

Ayersville Local Schools

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House Finance Subcommittee on Primary and Secondary Education HB 33 Testimony

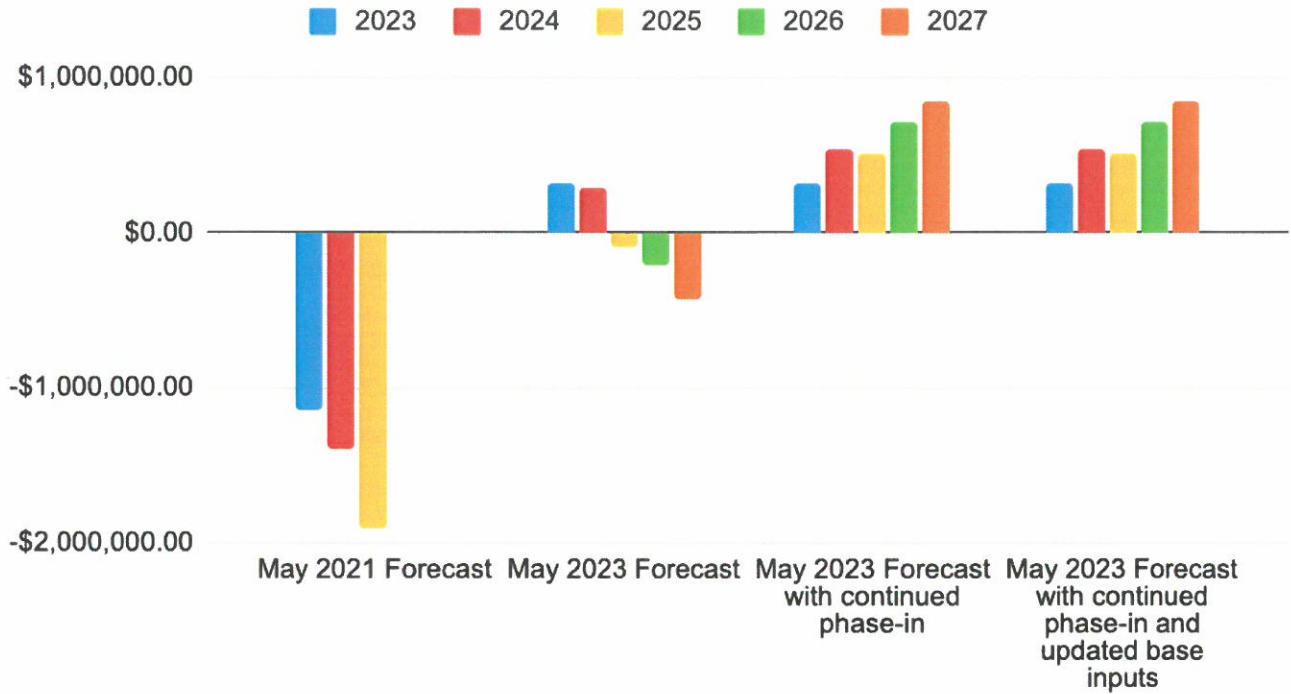
March 22, 2023

Chair Richardson, Ranking Member Isaacsohn, and members of the House Finance Subcommittee on Primary and Secondary Education, thank you for the opportunity to present testimony today on House Bill (HB) 33. This is my first time testifying and I greatly appreciate the opportunity.

