

## Senate Finance Committee Testimony

May 29, 2019

Paul A. Craft, Superintendent, Delaware City Schools

Mr. Chairman. Ranking Member. Committee Members. Thank you for the opportunity to testify today.

I stand before you today, quite frankly, mystified and disappointed. Let me explain why.

I have had the good fortune to serve as the Superintendent of the Delaware City Schools for the past nine years. During all of that time, my district has not been fully funded due to the existence of the gain caps put into place when the last school funding system was adopted several biennium budgets ago. Delaware is one of around 50 districts that receive less than 80% of the funding that Ohio's funding formula says we should. In our case, we receive funding for just over 4000 students even though we have almost 6000 students. Other districts very similar to ours are fully funded and some, in fact, are more than fully funded (guaranteed). I have included printouts of the settlement reports for Delaware and our two most similar districts, both of which are more than fully funded.

Of the 50 most heavily capped districts, 15 of those are what might be considered wealthier districts, with less than 30% free and reduced lunch. However, 10 of those are poor districts, with more than 70% free and reduced lunch. The other 25 districts, including Delaware, are middle of the road districts with between 30% and 70% free and reduced lunch rates. I have included a list of the most heavily capped districts in the state.

Being on the gain cap has nothing to do with district wealth. In each wealth group, there are districts that are capped, districts that are fully funded, and districts that are more than fully funded (guaranteed).

There are two main ways to end up as a capped district. For districts like Olentangy, Whitehall, Delaware and Licking Heights, rapid growth far outpaced the small cap growth allowed these last several years. Thus, one way to end up capped is to be an attractive district that families want to move to.

The other way is to have had your property values decline during the great recession without fully rebounding. That happened to many economically challenged districts. However, in many of those districts enrollment also went down considerably. Those districts that lost the trust of families and thus lost enrollment did not end up on the cap and many, in fact, ended up on the guarantee. However,

some economically challenged districts did not suffer sharp enrollment declines. Those districts, with less ability to locally fund their schools, often ended up on the cap.

Thus, one thing that most capped districts have in common is they have remained attractive places for families. Their reward for that good work is to be less fully funded than districts that saw their enrollments collapse. Meanwhile, districts that have had sharp enrollment decreases find themselves fully funded or even more than fully funded.

So why am I mystified? I completely understand why the formula was implemented the way it was, with gain caps and guarantees, several biennia budgets ago. The formula was adopted as we worked to come out of the recession and funding was tight. Further, guarantees solved the problem of getting legislators to not have to vote to cut funding to schools in their districts. Over the subsequent biennium budgets, funding continued to be tight and/or there was an appetite for tax cuts to help solidify our state's competitiveness and economic growth.

I was certain that, when the financial status of the state improved, the legislature would solve this imbalance, this unfairness. Now here we are. We just got word that the state is \$700 million ahead of projections for this current year. That would more than fund moving all districts to a fully funded status.

However, the Governor and the House have moved forward plans that do not address the gain caps. Their plans treat districts that are 50% funded, 100% funded or 150% funded exactly the same.

I am here to ask that the Senate address this issue in a meaningful way in this budget. Fully fund all districts now. The Cupp-Patterson plan included a path to achieving that over a few years. Take that part of the plan even if the rest of that truly well-developed plan is not immediately adopted.

I am sorry to inform you that if the legislature does not address the gain caps in this biennium budget that a group of districts will be filing a federal lawsuit. Let me lay out the theory of that case. I need each of you to act as judge or jury for the next few minutes.

Take a civil-rights protected student in a gain-capped district – for example a minority student who qualifies for a 504 plan. Section 504 is a part of the Rehabilitation Act of 1973 that prohibits discrimination based upon disability. Section 504 is an anti-discrimination, civil rights statute that requires the needs of students with disabilities to be met as adequately as the needs of the non-disabled are met.

The state provides that capped district with \$2800 in state funding to help cover the cost of educating that student.

Take a very similarly situated student in a very similarly situated fully funded district. The state provides that district with \$4100 to help cover the cost of educating that student.

Take a third similarly situated student in another very similarly situated district that is more than fully funded (guaranteed). The state provides that district with \$4700 to help cover the cost of educating that student.

Notice the key legal term of 'similarly situated.' For Ohio districts, the Ohio Department of Education actually provides each district with a listing of similar districts based on many of the same factors that go into the school funding formula. I have included a sample 'similar district' list for Delaware City Schools with my testimony.

