



Testimony for the Ohio Senate
Finance Committee

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Testimony on House Bill 110

June 3, 2021

Chairman Dolan, Vice-Chair Gavarone, Ranking Member Sykes, and members of the Senate Finance Committee, good morning. My name is Tom Hosler and I am the Superintendent of Perrysburg Schools and am joined with Akron Public Schools CFO Ryan Pendleton and Mike Sobul of Forecast5 Analytics, a former school treasurer and State Department of Taxation Research Director. Today, we are offering testimony in response to the Senate's school funding formula released on Tuesday, June 1.

What makes the Fair School Funding Plan (FSFP) unique is that for the first time we stepped away from the practice of residual budgeting to fund education, and, instead, asked what it costs to educate the "typical" child. We answered this question by analyzing and evaluating the national research and established best practices in education, as well as the expertise and judgement of professionals in the field to determine the funding necessary to ensure that Ohio's youth has access to high quality educational opportunities – opportunities that will prepare them for an increasingly complex future. While the Senate formula as it has been presented appears to emulate the FSFP or a building blocks approach, it does not actually do so.

The Fair School Funding Plan funds students where they need it most through a meticulously constructed base cost and provides other funding components to support Ohio's youth in a variety of important ways. This comprehensive plan starts with the moment students are picked up at the crack of dawn until they log off their school computer that night. Everything educationally that occurs between those two events has been considered. Constructing base costs was a painstaking process of

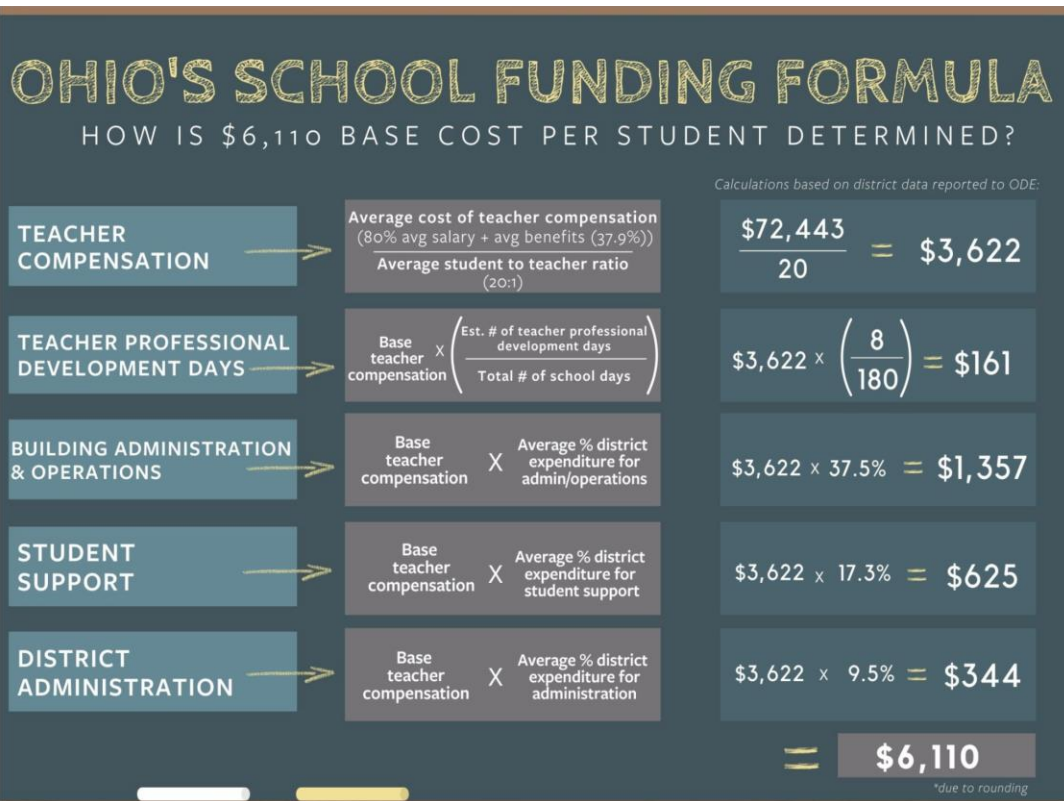
determining component-by-component the necessary instructional and support personnel, services, and building and district leadership essential in providing every public school student the basic foundation funding - before any additional services or categoricals required by students - for a quality educational opportunity. A process that took 3 and a half years.

Mr. John Fortney in the 3 minute and 24 second YouTube video released by the Senate titled, “Reliable Sustainable Affordable - The Ohio Senate's New School Funding Plan,” states that the Senate’s funding plan, “...begins right here with the professional at the front of the class.” This is a fundamental difference between our plans. As lifelong practitioners and teachers who actually stood at the front of the class, the Fair School Funding Plan begins with the child in the classroom and each of his or her needs.

We agree that the teacher is “essential” to the learning process and key to students’ success. However, the Senate plan falls short of delivering on this recognition.

