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HOUSE OF REPRESENTATIVES

Memorandum

Date: March 16, 2011
To: House Committee on Revenue
Rep. Phil Barnhart, Co-chair; Rep. Vicki Berger, Co-chair
Representatives Jules Bailey, Katie Eyre Brewer, Cliff Bentz, Sara Gelser, Tobias
Read, Matt Wand
From: Representative Lew Frederick
Subject: House Bill 3397

I was unable to attend the hearing this morning regarding HB 3397, but I have been the recipient of a great deal of advocacy on this topic. I also have some experience with the struggles that local boards face, both crafting and explaining their budgets. I would like my perspective to be part of the record for this bill.

This bill betrays a fundamental misunderstanding of the State School Fund and the Distribution Formula. It attempts to put charter schools in the front of the line for funding.

1. What is often referred to as a per student allocation is actually a *means of calculating the grants to districts*. Districts, through their local Boards, are in charge of using their grants in the best way they can to operate schools in their communities. It does not work as an entitlement for individual students; some students' needs would be severely underfunded if it worked that way.
2. The dollar figure identified as the allocation per weighted average daily membership is itself an average. It does not mean that districts spend that much on each student, but that they spend an *average* of that much per student. For example:
 - a. It represents, an average of expenses across all grade levels. High school programs are much more expensive to operate, especially if they offer a full spectrum of curriculum, than elementary school programs.
 - b. Special education is not fully funded in the formula, especially where students with high-cost needs are enrolled. Most districts pay more overall for special education than the factor in the formula provides, and large districts that have those programs available tend to attract families with students who need them. Since the "average" in the formula is

significantly lower than the cost incurred by districts to meet these mandates, those costs must be budgeted for and paid from their general fund.

- c. All relatively high cost programs reduce the funds available for the remainder of the program. High schools cost more than the “average,” so elementary schools have to cost less than the “average.” Special education costs above those factored into the formula reduce the “average” remaining for all the rest.
3. The argument is made that charter schools are struggling financially. They are. But every single school and district in the public system is struggling financially. That’s not due to the way charter schools are funded, but due to overall disinvestment in the system. When you are struggling financially, it is easy to see other entities as advantaged, but unfortunately they are not.
4. The argument is also made that charter schools receive less than district schools. I have not seen this argument made in a way that takes account of the pressures I’ve described above, or in fact any of the complexity of school district budgeting.

The formula in the original charter school law represents a rough attempt to approximate where charters fit into the complexity of funding a school district under the State School Fund. The result represents compromise on all sides. The proposals to change it fail to supply evidence that they are more rather than less equitable.