



House Primary & Secondary Education Subcommittee of Finance
Monday, April 8, 2019

Testimony on House Bill 166, the FY 2020-2021 Biennial State Operating Budget
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Introduction & Overview

Co-Chairmen Cupp and Patterson and members of the House Primary and Secondary Education Subcommittee of Finance, thank you for the opportunity to testify before you today on HB 166, the FY 2020-2021 biennial state operating budget.

I am here today to testify on behalf of the members of the Ohio Educational Service Center Association (OESCA) and Ohio's 52 Educational Service Centers (ESCs). ESCs are defined and grounded in both state and federal law:

- ESCs are local political subdivisions.
- ESCs are school districts under state law (Ohio Revised Code sections 3311.05 and 3311.055).
- ESCs are local education agencies (LEAs) under federal law (20 USCS §7801(17) (ESEA,IDEA,HEA,Perkins)).

However, it is important to note that unlike school districts ESCs do not have taxing authority.

Ohio's ESCs employ more than 14,000 education and education support personnel statewide. ESCs are large-scale, regional service providers offering administrative, academic, fiscal and operational support services, often in partnership with the state, to traditional school districts (612), community schools (107), chartered nonpublic schools (166), STEM schools, and a wide range of community-based organizations. Under current law, every school district in the state under 16,000 ADM is required to align to an ESC. Of

the remaining districts over 16,000 ADM, all eligible districts have voluntarily aligned to their respective ESCs.

ESCs provide a broad array of operational and instructional support services to schools. For example, *ESCs provide DIRECT student services to over 253,000 students* through various means including but not limited to the following:

- 43 ESCs operate 106 general education preschools and 456 integrated special education preschool classrooms;
- 43 operate ED/SBH classrooms;
- 41 operate MD classrooms;
- 37 operate alternative schools;
- 18 operate dropout recovery schools; and
- More.

ESCs also provide services in partnership with and on behalf of the Ohio Department of Education. For example:

- **PBIS** - This Spring ESC staff will be trained to support the implementation of Positive Behavioral Intervention Supports (PBIS) to Ohio's schools and district.
- **SSTs** - 16 ESCs hold contracts to serve as State Support Teams (SSTs).
- **OIP** - 510 ESC personnel have been trained in the Ohio Improvement Process (OIP) to provide a network of school improvement services for school districts and charter schools.
- **OLAC** - More than 185 ESC and SST personnel have been certified as Ohio Leadership Advisory Council (OLAC) trainers.
- **OTES** - In 2015-2016, 17 ESCs provided 50 trainings to nearly 1,300 administrators on the Ohio Teacher Evaluation System (OTES). These ESCs prototyped an update of OTES in 2018-2019, and several will pilot the new system during the 2019-2020 school year.

It is important to note that in many of these instances no additional funding is provided to support these activities.

Executive Budget Proposal

OESCA applauds Governor DeWine's child-focused budget proposal and efforts to insure all students have access to a high-quality education and educational support services. The executive budget proposal as introduced recognizes the role of ESCs by including provisions that provide ESCs relative funding stability; leverage ESC capacity to deliver

professional development and technical assistance in priority policy areas; and designate ESCs as an eligible provider of services under the proposed student wellness and success funding. These funding and policy proposals align to the historic strengths and expertise of Ohio's ESCs and we support state efforts to fund these priorities. We seek to build upon this strong foundation.

Fair School Funding Plan Recommendations

OESCA applauds the bipartisan House working group for their hard work in crafting a solution that focuses on students, is reflective of the needs of individual districts and communities and respects the local control nature of Ohio's education system. OESCA also supports the proposal to fund preschool coordinators at ESCs to help navigate the fragmented delivery and eligibility system. OESCA supports the work groups mission to develop a fair, rational and justifiable school funding formula. We seek the same goal for ESC funding. By delaying action we perpetuate a problem that is central to the criticism of the overall current funding methodology in that it amounts to more of a patch than a formula. We believe we can begin to implement changes today without delaying another 2-year budget cycle.