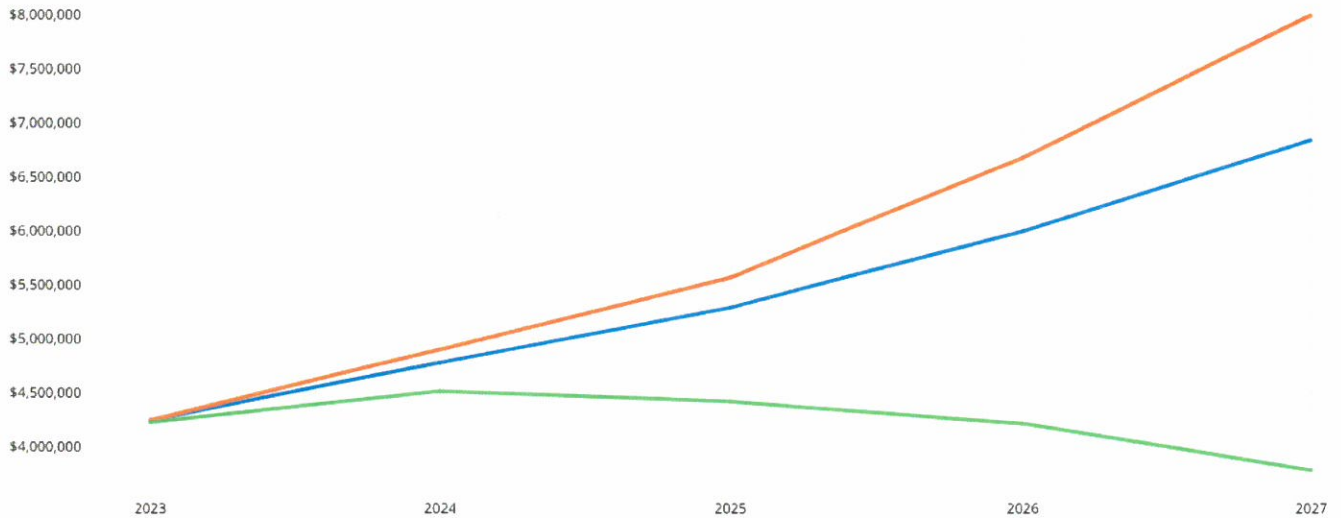
My name is Abby Sharp and I serve as the Treasurer and CFO for the Ayersville Local School District in Defiance County. The Ayersville Local School District is a small rural district made up of 52 square miles. We educate approximately 680 students in our recently constructed K-12 building. Approximately 1/3 of our students are open-enrolled from other area districts. Our state share percentage is just over 60%. In recent years, we have taken a couple of hits to our local revenue – the first was when we were notified by our county auditor that General Motors peaking plant was no longer a public utility so we were losing \$4.9 million in taxable value. We were notified in October 2017 that our payments starting in March 2018 would be approximately \$250,000 less annually. The second was when a hospital located within our District was given tax exempt status along with a 3-year refund. That equates to approximately \$153,000 annually on top of the \$459,000 refund. We were notified in June 2020 that this would be hitting with the November 2020 payment. We went to the taxpayers to ask them to increase the income tax due to these losses in funding, but our taxpayers already feel they are overtaxed. Unfortunately this resulted in the District eliminating programming that was previously provided including upper level art classes and family consumer science along with the elimination of our school resource officer. We have had to eliminate most of our electives for high school students. We have anywhere from 13 to 70 students in study hall depending on the period because there is nothing else for them to take. As you can see in the graphs on page 2, we are relying on state funding to help us get through these tough times. I share all this with you to provide context for what the Fair School Funding Plan means to our students and the community we serve.

I had the opportunity to attend the hearing last week where you heard from members of the Fair School Funding Plan Workgroup. They provided a great overview of the work that has brought us to this point. As they highlighted, the Fair School Funding Plan is a bipartisan solution to school funding that draws upon the expertise of my fellow practitioners, as well as other invested parties from within the field of education and our communities. This formula is about *each child* and meeting their needs. The formula is also about our communities, because when our schools thrive, our communities thrive and Ohio thrives. When you come to Ayersville Local Schools from the Northwest, there is a sign that says "Welcome to Ayersville." I've often been asked what is Ayersville: city, village, or township? My answer is simple, none of the above. Ayersville is a School District. There is no mayor or trustees for "Ayersville", just a

Line 6.010 - Excess of Revenues Over/(Under) Expenditures



Projected General Fund Cash Balance



Current Forecast
Forecast with continued phase-in
Forecast with continued phase-in and base inputs updated

school board trying to do what's best for both the students and community.

The Fair School Funding Plan provides an objective, rational, and transparent solution to school funding. Created in collaboration with school district leaders and practitioners, it is an objective formula that is research-based, with every dollar allocated based on an identifiable component necessary in a student's education to prepare that student for success.

However, for the formula to work, inputs need to be updated and it needs to be fully implemented. We are 1/3 of the way there and I am here today to ask on behalf of my students, my district and the community I serve that you move forward with the next steps toward fully implementing the formula enacted in the last biennial budget. I also ask that you update the base cost inputs to the formula from FY 2018 values to FY 2022 values. Without updating the inputs, we have yet another formula where the numbers mean nothing.

