



**House Finance Subcommittee on Primary and Secondary Education
House Bill 1 - Proponent Testimony**

**Buckeye Association of School Administrators
Ohio Association of School Business Officials
Ohio School Boards Association**

February 25, 2021

Chair Richardson, Ranking Member Troy, and members of the House Finance Subcommittee on Primary and Secondary Education thank you for the opportunity to speak to you today regarding House Bill 1. My name is Kevin Miller with the Buckeye Association of School Administrators. Joining me for this testimony and in answering your questions is Katie Johnson with the Ohio Association of School Business Officials and Jennifer Hogue with the Ohio School Boards Association. Our organizations represent public school district boards of education, superintendents, treasurers/CFOs, business managers and other school business officials from around the state.

On behalf of our members, we want to take this opportunity to express our appreciation for this bipartisan effort to research, analyze, and ultimately recommend a new funding formula for Ohio's public schools, known as the Fair School Funding Plan. You have already heard testimony from the team of practitioners—the workgroup members who participated in the development of the Fair School Funding Plan. This group of practitioners from urban, suburban, and rural school districts represents the diverse needs and unique challenges that face our 600+ school districts, career technical education centers and educational service centers. We are proud of their dedication and hard work over the past three years in developing and refining the Fair School Funding Plan.

The Fair School Funding Plan provides a rational, transparent approach for determining both the cost of educating students and how the funding of education is shared between the state and local taxpayers.

As you heard from the workgroup members, the **first step** of the plan applies an *objective methodology* to determine the cost of educating a typical student, which is referred to as base cost. The objective methodology applied in determining base costs takes into account the circumstances of each district, creating per pupil dollar amounts that represent the revenue needed for districts to provide quality educational programming. Ohio has not utilized a base cost methodology for many years, and the workgroup's recommendations are welcomed by the education community.

The Fair School Funding Plan provides, **in step two**, a method of sharing this base cost between the state and local taxpayers using a fair, defensible measure of capacity to generate funds locally, taking into account the size of the local property tax base and the income of district residents. This approach of determining the state and local share of funding based on a sliding scale, including both income and property capacity, is more equitable than basing it on property values alone.

In addition, the Fair School Funding Plan identifies a framework for providing additional resources to meet needs beyond those of a basic education. These costs are often referred to as categoricals or add-ons. **In step three** of the plan, categorical funding is applied to provide additional funds for economically disadvantaged students, students with disabilities, English learners, gifted students, and career and technical education students. Thus, the Fair School Funding Plan provides both base cost and categorical funding that is driven by the number of students in a district and the unique needs of those students.

Ohio has not had a school funding formula in place for the last two years. Even when a funding formula was in place, over 80% of K-12 school districts were not on the formula, with their funding either capped or guaranteed. Therefore, even when Ohio operated with a formula, the funding provided for the vast majority of Ohio's 1.6 million public school students was established with no objective analysis of what it costs to educate these students.

The Fair School Funding Plan provides an objective and transparent solution – a three-step process - for school funding in Ohio. Since the release of the first simulations, the workgroup has worked tirelessly to listen to concerns and make further improvements to the Fair School Funding Plan. You have heard about these improvements from the workgroup in their testimony before this subcommittee. The creation of the commission, as provided for in House Bill 1, allows for adjustments and refinement to be made as necessary in the future.

Dr. Howard Fleeter, economist and leading Ohio school funding expert who serves as a consultant to the Ohio Education Policy Institute, agrees that the Fair School Funding Plan provides the objectivity missing in any previous attempts to develop a formula, noting that the plan includes:

- a new input-based methodology for determining the base cost amount, which will vary based on district demographics;
- a new method for determining the state and local share of funding based on a sliding scale, including both income and property capacity. This new measure takes into account the size of the local property tax base and the ability of district residents to raise local tax revenue;
- increased funding for economically disadvantaged students that would be funded before any other component of the formula; and
- a recommendation for studies to be carried out to determine the true cost of educating students with disabilities, economically disadvantaged students, and English learners.

Therefore, Fleeter concludes, when fully funded and implemented, the Fair School Funding Plan, meets the constitutional mandate to “secure a thorough and efficient system of common schools throughout the State.”

In closing, we want to highlight that over 830 school district leaders from across the state have signed-on in support of the Fair School Funding Plan. We strongly urge the subcommittee to join the education community in support of the plan. The workgroup has spent the last three years educating the members of the General Assembly and refining the formula. We believe the Fair School Funding Plan, developed with the help of practitioners in the field, is a rational, transparent, and fair plan that provides the resources to meet the needs of Ohio's students.

Thank you for the opportunity to offer testimony in support of House Bill 1. We will be happy to address your questions.