The 14<sup>th</sup> Amendment of the U.S. Constitution contains a phrase that has been much debated and much litigated. It establishes that no state shall deny any citizen the "equal protection of the law."

Back to our three 504 students in our three similar districts. They are obviously not receiving the 'equal protection of the law' when it comes to school funding in Ohio. One district receives \$2800 from the state. The other receives \$4700. Those differences are not driven by differences between the districts. They are driven by the arbitrary gain caps and guarantees that the legislature currently has the ability to address but has so far indicated that they are not interested in doing so.

Based on other similarly structured cases, I am confident that our group of capped school districts can prevail at the district level. After that, who knows at the Circuit level and beyond?

The scary part of involving the federal courts is that such cases are unpredictable, long, expensive, and divisive. One outcome could be that the state is forced to end not just the caps but also the guarantees, something that our group of districts and many, many legislators do not want to see happen precipitously.

I again restate that I stand before you asking you to do the right thing. Fully fund districts like ours. Eliminate the gain caps. The state may never have a better financial situation in which to address this challenge. If we miss this chance, who knows when we will have it again? Do the right thing. Fully fund all of Ohio's school districts.

Thank you.

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5/28/2019

## Fiscal Year 2018 Similar Districts Grouping

Comparing District:

Fiscal Year:

Sorted by: Most to Least Similar

Rank	IRN	District	County	Average Daily Membership (ADM)	Poverty as % of ADM	% of Population Administrative or Professional Occupations	Median Income	% of Population with College Degree or More	% Agricultural Property	Population Density	Non-Residential & Non-Agricultural Per Pupil	% Minority Students
1	043984	Findlay City	Hancock	5,544	40.0	32.7	36,291	27.4	1.9	1,328.3	38,212	19.0
2	044214	Lebanon City	Warren	5,298	22.0	37.4	47,367	27.6	6.6	510.8	31,660	12.0
3	049932	Plain Local	Stark	5,979	44.0	35.4	38,442	29.8	0.7	1,686.4	32,371	27.0
4	045104	Willoughby-Eastlake City	Lake	7,782	36.0	35.8	39,795	26.0	0.2	2,090.4	56,583	16.0
5	044180	Kettering City School District	Montgomery	7,554	42.0	41.4	39,799	33.1	0.0	2,572.7	55,537	15.0
6	044834	Stow-Munroe Falls City School District	Summit	5,026	21.0	46.6	47,962	42.3	0.4	1,845.8	41,242	10.0
7	045500	Millford Exempted Village	Clermont	6,374	22.0	42.6	51,504	38.4	0.6	1,376.8	30,684	9.0
8	043661	Brunswick City	Medina	7,026	22.0	35.0	45,341	25.7	0.8	1,792.4	29,478	8.0
9	046359	West Clermont Local	Clermont	7,768	37.0	36.3	40,321	26.9	1.3	1,465.9	51,322	8.0
10	045492	Mentor Exempted Village	Lake	7,576	26.0	39.9	46,714	31.4	0.3	1,688.7	59,935	9.0
11	044388	Medina City Sd	Medina	6,622	18.0	42.4	51,306	39.7	2.8	936.2	45,920	9.0
12	046102	Fairfield City	Butler	9,156	39.0	39.0	41,764	28.8	0.5	1,881.6	46,930	35.0
13	044529	North Olmsted City	Cuyahoga	3,727	39.0	37.1	42,535	29.1	0.0	2,758.6	69,497	15.0
14	043836	Cuyahoga Falls City	Summit	4,706	46.0	36.4	38,245	31.3	0.0	4,191.7	33,906	12.0
15	044396	Miamisburg City	Montgomery	5,251	40.0	40.9	42,200	27.4	1.6	1,302.6	58,750	16.0
16	043612	Berea City	Cuyahoga	6,131	33.0	33.1	40,302	25.4	0.0	2,419.8	80,723	20.0
17	044875	Sylvania Schools	Lucas	7,559	21.0	50.4	52,329	45.5	0.3	1,794.5	45,695	13.0
18	047894	Riverside Local	Lake	4,042	24.0	38.0	50,207	30.7	2.0	555.8	38,776	15.0
19	044925	Troy City	Miami	4,127	35.0	33.8	41,492	26.5	3.4	807.2	46,960	14.0
20	045195	Amherst Exempted Village	Lorain	3,683	21.0	35.2	45,211	23.6	0.6	1,241.5	31,089	18.0

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Eben Dowell ([Eben.Dowell@education.ohio.gov](mailto:Eben.Dowell@education.ohio.gov))

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**SFPR Summary Worksheet Report**

OHIO DEPARTMENT OF EDUCATION  
OFFICE OF BUDGET AND SCHOOL FUNDING  
FY19 SUMMARY SCHOOL FUNDING REPORT FOR CITY, EXEMPTED VILLAGE AND LOCAL SCHOOL DISTRICTS  
(FY2019 March #1 Payment, Data as of 02/25/2019)

05/28/2019

IRN: 043877 District: DELAWARE CITY S.D.

