



**The Alliance for High Quality Education
Testimony – H. B. No. 49
House Finance Subcommittee on Primary and Secondary Education**

March 8, 2017

Chairman Cupp, Ranking Member Miller and members of the Finance Subcommittee on Primary and Secondary Education - my name is Anthony Podojil and I am the Executive Director of The Alliance for High Quality Education (AHQE). Prior to joining the Alliance as its executive director, I served as superintendent for the West Geauga Local Schools for thirteen years. I earned my doctorate at Cleveland State University in the area of Urban Educational Administration and am an adjunct professor at John Carroll University, teaching graduate level courses in school finance, educational leadership and curriculum. I am here today along with Mike Sheppard, Superintendent of the Berea City Schools, and Ronda Johnson, Treasurer of Mason City Schools, to offer testimony on H. B. 49.

The Alliance for High Quality Education is a consortium of 70 high-performing school districts located throughout the State of Ohio including the Toledo, Cleveland, Akron-Canton, Columbus, Dayton and Cincinnati areas. For the last twenty-five years, the Alliance has represented its members' interests on matters of state education policy and funding, and has fostered high quality educational opportunities for students in all districts across the state.

On behalf of the Alliance, thank you for the opportunity to testify today. We would like to focus our remarks on issues associated with guarantees, caps, a proposed change to the minimum funding level and tangible personal property reimbursements, which also were discussed in yesterday's testimony.

School funding is among the more complex issues with which the General Assembly must deal. It is also one of the most important and most visible because of the number of students it impacts, and because the school funding formula applies to 612 school districts, no two of which are alike.

One of the most misunderstood concepts associated with the funding formula has been the need for providing guarantees for districts to maintain a consistent state funding level when changes made to the formula could cause a reduction. While the causation of guarantees has commonly been decreases in student enrollment, in most instances, enrollment losses do not necessarily equate to equal reductions in costs. In some situations, depending on changes to the formula and how capacity and wealth levels are determined, a district may be on the formula in one version and off of it in another. Ronda Johnson, treasurer of Mason City Schools, will discuss this in more detail during her portion of the testimony.

Equally important to understanding this issue, is how the base cost (per-pupil number) is used to drive the overall formula. A strong case can be made that the current base cost number (\$6,000) no longer represents true operating costs. By simply applying the national inflation rate to the original “building blocks” base cost concept, the figure for FY2017 should be \$6,390/pupil and by applying LSC’s current 2.4% inflation rate, that figure would grow to \$6,543 in FY2018, and \$6,700 in FY2019.

Adjusting the base cost number and the subsequent impact on caps further complicates this discussion. As Budget Director Keen pointed out in his testimony, the State’s cap liability would be far greater if the base cost number had been allowed to grow at just an inflationary amount.

Regardless, what the guarantees have been able to accomplish in past budgets is to provide those districts who don’t qualify for an increase in state funding a certain level of stability by providing the same state support for the next two years. While everyone in the educational community believes that all districts at some point should be on the formula, understanding how and why they originally went on the guarantee is essential to finding a way to get them off.

We ask that you continue, as you have done in the past, to guarantee districts the same level of support for the biennium if they do not qualify for new funding under whatever formula has been decided upon. Until an appropriate base cost can be determined in a formula that has been in effect for several budget cycles, it will be difficult to address the specific reasons that cause districts to qualify for a guarantee.

Under the current formula, the minimum state share for districts is 5%, or approximately \$300.00 per pupil. In comparison, under present law, non-public schools receive monies from the State for required auxiliary services and reimbursements for certain mandated administrative costs equaling approximately \$1200.00 per pupil. In FY2016, 27 public school districts received less money per pupil than did non-public schools, even though public schools are required to provide the same auxiliary services and perform the same recordkeeping procedures. It does not seem fair that any public school, required by law to educate our youth, should receive less money from the State than schools not mandated by the laws of the state.

We believe the creation of a new funding floor equal to the amount granted to non-public schools is appropriate and fair. This would provide all districts a consistent and stable state funding level sufficient to underwrite the same required services and mandated administrative costs the State funds for their parochial and private counterparts.

Also of great interest to those districts impacted is the level of tangible personal property reimbursements proposed in the Governor’s funding plan. As was discussed yesterday, districts affected by these reductions face a significant loss of funding and we support efforts to find a solution that mitigates these pending losses. Mike Sheppard will address this issue in more detail during his testimony.

While Ohio’s school districts are asked to assume a significant portion of the financing load at the local level, being able to rely on a stable, consistent, and, at least, modestly growing state share provides a form of reliability needed to plan and execute an effective district budgeting and expenditure program. Five-year forecasts, required under state law, should be meaningful and accurate, based upon a realistic projection of revenues and expenses. Staffing, building maintenance, construction plans, technology upgrades, permanent improvements, and supplies of a

multitude of descriptions must be carefully planned with a reasonable expectation that there will be sufficient funds to underwrite them. Levy cycles need to be anticipated with accuracy.

Finding the appropriate level of funding for districts has been a challenging endeavor for all who have attempted that task. While much of our attention over the last several budget cycles has been focused on finding ways to fit as many districts as possible onto the formula, it actually has resulted in more districts on guarantees and significant cap liabilities that are not funded. When you add uncertainty about the appropriateness of the base cost amount to this equation, it further complicates the discussion.

Thank you for your consideration. I will be available for any questions you may have following the testimony from my colleagues.