**Senate Finance - Primary and Secondary Education Subcommittee**

**Substitute House Bill 49 Testimony**

**May 25, 2017**

Good morning, Chairman Hite, Vice Chair Sykes and members of the Senate Finance Primary and Secondary Education Subcommittee. Thank you for the opportunity to speak to you today regarding Substitute House Bill 49. My name is Brian Hamler, Superintendent of Whitehall City Schools. Joining me for this testimony and in answering any questions is Steve McAfee, Treasurer of Whitehall City Schools.

The City of Whitehall is a suburb of 5 square miles on the east side of Columbus. The School District currently serves an enrollment of 3,530 students and is very reliant on state funding as it makes up 2/3 of our general operating revenue. We are here today to share our thoughts on the school funding formula, specifically the cap.

Ohio’s school funding formula aims to provide an appropriate amount of funding to each of the 612 school districts based on their enrollment, student needs and capacity to generate local tax revenue. The cap hampers the formula’s ability to serve its purpose.

The General Assembly should work towards every district being funded based on the formula. We recognize the State cannot afford to remove the cap all at once. It has to be phased out over multiple budget cycles. In the meantime, capped districts still have to manage the circumstances that are calling for additional state funding. It could be growing enrollment, a deteriorating tax base, a student population with a lot of needs, or a combination thereof. Whitehall City Schools is experiencing all of these:

* Our ADM grew 24.1% from FY 2011 to FY 2016, the second highest percentage increase in the state according to the Executive Budget foundation funding formula simulations
* Our property valuation dropped 19.4% from 2010 to 2016
* Our median family income is $38,520 compared to a state average of $61,371
* Over 13% of our students are Limited English Proficient
* Over 80% of our students qualify for free or reduced lunch

These circumstances have caused us to be within the top 5 districts affected by the cap on a per pupil basis.

We understand you’ve been handed a budget that was $170 million in the red. We’ve also read about talk on freezing funding levels for two years to balance the budget and avoid cuts to districts with declining enrollment. I can tell you with certainty a funding freeze would be devastating to Whitehall City Schools and the families we serve. Steve and I are here today to encourage you to provide as much relief from the cap as you can and to promote a couple ideas to direct that relief to districts most in need.

The first idea we’d like to promote is exempting Targeted Assistance from the cap. The Department of Education defines Targeted Assistance as the second tier of the foundation formula to primarily target additional funding to school districts that do not raise much local revenue beyond the local share of the foundation formula. This funding is targeted to school districts that are below a certain threshold of wealth in the state. We believe this would be an effective way to prioritize capped districts with less ability to fend for themselves by raising local taxes.

The second idea we’d like to promote is setting a higher cap for districts with growing enrollment. A funding freeze or cap is much more difficult for a growing district to manage. More students require more teachers, classroom spaces, textbooks and technology. So it follows, as enrollment increases, expenditures and the need for additional revenue increases as well.

The funding formula serves a purpose. It must react appropriately as circumstances change in individual school districts. As a district experiencing a remarkable amount of change these past few years, we’re here asking you to let Ohio’s funding formula work as best as you can afford. We hope you will consider our ideas as you continue your work on the biennial budget. Thank you again and we will be happy to address any questions.