed in SB 743

- One other, permanent, fix is also in the bill. Sponsoring school districts of these virtual programs are often small and declining-enrollment districts (in terms of their resident, brick-and-mortar students). Their virtual charters are, typically, growing enrollment. The original intent of the extended weight should apply to these brick-and-mortar districts, but because they host the virtual program, their student <u>enrollment losses are masked by the virtual school gains</u>.
- This bill corrects the problem by calculating separately the school district enrollment from the virtual school enrollment, and it awards the extension tool to the district if it is in decline.

These two technical formula fixes make Oregon's K-12 distribution formula fairer and <u>more efficient</u>, eliminating the double-payment cloud amassing on the horizon and restoring the intent of the ADM extension tool for all deserving districts. (Possible cost savings: As much as $86 million next year alone.)