FAIR SCHOOL FUNDING PLAN

A comprehensive and transparent school funding plan for Ohio developed collaboratively by educators and leaders in every corner of the state.

FAIR SCHOOL FUNDING PLAN

TABLE OF CONTENTS

Message From the Sponsors	3
Subgroup Chairs and Co-Chairs	5
Base Cost	6
Distribution	9
Poverty and Preschool	11
Special Education, Gifted, and English Learners	14
Open Enrollment, Community School and Vouchers	17
Education Service Centers, Career Technical Education, STEM	19
Technology	22
Transportation	24

FAIR SCHOOL FUNDING PLAN

A MESSAGE FROM THE SPONSORS

Dear Fellow Ohioans,

As Ohio legislators, we are committed and determined to find an education funding system for our state's pre-kindergarten through grade 12; one that is fair, rational and justifiable and in contrast to our current system that is often unfair and nearly always incomprehensible. For decades, Ohio leaders have tried but have come up short of finding an equitable way to fund the most fundamental service provided by state government.

Every two years, after the Governor presents his biennium budget proposal, each legislative chamber has approximately six to eight weeks to examine and analyze its several thousand pages, with its hundreds of funding levels and myriad of policy initiatives, debate possible changes and consider dozens of amendments before agreeing on a revised budget. Then two or three weeks are spent reconciling the differences between the House and Senate versions before a final compromise version to send to the Governor for his signature is reached.

This long-practiced process, together with up and down economic cycles, has resulted in a patchwork of funding decisions and compromises leading inevitably to what we have today: a school funding system that is unpredictable, unable to serve its purpose, and out of sync with the important needs of today's education imperative. There is broad agreement that what we have in place today is not working.

At the start of our process we asked these essential questions: What about the kids? Are Ohio's young people prepared for success in a rapidly changing world? What do school kids really need for a quality education?

Surveys confirm that Ohio's voters care about the quality of education and are willing to pay more to guarantee that quality. Voters are concerned about the so-called "typical" child, but they also want children with physical, mental and emotional needs, children who are high achievers or possess special talents, and children who are from lower socio-economic households to receive additional, necessary assistance as well. All children need the opportunity to lead successful and productive lives.

Voters want the funding system to be fair—fair to all students and fair to all taxpayers.

So we enlisted the people who best know the educational needs of Ohio's children – educators and school financial officials – to collaborate in a comprehensive analysis of Ohio's funding of our public education system and to provide us with a set of practical, needs based recommendations that would be fair to all of Ohio's kids, school districts and taxpayers.

We arranged these Ohio school educators and financial officers into eight Subgroups, each with its own assigned subject areas and co-chaired by two actively engaged educators – one a superintendent, the other a treasurer or chief financial officer. Then, we asked them to come up with essential, objective, cost based, and justifiable proposals in their assigned subject areas.

After 15 months of studying Ohio's current funding formula as well as those of other states, extensive reviews of relevant research, expert testimony from school district officials, consultants, and advocacy groups, input from legislators, current and historical information from representatives of the Ohio Department of Education, and interaction with the general public, we are pleased to offer the following summary of the results of these combined efforts.

We do this on behalf of a group of truly dedicated Ohio educators. And, we ask our colleagues in the General Assembly to consider its provisions, in their entirety, as an essential roadmap to guide their decisions on school funding in the years ahead as, together, we strive to ensure that Ohio's youth will have the quality educational opportunities they all deserve. Together, we can adopt a fair plan that meets the needs of Ohio's school children and secures the future of our great state.