I will now turn it over to Mr. Ryan Pendleton and Mr. Mike Sobul to provide their observations from the recent Senate release.

At first glance, it appears the Senate’s school funding plan consists of a similar inputs based framework as the Fair School Funding Plan. However, from the onset, the Senate’s formula suggests that the end goal is to substantiate a lower base cost and not properly determine an adequate education for a typical student.



Key differences between the Senate and House school funding formulas:

- The Senate's base cost would fund 80% of the state's average teacher salary and that teacher's benefit costs.
- Backing into the Senate's teacher salary number produces an average base salary as it was in FY 2015.
- In FY 2009, the per pupil base cost was \$5,732. The Senate's base cost of \$6,110 amounts to a net increase of \$378 in FY 2023; a total increase of 6.6% over those 14 years. (Consider that private school vouchers are to receive an increase of 18% (K-8) and 25% (9-12) in the first year of this plan.)
- The Fair School Funding Plan's average base cost is \$7,200 per pupil, a total increase of 25% over those same 14 years. This amount was built on analysis of specific teacher costs and other cost components. That 25% constitutes an average increase of 1.8% per pupil each year; an amount that is reasonable and justifiable, based on factual, Ohio specific cost data. Over the same 14-year period, assuming 1.5% annual inflation for the next two years, the national Consumer Price Index will have grown 25.7%.

- The average pupil/teacher ratio in Ohio for FY 2020 was 15 to 1. The 20 to 1 used by the Senate does not fund specials and other non-classroom teachers.
- There are 122 districts not getting enough revenue by FY 2023 under the Senate's proposal to offset the unrestored cuts that were made by the Governor in FY 2021.
- The entire Senate formula is based upon classroom teacher compensation, rather than specific Ohio cost data and best practices. Choosing an arbitrary amount to spend appears to have been the priority, not what is best for students, communities and taxpayers.
- Entire categories of the Fair School Funding Plan, such as those surrounding transportation, special education, English learners, even woefully underfunded transportation for special needs students, would be eliminated.
- Here is an example of how this not predictable or stable: (b) For purposes of division (C)(2)(a) of this section, the "state share multiplier" equals the sum of the required state share multiplier and, *if the general assembly decides to include it* (italics added), the supplemental state share multiplier.
- By reverting to current law for determining a district's local share, the Senate rejects a distribution system that accurately, and consistently, reflects the actual capacity of a district's ability to support its schools; taking into consideration both property wealth and income wealth.
- EdChoice vouchers would provide private schools more money per pupil than the base cost per pupil amount for traditional k-12 and public community/charter schools with an 18% increase for elementary and a 25% increase for high school private school vouchers.

Under current law and the Senate's proposed school funding plan, the General Assembly has no compulsion to fund its formula fully because no one knows what the numbers stand for and what the formula produces. With the Fair School Funding Plan, everyone does.

CLOSING

We ask the Senate Finance Committee to adopt all of the components of the Fair School Funding Plan.

The Senate's goal to provide reliability, sustainability, and affordability must be extended beyond this chamber and be applied to the local school district taxpayer. Through previous testimony, it has been determined that the full Fair School Funding Plan is both affordable and sustainable within the State's current tax structure.

In some respects, the Senate plan flatters the Fair School Funding Plan WorkGroup. It adopts the four basic components of the WorkGroup's painstakingly constructed base cost calculations and even borrows much of the language, which identifies those components. But then it starts talking about funding teachers, obviously a critical part of any school funding formula. By contrast, the Fair School Funding Plan (FSFP) bases every one of its many elements not on funding teachers but on meeting the needs of Ohio's 1.6 million school age children in order to guarantee them quality comprehensive educational opportunities.

THE FAIR SCHOOL FUNDING PLAN OVERVIEW

Step One - Base Cost

National research and established best practices drove base costs, which provides:

- The essential elements of effective classroom instruction;
- Specific, necessary student and instructional support services;
- Justifiable building leadership and operations costs; and
- Reasonable district office and accountability activities.

Step Two - State & Local Share

Superintendents, treasurers and school board members can explain what percentage of the costs their district bears and why. The Plan provides a sliding scale for how much a local community pays based on its capacity using property tax and an income component. This rational and understandable approach stands in direct contrast to the current State Share Index.

By way of an example of the inconsistencies the current formula generates, three districts with the same total capacity – both valuation and income – experienced the following in FY 2018:

- The first received \$12,940 per pupil in state aid, spent a total of \$15,122 per pupil, and had an effective tax rate of 22.2 mills.
- The second received \$8,237 in state aid, spent a total of \$11,180 per pupil, and had an effective tax rate of 37.61 mills.
- The third received \$8,133 per pupil in state aid, spent a total of \$12,260 per pupil, and had an effective tax rate of 62.31 mills.

Step Three - Categoricals

The Fair School Funding Plan identifies those areas where specific funding beyond base cost can be allocated to provide the resources necessary to help those students be successful.

This unique three-step approach provides adequate and equitable funding for our schools.