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June 21, 2023

TO: House Committee on Revenue  
FR: Morgan Allen, COSA  
RE: Testimony in support of Senate Bill 278

Good morning Chair Nathanson and members of the House Committee on Revenue,

My name is Morgan Allen and on behalf of the Coalition of Oregon School Administrators, we urge your support for Senate Bill 278. This legislation is a technical adjustment to SB 743, which passed during the 2021 Session with bipartisan support.

Senate Bill 743 helped address the school funding impacts due to anticipated short-term fluctuations in enrollment in virtual charter schools related to the COVID-19 pandemic. The bill was drafted to avoid excessive extended ADMw payments for students enrolled for short periods of time. Without passage of SB 743 in 2021, millions of dollars in one-time payments would have gone to virtual charter schools for students they no longer served or only served for a very short time. This portion was temporary and expires after this school year. It is also important to note there was no opposition to the bill in 2021 from virtual charter schools or anyone else.

The second part of SB 743 provides extended ADMw funding stability for school districts that sponsor virtual charter schools, which are often small and rural. This portion of the bill needs an adjustment because of some of the unintended impacts our members have identified. SB 278 focuses on a solution that is designed to help address those impacts.

SB 743 amended the State School Fund statute to permanently change the calculation of extended ADMw for school districts that sponsor virtual charter schools. This created an extended ADMw calculation for the brick and mortar students in the district if their student enrollment is declining. The intent is to ensure that school districts with declining brick and mortar enrollment would receive extended ADMw payments even if the virtual charter school growth would normally prevent it using calculation methods applied to school districts.

In SB 743, decline in ADM was used as the determining factor in this calculation. During the first year of implementation, we became aware that at least one school district that sponsors a virtual charter school (North Bend) saw a slight increase in student enrollment (ADM) but a significant decrease in weighted student enrollment (ADMw). If the other temporary provisions in the bill were not in place, we believe that the brick and mortar schools in North Bend would not have qualified for the extended ADMw intended in SB 743.

*Key Terms*

*ADM*: Average Daily Membership for the school district. The average number of actual students enrolled in a school district.

*ADMw*: Average Daily Membership, weighted. The weighted number of students in a district based on funding weights in the State School Fund formula.

*Extended ADMw*: School districts receive the higher of Average Daily Membership, weighted (ADMw) from the State School Fund for the current year or the previous school year.

SB 278 allows ODE to consider a decrease in ADM *or* ADMw as allowing a school district that sponsors a virtual charter school to qualify for a separate extended ADMw calculation for the brick and mortar schools in the district. This will ensure that these districts with declining enrollment are treated the same as other school districts to ensure funding stability over time.

The bill is here in the House Revenue Committee because it amends the State School Fund statute. It passed the Senate on Tuesday with a 24-1 vote and there has been no testimony in opposition to date. We urge your swift passage of the bill. I would be happy to answer any questions.