State Representative Bob Cupp
Republican, Lima, Ohio

State Representative John Patterson
Democrat, Jefferson, Ohio

FAIR SCHOOL FUNDING PLAN

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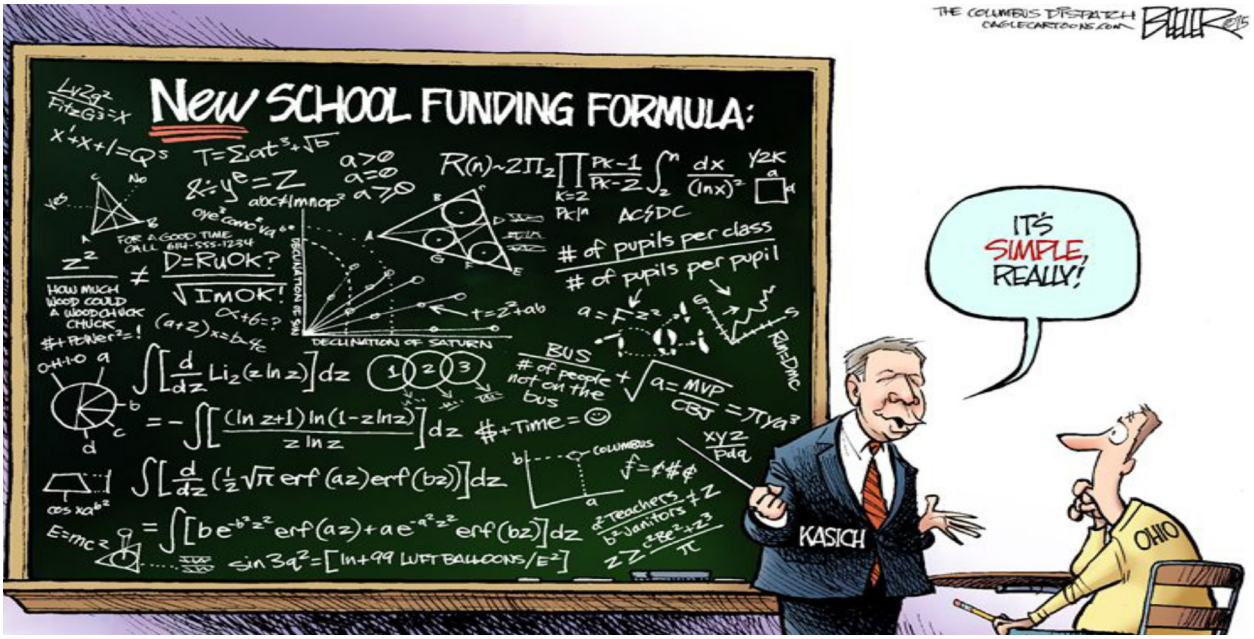
BASE COST

BASE COST

The "foundation" upon which all other elements of a funding formula are built is an appropriate per student base cost amount. The base cost amount allocates sufficient resources to provide an average child – one with no disabilities, or special gifts, who does not live in poverty and is not an English learner – with the essential high quality educational opportunities necessary for success.



CHALLENGE

The challenge in developing a base cost amount is to include the necessary components and adequate resources that will provide the quality educational opportunities to prepare Ohio's average child for success. The method should be designed to make sense to taxpayers, be transparent and understandable, and easy to modify to reflect changes in education policy and practices.

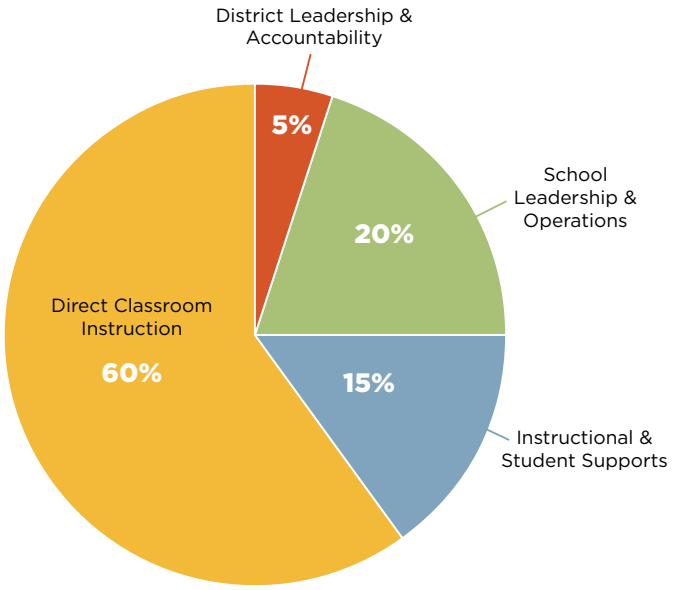
RECOMMENDATIONS

Ohio's current base cost amount has no discernible relationship to any objective criteria for determining an appropriate per student funding level. Because most traditional methods for creating such funding level have already been tried, the Base Cost Subgroup chose a hybrid: An input approach tempered by the professional judgment of experienced Ohio educators. The result is a transparent, realistic funding model that addresses the whole child and his/her social and emotional needs, as well as academic needs. Moreover, it can be understood by the general public, as well as by professional practitioners. The new funding model is a method of appropriately calculating the amount of a district's base cost, but school districts retain local control over the spending and allocation of funds to meet the particular needs of the district's students.

