



**Conference Committee
House Bill 9 Testimony
Robert Hancock, CPA
Treasurer, Hamilton City School District
February 19, 2020**

Chairman Jones and members of the Conference Committee. Thank you for the opportunity to address you concerning provisions of House Bill 9. My name is Robert Hancock, Treasurer for the Hamilton City School District.

The Ohio Legislature approved the biennial budget in July 2019, and we are now experiencing what we hope are unintended financial consequences. The budget provided new dollars for Student Wellness, which is appreciated, but it also went away from funding students on a per pupil basis. Each district now receives the gross dollar amount we received in FY19, for FY20 and FY21.

While state basic aid went away from a per pupil funding model, deductions for Scholarships and Community Schools continue to be based on current student counts. Allowing new Scholarship and Community School deductions to occur provides no associated revenue stream to public school districts to pay for those new deductions.

This is the first school year that Hamilton City School District has experienced EdChoice Scholarship deductions. We had 140 students receive the EdChoice Scholarship and 125 of those students did not attend Hamilton City School District last year. Those 140 students are generating no funding to pay for that deduction. *(HCSD was on the funding cap by \$2.7 million in FY19 or about 355 students)*

Hamilton is paying \$835,095 for 15 of last year's students to attend a private school this year. Is the EdChoice program making an impact by providing new opportunities for public school students? The data in Hamilton suggest the answer is a resounding no; 89% of the EdChoice Scholarships awarded went to students that did not attend a Hamilton City school in FY19.

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This issue is much larger than Hamilton City School District. Listed below are the various scholarship and community school deductions made statewide for the current school year and the previous two school years. State funding for all school districts totals \$8.5 billion dollars. Currently, \$1.2 billion or just over 14% is being deducted for scholarships and community schools.

	EdChoice Scholarship	Peterson Scholarship	Autism Scholarship	Cleveland	Community School Transfer	Total
FY20	\$148,051,320	\$75,274,657	\$98,211,692	\$23,501,887	\$875,339,716	\$1,220,379,272
FY19	113,462,702	64,243,600	87,909,056	17,600,000	871,953,618	1,155,168,975
FY18	108,306,620	55,825,532	84,512,922	15,400,000	881,083,648	1,145,128,723

Source: ODE Form SPFR February 2020 #1, FY19 Final#2, FY 18 Final #2

The table below looks at the increase in scholarship and community school deductions this year. Keep in mind the additional students that generate these additional scholarship and community school deductions generate little to no additional revenue this year or next year because the per pupil funding formula is not being used.

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Diff	<u>\$ 34,588,618</u>	<u>\$11,031,057</u>	<u>\$10,302,637</u>	<u>\$ 5,901,887</u>	<u>\$ 3,386,098</u>	<u>\$ 65,210,296</u>

There are multiple issues in play here that have brought the EdChoice issue into the spotlight.

1. The decision to abandon the per pupil funding formula did not allow funding for new scholarships to flow to individual districts in order to pay for the additional deductions.
2. The increase in the number of buildings being identified created deductions for school districts that had not experienced those deductions in the past. Compound that with the first issue and it created some immediate concerns.
3. The release of the FY21 EdChoice Designated School List which identified 1227 school buildings as “failing” illustrated that there were significant issues with the metrics used to identify a building as “failing”.

What is the solution we seek?

1. The state must pay for all new scholarships awarded for FY20 and FY21 until they expire. You cannot abandon a per pupil funding model and continue to increase deductions on a per pupil basis.
2. We have no issue with competition, we do have issues with two different sets of rules. If a private school is going to accept public funds, they must follow the same exact operating standards public schools are required to follow. This would include the same exact testing as the public schools and the same report card metrics that are used for public schools. Parents that are trying to choose which school to send their child to need this data to make an informed decision.
3. Priority should be given to students that are failing based on the revised metrics that are adopted.
4. On a longer-term basis, we need a school funding formula that makes sense. That funding formula needs to be fully funded and it cannot be based on the normal residual budgeting we have experienced for the last several decades. If we have enough money to spend \$1.2 billion per year on scholarships and community schools, then we should be able to find enough money to fully fund a proper school funding formula.
5. All scholarships need to be funded directly by the state. The revenues and expenses of a school district should be for students that attend the school district.

Once again, thank you for the opportunity to address you concerning provisions of House Bill 9. If the committee has any questions concerning my testimony, I would be happy to answer those at this time.