

Proponent Testimony: In House Bill 33, Fully Fund the Fair School Funding Plan
Ohio Senate Education Committee, May 2, 2023
Jan Resseger, Heights Coalition for Public Education

Chairman Brenner, Vice Chair O'Brien, Ranking Member Ingram, and Members of the Ohio Senate Education Committee:

A state's school finance formula needs to provide adequate funding and to distribute state funding equitably to ensure that school districts with modest property valuation can serve their students just as wealthy communities have the capacity to do. Twenty-six years ago in the *DeRolph* decision, the Ohio Supreme Court declared Ohio school funding inequitably overreliant on local property taxes. This year, by implementing the Fair School Funding Plan, the legislature this year has the opportunity to restore adequacy and equity of Ohio school funding.

Fully implementing the Fair School Funding Plan should be the Ohio Legislature's top priority in the FY 2024-2025 state budget.

Two years ago in the state's FY 2022-FY 2023 budget, the Ohio Legislature launched a new Fair School Funding Plan. It was designed to be phased in over six years—three biennial budgets—to fund the state's public schools adequately and distribute state dollars equitably to ensure that students in poor as well as wealthy communities can thrive academically. The new formula's stated purpose was to identify and pay for the per-pupil cost of essential services needed by our state's typical student and to add categorical funding to support students with special needs.

Two years ago, however, the Legislature embedded the Fair School Funding Plan into House Bill 110, the state budget, without establishing the new school funding formula in a stand-alone law. In June of 2021, the Legislature basically funded the first two years of the Fair Funding Plan. Today, as the top priority in House Bill 33, the Legislature should take advantage of the state's strong financial situation by fully funding in the formula's phase-in during the FY 24-FY 25 biennium.

As the Ohio School Boards Association, Buckeye Association of School Administrators, and Ohio Association of School Business Officials testified to the House Finance Subcommittee on Primary and Secondary Education on March 22, 2023: "(T)he formula (should) be fully phased in during this budget." "Ohio is in a healthy financial position having ended FY 22 \$2.7 billion above estimates, being \$1.2 billion over estimates so far in FY 23, and holding another \$3.5 billion in Ohio's rainy day fund. We believe that with this firm financial footing, the time is right to invest in Ohio's public school students by updating and fully funding the Fair School Funding plan in the upcoming biennium."

There are, however, several urgently needed corrections and additions.

1. The Fair School Funding Plan was designed to be based on the actual expenses faced by Ohio school districts. In this budget, the formula must be corrected to operate based on FY 22 data instead of old data from FY 18. As the House confirmed when it approved HB 33, the Legislature needs to base the formula on FY 22 statewide average base cost per pupil.
2. Serious problems in the original phase-in of funding for Disadvantaged Pupil Impact Aid must be also corrected in the new state budget:
 - The Fair School Funding Plan was to have included an in-depth, cost-based study of the services needed to support students living in areas of concentrated poverty. To date, the state has neither funded such a study nor conducted it. That study needs to happen during the FY 24-FY 25 biennium.

- In a December 2022 report, [Funding Supplemental Services for Economically Disadvantaged Students in Ohio: Analysis and Policy Implications](#), Howard Fleeter and Gregory Browning conducted a preliminary study of the funding of Ohio’s Disadvantaged Pupil Impact Aid (DPIA) under the Fair School Funding Plan. Fleeter and Browning review and accept findings from three 2004 and 2007 economic studies which, “demonstrate that a 30% multiplier for districts with high concentrations of students in poverty is on the low end of the marginal cost shown by educational research.” Fleeter and Browning define necessary services to include: “district-provided preschool programming and primary grade reading intervention... supplemental supports such as after-school programming, summer school and high school credit recovery;... and health and wellness supports, including school counselors and nurses, school-based health clinics and in-house behavioral health services.”

While the Fair School Funding Plan is supposed to be cost-based, Fleeter and Browning explain that in the last budget, the state phased in an additional \$422 per pupil for Disadvantaged Pupil Impact Aid without considering what school districts actually must spend to address the needs of their students: “(T)he mathematics behind the \$422 per pupil figure are based on a **30% increase over the prior \$6,020 per pupil base cost amount for non-disadvantaged students**. Under Ohio’s new state aid formula, the state average base cost—which is intended to reflect the cost of educating the ‘typical student in the typical school district’ is **\$7,349**. 30% of this figure is \$2,205, a nearly \$400 increase over the \$1,806 per pupil from which the \$422 per pupil base DPIA figure is derived.” (emphasis in the original)

Under the Fair School Funding Plan, the state has promised to support school districts serving poor children with added Disadvantaged Pupil Impact Aid, but phased in increases for DPIA at a slower rate than the phase-in of the rest of the plan. Fleeter and Browning explain: “There was zero increase in DPIA funding in FY 22 and only a 14% phase-in in FY 23. All other components of the formula were phased in at a 16.67% rate in FY 22 and a 33.33% rate in FY 23.” Clearly the Legislature should phase in DPIA at the same rate as the phase-in of the rest of the plan.

Fleeter and Browning add that over time, the amount of funds allocated to Disadvantaged Pupil Impact Aid has lagged at the same time the number of poor students who need the services has grown considerably: “(F)rom 2001 through 2021 total state aid for economically disadvantaged students has increased by 23.3%... while the number of economically disadvantaged students has increased by 57.5%...”

David Sciarra is a respected school finance expert who has served as the Executive Director of the Education Law Center for 26 years. [Sciarra, recently published a paper](#) affirming the importance of the kind of work you are doing in the Ohio Legislature right now to correct and continue to phase in the new school funding formula which Ohio has needed for a long time:

“To be equitable, school systems must be supported by a state funding formula explicitly designed to achieve a core objective: providing the resources required to deliver a rich and comprehensive K-12 curriculum to all students, as well as the additional resources required to address the extra-academic and academically related needs generated by student poverty, English learner status, disability, homelessness, and other factors. A ‘weighted’ student funding formula, however, must be built upon research determinations of the actual costs of essential educational resources, not by political and budgetary considerations.” Sciarra adds: “Where legislators have responded by targeting increased funding to high need, low wealth districts, research now convincingly demonstrates that the boost in spending yields measurable improvements in achievement levels and other key outcomes for students, especially in schools isolated by race and socioeconomics.”