QUESTIONS TO DETERMINE BASE COST:

What does it cost to educate each child?

What does each district need to operate?



Base Cost Includes:

- Instructional Costs – Including Teacher Salaries and Benefits
- Instructional Support Costs
- Co-curriculars
- Safety and Security
- Basic Social and Emotional Support
- Technology, Devices for Each Student
- Network Access/Internet Connectivity
- School Leadership and Support (principal and other personnel, facilities and supplies)
- Central Office Staff

Base Cost Does Not Include:

- Special Education
- Gifted Education
- English Learners
- Transportation
- Poverty
- Preschool
- Targeted Aid/Capacity Aid
- Career Tech

Base Cost: Different Approach than the Past

- **Formula built around the student and the educational experience.** What it actually costs.
- **Uses research and experience to compute base cost** – it's transparent, justifiable, rational, stable.
- **Considers the "whole student"** – instruction, co-curriculars, social-emotional needs, career readiness, counselors, technology, teacher professional development – these currently included.
- **Account for what it actually costs to run a school district** – technology, transportation, classroom instruction, instructional supports, EL, grade by grade student/teacher ratios and costs.
- **Unique model** – built around Ohio's learners today and Ohio's workforce needs of tomorrow.

DISTRIBUTION

CALCULATING STATE AND LOCAL SHARE

DISTRIBUTION

School funding in Ohio is a shared state and local responsibility. District treasurers are tasked with projecting annual revenues several years ahead with reasonable accuracy so their Board members and administrators can effectively plan and manage, and administer their schools. Consequently, there is a need for stable, reliable estimates of future state share funding that the current system cannot provide.

CHALLENGE

The challenge is to develop a new method for determining district "capacity" – computing a district's state/local share by using a method that is stable, reliable are based exclusively upon capacity factors within the district which include both property values and personal income.

RECOMMENDATIONS

The Subgroup opted for an entirely new measure that factors in the district's property valuation and income capacity as determined by the total federal adjusted gross income (FAGI) reported by the residents of the district on their federal income tax returns. This new methodology will provide a stable, predictable state/local share in K-12 education funding which is based exclusively upon the capacity factors of the individual district and will not be disrupted by changes in other districts statewide as under the current method.

POVERTY & PRESCHOOL

POVERTY

Twenty-two percent of Ohio's school-aged children qualify as living in poverty, which compares to the national average of 19 percent. It is estimated that 2.5 million Ohio children live in households that earn less than the federal poverty standard for a family of four.

Since the release of the landmark Coleman report in 1966, it has been widely understood that poverty and student achievement are negatively correlated. Students who come from impoverished homes need additional resources to meet academic, emotional and social needs to be successful in the classroom and to help close the achievement gap. As with the current base cost calculation, there does not appear to be an objective cost basis for Ohio's $272 per student add-on for the needs of school children living in poverty.

CHALLENGE

More Ohio specific data needs to be gathered to ensure that the funding of necessary academic and social and emotional services is being provided to districts to effectively address the issues confronted by students living in poverty.

RECOMMENDATIONS

Ohio's $272 per student add-on to provide additional services for children living in poverty is well below the approximately 30 percent over the base cost amount thought needed to address the burdens of poverty as recommended in recent studies by the Education Trust, Syracuse University and the State of California.

Take Poverty Into Account

- Make more funding available for students (22%) living in poverty.
- Increase current (@$272) per student funding, which is far too low.
- Increase needed for social, mental health and emotional support.
- Let districts select the support services that best meet their local needs.
- Establish per student additional funding high poverty schools and students pending an in-depth study to determine the right amount and resources.

The Subgroup, therefore, recommends the authorization and funding of a study to determine:

1. The most desirable academic, social and emotional services that should be provided Ohio's children living in poverty and the cost of those services.
2. The potential benefits of developing a structure whereby most, if not all, state services for children living in poverty, regardless of what agency is responsible for delivering and paying for those services, be located in public school facilities to take advantage of the 180 days per year that all school age children are reliably available for the delivery of those services.

