Chairman Cirino, Vice Chair Chavez, Ranking Member Hicks Hudson, and members of the Senate Finance Committee, thank you for the opportunity to offer sponsor testimony on Senate Bill 93.

The current version of this bill, introduced at the beginning of the year is one of intent and was a placeholder. In my testimony today, I will explain the substitute version that has been shared with members of this committee and that I hope will adopt it as the working version.

Substitute Senate Bill 93 focuses on how the State of Ohio funds its schools. As everyone here knows, the primary source of funding for local schools comes from property taxes which account for roughly 50% of school funding. Additional funding comes from state general revenue funds and lottery profits at around 40%. Lastly, approximately 11.6% of school funding comes from the federal government and will continue to do so per existing state and federal laws.

Since the pandemic, property taxes have increased sharply in nearly every county in the state, due to major increases in property valuations. This has caused a substantial increase of property taxes on millions of homeowners. These massive increases are forcing people on fixed incomes out of their homes. Senate Bill 93 seeks to reduce the state's reliance on property taxes as the main source of school funding and shift it to a more balanced approach moving away from property taxes. The approach proposed today should meet the original DeRolph v State of Ohio landmark ruling that partially said local schools relied too heavily on local property taxes for funding.

Under this proposal the state would collect a twenty mill property tax to fund schools. The state sales tax would increase by one and three quarter percent, bringing the total to seven and one half percent. The additional revenue would be dedicated solely to education. Lottery and sports gaming profits would continue to provide supplemental school funding. This shift is designed to distribute the tax burden more evenly and stabilize how schools are funded across Ohio.

The bill makes changes to local taxing authority. School districts would no longer be able to levy local income or sales taxes. Local governments would also be prohibited from using any of their ten inside mills for school funding. Instead, every district would receive the twenty mills in property tax revenue, the sales tax portion dedicated to schools, and the continued lottery and gaming revenues. By standardizing these mechanisms, Ohioans would gain more predictability in their tax bills and avoid the dramatic fluctuations in property taxes that have become common.

Senate Bill 93 further updates how the per pupil cost is calculated. Instead of each district having its own unique per pupil figure, there would be a single statewide average. The proposed amount is eleven thousand five hundred thirty five dollars per student. These funds would follow the student to the school of their choice, including all public schools and all chartered nonpublic schools. It would exclude funding to non-chartered non-public schools. As a result of this change there would not be a need to continue the EdChoice Scholarships, so both the EdChoice Scholarship and the EdChoice Expansion programs would be repealed. Private schools receiving state funds would be required to administer annual state assessments to maintain accountability.

The statewide Per-Pupil Funding System would be based upon student enrollment (ADM counts.) Like the current system, the bill will come up with a base funding formula and adjustment factors. Those counts will be determined across categories. The categories will continue to be, general education students, special education (by disability category), English learners (by proficiency level), career-technical/STEM students, gifted students, and transportation costs.

Accompanying this legislation is a needed companion piece, Senate Joint Resolution 4, also pending in the Finance Committee. If approved by voters, it would amend the state constitution to allow the state to assume all outstanding debt held by public school districts. Since Senate Bill 93 would remove a district's ability to levy new property or income taxes, this amendment ensures that schools are not left unable to pay their existing obligations.

Ohio faces a growing transportation crisis, with rising absenteeism, continued high chronic absenteeism, and a growing number of students deemed impractical to transport. Because of this, substitute Senate Bill 93 also addresses school transportation. The responsibility for transporting students would shift from individual districts to regional Educational Service Centers. Many ESCs already coordinate regional services and are better equipped to manage transportation efficiently across districts in their regions. This change would help relieve local schools of a significant logistical and financial burden. Part of this restructuring

could require the need to have synchronized bell schedules across all schools receiving public funding.

Finally, the bill allows school districts to voluntarily consolidate through memorandums of understanding submitted to the Department of Education and Workforce. Two or more districts could choose to merge under an agreement that outlines the structure of their consolidation. With more than six hundred school districts in Ohio, this voluntary option would promote efficiency while respecting local control.

Chair Cirino, Vice Chair Chavez, Ranking Member Hicks Hudson, and members of the committee, thank you again for the opportunity to present Senate Bill 93. This legislation is intended to start a meaningful discussion about how Ohio funds its schools and how we can distribute that responsibility more fairly while relieving the property tax burden on our citizens. I look forward to working with the committee on these ideas and I am happy to answer any questions you may have.