

STAFF MEASURE SUMMARY

Senate Committee On Finance and Revenue

**Fiscal:** Has minimal fiscal impact

**Revenue:** Revenue impact issued

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**Action Date:** 06/18/15

**Action:** Do Pass The B-Eng Bill.

**Meeting Dates:** 06/08, 06/18

**Vote:**

Yeas: 4 - Baertschiger Jr, Boquist, Hass, Riley

Exc: 1 - Edwards

**Prepared By:** Dae Baek, Economist

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**WHAT THE MEASURE DOES:**

Prevents additional weights that can be claimed due to double counting, when the extended weighted Average Daily Memberships (ADMw's) of public charter schools and non-charter schools are calculated independently of each other. Specifies the way the State School Fund is distributed to a school district whose public charter school ceased to operate in the previous school year. Takes effect on July 1, 2015.

**ISSUES DISCUSSED:**

- Double counting of student weights when a school district has both charter and non-charter schools and students change enrollment between them
- Impact on the statewide ADMw and distribution of formula revenue under current law and proposed changes
- B-10 and B-11 amendments and their impact on the statewide ADMw and formula revenue distribution

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

Currently, the extended ADMw's of public charter schools and non-charter schools are calculated independently of each other. This has allowed double counting of weight in a school district even when the overall ADMw of the school district stayed the same but students moved between charter and non-charter schools in the district. It also contributed to a higher total statewide weight for the purpose of State School Fund distributions, thus diluting the formula revenue per ADMw. The bill also specifies the way the State School Fund (SSF) is distributed to a school district whose public charter school ceased to operate or moved to another school district a year before. In particular, it addresses the distribution of the SSF for a school district of a large public charter school that will have moved to a different school district following the 2014-15 school year.

Without the change in this bill, the moving of this large public charter school following the 2014-15 school year from one school district to another would have entitled approximately 4,000 weights each to both school districts. This would increase the total ADMw by 4,000 in the 2015-16 school year. The total ADMw of 699,000 for the 2015-16 school year, estimated at the beginning of this legislative session and reflected in HB 5017, did not incorporate this impact as the relocation had not cleared all the hurdles then. The charter school's new sponsor district will receive due funding based on the newly added ADMw. Under the bill, the previous sponsor district will get funding based on the school district's General Purpose Grant per extended ADMw, multiplied by five percent of the ADM of the charter school for the previous school year. Given the available General Purpose Grants for the year, this change will likely reduce the formula revenue per ADMw by \$2, compared

with the estimate at the beginning of the session. Without the change, however, the dilution of formula revenue per ADMw would have been substantially larger.

There are several other public charter schools that will have ceased to operate following the end of the 2014-15 school year. Under current law, the moving and closure of these schools would increase the total statewide ADMw by up to 4,400 in the 2015-16 school year. With changes in the bill, the impact will be much smaller and the dilution of the formula revenue per ADMw will be about \$2.20, when compared with the estimate at the beginning of the session. Without the changes, the dilution would have been around \$44 per ADMw.

The bill also establishes a contingency account that can be accessed by school districts when they face cost overruns in closing charter schools in their districts. The account will exist until June 30, 2019. The money for the account, approximately \$1 million, comes from the 2015-16 formula revenue. Any money left in the account after June 30, 2019, will be transferred to the General Fund.