In the interim, it is noted that Ohio's annual $272 per student provided to districts to help children mired in poverty stay on track to meet Ohio's 3rd grade guarantee, pass required exams, and timely graduate is insufficient to fund appropriate tutoring, counseling, social services, and other recommended programs. An add-on equal to 30 percent of the basic aid per student is estimated to be necessary to curtail dropout rates and help children living in poverty to succeed. Consequently, the Workgroup recommends an additional $150 per student should be added to the current $272 per student on an interim basis until a detailed study is completed to determine the actual cost.

PRESCHOOL

Children living in poverty who attended high quality preschools perform better academically during their school years as a result. Preschool helps children from poor families keep up academically with children who grow up in middle-class homes. Research and evidence points to the need for at least one year of quality preschool to meet the standards set by the Ohio Department of Education for every 4-year-old impoverished child.

Ohio's preschool delivery system is fragmented with services provided by the federal Head Start Program, the Ohio Department of Jobs and Family Service's childcare program, the Ohio Department of Education's childhood education grants and preschool education services and school-based programs.

CHALLENGE

Ohio offers a number of preschool options for three- and four-year-olds, but this raises questions about how efficient those multiple options are, and whether there is a more effective way to meet Ohio's preschool needs for poor children.

RECOMMENDATIONS

1. Authorize and fund a thorough study to determine the following:
    - Ways whereby Ohio's multi-provider system can be made more efficient and accommodate more preschoolers in high-quality programs.
    - What should be the appropriate definition of children living in poverty if implementing a new preschool program?
2. Provide every four-year-old child identified as living in poverty an opportunity for at least one year of high quality preschool.

SPECIAL EDUCATION, GIFTED & ENGLISH LEARNERS

SPECIAL EDUCATION

According to the Ohio Coalition for the Education of Children with Disabilities, students with disabilities account for approximately 15 percent of the more than approximately 1.6 million public school students in the State of Ohio.

CHALLENGE

There are six disability categories in special education, and the more intense the disability, the greater the cost in providing needed services. For example, a severely autistic student may cost $100,000 per year in education, care, and transportation. It is important for Ohio to stay current with the best remedial practices and the cost of those services.

RECOMMENDATIONS

1. Fund a detailed cost study – the original study was done in 2001 and updated in 2006 and 2014 – to take into consideration any changes in technology, remedial best practices and other advances to determine the accuracy of the funding levels for the six categories.
2. Return to the previous funding method by using a multiplier of the base cost per student in the six disability categories.
3. Fund special education at 100 percent and set aside 10 percent of that amount for catastrophic cases.

- ***Fund and authorize an updated cost study***
  Last full study 2001, updates in 2006 and 2014
- ***Return to a multiplier of the base cost per student***
  Possible parity issues with dollar per student amounts
- ***Fund special education preschool based on calendar/percent of time***
- ***Fund special education at 100%***
  Setting aside 10% for catastrophic

GIFTED

Ohio has a stake in assuring that gifted students are supported so that they may fulfill their considerable promise. After identifying these students, they should be encouraged to take challenging coursework and to enroll in programs that offer college level courses and credits. Ohio needs to support children with intellectual and artistic gifts to be the next generation of scientists, artists, and innovators.

CHALLENGE

Not all gifted students have access to the proper resources – particularly those who live in rural communities in Ohio. Those students who are gifted may need to have greater access to advanced placement classes and specialized programs such as STEM.

RECOMMENDATIONS

1. Implement the May 2018 Ohio Department of Education gifted cost study, using its per-student amounts to underwrite identification, referrals, coordinators and services.
2. Establish a work group to recommend improvements in reporting the expenditures established in the 2018 ODE study for gifted students and gifted programming.
3. Offer support to rural districts to create and expand gifted programs.

ENGLISH LEARNERS

More than 58,000 English Learner (EL) students were enrolled in Ohio's elementary and secondary public schools during the 2017-2018 school year. Students come to the U.S. with widely varying educational experiences: their ages span the entire spectrum of K-12 education; some have no formal educational experience; some lack literacy in their native language, while others are highly advanced. Some have had no exposure to English, while others are fairly literate.

CHALLENGE

To fully participate in daily life, civic life, and economic opportunities, students who are not literate in English should be enrolled in EL programs. Providing appropriate funding levels and programming for EL students is extremely difficult because of the huge variations in age, education level, and familiarity with English.