We need the predictability this formula provides. Funding in Ohio has been consistently inconsistent. This unpredictability often unduly shifts the burden of funding our schools to the local taxpayer. With the current phase-in, my district is receiving 1/3 of the state's share of the base cost for my district's students. That means that the local taxpayers are expected to pay the remainder of the state share. By continuing the phase-in of the formula, schools in Ohio will have the much-needed stability and predictability to provide more accurate and realistic five-year forecasts which could give them the ability to implement educational programming for our students based on this accurate long term plan.

Ayersville Local School District supports the Fair School Funding Plan because it clearly outlines an approach for funding the cost of educating Ohio's children. In our district this means we could bring back some of the programs that had to be eliminated. We are currently not able to add new programs as we are unsure what the next biennial budget will bring. Continuing to work toward full implementation will offer predictability. We need the formula fully implemented to ensure sustainability throughout the state. When the future of funding is unpredictable, districts are not able to plan for student needs and implement the programming necessary in their communities and schools.

Chair Richardson and members of the committee, thank you for your time and attention. I would be happy to answer any questions you may have at this time.

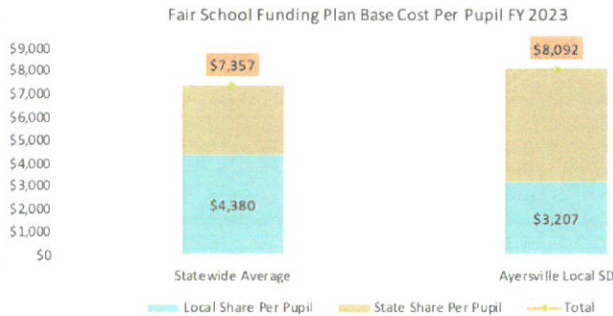
Ohio's Fair School Funding Plan - District Profile

Ayersville Local SD, Defiance - County



What is the Fair School Funding Plan (FSFP)?

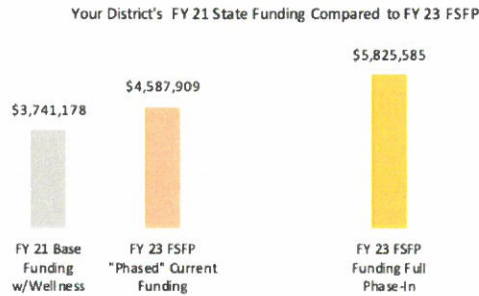
Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual cost data (district level).



In FY 2023 the Fair School Funding Plan (FSFP) methodology generates a statewide average per pupil base cost of \$7,357, with a local share of approximately 60%. The district's base cost per pupil according to the FSFP calculation is \$8,092 with a local share of approximately 40%.

Base cost includes the four components of Direct Classroom Instruction, Instructional and Student Support, Building Leadership and Operations, and Leadership and Accountability.

How does FY 23 FSFP Current (33.33% Phased-in), and Calculated Funding (Fully Phase-in) Compare to FY 21?



The FY 2021 base funding totals \$3,741,178

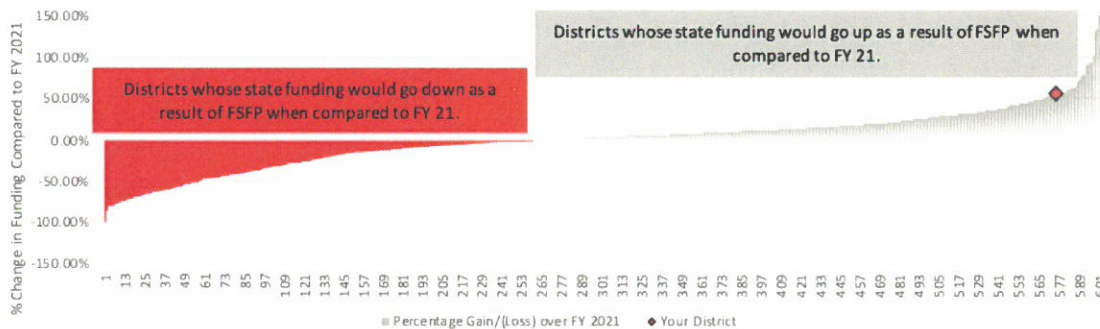
The current year funding, which is reduced for the phase-in limits, totals \$4,587,909

Your district's FY 2023 FSFP funding, if fully phased in, totals \$5,825,585

If fully phased in, your district's FSFP gain, over FY 21 would be \$2,084,406, or 55.7%.