County: DELAWARE

	CALCULATED FUNDING	STATE FUNDING
<b>FOUNDATION FUNDING COMPONENTS:</b>		
A Opportunity Grant:	17,126,177.16	11,107,586.80
B Targeted Assistance:	2,406,713.42	1,560,930.85
C K-3 Literacy Funding:	382,053.51	247,789.83
D Economic Disadvantaged Funding:	197,320.71	127,977.01
E Limited English Proficiency Funding:	91,567.83	59,388.48
F Gifted Education Funding:	271,921.44	176,361.07
G Transportation Funding (Generally Exempted from Cap):	1,092,658.25	1,092,658.25
H Special Education Additional Funding (Generally Exempted from Cap):	2,765,772.86	2,765,772.86
I Capacity Aid:	0.00	0.00
J Graduation Bonus (Exempted from Cap):	67,738.35	67,738.35
K Third Grade Reading Bonus (Exempted from Cap):	53,702.24	53,702.24
L Transitional Aid Guarantee:	0.00	0.00
M Career Tech Education Funding (Exempted from Overall Guarantee & Cap):	36,635.83	36,635.83
<b>N Total Formula Funding:</b>		<b>17,296,541.57</b>
<b>ADDITIONAL AID ITEMS:</b>		
O Preschool Special Education Funding:		627,963.36
P Special Education Transportation Funding:		248,808.46
<b>Q Total Additional Aid Items:</b>		<b>876,771.82</b>
<b>R TOTAL CALCULATED FUNDING::</b>		
<b>Total Formula Funding Plus Additional Aid Items:</b>		<b>18,173,313.39</b>
<b>TRANSFERS AND ADJUSTMENTS:</b>		
S Education Service Center Transfer:		-585,750.00
T Open Enrollment Adjustment:		113,450.04
U Community School Transfer:		-1,092,445.55
V STEM School Transfer:		-6,132.43
W Scholarship Transfer:		-739,942.00
X Other Adjustments:		-67,733.59
<b>Y Total Transfers and Adjustments:</b>		<b>-2,378,553.53</b>
<b>NET STATE FOUNDATION FUNDING:</b>		
<b>Z Total Calculated Funding Plus Total Transfers and Adjustments:</b>		<b>15,794,759.86</b>

Formula Funding = \$ 23,800,000 = \$ 4,367 / pupil

Actual Funding = \$ 17,300,000 = \$ 3,174 / pupil

72.7% Funded

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 OFFICE OF BUDGET AND SCHOOL FUNDING  
 FY19 SUMMARY SCHOOL FUNDING REPORT FOR CITY, EXEMPTED VILLAGE AND LOCAL SCHOOL DISTRICTS  
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05/28/2019

IRN: 043984 District: FINDLAY CITY S.D.

County: HANCOCK

	CALCULATED FUNDING	STATE FUNDING
<b>FOUNDATION FUNDING COMPONENTS:</b>		
A Opportunity Grant:	15,522,831.93	15,522,831.93
B Targeted Assistance:	1,120,023.92	1,120,023.92
C K-3 Literacy Funding:	361,532.70	361,532.70
D Economic Disadvantaged Funding:	293,309.68	293,309.68
E Limited English Proficiency Funding:	49,579.54	49,579.54
F Gifted Education Funding:	268,357.35	268,357.35
G Transportation Funding (Generally Exempted from Cap):	635,057.07	635,057.07
H Special Education Additional Funding (Generally Exempted from Cap):	3,009,443.76	3,009,443.76
I Capacity Aid:	0.00	0.00
J Graduation Bonus (Exempted from Cap):	65,932.62	65,932.62
K Third Grade Reading Bonus (Exempted from Cap):	32,279.83	32,279.83
L Transitional Aid Guarantee:	986,061.45	986,061.45
M Career Tech Education Funding (Exempted from Overall Guarantee & Cap):	456,020.02	456,020.02
<b>N Total Formula Funding:</b>		<b>22,800,429.87</b>
<b>ADDITIONAL AID ITEMS:</b>		
O Preschool Special Education Funding:		530,796.85
P Special Education Transportation Funding:		102,815.90
<b>Q Total Additional Aid Items:</b>		<b>633,612.75</b>
<b>TOTAL CALCULATED FUNDING::</b>		
<b>R Total Formula Funding Plus Additional Aid Items:</b>		<b>23,434,042.62</b>
<b>TRANSFERS AND ADJUSTMENTS:</b>		
S Education Service Center Transfer:		-35,750.00
T Open Enrollment Adjustment:		-942,078.29
U Community School Transfer:		-1,289,743.90
V STEM School Transfer:		0.00
W Scholarship Transfer:		-491,816.79
X Other Adjustments:		1,522,284.69
<b>Y Total Transfers and Adjustments:</b>		<b>-1,237,104.29</b>
<b>NET STATE FOUNDATION FUNDING:</b>		
<b>Z Total Calculated Funding Plus Total Transfers and Adjustments:</b>		<b>22,196,938.33</b>