RECOMMENDATIONS

1. Return to a multiplier of the new per student amount to fund the EL categories.
2. Direct ODE to conduct a cost study of EL to determine the validity of current funding amounts or recommend new ones.
3. Revise existing Category 2 participants to include all EL students who have been enrolled in an organized EL program for more than 180 school days until they successfully achieve proficiency on mandatory assessments.
4. Revise Category 3 participants to include all EL students who have achieved proficiency and monitor them for two years.

SCHOOLS

OPEN ENROLLMENT, COMMUNITY SCHOOLS & VOUCHERS

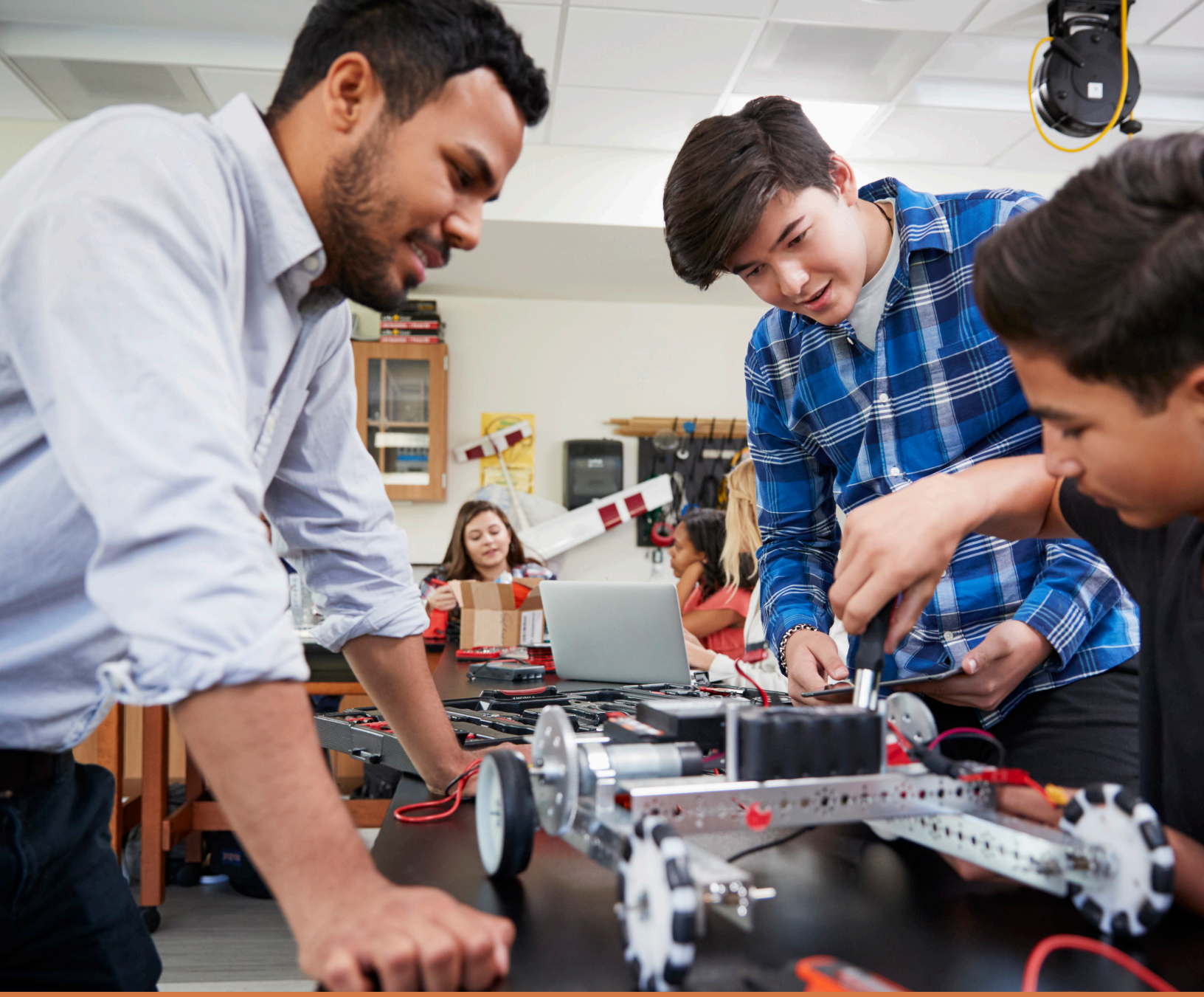
The three programs allow students to choose locations other than their resident school districts for K-12 education. Under current law, these students are funded by transferring monies from the school district in which they reside to the location at which they are taught; a requirement that has generated considerable tension between educating forums.

