

House Testimony 2017

Chairman Cupp, Ranking Member Miller, members of the Subcommittee, thank you for the opportunity to testify here this morning. My name is Don Mook and I am the superintendent of the Columbiana School district. I am joined today with my colleagues Stacy Williams, Treasurer of Beaver Local School District, Marie Williams from the Columbiana County ESC, Rob Mehno, Superintendent of Leetonia Schools, and Jennifer Coldsnow, Treasurer of Leetonia Schools, all from Columbiana County. We have been conducting research on school funding in Ohio for the past two biennial budgets. Today I would like to discuss the Governor's proposed budget, specifically the discrepancy in funding between rural schools and urban schools and the rationalization for this.

The attached analysis breaks down the funding by typology. Rural districts will lose an average of (\$91.81) per student while urban districts will gain \$391.91 per student. This is almost a \$500 difference per student based solely on where the child resides. This is similar to the Governor's proposal two years ago. Fortunately, the House of Representatives made changes in HB 64 that provided a more equitable formula. However, in the current proposed budget, the data again consistently shows that large urban school districts are seeing increased funding at the cost of small, rural districts.

The majority of the 381 charter schools in the state of Ohio are located in or near the urban districts where the current formula is sending additional funds. In fact, eleven urban school districts gain 213 million dollars, while 338 districts lose 94 million dollars. These same 11 urban school districts send close to 536 million dollars to charter schools. Is this where increased school funding should be going? Is the end goal increased funding opportunities and revenues for school choice options within urban areas? Specifically, are we moving money to these areas with an emphasis on privatization of public funds?

Public, rural school districts are the heart of Ohio, serving the vast majority of the real estate of our great state. We have a long standing tradition of competition through producing excellent students. My small district has two of the three school buildings receiving National Blue Ribbon School status. We send students to Ohio colleges and universities, Ivy league schools, and even have had a recent graduate, Ashley Orr, named as an international Rhodes Scholar. Rural schools produce virtually any career you can dream of like doctors, lawyers, welders, nurses, educators, soldiers, engineers, and laborers. We prepare all of our students to be tremendous Ohioans and American citizens who are able to articulate the world around them and positively contribute to society. Public, rural school districts are not fearful of competition as we understand that school choice has its place in Ohio and is here to stay. However, funding is just as critical to our students as it is to our major urban centers. Yet, year after year, we trim our budgets based on our student populations, sometimes sacrificing programs and reduced class sizes to survive. Our teachers, support staff, and administrators take on roles and responsibilities that large urban districts have committees of people to handle.

I would like to share a few examples from my district that demonstrate the disparities with the funding that flows due to the formula and school choice.

- The Columbiana School District has 3 students on an Autism Scholarship at approximately \$27,000 each. Specifically, one such student attends KidsLink NeuroBehavioral Center in Cleveland at a cost of \$27,000. The Columbiana School District receives approximately \$12,900 for special education costs from the state of Ohio to educate that student based off the state share. \$14,100 is paid out from the district's local funds to make up the \$27,000 paid to the KidsLink NeuroBehavioral Center. This is just an example of lost local revenues established by this one School Choice option.
- Community school, charter school, and open enrollment school choice options affect my district as well. In this instance, students without disabilities are less complex to understand as money is shifted from one educational institution to the other. When one of these options is utilized by a regular ed student who leaves our district, the state moves \$6,000 to the educating school choice option. Our state share for that student is \$2,900 (this is state money that we receive per student). In order to meet the total \$6,000 to fulfill the school choice value, our district loses an additional \$3,100 in local funds that were voted on by the people of Columbiana.
- One last example of how this budget hurts our school system is the cap system. The cap effect reduces our state allocation to \$312,751 from \$539,144, a net loss of (\$226,393). The state of Ohio covers about 30% of our school budget. Our local taxpayers account for almost $\frac{3}{4}$ of the cost to educate our students.