Formula Funding = \$ 21,814,000 = \$ 3,935 / pupil

Actual Funding = \$ 22,800,000 = \$ 4,112 / pupil

104.5% Funded

**SFPR Summary Worksheet Report**

OHIO DEPARTMENT OF EDUCATION  
OFFICE OF BUDGET AND SCHOOL FUNDING  
FY19 SUMMARY SCHOOL FUNDING REPORT FOR CITY, EXEMPTED VILLAGE AND LOCAL SCHOOL DISTRICTS  
(FY2019 March #1 Payment, Data as of 02/25/2019)

05/28/2019

IRN: 044214 District: LEBANON CITY S.D.

County: WARREN

	CALCULATED FUNDING	STATE FUNDING
<b>FOUNDATION FUNDING COMPONENTS:</b>		
A Opportunity Grant:	14,324,216.18	14,324,216.18
B Targeted Assistance:	1,040,808.95	1,040,808.95
C K-3 Literacy Funding:	312,659.31	312,659.31
D Economic Disadvantaged Funding:	48,065.22	48,065.22
E Limited English Proficiency Funding:	48,973.63	48,973.63
F Gifted Education Funding:	268,125.91	268,125.91
G Transportation Funding (Generally Exempted from Cap):	1,522,754.69	1,522,754.69
H Special Education Additional Funding (Generally Exempted from Cap):	1,953,785.30	1,953,785.30
I Capacity Aid:	0.00	0.00
J Graduation Bonus (Exempted from Cap):	72,117.85	72,117.85
K Third Grade Reading Bonus (Exempted from Cap):	39,199.95	39,199.95
L Transitional Aid Guarantee:	1,224,066.55	1,224,066.55
M Career Tech Education Funding (Exempted from Overall Guarantee & Cap):	94,039.66	94,039.66
<b>N Total Formula Funding:</b>		<b>20,948,813.20</b>
<b>ADDITIONAL AID ITEMS:</b>		
O Preschool Special Education Funding:		320,806.29
P Special Education Transportation Funding:		199,420.04
<b>Q Total Additional Aid Items:</b>		<b>520,226.33</b>
<b>TOTAL CALCULATED FUNDING::</b>		
<b>R Total Formula Funding Plus Additional Aid Items:</b>		<b>21,469,039.53</b>
<b>TRANSFERS AND ADJUSTMENTS:</b>		
S Education Service Center Transfer:		-34,521.50
T Open Enrollment Adjustment:		-588,188.12
U Community School Transfer:		-904,046.34
V STEM School Transfer:		-8,143.81
W Scholarship Transfer:		-323,304.38
X Other Adjustments:		-65,881.77
<b>Y Total Transfers and Adjustments:</b>		<b>-1,924,085.92</b>
<b>NET STATE FOUNDATION FUNDING:</b>		
<b>Z Total Calculated Funding Plus Total Transfers and Adjustments:</b>		<b>19,544,953.61</b>