CHALLENGE

The challenge is to find a way to continue these choice programs without the tension that currently exists. The competition is causing disruption and difficulties in the districts.

RECOMMENDATIONS

The Subgroup recommends that in the interest of efficiency and clarity students should be funded directly by the state at the school where they are enrolled and taught instead of their resident district. Students enrolled at a school other than the district of residence would be removed from the student count of their district of residence, and instead would be included in the count of the school they actually attend.



EDUCATIONAL SERVICE CENTERS, CAREER TECHNICAL EDUCATION & SCIENCE, TECHNOLOGY, ENGINEERING & MATHEMATICS

EDUCATIONAL SERVICE CENTERS

As implied by their title, Education Service Centers (ESCs) are intermediate units created to serve school districts and other education entities that provide direct instruction to students but do little direct instruction of their own. Services provided can vary from ESC to ESC depending upon the needs and wishes of member school districts and the entrepreneurial abilities of the ESC Board and Staff.

CHALLENGE

Ohio has 56 ESCs and no two are alike. The smallest serves districts comprising a total of 4,400 students in a predominantly rural county; while the largest serves districts comprising more than 216,000 students in a mostly urban 3-county area in Central Ohio.

Consequently, determining a funding mechanism that is adequate and fair to all 56 ESCs is complex, and it requires consistency in reporting spending data that is often lacking. Current and past funding methods have included a per-student amount and the Subgroup believes that method should be continued in the next formula.

The Subgroup looked at other states, listened to testimony from district superintendents and treasurers and ESC officials, examined in detail a specially created cost study from the Ohio Education Service Center Association (OESCA) and examined the history of Ohio's ESCs and past funding plans. The members agreed some form of "students served" formula would be the fairest method but lacked sufficient, accurate data to select a reliable method.

RECOMMENDATIONS

1. Conduct a thorough study of all of the ESCs and their activities and spending patterns over a period of at least three years in order to prepare for the crafting of a funding methodology. The study is to be conducted by the Ohio Auditor of State, which recently completed performance audits of all 56 ESCs, with input from ODE and OESCA.
2. Implement interim funding increase to $26.50 per student in FY2020 and to $27.00 per student in FY2021.

CAREER TECHNICAL EDUCATION

Ohio employers have thousands of positions that are unfilled because of a lack of qualified candidates. Career centers, comprehensive districts, and compacts that have career technical programs are able to provide trained individuals who are prepared to enter the workforce upon graduation. Ohio's career technical education programming provides flexibility to meet the needs of these employers. Providing career technical education costs more than a traditional classroom education due to additional supply, material and equipment costs. In addition, the need to recruit/hire instructors with private industry experience in a career technical field contributes to higher salary costs.

Career technical education does not limit a student's future potential. It enhances that potential whether the student opts to enter the workforce immediately, seek additional training, or attend a two-year or four-year college.

CHALLENGE

Meeting the demand for skilled and trained workers needed by Ohio employers requires specific training for jobs and flexibility in programming for interested students.

RECOMMENDATIONS

1. Return to base cost weights (multipliers) as the preferred funding method for technical and skills programming.
2. Fund programs and personnel to promote K-12 interest in skills-based, non-college careers through Career Technical Planning Districts (CTPDs).
3. Create an input method based funding model for Career Technical Centers, similar to the recommended K-12 base cost funding model.

SCIENCE, TECHNOLOGY, ENGINEERING & MATHEMATICS

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RECOMMENDATIONS

Stand-alone STEM schools should be funded directly by the State in the same manner as community schools. Ohio's standing in the global economy is dependent on strong STEM education from early grades through higher education. Students with the aptitude for these disciplines should be identified and encouraged.

TECHNOLOGY

TECHNOLOGY

Ohio is rated in the top three in the country for bandwidth availability in schools thanks to the state's decades-long initiative to provide networking capability for education. Data shows that 96 percent of Ohio schools have internet connectivity in their academic buildings. The state can and should connect the relatively small percentage of schools that are not connected.

