

SENATOR VERNON SYKES
28th District



SENATOR PEGGY LEHNER
6th District

SB 376 Sponsor Testimony **November 18, 2020**

There is probably no question I have been asked more frequently in my 12 years in the Ohio Legislature than, “When are you guys going to fix Ohio’s unconstitutional method of school funding?” Whether that question is based on fact or fiction we are not going to attempt to address today but what we do know is that Ohio’s current funding formula is unpredictable, indecipherable, confusing but most of all inadequate and inequitable. It is long overdue for an overhaul.

Over the years a number of attempts have been made to restructure Ohio’s school funding formula. One obstacle to these efforts is the lack of clarity and or agreement as to what level of funding is actually required to provide a quality education to students across the state. That task is complicated by the fact that students face a wide array of challenges and not all students have a common set of needs. Until we can determine an adequate level of funding for all students it will be virtually impossible to arrive at a justifiable funding formula.

It was with that task in mind that about three years ago, two highly respected members of the Ohio House, now Speaker Bob Cupp, a Republican, and Representative John Patterson, a Democrat, decided it was time to make lasting reforms to Ohio’s outdated school funding system and offer an alternative, one that was fully transparent, objectively determined, and fair to every district. The true cost of the constitutional mandate to provide a thorough and efficient education to each and every child in Ohio was at the heart of their efforts.

They wanted the proposal to be based on Ohio data, one which accurately calculates the true cost of educating a child. They felt it critical to engage Ohio educators, the professionals who are responsible on a daily basis for the instruction of Ohio’s children, oversee the operation of its schools, and safeguard the financial wellbeing of its districts. It was to these individuals that they turned to direct the development of the new plan.

To start the process Representatives Cupp and Patterson recruited 8 active superintendents along with 8 district treasurers/CFOs to co-chair 8 subgroups that were assigned specific, essential components of the school funding puzzle. Former State Representative Jim Betts joined the working group as a volunteer to oversee the work of the various committees. This Work Group has labored tirelessly for the past three years to come up with the proposal before you today: Senate Bill 376, which is the Senate

Companion Bill to Substitute House Bill 305. Ranking Member Sykes and I thank the Work Group for their diligent work in setting the stage for the release of this bill in the Senate.

HB 305 had numerous hearings in the Ohio House last year garnering over 60 co-sponsors from both sides of the aisle. Many of the recommendations suggested in those committee meetings are included in the bill before you today. I will now turn it over to Ranking Member Sykes to provide a brief glimpse into the major components of the bill.

Senator Lehner and I are honored to bring Senate Bill 376 before you today, which has 15 additional Senate co-sponsors. We'd like to thank Speaker Cupp, Representative Patterson, Representative Gary Scherer, Jim Betts and the School Funding Work Group for their diligent work setting the stage for our release of this bill in the Senate.

I would like to hit some of the highlights of the bill and but then would like to turn the podium over to some of the folks who have worked so extensively to put together this proposal. These education leaders are far more qualified to address the technical aspects of the bill than either of us so we would encourage you to hold your questions until after they have made their presentations.

One of the provisions of the bill that we believe is most important is the calculation of the **Base Cost** required to adequately educate a child in Ohio. These costs are based on the actual needs of students and districts. Should the needs of students evolve over time, this calculation could be altered by the legislature to take into account those changes. The base cost was calculated to address the first central holding of *DeRolph*: the state formula should be derived from the actual costs to educate a student.

Secondly, the **Local Capacity** of each school district to pay for its students' education was a significant element of the formula that needed fixing. In our bill, districts will have no floor in capacity. Having a floor makes the poorest districts look wealthier than they really are. We shouldn't expect very poor districts to come up with money we know they don't have. This legislation captures the capacity of the local district to pay, and is a reflection of the second central holding of *DeRolph*: that school funding must not produce an over-reliance on property taxes.

Thirdly, under our proposed formula, schools are paid directly for the students they are educating, so there are **no district deductions for either EdChoice or Charter school students.** Deductions produced distorted and misleading pictures of state aid. This legislation will lead to more transparent funding and more stable finances for school districts.

Next, studies researched by the Work Group made it clear that Ohio's direct investment in **economically disadvantaged** students is too low. The bill has codified an increase in economic disadvantage funding, while requiring further study on the educational needs of economically disadvantaged students.

The bill also includes a significant investment in **transportation**, including a 50% increase in the state share for transportation and a \$45 million investment in grants for bus replacement. The bill also

increases the weight of non-traditional riders (*1.5 for community school students; 2.0 for private school students*) to recognize the actual costs of meeting this mandated service for all students.

The bill provides for the creation of the School Funding Oversight Commission comprised of school officials appointed by the State Superintendent with advice from the professional organizations, parents appointed by the Governor, and eight legislators who will continue to review the function of this plan and the recommendation of the additional studies to more equitably fund student needs. Studies are required by the bill to improve upon special and gifted education, ESCs, English learners, e-school and community school costs, and transportation, as well as the economic disadvantage study already required in law.

As we enter a new General Assembly, and a new budget cycle which will be rife with uncertainty, the importance of having a functioning, scalable, transparent and Fair School Funding Plan in place is indisputable. This plan will provide a stable framework for the next General Assembly to determine what investment it can make in our schools. Let us do the work now to ensure that we have some certainty in the coming years for our local districts, community schools, ESCs, career tech centers and all those who diligently support our children every day.

Thank you for your attention this morning.