Formula Funding = \$ 19,725,000 = \$ 3,723

Actual Funding = \$ 20,950,000 = \$ 3,954

106.2 % Funded

### 40 Districts Losing Most per Pupil

					FORMULA FUNDING LOST (OR GAINED)	% OF FORMULA FUNDING RECEIVED	ACTUAL FUNDATION FUNDING PER PUPIL	FORMULA FUNDATION FUNDING PER PUPIL	GAIN CAP PER PUPIL LOSS (OR GUARANTEE GAIN)
		ACTUAL FUNDATION FUNDING	FORMULA FUNDATION FUNDING	FY17 FORMULA ADM					
DISTRICT	COUNTY								
1 Maple Heights City SD	Cuyahoga	\$26,131,036	\$36,563,919	4,238	-\$10,432,883	71%	\$6,166	\$8,628	-\$2,462
2 Bethel Local SD	Miami	\$4,564,662	\$7,663,069	1,265	-\$3,098,407	60%	\$3,608	\$6,056	-\$2,449
3 Whitehall City SD	Franklin	\$27,563,257	\$36,773,602	3,793	-\$9,210,345	75%	\$7,267	\$9,695	-\$2,428
4 Monroe Local SD	Butler	\$7,621,122	\$13,847,494	2,611	-\$6,226,372	55%	\$2,919	\$5,304	-\$2,385
5 Licking Heights Local SD	Licking	\$12,550,834	\$22,573,692	4,320	-\$10,022,858	56%	\$2,905	\$5,225	-\$2,320
6 Olentangy Local SD	Delaware	\$11,903,350	\$53,828,469	19,488	-\$41,925,119	22%	\$611	\$2,762	-\$2,151
7 Middletown City SD	Butler	\$39,572,156	\$54,413,128	7,037	-\$14,840,972	73%	\$5,623	\$7,732	-\$2,109
8 Washington Local SD	Lucas	\$30,250,462	\$44,585,850	7,367	-\$14,335,388	68%	\$4,106	\$6,052	-\$1,946
9 North College Hill City SD	Hamilton	\$12,923,950	\$16,291,892	1,779	-\$3,367,942	79%	\$7,267	\$9,160	-\$1,894
10 Brooklyn City SD	Cuyahoga	\$1,120,001	\$3,386,397	1,274	-\$2,266,396	33%	\$879	\$2,659	-\$1,780
11 Lockland City SD	Hamilton	\$4,152,719	\$5,223,429	611	-\$1,070,711	80%	\$6,796	\$8,549	-\$1,752
12 New Albany-Plain Local S	Franklin	\$3,551,504	\$11,314,735	4,753	-\$7,763,231	31%	\$747	\$2,380	-\$1,633
13 Euclid City SD	Cuyahoga	\$44,162,856	\$56,482,776	7,639	-\$12,319,920	78%	\$5,781	\$7,394	-\$1,613
14 Lordstown Local SD	Trumbull	\$1,132,834	\$1,874,660	468	-\$741,826	60%	\$2,420	\$4,005	-\$1,585
15 Garfield Heights City SD	Cuyahoga	\$23,922,308	\$30,425,016	4,141	-\$6,502,708	79%	\$5,778	\$7,348	-\$1,570
16 Ontario Local SD	Richland	\$3,303,208	\$5,878,745	1,734	-\$2,575,537	56%	\$1,905	\$3,390	-\$1,485
17 Fostoria City SD	Seneca	\$15,152,064	\$18,286,781	2,210	-\$3,134,717	83%	\$6,857	\$8,276	-\$1,419
18 Perry Local SD	Lake	\$1,356,799	\$3,632,133	1,768	-\$2,275,334	37%	\$768	\$2,055	-\$1,287
19 Columbus City SD	Franklin	\$345,120,016	\$436,963,865	72,012	-\$91,843,849	79%	\$4,793	\$6,068	-\$1,275
20 Delaware City SD	Delaware	\$17,175,101	\$24,097,997	5,566	-\$6,922,896	71%	\$3,086	\$4,329	-\$1,244
21 Avon Local SD	Lorain	\$4,843,235	\$9,906,417	4,217	-\$5,063,182	49%	\$1,148	\$2,349	-\$1,201
22 Painsville City Local SD	Lake	\$28,076,153	\$31,970,285	3,246	-\$3,894,132	88%	\$8,649	\$9,849	-\$1,200
23 Batavia Local SD	Clermont	\$11,410,034	\$13,968,961	2,205	-\$2,558,927	82%	\$5,175	\$6,335	-\$1,161
24 Dover City SD	Tuscarawas	\$8,520,414	\$11,638,545	2,709	-\$3,118,131	73%	\$3,146	\$4,297	-\$1,151
25 Springfield Local SD	Lucas	\$8,909,638	\$13,514,999	4,008	-\$4,605,361	66%	\$2,223	\$3,372	-\$1,149