CHALLENGE

For Ohio students to succeed, districts should have the resources either to hard-wire or offer wireless access in classrooms, and each student should be provided an electronic device such as a Chrome book, iPad, or laptop as determined by the individual school district. This will ensure that all of Ohio's students have access to modern technology to give them a competitive edge for their future and to close technology skills gaps in our future workforce.

RECOMMENDATIONS

The recommendations of the Subgroup, as outlined in the following chart, have already been incorporated in the new Base Cost proposal.

CUPP-PATTERSON

School Funding Workgroup

Technology Sub-Committee Recommendation

Total:

$68.50

PER STUDENT ANNUALLY

Breakdown:

$37.50

INDIVIDUAL DIGITAL DEVICE
Grades 1 thru 12 (based upon Chrome book, or equivalent, with 4 year replacement cycle)

$3.50

MAINTENANCE AND REPLACEMENT, ACCESS POINT

$2.50

MAINTENANCE AND REPLACEMENT, NETWORK SWITCHES

$25.00

ESSENTIAL FUNCTIONS OF ITC OR THIRD PARTY PROVIDER
Fiscal, Student Information, EMIS, InfoOhio, Internet

TRANSPORTATION

TRANSPORTATION

Over the years, Ohio has conscientiously worked to provide a fair and balanced approach to transportation funding. Ohio districts offers quality transportation service to their students but receive less state funding per student than districts in contiguous states.

The State's share of funding for transportation has dropped precipitously from 60 percent minimum state share in FY2015 to 50 percent in FY 2016 to 37.5 percent in FY2018 and to 25 percent in FY2019, despite the fact that Ohio's transportation mandates for service far exceed those of other states including to community and charter schools. Those continuing mandates, when combined with the recent reductions in state funding support have caused some districts to reduce service to public school students primarily in high schools in order to meet the requirements for other students.

Without sufficient funding, some of those mandates can, and should be, altered or eliminated.

The following are some of the state mandates that incur extra costs:

- Requiring school transportation services for community schools and non-public schools when the providing district is not in session without reimbursement.
- Requiring transportation to meet non-public and charter school bell schedules that conflict with the district's bell schedules. This requires additional buses and drivers and eliminates the potential for efficient scheduling. At a minimum, drop-offs or pick-ups within 30 minutes of the community or non-public school's bell times should be permitted.
- Transporting students to school choice programs beyond district boundaries without sufficient reimbursement requires a disproportionate investment in buses and drivers and requires districts to use funds intended for other programs.
- Current practice permits districts to count their students for funding purposes only in the morning even though many districts transport significantly more students in the afternoon. Districts should be allowed to report the larger of morning or afternoon rider count to be used for funding calculations.
- The Ohio Revised Code allows districts to declare some students impractical to transport based upon extremely high costs and logistical conflict. Schools are legally required to pay these families in lieu of transportation. Even though this is codified in both statute and in administrative code, schools are not being reimbursed for this payment.

CHALLENGE

The state's share of transportation funding has steadily fallen despite the state's unusually rigorous mandates, including the transportation of charter and non-public students, that far exceed those of contiguous states.

RECOMMENDATIONS

1. Implement a state bus purchase proposal providing $50,000 grants per bus purchase, reaching a total appropriation of $30,000,000 per year in FY2023 and thereafter.
2. Restore the state's minimum state share by increments to 60 percent by FY2023.
3. Restore supplemental payment to districts for non-traditional riders, and restore the efficiency incentive program.
4. Re-establish the coalition grant program.
5. Increase the special education transportation allocation. This appropriation has not been increased since FY2009, despite escalating costs and additional customized service requirements (foster, homeless, and court placed students.)
6. Cut all transportation costs or enhance revenues for districts by making the following policy changes:
    - Allow 30-minute leeway in drop-off and pick-up times for non-traditional schools.
    - Permit ridership count based upon either a.m. or p.m. ridership numbers.
    - Eliminate mandates requiring service to non-traditional schools outside district boundaries or when the serving district is not in session without reimbursement.
    - Eliminate the one mile restriction.
    - Allow local use of buses by other community organizations.

FAIR SCHOOL FUNDING PLAN