School funding is the essential element for school operations. The examples noted are how some of the small rural school districts in our county lose funding. The movement of critical operational revenues through Ohio's school choice programs has complicated public school funding and created district budgetary constraints. (Arcalean C., & Schiopu, I. 2015, Windle, J. 2014). The proposed budget increases urban school district revenues exponentially in comparison to rural school districts, the proposed increased revenue is where access to school choice exists. Additionally, the problem to be addressed within the proposed budget is the mixed, uneven flow of state and local money from one school entity to another through school choice programs, like open enrollment, charters, scholarships, etc. which is further complicated by districts on a funding cap or guarantee. The problem of school funding elements with Ohio's school choice programs is informed by the theory of comparative justice, by arguing that it is difficult to resolve the question of redistribution of school funding in terms of ideal or absolute justice (BenDavid-Hadar I., 2016). Essentially speaking, there is no fair way to move money from one element of education to another, specifically when the funding distribution is heavily biased to one typology or ideological wing of education with an appearance of emphasis on special interests. We simply would like to see the state level the playing field.

Tim Keen, the director of the Office of Budget Management, has identified the reduction in enrollment as a reason for decreased funding. When questioned concerning specific reductions in rural funding, Keen offered this explanation: "Some of the very modest reductions that the

executive budget proposes are likely offset by the increases in local property tax revenue, particularly in the agricultural districts, that they have gained." Let's analyze these assumptions.

First, Keen has emphasized that districts that have seen a decrease in enrollment should receive less funding. An analysis of the district-by-district projections indicates this is inconsistent when applied in the Governor's proposal. The analysis shows that 55% of the urban school districts lost student population, yet urban districts are seeing increased funding. Additionally, it disregards the efforts that rural districts have made to combat decreasing enrollment.

In particular, my district, Beaver Local, is slated to lose 500,000 dollars. We have seen a small decrease in enrollment over 5 years. With a state share of \$6,000 per child, that loss of enrollment has reduced our state share by \$1.4 million dollars over that time. Accordingly, we have asked our staff and students to do more with less, eliminated 17 staff positions, consolidated facilities to increase operational efficiency, taken pay freezes, and made other various cost cutting moves. Factoring in enrollment now, only punishes us twice for the same loss of students.

It is also important to note that my district has also had two state sponsored performance audits in the past 5 years, where no major additional cost saving measures were identified. On top of that, health insurance premiums have increased 27%, the 5 year inflation rate is 6.98%, unfunded mandates have been forced upon us, and every single service agreement has increased based on those factors. Last budget, we were projected to receive 1.3 million dollars. In the final moments, changes were made and we ended up on the guarantee, meaning revenue would be completely flat. We as a district cannot keep pace.

We can look at the data between two high poverty districts, one district identified as a typology 7 urban district, Bedford City Schools and Beaver Local Schools, a typology 1 rural district. Bedford City Schools has an almost equivalent loss of students over the same 5 year period and yet that district is scheduled to receive an annual half a million dollar increase, compared to my district's half a million dollar loss. Also, the expenditure per pupil at Bedford is \$4,000 higher than my district.

By the way, using per pupil expenditure to demonstrate efficiency, the Cupp report data indicated that 49% of the urban districts spend more than \$12,037 per pupil. Comparatively, only 7% of rural districts exceed this mark for per pupil expenditures. This means urban districts receive nearly \$500 more per pupil than rural districts. The disparity is obvious. Why is a student in rural America worth less than an urban student?

I would love for any of you on this committee to come see the fantastic things we are doing at our amazing "rural, high poverty school" as the state codes us. We have students and staff out raising money for 3D Printers, using robots, and hosting maker-space camps after school. Believe it or not, in rural Ohio, we are operating on the forefront of 21st century education with a variety of STEM initiatives. We have students at Beaver Local receiving almost perfect scores on their ACT's, hosting their own YouTube Channels, and doing a number of great things throughout our

local community. I was born and raised in small town Ohio and I am proud of the education that I received. As I look down the barrel of 500,000 dollars in budget cuts, all I see is cutting those programs (arts, technology, physical education, AP classes) that make us great and allow our students to thrive.

Finally, Director Keen states the increased property tax revenue from agricultural land values as another reason for rural districts to offset the loss in funding. This was also cited as a factor during the last biennium budget. In Columbiana County, Beaver Local is losing close to half a million dollars and in addition to that, my agricultural land value actually decreased \$116,000.

Governor Kasich has suggested that school districts seeing a decrease in funding should pass school levies. The reality is that most rural districts do not have the capacity to raise any significant local revenue via tax. A mill in most rural districts does not make any significant impact on local budgets, and in many situations does not cover the salary and benefits of one teacher. The demographics of many of the rural Ohio districts are void of industry and a large portion of the rural population is at or below the poverty line. An increase in revenue from property tax cannot offset the amount of funding that is being reduced in rural districts due to these factors.