How does your district's calculated formula increase or decrease compare to others?

FY 2023 FSFP Formula Percentage Gain/(Loss) over FY 2021 by District (sorted from district's losing the most to those gaining the most)

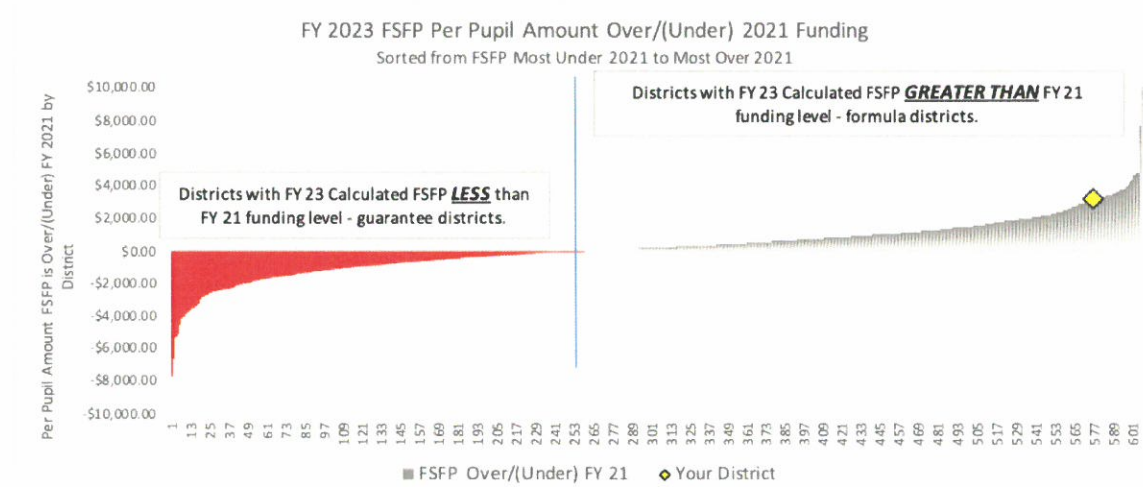


If the FSFP were implemented (100% phased-in) some districts would gain more that 1.5 times (150%+) over what they received in FY 2021. Some districts would lose funding (without guarantees) with the greatest loss at approximately 85% less than they received in FY 2021. If phased in, and as stated above, your district's funding would be 55.72% greater than its FY 2021 state funding level.

Does the FSFP eliminate the need for funding guarantees that ensure a district revenue equal to prior years?

Guarantees would still be needed to hold districts harmless from funding cuts. The FSFP current year state funding formula for schools has resulted in a significant number of school district's that do not benefit from additional revenue when compared to prior years. In FY 2023 the FSFP plan results are similar, with 261 districts where current FSFP formula results are less than the district received per pupil in FY 2021. When the current year's funding formula does not generate more than FY 21 then the district is considered to be a guarantee district. The chart below shows all Ohio K-12 districts and the per pupil amount by which the FSFP generates dollars above/(below) the 2021 funding level.

In FY 2023, with FSFP fully implemented, some districts would lose dollars per pupil while other districts would gain dollars per pupil when compared to FY 2021. On average, for districts losing under FSFP the loss would be -\$1,196 per pupil, while the average for districts gaining would be, on average, \$1,427 per pupil.

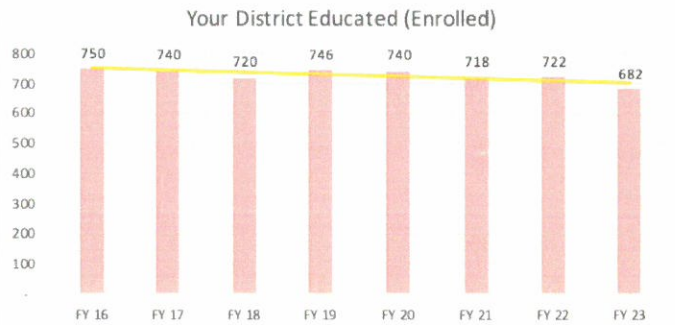


600+ Districts Sorted from most FSFP loss to greatest FSFP gain (per pupil).

