

Terry Armstrong, Treasurer
Boardman Local Schools
Fair School Funding Testimony
December 2, 2020

Co-Chairman Oeslager and Callender, Vice-chair Scherer, Ranking Member Cera, and members of the House Finance Committee, thank you for the opportunity to provide testimony in support of substitute House Bill (HB) 305, the Fair School Funding Plan. My name is Terry Armstrong and I am Treasurer of the Boardman Local Schools in Mahoning County located in Northeast Ohio.

Like many that have testified I would like to thank the Cupp-Patterson School Funding Work Group for their commitment to getting school funding right in Ohio. I thank Speaker Cupp, Representative Patterson and the education professionals that spent three years doing the heavy lifting of developing a school funding plan that is fair, rationale and justifiable. I also would like to thank the members of the state legislature. Despite the issues with COVID our state is dealing with you continue to work with those in support of a well-researched school funding plan that is designed to stand the test of time.

The Fair School Funding Plan is designed to meet the needs of educating a student in 2020. It replaces the most recent system that resulted in 82% of schools being funded outside the formula through a patchwork of funding guarantees and funding caps. Boardman Local Schools is in the Mahoning Valley where several schools are impacted by the funding cap. I had the opportunity to serve for six years as Superintendent at Lordstown Local Schools where we lost over 50 percent of our funding annually due to the cap on top of losing millions as the locally generated Tangible Personal Property (TPP) taxes are being phased out.

Boardman Local Schools has also been a victim of the funding cap. The current foundation funding is based on a formula that results in Boardman Schools having their funding cut by over \$3 million dollars per year due to it being capped. This is on top of us losing over \$2 million dollars in locally

generated TPP taxes. The State of Ohio first committed to reimbursing districts for these losses. The Commercial Activity Tax was created with 70 percent committed to reimburse districts for their TPP tax losses as the elimination of TPP taxes were designed to create a better business environment in Ohio and not to hurt school district finances. Unfortunately for Boardman and many other schools, TPP reimbursement funds are being completely phased while the Commercial Activity tax generated nearly \$2 billion dollars per year as recently as Fiscal Year 2019.

Many schools in the Mahoning Valley continue to see the impact of the closing of General Motors on their communities. Several, like Boardman, are at a disadvantage under the current funding system due to its over-reliance on property valuations. The Fair School Funding Plan's inclusion of a true income component in determining a local district's capacity when calculating state funding is a more realistic measurement. As you are aware one of the key points in the DeRolph decision was "...property taxes may no longer be used as the primary source of funding for a thorough and efficient system of schools." The impact on the overall income levels of Boardman and throughout the Mahoning Valley due to the loss of General Motors and associated businesses makes the inclusion of resident income as part of the funding formula imperative to building a system of fairness for local property taxpayers.

The Ohio Department of Education provides a vast amount of quality data sources. One that Treasures and Superintendents often utilize is Similar District groupings. ODE uses enrollment, median adjusted gross income, percentage of economically disadvantaged students and other demographic criteria in determining the twenty most similar districts to a selected district. I have included for your review a chart that shows the ten school districts in Ohio most similar to Boardman Local Schools.

This chart demonstrates the impact the current funding system has on Boardman Local Schools. You will see that Boardman received \$2,354.81 per pupil in fiscal year 2020. This includes not only the foundation formula funding but also additional items such as Student Wellness and Success Funding and other additional funded programs. You will see despite the fact that these are the ODE recognized ten most similar districts to Boardman Local Schools that per pupil funding ranges from the lowest North

Olmstead at \$2,280.61 per pupil, with Boardman being a close second at \$2,354.81 per pupil, to a high of nearly \$5,000.00 per student. That is over double the amount per pupil at a district considered most similar to Boardman by the State of Ohio. The Fair School Funding Plan results in Boardman Local Schools getting \$3,151.00 per student based on current data which is much closer to the average similar districts get per student of \$3,400.00 per student.

District	County	Enrollment	Median Adjusted Gross Income	Economically Disadvantaged Percentage	Foundation Formula Funding	Per Pupil Funding
Boardman Local	Mahoning	4044	\$ 38,955.00	42.2	\$ 9,522,840.20	\$ 2,354.81
Findlay City	Hancock	5469	\$ 38,729.00	37.9	\$ 23,416,537.93	\$ 4,281.69
Plain Local	Stark	6061	\$ 41,090.00	42.4	\$ 23,449,793.34	\$ 3,868.96
Springfield Local	Lucas	3509	\$ 43,427.00	42.8	\$ 9,076,505.69	\$ 2,586.64
Miamisburg City	Montgomery	5093	\$ 44,349.00	40.3	\$ 16,951,074.92	\$ 3,328.31
Austintown Local	Mahoning	4437	\$ 36,551.00	51.9	\$ 22,085,599.58	\$ 4,977.60
Cuyahoga Falls City	Summit	4490	\$ 40,207.00	48.3	\$ 15,603,740.46	\$ 3,475.22
Wooster City	Wayne	3429	\$ 39,349.00	43.7	\$ 11,082,633.49	\$ 3,232.03
Delaware City	Delaware	5584	\$ 44,505.00	32.9	\$ 18,003,310.19	\$ 3,224.09
North Olmstead City	Cuyahoga	3714	\$ 44,879.00	38.6	\$ 8,469,809.97	\$ 2,280.51
Troy City	Miami	4066	\$ 43,595.00	34.3	\$ 15,964,357.86	\$ 3,926.31

The fact that the Fair School Funding Plan eliminates the cap and includes the school community income levels in the calculation for state funding is a major improvement in terms of fairness. The Fair School Funding Plan's inclusion of funding students where they are actually educated also is a major improvement. An example would be an open enrollment student. If a student leaves Boardman schools to attend another district through open enrollment the State of Ohio deducts the \$6,020.00 that would go to the school they are going to attend from Boardman Local Schools state limited state funding despite the fact Boardman Local Schools only receives \$2,354.81 per student. This is unfair to our local

property taxpayers as it is local taxes that would make up the difference. The Fair School Funding Plan would fund the student directly where they attend rather than fund then deduct funding.

The final point I would like to make as a Treasurer is the Fair School Funding Plan is much more predictable than the current system. The manner it was designed will provide districts the ability to better plan their budgets moving forward. The base cost nature of the plan is designed around what it costs to educate a student in 2020. It no longer is set up to pit one district against another. The inclusion of a permanent study group in place will also result in this being the long-term solution for school funding fairness in Ohio.

I am sure all of you have experienced highs and lows since being in the legislature. You all have been elected or appointed to your positions which shows you have the support of those in your communities. You have the opportunity to do something special. By approving the Fair School Funding Plan, you will be leaving a legacy for generations of students to come: Giving Ohio a Fair School Funding Plan that is designed to outlive all of us.

Co-Chairman Oeslager and Callender, Vice-chair Scherer, Ranking Member Cera, and members of the House Finance Committee thank you for the opportunity to testify here today about this important issue.