Testimony in Support of HB2733

Statement of Support for HB2733

Chair Barnhart and Members of the Committee:

My name is Ilex Brandenberger and I am testifying today on behalf of Applegate Partners Promoting Local Education, a group based in the rural Applegate Valley of Southern Oregon.

I have partnered with the following individuals in preparing this testimony in support of House Bill 2733:
> Phil Long, Superintendent of Medford School District 549c
> Margaret Perrow Della Santina, Assistant Professor, Southern Oregon University
> Karen Starchvick, Budget Committee Member, Medford School District 549c
> Representative Peter Buckley, House District 5

HB2733 will correct an inequity by modifying the distance correction factor so that a school designated as small rural will receive at a minimum of 50% of the eligible funding based on the school's enrollment from the remote small schools funding.

This bill is needed in order to:
> (1) preserve the intent of the small remote school funding that was included in the 1991 equalization measure;
> (2) sustain remote, small rural schools that are struggling to remain open; and
> (3) correct the inequity that currently exists between small schools within different districts.

Preserve Intent of Small Remote School Funding

In 1991 the Oregon State legislature passed landmark school funding equalization. According to Legislative Revenue Office Research Report #8-01 in 2001, "every district should get the same amount per student, adjusted only for unavoidable differences in cost." The K-12 equalization formula utilizes a system of formulas to quantify these unavoidable differences in cost, resulting in a final weighted average daily membership (ADMw) that ensures equitable funding for all school districts in Oregon.

Small Rural schools are one of the weighting factors included in this legislation to account for the fact that rural schools have unavoidable higher costs due to their location, size of their service area, and smaller numbers of students. This funding correction is a direct recognition of both the unavoidable higher costs as well as the intrinsic value of Oregon's small, rural schools. However, even with the introduction of this funding, small rural schools have continued to close throughout the state.

Sustain Remote Small Rural Schools

Small schools are closed in various parts of the state on a yearly basis. Small schools are particularly vulnerable to sudden dips in enrollment which can have immediate consequences for the small school's sustainability. The small school funding correction acts as a long term buffer to help the small rural school through these short term periods of reduced enrollment. The correction phases out completely once a school reaches 224 students in grades 1-8.

Correct an Inequity Between Rural Schools Within Different Districts

With the law in its current form it is possible that a school can qualify as a small rural school and receive none, or almost no additional funding. Compare two schools in Southern Oregon: one school receives 100% of its rural schools funding while the other school receives 20% of eligible rural schools funding despite similar size, similar location, and serving the same general rural population. This inequity comes about from the application of a distance correction factor to schools that are between 8 and 12 miles from the next closest school within the district. The school that is 8 miles away has the same unavoidable higher costs as the school that is 12 miles away, and yet is not eligible for any funding.

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The unavoidable costs in small rural schools stem primarily from the fixed costs inherent in running a school divided over a smaller student population. A small rural school must meet the same onerous reporting and compliance requirements of a large school. Fixed costs for administration, janitorial, cafeteria, office staff, safety patrol, utilities etc. are all spread over a small student population. The only cost that varies significantly with distance is transportation, but this cost is almost entirely offset by State Bussing grants, and therefore is not the primary cause for unavoidable costs in small rural schools.

Applying a distance correction factor is therefore inherently inequitable, as the small rural school that is 8 miles away has almost the identical unavoidable costs as the small rural school that is 12 miles away from the nearest school in the school district.

This bill corrects this inequity by modifying the distance correction factor so that a school designated as Small Rural will receive at a minimum 50% of the eligible funding based on the school's enrollment.

No New Dollars Are Necessary to Correct This Inequity
Remote Rural school funding is a redistribution of statewide school funds. This bill is revenue neutral and does require any additional taxpayer dollars.

The total statewide redistribution (approximately $1.5 million as calculated by ODE) is insignificant to school districts as a whole. Using the statewide projected budget of $3.2 Billion for the 2013-2014[1] school year (the latest data publicly available from Oregon Department of Education), and the approximately $6000 allocated by the state per student per year, this amounts to approximately $2.80 per student per year that will be spent for this redistribution. This is a small price to pay to guarantee the future viability of these schools.

In Conclusion:
1) The K-12 equalization formula mandates equity in school funding
2) Small remote schools were recognized as a factor requiring added weight due to unavoidable costs
3) HB2733 will allow a small rural school to receive a minimum of 50% of eligible funding, correcting an inequity that exists currently and creating a buffer during short term enrollment dips
4) No new dollars are necessary and the impact on other districts is negligible

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[1] Reference District Business Manager's 2013-2014 State School Fund Estimates, http://www.ode.state.or.us/services/ssf/2013-14-ssf-estimate-as-of-3-30-13-0908-hrs.pdf