



Date: February 24, 2021
To: Senate Education Committee, Chair Dembrow and Members
From: Laurie Wimmer, OEA Government Relations
RE: SB 743 [Technical School Formula Fix- extended ADMw]

On behalf of OEA's 41,000 members, it is my honor to support SB 743, which is one of two bills promoting the same solution to a technical problem that education stakeholders have worked to resolve over the past six months. COSA brought forward the winning solution, and it is incorporated in both this version and in a House Bill, HB 3142, dash one, requested by OEA.

We have long advocated for protection of and minimal tinkering with the State School Fund distribution formula. We know that too often, this mathematical tool whose aim is to fairly distribute resources, is much misunderstood. Occasionally, however, it is also in need of fine-tuning. We are currently experiencing one of those times.

The formula was created in 1991 to fairly distribute state funding to Oregon's school districts and ESDs following the passage of the property tax limitation measure, Ballot Measure 5, which shifted the majority of responsibility for school funding from the local level to the state.

The goals of the distribution formula are to approximate the cost value of differences among districts over which schools have no control – student demographics, family poverty, and other characteristics. One of the phenomena the formula attempts to address is the situation in which a district loses a large number of students from one year to the next, such as in a small town with a major employer moving away, which would then cause families to move. The formula “softens” the blow of the enrollment-linked funding loss by allowing the district to take the larger of the current or previous year's student counts, which smooths losses more gradually. This is called the **extended ADMw** feature of the formula.

When the funding formula was developed, there were no virtual charter schools. The extended weight was designed for brick-and-mortar public education. In recent years, however, as these programs proliferated, the extended weight became an issue as thousands of students could move from one virtual program to another with a few keyboard clicks. In 2015, **the problem of double-funding** first arose when the state's largest virtual program changed its sponsoring school district. For one year, without a legislative change, the state would have been on the hook to pay for nearly 4,000 students in their new district as well as in the district that had formally hosted the charter school and could claim this extension payment. That problem was addressed for charter terminations and virtual-school closures, but now a new problem requires a remedy as well.

The pandemic has led to significant flow of students to temporary enrollments outside of their resident districts to these virtual programs. When all schools are back for in-person learning in the coming two years, we expect that most students will return to their neighborhood schools. So that the state does not have to double-pay virtual schools for some 7700 students no longer being served by them, education advocates have developed a solution that will give the virtual schools just 10% of that “free year” of extension money. This problem is a temporary problem, so the solution is a temporary solution. This portion of the bill will cover only the next biennium's two school years.

One other, permanent, fix is also in the bill. Sponsoring school districts of these virtual programs are often small and declining-enrollment districts. Their virtual charters are, typically, growing enrollment, however. The original intent of the extended weight should apply to these brick-and-mortar districts, but because they host the virtual program, their student enrollment losses are masked by the virtual school gains. This bill corrects the problem by calculating separately the school district enrollment from the virtual school enrollment, and it awards the extension tool to the district if it is in decline.

These two technical formula fixes make Oregon's K-12 distribution formula fairer and more efficient, eliminating the double-payment cloud amassing on the horizon and restoring the intent of the ADM extension tool for all deserving districts. Thank you for supporting this bill.