

**Ohio House Finance Committee
Substitute House Bill 305
Proponent Testimony
Tom Perkins, Superintendent, Northern Local School District
November 17, 2020**

Co-Chairman Oelslager, Co-Chairman Callender, Vice Chairman, Scherer, and Ranking Member Cera, thank you for the opportunity to provide testimony in support of substitute House Bill (HB) 305, the Fair School Funding Plan. Today, I am here to represent Mid-East Career and Technology Centers where I have been superintendent since August, as well as Crooksville Exempted Village Schools where I was superintendent for the six years prior, and Northern Local Schools, the origin of the DeRolph case, where I served as a teacher and administrator for seven years and where I currently reside. Today I am representing Tom Perkins, the superintendent of Northern Local Schools who is unable to be here and I am reading his testimony on his behalf.

Here is Mr. Perkin's testimony:

I am proud to represent not only Northern Local Schools where I have served as superintendent for 10 years, but I am even more pleased to present this testimony on behalf of 75 school district leaders from Southeast Ohio, including superintendents, treasurers/CFOs and other school district officials, who have signed on to this testimony. You can view the full list of those who support this testimony at the end of this document.

The testimony you will hear on Substitute House Bill (HB) 305 has undoubtedly been decades in the drafting. The discussion of school funding occurs throughout each biennial budget process and with increased vigor during the transition from one Governor to the next, as hopes for a solution to the current funding deficiencies peak. This fever of anticipation eventually meets the same fate as so many times before, with the "can" simply being kicked down the road "until next time." Throughout Ohio's school funding history, many good intentioned individuals and groups have attempted to tweak the current system, which has only resulted in the increased complexity of the formula, and has often produced devastating effects unintentionally on districts. Worse yet, many biennial budgets simply flat funded or added a nominal amount to school funding without any real effort to actually fund what it costs to educate our students.

Under the current "formula" districts like mine have seen their state share drop considerably with the assumption that the local revenue offsets the loss of state revenue. This is a major flaw of the current funding mechanism and produces a new "phantom revenue" situation that leaves a two million dollar deficit in funding in our district that must be made up with local levies. This is the definition of "over reliance on property taxes" and therefore in direct contradiction to the Ohio Constitution on school funding, yet it remains a reality for so many financially struggling districts.

This shortfall is compounded by the always increasing mandates and expectations placed on districts without additional funding, not just at the state level but at the federal level as well. I recognize that many legislators will argue that school funding has regularly increased in the state over time, and that is true. What is also true, is that the number of community and online schools has increased disproportionately to that funding and therefore, the actual dollars going to each district has declined over time. Many of the districts in the state of Ohio receive less funding today than they did in 2009.

The biggest obstacle for the majority of school districts wanting to challenge their school funding allotments is a lack of understanding and application of the current funding formula. In fact, it would be a treasure hunt to find a single person who completely understands and can explain all the components of the current funding process, and how the elements of the formula apply to specific districts. I have worked through several school funding plans over the past decades and feel very qualified to make that statement. If educators can't understand their funding plan then how can we expect legislators to? That is why the Fair School Funding Plan is such an important step in helping all of us to fund our schools in a manner that is understandable and more importantly, explainable.

The Fair School Funding Plan has been developed by practitioners based on research and the data they have collected to honestly answer the question, "What does it take to successfully educate a student in Ohio?" HB 305 breaks down every piece of the cost of education, itemizing each element in a way that anyone who can read an invoice, can understand. Those are the two most important benefits of the proposed funding formula—it is based on meaningful evidence and it is easy to understand. When superintendents and treasurers can understand how their districts are funded and at what level they will be funded, then they are empowered to make budget adjustments and corrections as needed. They are then able to explain that funding to their Boards of Education and other stakeholders as they make local decisions.

The base cost process provides a clear definition of what is funded, and at what level it is funded. The base cost also clearly defines the state share and the local share, based upon both property value and income levels of each district. These base costs are combined with categorical funding that addresses costs incurred in educating students with disabilities, economically disadvantaged students, gifted students, and English Language Learners. Transportation is also addressed as part of the categoricals. All of these elements form the grocery list of ingredients needed to fund an adequate education. Some could argue that this formula has many of the same categories as the current and previous models, and that would be true. However, what separates this formula is that the categories have actual data-informed costs associated with them and it is easy to understand how each category impacts your district's funding. The Fair School Funding Plan clearly acknowledges the different needs of each district and provides the necessary resources to meet those needs in a meaningful way.

In closing, I am often asked if I believe that this funding formula meets the definition of equitable and adequate as defined in the DeRolph case so many years ago. I admit that no funding formula is going to be perfect, but I believe that this one is the outcome of practitioners working collaboratively and thoughtfully to create a formula that can handle the test of time. This means the plan is structured in such a way that as changes and adjustments need to be made, it lends itself to a process that is transparent and understandable. HB 305 is based on the input costs of an education developed from statewide data, but future studies will solidify those costs that are still unknown; making a strong argument that when fully funded it meets the adequate funding metric.

This formula begins to take steps to address equity. Moving the charge-off floor from 2.0 to having no floor helps to address the needs of even the lowest-wealth districts. This, along with the categorical aid/targeted assistance being included in the plan, as well as the promised studies yet to be carried out, takes steps toward closing the educational gaps for our neediest students. There is a clear effort on the

part of the formula to begin to address equity with real solutions that can be measured and adjusted over time.

It is for all of the reasons I have shared in this testimony that I am asking that our legislators unite in supporting the adoption of HB305 so that our districts have the resources to provide the best educational opportunities for Ohio's students. Thank you for your consideration and your time. I look forward to answering any questions you may have.

Southeast Ohio School District Leaders in Support of This Testimony

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