In summary, we would like the subcommittee to clearly evaluate the volume of disproportionate dollars directed towards Ohio's urban areas that will bolster Ohio's charter schools at the expense of rural districts. Additionally, we would also like you to examine the double jeopardy effect of districts who have made cuts due to reduced enrollment only to be penalized again for losing the exact same students in the formula. Finally, we have proven that the agricultural land increase is not consistent across the state of Ohio.

We have included our data on the increase and decrease in funding by typology and student population, a graph comparing ADM and funding, information on rural school funding by county, and a link to a Youtube video on the discrepancy between rural and urban funding in our testimony packet.

We encourage the subcommittee to consider the implementation of the revisions to the formula that were made by the House of Representatives on HB 64 during the last biennium budget. Thank you for the opportunity to discuss our research and thoughts; we will be happy to answer any questions.

References

- Arcalean, C., & Schiopu, I. (2015). Inequality, opting-out and public education funding. *Social Choice and Welfare Soc Choice Welf*, 46(4), 811-837. doi:10.1007/s00355-015-0937-9

Bendavid-Hadar, I. (2016). School finance policy and social justice. *International Journal of Educational Development*, 46, 166-174. doi:10.1016/j.ijedudev.2015.10.003

FY 16 School Finance Payment Report (SFPR) Line by Line Explanation (pp. 1-23, Rep. No. FY 16). (2016). Columbus, Ohio: Ohio Department of Education Office of Budget and School Funding. Based on Provisions of AM. SUB. H.B. 64 of the 131st General Assembly.

Ohio Budget Winners & Losers



11 Districts = +213 Million

316,201 Students

x \$337 Per Student per Year

= + \$213,614,408 in Increased Funding

"Big Winners"

Change in \$ Per Student (Average of 17-19)

A. Gaining \$125 to \$672 per Student

B. Gaining \$10 to \$125 per Student

MORE VIDEOS ^

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YouTube



Ohio Budget Winners & Losers



338 Districts = \$94 Million

Loss

530,487 Students

X -\$89 Per Student

= -94,473,779 Reduction in funding

"Losers"

Change in \$ Per Student (Average of 17-19)

- C. Nearly flat
- D. Losing \$10 to \$150 per Student
- E. Losing \$150-\$608 Per Student