OESCA's Budget & Policy Recommendations

We encourage the Ohio General Assembly to build upon the Administration's proposal by adopting the following funding and funding-related policy proposals:

- Increase the ESC per pupil operating subsidy to \$42.52 over four years.
- Create a process to review and recalibrate the ESC operating subsidy every four years.
- Develop a uniform, consistent and standardized methodology for reporting ESC operating expenditures for implementation beginning in FY 2021.
- Earmark funds for ESCs to provide targeted support for: effective teachers and principals, standards and curriculum, accountability and report cards, educator preparation, student transition services, well-child initiatives and other state priorities and hold ODE accountable for using ESCs as directed in temporary law.
- Leverage Federal Funding with ESC Operating Subsidy and other funds to maximize service levels.
- Ensure ESCs are eligible to apply for Federal and State grants on behalf of client school districts.

- Ensure ESCs are eligible for facilities funding with a focus on capital improvements to ESC facilities that provide direct student services.
- Ensure ESCs are eligible to participate in the Ohio Medicaid School Plan (MSP).

These recommendations are consistent with those the association presented to the bipartisan House School Funding Work Group that developed the Ohio Fair School Funding Report.

ESC Funding

Since ESCs have no legal taxing or bonding authority, they must depend on revenues from other sources. ESCs are funded through a combination of revenue sources. The ESC state operating subsidy plays an important part in supporting our organizations and is to be utilized, *“for the operation of (the) service center and any services required under Title XXXIII of the Revised Code” (ORC 3313.843(G)(1))*. Additionally, chapter 3312 of the Ohio Revised Code, stipulates that *“[i]n addition to implementing state and regional education initiatives and school improvement efforts under the educational regional service system, educational service centers shall implement state or federally funded initiatives assigned to the service centers by the general assembly or the department of education.”* ***By statute, ESCs are the conduit for the roll-out of statewide education initiatives.***

The state subsidy provides capacity building for the state system of support and affords ESCs the ability to have a basic, adequate infrastructure and operational support to deliver technical assistance and support as directed by the Ohio Department of Education or the Ohio General Assembly. Why does the subsidy need to be increased? ***Since 2008, ESCs serve 34 (5.9%) more school districts with 175,070 (12.8%) more students but receive \$12 million less (-23%) in state funding support.***

ESCs serve an important function on behalf of the state to insure school districts are receiving the supports they need to be successful. This is particularly important given many of the key policy and funding priorities articulated in the DeWine Administration’s

executive budget proposal, the House Fair School Funding Report, and ODE's statewide strategic plan for education.

Why Invest in ESCs?

While all ESCs are governed by the same laws and have the same powers and authority granted to them in state statute and administrative code, there is some variability in the types of services provided by individual ESCs. Where there is variability it is by design rather than by accident; it is a strength of the system rather than a weakness. ESCs are different only in so much as to reflect the differences in their communities, and in the cultures and values of their client school districts. It is frequently cited that no school funding solution should be one-size fits all yet the variability among ESCs is often used as an excuse to not address their needs. And that is where we find ourselves yet again. We believe the per pupil amount recommended to the House working group is reasonable, rational and sustainable.

ESCs provide the requisite infrastructure to provide outreach, technical assistance and support to the field on behalf of the Ohio Department of Education and meet the statutorily-defined purpose to increase efficiency, reduce duplication and redundancy, provide school improvement and other technical assistance and support functions. ESCs also provide coordination and support between and among various state and local agencies that provide vital services to students and schools.

The ESC operating subsidy is the equivalent of district foundation funding and is considered unrestricted aid. ESCs are already required to demonstrate cost savings under the high performing application process and provide a tremendous value. ***For every \$1 in combined state/local funds, ESCs provide \$5.91 in additional resources through combined savings and grants.*** For example, in FY 2018, ESC provided 33.74% savings (\$63.9 million) to districts in just 5 service areas alone; total savings were substantially more. ***This is an annual total of nearly \$240 million in leveraged funds and costs savings every year.***

Conclusion

In closing, *we encourage the General Assembly to increase ESC funding over 4 years, enhance the role of ESCs in partnership with the Ohio Department of Education, and seek to leverage federal education dollars to maximize the impact for students and schools.*

Thank you for the opportunity to testify before you today and I would be happy to answer any questions you might have.