



**Representatives Jamie Callender & Bride Rose Sweeney**

Sponsor Testimony: House Bill 1 (Fair School Funding Plan)

House Finance Committee

February 11, 2021

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Chairman Oelslager, Vice Chair Plummer, Ranking Member Crawley, and Members of the House Finance Committee, thank you for the opportunity to offer sponsor testimony on House Bill 1, the Fair School Funding Plan. Other than an LSC technical correction, House Bill 1 is identical to House Bill 305, the Cupp-Patterson Plan, as passed by the House in December with overwhelming and bipartisan support, 87-9 and 72 co-sponsors.

For years, our state has suffered under an increasingly broken school funding system that is neither equitable nor adequate and is all too often unpredictable, erratic, irrational, and unfair. In the fall of 2017, then Representative, now Speaker Bob Cupp and State Representative John Patterson decided that something had to be done. They immediately embarked upon an effort to comprehensively remake Ohio's school funding system utilizing the experience and expertise of Ohio educators to craft its many provisions. Their instructions to the sixteen members of the Workgroup were simple: every provision must address a verifiable need, be based upon objective criteria, and reflect acknowledged research, established best practices, their own personal professional experience, and be based on Ohio data. There will be no "wish lists."

The Representatives and the Fair School Funding Workgroup were especially concerned that:

- The current base cost per pupil – the amount which the state guarantees that each district will have to provide its students a quality education – has no tether to actual costs or quality and has been \$6,020 for several years.
- Distribution of state funds to districts utilizes a mechanism called the "state share index." It compares the property wealth of each district to every other district. However, this has a cascading effect, meaning that the change in valuation in one district will make every other district appear wealthier or poorer, affecting their state funding – even if nothing has changed in the other districts.
- The current formula incorporates growth caps which limit the amount of state aid received by districts experiencing significant enrollment growth or property valuation decline. It also provides funding guarantees so that districts experiencing enrollment declines continue receiving the same state aid they received in prior years. Presently, more than 80% of Ohio's districts receive state aid that is either limited by growth caps or bloated by guarantees.
- Today's formula initially counts students in their resident district even though they may transfer out through open enrollment or attendance at community schools. The resident district then must transfer monies to the schools where those students are taught. This practice has created significant tension between resident districts and those schools to which their students have transferred.

The Fair School Funding Plan was carefully crafted to address the actual cost of educating children in today's world and to allocate those costs fairly between the state and local taxpayers. Special care was given in developing the system for distributing state aid so that it accurately reflected the relative capacity of Ohio's 610 districts to support their primary and secondary institutions. In so doing, the Workgroup has produced a stable, transparent, scalable and predictable funding model that will enable districts to plan ahead and to offer, sustain and grow quality educational opportunities for Ohio's youth.

It should also be made clear that the funding formula in HB 1 does not relieve local districts of future levy efforts. Bear in mind, the business of funding education is, and will continue to be, a partnership between the local school districts and the State of Ohio. This reality is established in the Ohio Constitution itself. Now, we would like to take a few minutes to explain the key components of the current bill before you.

First and foremost, HB 1 establishes a transparent formula to calculate a realistic per pupil base cost amount for each district, which can best be described as "the cost to educate a typical student who has no additional special needs in a typical district." The base cost is constructed using current Ohio cost data applied to:

- Teacher/pupil ratios by grade level, plus art, music and physical education;
- Substitute teachers and professional development;
- Extra-curriculars, athletics, guidance, safety and security, social/emotional/life support, instructional technology, library and media operations, supplies and academic content;
- Building leadership and operation;
- District leadership and accountability;
- Technology for students and staff.

House Bill 1 also provides for a fair distribution of state funds. The Fair School Funding Plan takes special care, far exceeding any of its predecessors, to ensure that state funds are distributed in a fair and equitable manner. Our proposal blends a district's unique property wealth with the income wealth of its constituents to arrive at a mix that more accurately equates the real capacity of the district. This properly frames a community's ability to participate in this shared responsibility.

The new formula would determine the local and state shares of the base cost using a stable, fair capacity calculation based 60% on local property valuation per pupil and 40% on local income according to the individual federal adjusted gross income filed by district residents. It also adopts a variable multiplier to apply to a district's capacity, which drives additional monies to low capacity districts. Under the Fair School Funding Plan, changes in the capacity of one district would no longer impact other districts by raising or lowering their local and state shares. Instead, the same formula would apply to every district and changes in capacity of one district would no longer affect others.

In addition to base cost, additional amounts are allocated to serve each student who has additional needs, including those who are economically disadvantaged, require special or gifted education, or are English language learners. There are also numerous funding changes that deal with Career

Technical Education, Education Service Centers, transportation, and directly funding where a student is enrolled.

At this point, the question that each of you wants to ask is: “How much is it going to cost?” A six-year phase-in would require about \$333 million additional dollars each year. From FY2013 through FY2019, the average annual increase in the state’s K-12 funding was approximately \$294 million. The existing tax structure in Ohio can accommodate this increase without raising taxes, if the General Assembly chooses to adopt the Fair School Funding Plan. Phasing in the plan reduces the additional annual cost amid budgetary uncertainty and puts Ohio’s schools into a rational and justifiable funding framework.

Thanks to the leadership and dedication of Speaker Cupp, former Representatives John Patterson and Gary Scherer, Jim Betts, and countless education professionals, Ohio is closer than it has ever been to a constitutional and fair system of school funding. House Bill 1 would fully and finally address Ohio’s broken school funding system, replacing it with a transparent, predictable, and scalable model that Ohioans can count on for generations to come.

Thank you for the opportunity to testify. We welcome any questions you may have.