MORE VIDEOS ^

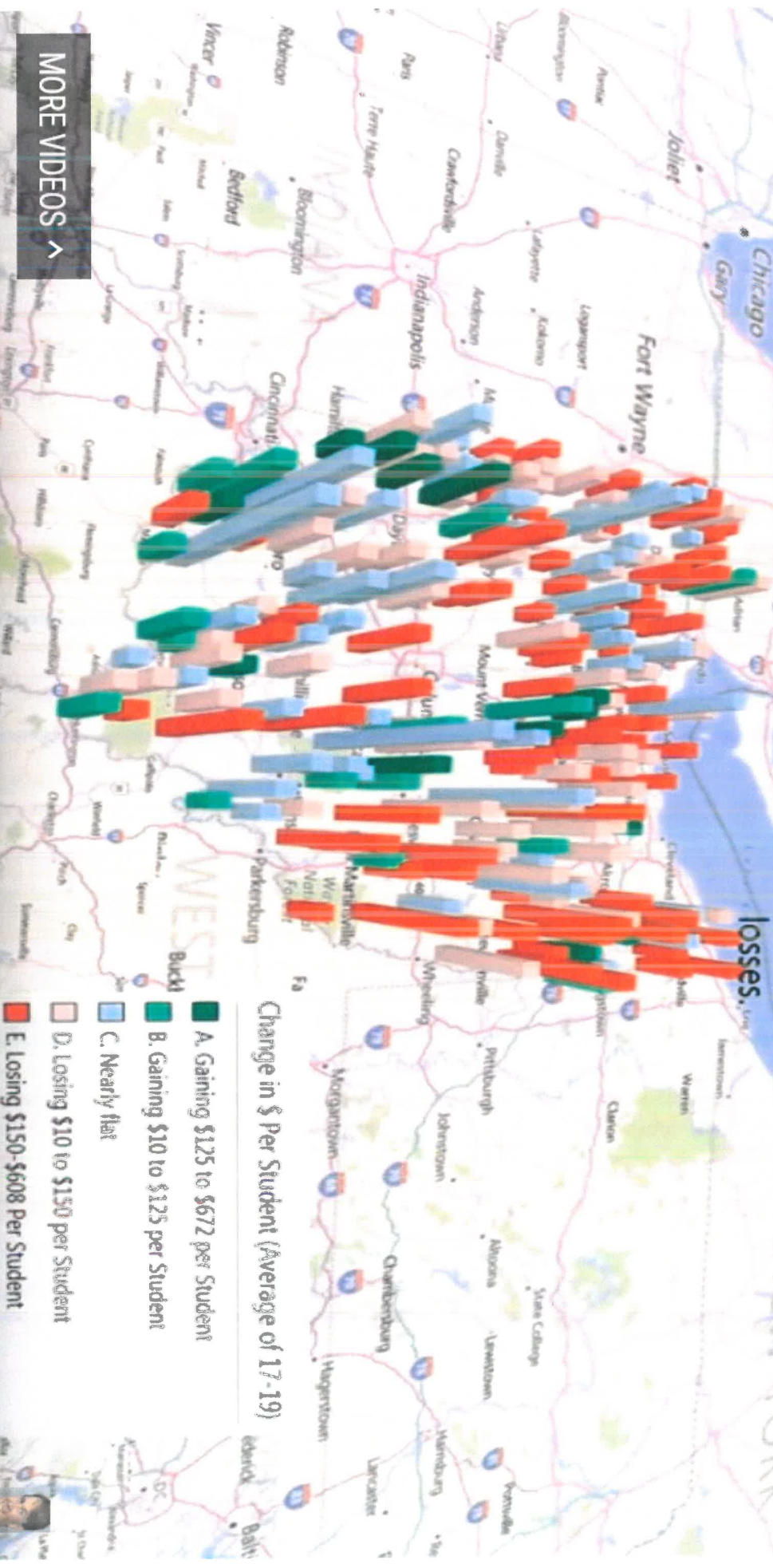
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Ohio Budget Winners & Losers

Ohio's Rural Districts

The rural districts bear the brunt of the losses.



MORE VIDEOS

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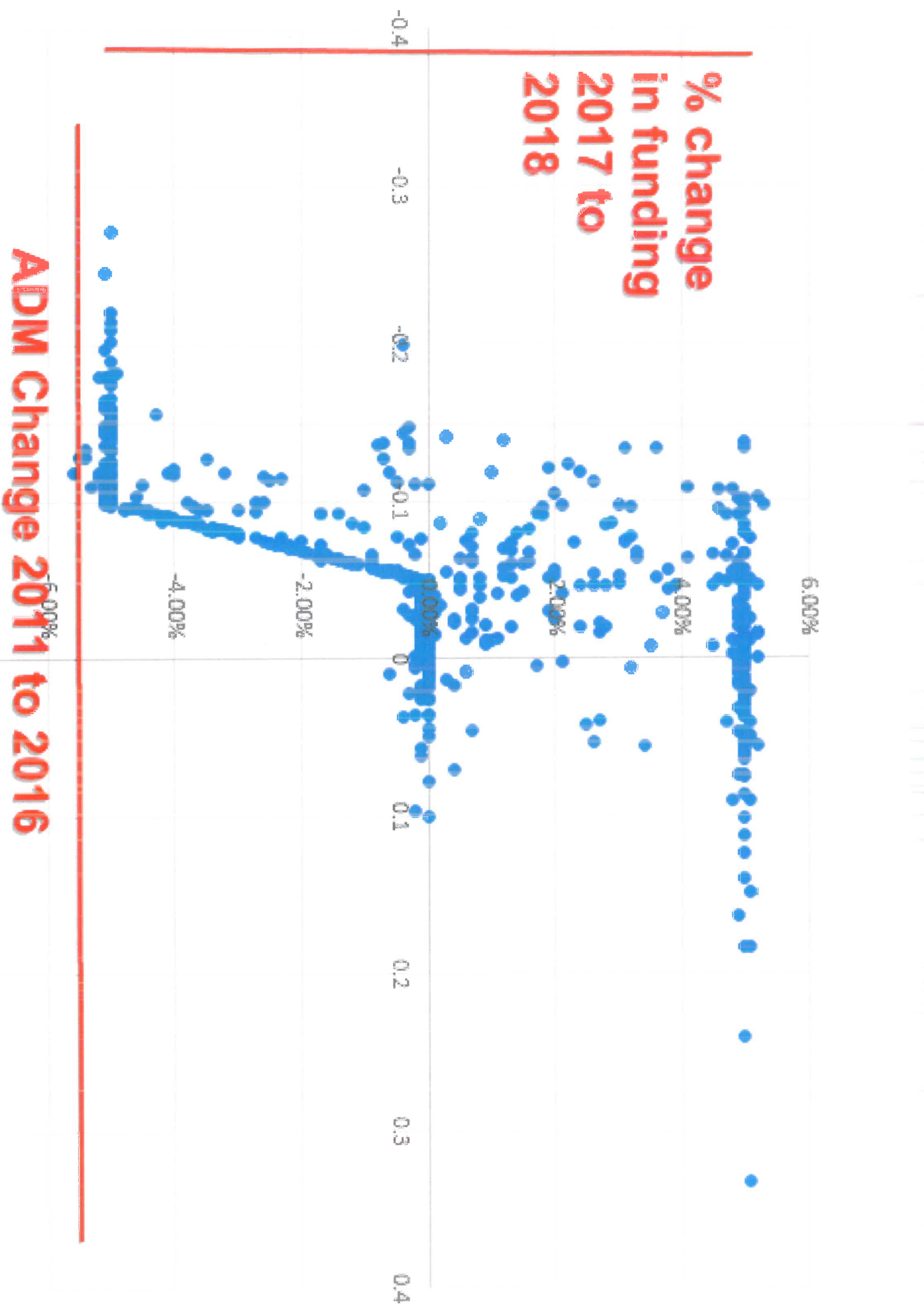


