



**House Finance Committee  
House Bill 96  
Ohio Association of School Business Officials  
March 11, 2025**

Chair Stewart, Vice Chair Dovilla, Ranking Member Sweeney, and members of the House Finance Committee, thank you for the opportunity to testify today on House Bill (HB) 96, the biennial budget. My name is Katie Johnson, and I serve as the Executive Director of the Ohio Association of School Business Officials (OASBO). Our organization represents public school district treasurer/CFOs and other school business officials from across Ohio, collectively serving over 1.6 million students. Our members are dedicated to the effective management of school finances and operations in support of high-quality education for all students.

Joining me together in representing our members and in answering questions are three OASBO Board Members – Kristine Blind from London City Schools in Madison County, Jennifer Bruns from St. Henry Consolidated Schools in Mercer County, and Terrah Stacy from Springboro Community City Schools in Warren County.

**State Funding Formula: Phase-in with Updated Base Cost Inputs**

We remain committed to the Fair School Funding Plan because it provides a fair, predictable and reliable means of meeting students' needs. This formula is about preparing our students for success and strengthening our communities. When our schools thrive, our communities thrive, our economy thrives, and Ohio thrives.

We appreciate that Governor DeWine chose to include the final two years of the phase-in as a part of his budget proposal (reaching 83% in fiscal year (FY) 26 and 100% in FY 27). The full implementation of this plan is essential to promoting funding equity across districts.

It is equally important that the funding formula remains responsive to real-time economic changes by regularly updating base cost inputs. Without regular updates to base cost inputs, the formula becomes imbalanced, shifting a greater financial burden onto local taxpayers and undermining the formula's goal of equitable funding distribution.

A direct result of this imbalance is the increasing number of districts forced onto school funding guarantees. Guarantees prevent districts from receiving less state aid than in previous years, due to increasing property values and income, static base cost inputs, declining enrollment, or a combination of these factors. While some argue that guarantees artificially inflate funding levels, the root problem lies in the asymmetry between updating local capacity measures and base cost inputs. Capacity inputs (property values and income) are regularly updated, while base costs (such as salaries and operational expenses) remain fixed, failing to account for inflation. This makes districts look wealthier than they are, reducing the state share of funding and shifting more costs



to local taxpayers. The real issue is not “phantom students,” but rather the structural funding imbalance that leads to more districts relying on guarantees.

***We respectfully request that the House:***

- ***Maintain the phase-in as proposed by Governor DeWine;***
- ***Amend HB 96 to use FY 24 data for formula inputs, as this represents the most current data reflecting educational costs;***
- ***Add a provision ensuring that updates to local capacity measures in future years will trigger updates for the inputs data; and***
- ***Maintain guarantees until the formula has been fully implemented, including updates to categorical funding based on the state-commissioned cost studies.***

### **Categorical Funding**

We appreciate the General Assembly prioritizing and funding the five studies on special education, gifted education, early childhood programs, economically disadvantaged students and English learners. Beyond the current budget, these cost studies will inform a structured approach to categorical funding necessary to ensure that funding accurately reflects student needs and actual service costs.

- ***However, in this budget cycle, we respectfully request that HB 96 be amended to update the special education funding categories to align with the actual costs of services, as outlined in recent cost studies, to ensure that districts have the resources needed in the future to support all students with disabilities. We also request that the House address structural funding issues in Disadvantaged Pupil Impact Aid (DPIA) to reverse the adverse impact of the Community Eligibility Provision (CEP).***

### **Educational Service Centers (ESCs): Strengthening Support Services**

Educational Service Centers serve as vital partners to our school districts, providing essential shared services that many districts could not maintain efficiently. These services include special education support, professional development, curriculum assistance, and technology integration – services that directly impact student achievement.

The current funding model for ESCs has not kept pace with service demands and operational costs. We support the adoption of a tiered funding formula that sets base funding levels using FY 24 operating costs as a baseline. This approach accounts for economies of scale, ensuring that ESCs of all sizes – from those serving our rural communities to those in urban areas – receive adequate and stable resources to continue serving their communities effectively.



- ***We respectfully request that HB 96 be amended with an updated ESC funding model with base funding levels at FY 24 to ensure they can adequately provide the support services our school districts and students need.***

### **Transportation: Establishing Long-term Solutions**

The complexity of pupil transportation in Ohio requires a comprehensive review and strategic planning approach. We believe it is essential to establish a Pupil Transportation Working Group to evaluate Ohio's transportation funding structure and make recommendations for systemic improvements.

- ***We respectfully request HB 96 be amended to establish a Pupil Transportation workgroup.***

This biennial budget presents a crucial opportunity to strengthen and sustain Ohio's public education funding system. By completing the phase-in of the Fair School Funding Plan, regularly updating base cost inputs, strengthening ESC funding, and addressing gaps in categorical funding, we can ensure that every public school in Ohio has the resources necessary to provide a high-quality education for all students.

We urge this committee to prioritize these critical areas as you consider the state's budget. Thank you for your time and attention. We are happy to answer any questions you may have.