In FY 2023, your district's FSFP calculation when fully phased in, and without guarantees, would be \$3,057 per pupil more than than the amount received in FY 2021.

Because of the phasing in of FSFP, districts may not receive full benefit from the new calculation.

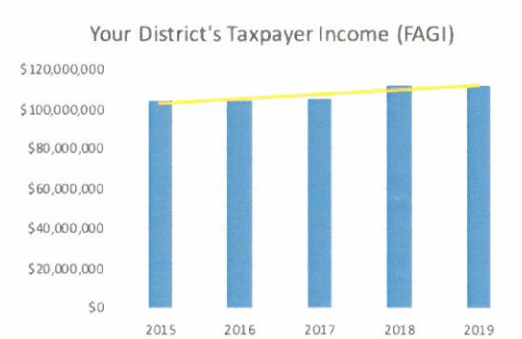
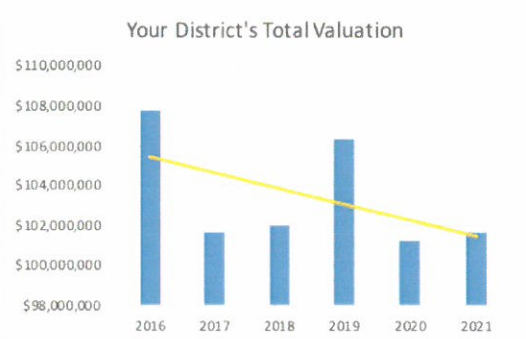
How does enrollment impact the FSFP calculation?



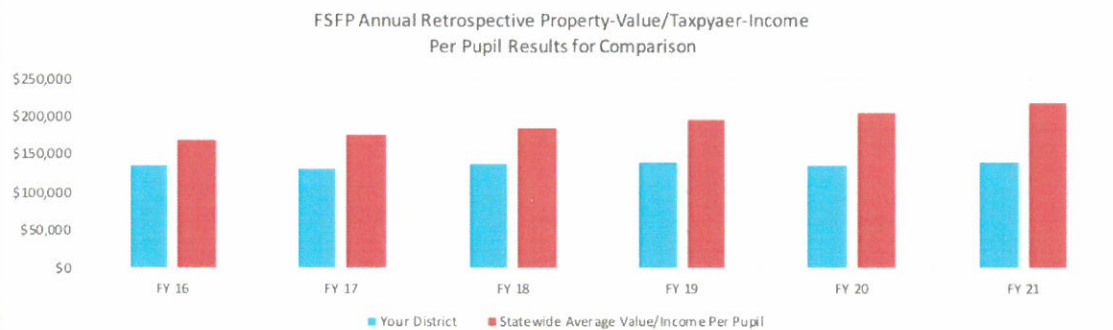
Starting in FY 2022 the state stopped counting tuition (open enrollment out, community school, scholarship, etc.) as part of the funding formula and instead began relying upon district educated (both resident and open enrollment-in students). The number of students served (educated) by the district impacts the FSFP base cost calculation. This is because the base cost is calculated from certain inputs such as number of teachers, aides, buildings, principals, etc. If enrollment trends downward then the base cost total amount for a district can decline.

What are the significant demographics impacting the FSFP calculation of local share?

In addition to the impact from enrollment, the FSFP relies upon local property values (wealth) and taxpayer incomes to determine the portion of the calculated base cost to be borne by local taxpayers (local share). The FSFP uses the most current available valuations and taxpayer income data to calculate the current fiscal year's local share.



From 2016 to 2020 the district's FSFP Valuation and Taxpayer Income inputs had changed by .84%. From 2019 through 2023 the district's enrollment has changed by -8.53%. Enrollment declined which can contribute to the district appearing wealthier per pupil.



While only some of the FSFP formula relies upon a district's Valuation/Income relative to the state, the ratio is an indicator of potential change in local share over time. The above graph takes a look at the district's retrospective Valuation/Income per pupil compared to the statewide average on an annual basis. The results are not three-year averaged but are annual calculations retrospective to each fiscal year.