

# Equity & Adequacy

## Of School Funding

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### Testimony on SB 376 and HB 305

Chairman Oelslager and members of the House Finance Committee, my name is William L. Phillis, Executive Director of the Ohio Coalition for Equity & Adequacy of School Funding. Thank you for the opportunity to testify in support of SB 376/HB 305. As a former teacher, principal, superintendent, assistant superintendent of public instruction and currently executive director of the Ohio Coalition for Equity & Adequacy of School Funding, I come before this panel in full support of the passage of the Cupp/Patterson Fair School Funding Plan before the end of this year. After it is implemented, it is probable that adjustments will be needed. In future years, changing needs will demand adjustments that could be substantial. The creation of the School Funding Oversight Commission inherent in the current version of the bill is an essential component as a means of recommending needed adjustments and upgrades to the legislature.

Simply stated, a school funding plan must be premised on the actual costs of the educational needs of students and societal expectations of students; hence, the actual cost of high quality educational opportunities, programs and services must be determined. Cupp/Patterson accomplishes these principles.

For far too long, school districts have been forced to provide as much educational programming as possible within the limits of a politically-established amount of school funds available. The Cupp/Patterson funding plan begins with a listing of the components of a quality education; hence, the program drives the level of funding. Historically, there has been a disconnect between the school funding level and the educational programming students need.

The ideal school funding plan would ensure that educational opportunities are quite similar in school districts across the state. While some variations in opportunities would exist due to size, typology and demographics of districts, students should be able to transfer from one district to another without a “shock” in education environment and rigor. Cupp/Patterson is destined to move the system in that direction.

Among the beneficial features of SB 376/HB 305 are:

- The components of a quality education are identified.
- The funding level is based on the cost of components identified.
- A rational basis for determining districts’ capacity to fund a quality education is inherent in the Plan.
- Removal of the two percent property tax millage floor for determining the local share is beneficial to low-wealth, low-income districts; thus a greater level of equity is created.
- Immediate increases in categorical aid for disadvantaged pupils to \$422 per pupil is beneficial. Future studies will determine if that amount is sufficient.

- The School Funding Oversight Committee is an essential feature.
- Set aside for school bus purchase of \$45 million annually is long overdue.
- Increased state support for the cost of student transportation is an asset.

The work groups have helped craft the Plan. I will leave it to others to provide other specifics. I believe SB 376/HB 305 is a rational plan and is a reasoned approach to respond to the Ohio Supreme Court's decisions in DeRolph. When fully funded, the Plan will serve Ohio's school district students in a fiscally and educationally responsible manner.

SB 376/HB 305 will be a great asset to future legislatures. Article VI §2 of the Ohio Constitution requires the state to secure a thorough and efficient system of common schools throughout the state. §3 of Article VI requires the state to provide for the organization, administration and control of the public school system supported by public funds. The protracted, professional efforts involved in the formulation of SB 376/HB 305 should give current legislators confidence that future legislatures can build on the framework being set forth. The heavy lifting has been accomplished. The school Funding Oversight Committee will be in a position to inform the legislative process in the future.

Future legislatures will not have to reinvent the wheel regarding the tedious task of determining the cost of K-12 education. Time available during the budget process is insufficient to effectively determine the funding framework. It took the Cupp/Patterson team of legislators and practitioners three years to do so. Hence, SB 376/HB 305 gives framers of the FY 22/FY 23 state budgets a head start.

The Ohio Constitution requires the state to give priority to the common school system. The framework established by SB 376/HB 305 will provide each General Assembly the roadmap to meet constitutional responsibility.

Significant attempts have been made in the past to perfect an appropriate school funding system.

The first school foundation program, enacted in 1935, had a very positive impact on the common school system. The funds provided by the state increased from four percent of school revenue to 50 percent, but by the 1960s the state support had dwindled to 30 percent of the total spent on K-12 education. The state income tax, enacted in the early 1970s, boosted state support to above 45% of the total.

In 1976, the Ohio legislature, after a substantial study by school finance experts engaged by the legislature, adopted the Equal Yield school funding formula. Funding was phased-in beginning with a 17% increase over the previous year's amount. By the time the formula was fully funded, most of the districts were on the guarantee; hence, the Equal Yield formula was ineffective due to underfunding.

The Equal Yield formula was not premised on the actual cost of a high quality education. It was not premised on the components of a quality education. It was based on a politically-arbitrary per student funding level. Cupp/Patterson is an entirely different approach. It is premised on the components of a quality education. It gives future legislatures a viable framework to meet the constitutional responsibility to secure a thorough and efficient system of common schools.

It is imperative that this legislation be enacted before the 133<sup>rd</sup> General Assembly adjourns sine die. The momentum for passage is in the present. It would take a decade to mount the same level of support for another plan. Passage this year is imperative.