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HB 2150A House Revenue Committee April 28, 2015

Good afternoon, Chair Barnhart and members of the House Revenue Committee. For the record, I am Michael Elliott, the State School Fund Coordinator for the Oregon Department of Education. I've been invited to explain HB 2150.

HB 2150 proposes to solve two issues that have recently arisen regarding funding and charter schools.

Issue 1: Double-counting of students

The 2011 Legislature enacted HB 3417 which allowed school districts and charter schools to count their students separately for purposes of funding. The goal was to ensure that districts with declining enrollment continued to receive their full extended ADMw despite the fact that they had charter schools that were increasing in enrollment. The reason this was a problem is that usually the district's ADMw was much greater than the charter school's ADMw. Thus, the gains by the charter school were "lost" in the decline of the rest of the district.

An unintended consequence was that students in the charter school could be counted twice: once as students of the school district in the year prior to the charter school opening (in an extended ADMw calculation) and once as charter school students once the school opened.

HB 2150A(1)(a)

Current Method of calculating extended ADMw

Determine extended ADMw first.		Previous Year	Current Year	Extended ADMw
	Non-Charter	1,000	900	1,000
	Charter	0	100	100
	Total			1,100

Proposed HB 2150 (1)(a) method of calculating extended ADMw

	Previous Year	Current Year
Non-Charter	1,000	900
Charter	0	100
Total	1,000	1,000

Issue 2: Counting charter school students twice in two different districts when a charter school switches school district sponsors

Another issue arises when a large virtual charter school changes sponsors and relocates to another school district. Under extended ADMw the district losing the school can count the students for another year and the district receiving the charter school can also count the students as they will be attending that district. When the school is large, this can create significant impact on the State School Fund.

Current method of calculation

	Previous Year	Current Year	Extended ADMw
Non-Charter	1,000	1,000	
Charter	3,500	0	
Extended ADMw	4,500	1,000	4,500 (Previous > Current)

Proposed method of calculation

	Previous Year	Current Year	Extended ADMw
Non-Charter	1,000	1,000	
Charter	$3,500 * 0.05 = 175$	0	
Extended ADMw	1,175	1,000	1,175 (Previous > Current)

The bill proposes to allow the district losing the charter school to keep five percent of what would have been the ADM generated by the charter school. This is to provide the district with enough funds to close out the school.

The savings from HB 2150 will be significant. Currently, we have estimated 4,400 ADM in charter schools that will be closed by the 2015-16 school year. Under current law the few districts that have the closing charter schools will receive an approximately \$28.9 million windfall. HB 2150A would prevent that windfall.

HB 2150A(2)

This section of the bill establishes a one-time carve-out from the State School Fund for 2015-16. In addition to the five percent, funding equal to three percent of the charter school's ADM and put it into a fund that can be used by districts to assist with the expenses of closing a charter school. The school district must submit expense reports to ODE before claiming any of the funds. This carve-out will be approximately \$1.52 million.