



Providing Quality Services
Building Valued Partnerships

House Finance Committee
House Bill 96
March 12, 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.

Introduction and Background

My name is Abby Lorenzen, and I serve as the Chief Financial Officer/Treasurer for the Northwest Ohio Educational Service Center in Fulton County. Our ESC supports 23 member districts located across Defiance, Henry, Fulton, and Williams counties, providing services to nearly 1,600 students from these districts, as well as a few from neighboring areas. We offer a wide range of essential services, including:

- Audiology
- Behavior Support
- Special Education Classrooms (Autism, Emotional Disturbance, Multiple Disabilities, Cross-Categorical)
- Education Consulting
- Special Education and Gifted Supervision
- English Language Learners (ELL)
- Job Training
- Opportunity School (Credit Recovery)
- Occupational Therapy
- Physical Therapy
- Psychology
- Preschool Programs
- Paraprofessional Support
- Visual Impairment Services
- Speech Therapy

Prior to my time at the ESC, I was the CFO for 13 years in two area school districts. As the CFO, I witness firsthand how our schools shape not just the futures of individual students, but the vitality of the entire communities we serve. That's why I'm here today to speak about the Fair School Funding Plan—because when our schools thrive, so do our communities, our economy, and the entire state of Ohio.



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The Fair School Funding Plan

The Fair School Funding Plan provides a comprehensive, logical, and transparent solution to school funding. Developed through collaboration with district leaders and expert practitioners, the plan converts real student needs into practical, actionable resources. For instance, it accounts for the actual costs of delivering vital education components such as appropriate class sizes, student support services, and educational technology—all of which are critical to student success in today's world.

However, for this formula to fully succeed, it must be fully implemented with updated inputs. Research consistently shows that investment in education leads to significant economic returns. Each dollar spent on education generates broader benefits, including higher earnings and reduced social costs.

The Need for Continued Implementation

I am here today, on behalf of our students, our districts, and the communities we serve, to ask that the Ohio House continues to phase in the formula, with updated base cost inputs. This approach would provide the stability and predictability our schools need to create accurate five-year forecasts, implement sustainable educational programming, and better account for inflationary costs.

The funding provided through the Fair School Funding Plan is essential for implementing the programs necessary to ensure our students are workforce-ready. When districts face financial distress, electives are often the first programs to be cut. Yet, these electives are vital for preparing students for both their careers and life in general. It is crucial that we invest in the formula, not just to provide a high-quality education, but to invest in the future leaders and workforce of our state.

Additionally, I urge you to adopt a permanent funding formula for Educational Service Centers (ESCs), as proposed by the Ohio Educational Service Center Association. ESCs play a crucial role in providing leadership and cost-effective services to districts and students across Ohio. Currently, ESCs are funded based on outdated base inputs from 2018, and updating these funding levels using FY24 data would help us provide better services to our member districts, keep costs down, and ensure the effective delivery of our services.

Challenges Faced by Member Districts

School funding is a critical partnership between the state and local communities. Without updated inputs, the funding formula risks becoming unbalanced, leading to an overreliance on property taxes and increasing the financial burden on local communities.

The recent increases in property valuations have created funding challenges for many districts in our area. Due to updates to capacity inputs and the outdated base cost inputs in the funding formula, 9 of our 23 member districts will experience funding losses in the first year, with 12 of them facing funding cuts in the second year. This imbalance results in a burden shift to our local communities, forcing districts onto the guarantee under the current funding proposal.

The stress placed on our local property taxpayers is already a growing concern for many legislators. I've heard from several of our member districts that, if the proposed funding levels remain unchanged, they may be forced to seek additional operating funds from their taxpayers. Failing to fully fund public schools and update the formula will only worsen this situation. On average, our districts are projected to see a 10% decrease in state funding share between FY22 and FY27 based on current simulations.

Special Education and Real Costs

The Ohio Department of Education and Workforce (DEW) conducted a study to examine the true costs of special education and propose funding weights that would ensure a more accurate partnership between the state and schools. Implementing these weights is essential for our member districts, as the costs associated with educating students with high needs can sometimes be astronomical. ESCs strive to reduce these costs through shared services, but the need for specialized education often results in significant expenses.

Guarantees and Formula Updates

We ask that guarantees remain in place until the formula is fully implemented, with updated inputs based on the state-commissioned cost studies, particularly for categorical funding. Guarantees prevent districts from losing funding due to changes in property values, income, declining enrollment, or static base cost inputs. Some argue that guarantees artificially inflate funding levels, but the real issue lies in the lack of updated inputs and the imbalance between local capacity and state funding.

We need predictability in our funding model to ensure the sustainability of schools throughout Ohio. Without predictable funding, districts struggle to plan for future student needs and implement necessary programs. The unpredictability of funding has led many districts to increase their reserves, uncertain of what the future holds. My previous district faced similar challenges before the first phase of the Fair School Funding Plan was implemented. They were in financial distress, having been denied additional operating funds from taxpayers, which led to cuts across the board. As the Fair School Funding Plan was rolled out, funding increases were realized. However, the board remains hesitant to reinstate programming because of the financial uncertainty, resulting in growing cash reserves.

The Role of Public Schools and the Equity of Funding

Ohio's constitution is clear: the state is responsible for providing a thorough and efficient system of public education. Nowhere does it mandate subsidizing private education. As more public funds are diverted to support private school tuition, it becomes increasingly difficult for public schools to fulfill their critical mission. About 80% of Ohio students attend traditional public schools, and when those districts face financial hardship, the impact is felt by entire communities.

Comparisons between public and private schools often ignore the significant differences in costs. Private schools are not required to:

- Accept students with disabilities
- Accept students with behavioral challenges
- Provide transportation for students
- Conduct annual financial audits
- Administer state and national assessments
- Follow state curriculum standards
- Hire properly licensed teachers

In contrast, public schools are legally bound to serve all students, regardless of their needs or background, and are held to a higher level of accountability.

Conclusion

In conclusion, the Fair School Funding Plan is not just a funding formula—it's a commitment to every Ohio student, family, and community. By fully implementing this plan, we invest in stronger communities, a more competitive workforce, and a brighter future for Ohio. I urge you to consider these crucial next steps to ensure the success of our public schools and the continued prosperity of Ohio.

Chair Stewart and members of the committee, thank you for your time and for your consideration of these important matters. I would be happy to answer any questions you may have at this time.