

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action: Without Recommendation as to Passage and Be Referred to the Committee on Ways and Means
Vote: 6 - 2 - 0
Yeas: Berger, Freeman, Garrett, Wingard, Hunt, Olson
Nays: Barnhart, Holvey
Exc.: 0
Prepared By: Jim Stembridge, Administrator and Victoria Cox, Committee Staff
Meeting Dates: 4/20, 6/10

WHAT THE MEASURE DOES: Specifies requirements of financial management systems for public charter schools. Requires district extended weighted average daily membership (ADMw) to be calculated separately for students in public charter schools and students in district schools. Removes requirement that school districts transfer a portion of ADMw to school districts of students who are not residents.

ISSUES DISCUSSED:

- Compatibility of district and charter school financial systems
- State School Fund distributions based on prior year's ADMw
- Pass through to charter schools based on current charter school ADM
- Potential shortfalls created for districts with declining enrollment
- Required changes in State School Fund distribution formula

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Oregon City School District requested this legislation to address specific issues arising from the incompatibility between its financial management systems and those of its sponsored charter schools. Additionally, the district expressed concern about the potential financial impact of reduced state school fund distributions in the face of declining district enrollment and increasing charter school enrollment.

House Bill 3417 requires charter school financial management systems to be compatible with those of the sponsoring district and to comply with the uniform budget and accounting system adopted by the Board of Education to facilitate audit and reporting requirements. Additionally, the measure requires the separate calculation of ADMw for charter schools to address the potential shortfall that would occur should district average daily membership (ADM) decline while charter ADM increases. Finally, the measure clarifies that districts are not required to transfer funds to the districts of its non-resident charter school students, except for students receiving special education services.