Number of Districts by Typology and FY16 Expenditure by Pupil

Count of School District	EPP Category										
Typology	A \$7713-9169	B 9180-9825	C 9835-10356	D 10359-10985	E 10994-12027	F 12037-21714	Grand Total				
1-Rural - High Student Poverty & Small S	15	22	24	25	27	10	123				
2-Rural - Average Student Poverty & Ver	16	20	21	18	23	8	106				
3-Small Town - Low Student Poverty & S	34	29	17	16	10	5	111				
4-Small Town - High Student Poverty & L	21	15	17	16	15	4	88				
5-Suburban - Low Student Poverty & Ave	11	10	13	14	7	22	77				
6-Suburban - Very Low Student Poverty	2	1	5	6	8	24	46				
7-Urban - High Student Poverty & Avera	2	4	5	6	11	19	47				
8-Urban - Very High Student Poverty & Very Large Student Population	101	101	102	101	101	100	606				
Grand Total											

8-Urban - Very High Student Poverty & Very Large Student Population

Typology	Expenditure by Pupil for Typology 8	Expenditure Per Pupil
Local Education Agency Name		
Akron City		\$14,268
Canton City		\$12,411
Cincinnati City		\$13,240
Cleveland Municipal City		\$16,221
Columbus City		\$14,174
Dayton City		\$13,200
Toledo City		\$13,267
Youngstown City		\$16,561



Rural Schools Funding by County

Columbiana County

7 Rural School Districts

4 Rural School Districts losing funds

Total = (-\$780,987)

Mahoning County

2 Rural School Districts

2 Rural School Districts losing funds

Total = (-\$659,482)

Trumbull County

7 Rural School Districts

4 Rural School Districts losing funds

Total = (-\$516,458)

Stark County

5 Rural School Districts

5 Rural School Districts losing funds

Total = (-\$426,662)

Portage County

4 Rural School Districts

3 Rural School Districts losing funds

Total = (-\$796,875)

Jefferson County

2 Rural School Districts

2 Rural School Districts losing funds

Total = (-\$569,217)

Representative Reineke - Sandusky, Seneca Counties

5 Rural School Districts

5 Rural School Districts losing funds

Total = (-\$443,900)

Representative Patterson - Ashtabula, Geauga Counties

3 Rural School Districts

3 Rural School Districts losing funds

Total = (-\$785,042)

Representative Cupp - Allen County

2 Rural School Districts

2 Rural School Districts losing funds

Total = (-\$5,204)

Representative Miller - Franklin County

0 Rural School Districts

Representative Blessing - Hamilton County

0 Rural School Districts

Cuyahoga and Summit Counties

0 Rural Districts