

Chair Roblan 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 opposition to Senate Bill 819.

I understand that Senate Bill 819's supporters are trying to raise additional revenue for their schools. However, this bill raises numerous concerns.

1. The bill doesn't recognize that it typically costs less per pupil to operate an elementary school than a high school. This cost difference is why the State School Fund formula provides more revenue per student for high school only school districts than elementary only school districts. This cost difference is also why the formula currently provides a higher funding percentage for high school charter schools than elementary charter schools. Furthermore, this cost difference helps explain why private schools typically charge more for high school tuition than for elementary school tuition.

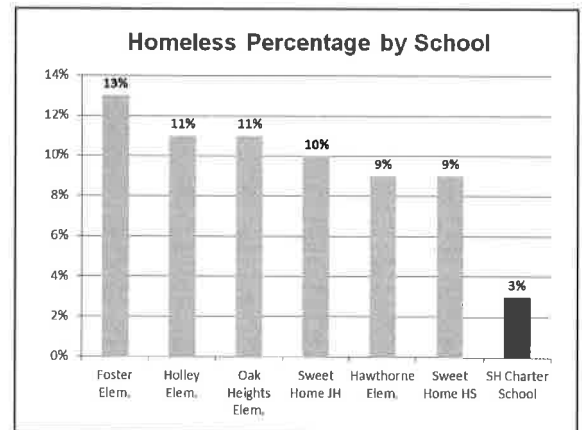
School	Elementary Tuition	High School Tuition	Amount Difference	Percent Difference
Faith Bible	\$6,350	\$7,950	\$1,600	25.2%
Valley Catholic	\$7,135	\$11,800	\$4,665	65.4%
C.S. Lewis Academy	\$5,740	\$7,250	\$1,510	26.3%
Oregon Episcopal School	\$24,100	\$29,300	\$5,200	21.6%
Portland Waldorf School	\$13,440	\$17,325	\$3,885	28.9%

2. The bill doesn't recognize that school districts are responsible for providing special education services to students at all district schools including charter schools. Some may say that school districts are reimbursed for these costs through the funding formula's special education weight. However, the special education weight is capped at 11 percent of a school district's enrollment. This year, almost 20 percent of our district's students are in special education programs resulting in unreimbursed costs that the district must absorb.
3. The bill doesn't recognize that charter schools often have the upper hand when determining pay and benefits for staff since charter schools can limit enrollment. In contrast, district operated schools must hire staff to provide an education to every student who wants to attend. Furthermore, a charter school can place its extra students on a wait list and tell them to attend a district operated school until space and staffing are available. This upper hand when determining compensation helps explain why most district operated schools have unions and most charter schools do not.
4. The bill doesn't recognize that charter schools have more flexibility to contract out staff than most district operated schools. Oregon also does not hold charter schools to the same standards as district operated schools. For example, only 50 percent of charter school teachers are required to be licensed. This extra flexibility also helps charter schools better control compensation costs.
5. The bill doesn't recognize that school districts are responsible for providing transportation services throughout the district while charter schools can choose where and where not to transport students if at all. In the past, we have had to make a 90 mile round-trip in the morning and again in the afternoon across Tombstone Pass to get students to and from school.

Senate Bill 819 also does not address the following problems with the existing funding formula:

1. The State School Fund formula assumes a charter school has the same percentage of economically disadvantaged students as the school district where it is located and additional funding is then given to the charter school.

In our district, the charter school has historically had a much lower free and reduced eligibility percentage than our district operated schools. In addition, the homeless percentages at our six district operated schools range from 9 percent to 13 percent. The homeless percentage at our charter school is 3 percent.



The Legislature should allow school districts to allocate state funds intended for economically disadvantaged students based on a charter school's homeless or free and reduced lunch eligibility information as compared to the rest of the schools in the district. Doing so will also provide a financial incentive for charter schools to reach out to economically disadvantaged students.

2. The State School Fund formula assumes a charter school has the same average teacher experience as the school district where it is located. Consequently, the funding calculation provides incentive for a charter school to locate in a school district where the district has more experienced teachers than the charter school. By doing so, the charter school receives more funding at the school district's expense.

An easy solution is for the Legislature to allow school districts to pay charter schools based on the charter school's actual teacher experience instead. Doing so will also provide a financial incentive for charter schools to hire and retain more experienced teachers.

Finally, I would appreciate the opportunity to work with the bill's advocates to make sure we are comparing apples to apples when providing cost information. Several years ago, the Northwest Center for Educational Options published a report titled "Unintended Consequences: An Analysis of Charter School Funding in Oregon." The report compared the average revenue received per student for charter schools to the average revenue received per student for school districts. When you closely examine the data for our district, you discover the following:

- The study double counted over \$1.4 million that was actually a transfer of already counted district revenue to another fund to make PERS pension bond debt service payments.
- The study included food service revenue, event admission fees and facility use fees as district revenue but did not count these items as charter school revenue. Instead, the only amount counted as charter school revenue was what the school district passed through to the charter school.
- The study counted grant funds as district revenue but did not count any grants or funds received by the charter school from other sources as charter school revenue.
- The study counted all special education revenue as district revenue and none as charter school revenue even though the district provided the charter school's special education services.
- The study counted all revenue for our swim pool as district revenue even though the pool is open for community use including charter school students.
- The study counted Kindergarten students as full students when calculating revenue per student even though Kindergarten students were only half funded by the state. Since a K-6 charter school has a higher percentage of Kindergarten students than a K-12 school district, the resulting outcome is that the report shows less funding per charter school student.

Thank you for considering these concerns.

Kevin Strong