

**Ohio Senate
Finance Committee**

Wednesday, May 31, 2023



Interested Party Testimony: Am. Sub. H.B. 33

Craig Burford, Executive Director, Ohio Educational Service Center Association

Introduction

Chairman Dolan, Vice Chair Cirino, Ranking Minority Member Sykes, and members of the Senate Finance Committee, thank you for the opportunity to testify before you today on Am. Sub. H.B. 33, the FY 2024-2025 biennial state operating budget.

Overview

ESCs are the largest component of the state’s Educational Regional Service System (ERSS), which has the statutory mandate to support state and regional education initiatives and efforts to improve school effectiveness and student achievement. The primary ESC service areas are centered around: 1) curriculum and instruction, 2) school improvement, 3) professional development, 4) special education and related services, 5) early childhood education, 6) facilitation, networking, and coordination (*BACs, EMA, Health Departments*), and 7) implementation of statewide initiatives charged to the ESCs by the Ohio General Assembly or department of education.

ESC Budget Funding Priorities

- Update ESC Funding Cost components.
- Retain funding of ESC gifted units.
- Support transportation pilot project leveraging Educational Service Centers.
- Support Executive Proposal for literacy initiatives and leverage ESC network.

Funding Request

As you are aware, the Ohio House increased funding for schools through the Fair School Funding Plan by updating the data used to calculate the per pupil base cost amount to reflect current costs (FY 2022). However, this update did not include ESC funding. We are urging the Senate to make the necessary changes to the ESC funding formula to update the base cost and per pupil funding components to reflect the most recent information available about the work of ESCs, as outlined in the attached amendment. ***The level of services ESCs provide to both private, charter/community and public schools have increased and, not surprisingly, at the same time the associated operational costs for the provision of these services have gone up as well.***

Key Factors to Consider

As you deliberate the outlined request, I ask that you consider the following key factors related to the increased operational costs of ESCs and how ESCs differ from other public education entities:

- 1) ESCs have built significant additional capacity over the past 3 years to carry out the work around learning recovery as well as administration of other programs for ODE and the state including but not limited to literacy and math supports, family and community engagement, and threat assessment training.

- 2) Many ESCs hired additional staff to carry out the emergency assistance for nonpublic schools (EANS) for nonpublic schools and have associated increased operational costs with managing that program, which will extend beyond the end of the grant funding period - in this instance ESCs are serving as the State Education Agency (SEA) in the administration of this program.
- 3) During and following pandemic-related school closures, ESCs have increased services to nonpublic schools, charter schools and related choice options; for example, over the past 3 years the number of nonpublic schools served has increased 202% (from 166 to 501 nonpublic schools).
- 4) Consistent with #1, #2, and #3 above, a review of ODE personnel data shows the number of unique employee IDs (# of personnel) for ESCs increased over 25% from 2020 to 2022 (12,632 to 15,815) - operational costs increased from recruiting, onboarding, housing and supporting these employees.
- 5) ODE contracted work, much of which must be sustained because they are state priorities, often pays for fractional labor for personnel to devote a portion of their time to direct service provision and doesn't include funding for operational costs. For example, funding for Math Specialists and High Quality Instructional Material Specialists provides \$15,000 per participating ESC to partially offset the direct costs of the positions.
- 6) In some instances, like Regional Data Leads (RDLs) that work with districts on how to use data to inform instruction, ODE pays for the training of personnel (in this case at the SAS Institute) but ESCs pay the costs of travel and all related employment expenses; both direct and indirect costs for these staff and services are offset through fee-for-service contracts with districts.
- 7) ESCs do not have taxing authority like traditional public schools, JVSJs or County Boards of DD. And ESCs are not eligible for funding under the Ohio Facilities Construction Commission (for neither new construction nor improvements).

Based on these factors and the increase in operational costs for services, particularly those delivered on behalf of the state, it is important to update the data used to fund ESCs, even if a phase-in of the formula is utilized. The OESCA proposed updated operating costs are based on a review of all 51 ESCs operating costs - CENSUS level data - rather than a SAMPLE of 31 ESCs used in development of the new formula for HB 110 (134th GA). This is approximately a 55% increase in the number of participating ESCs and more reflective of system-wide costs.

Why is this funding support important?

ESC state funding supports a regional deployment infrastructure. Why is this important? It provides ongoing support as well as rapid response to critical needs. Recent examples include but are not limited to the following:

- Threat assessment training (CSTAG) was set up and rolled out within 60 days (To date, 3,930 personnel in 1,164 schools across 422 districts have been trained over the past 8 months).
- A student readiness benchmark credential was designed and deployed in 90 days using ESCs across the network to support educators in using student readiness assessments; this process is being replicated to address chronic absenteeism.
- Deployment of over 50 million units of PPE and more than 225,000 test kits from 2020 – 2021.
- Coordination with providers of vaccination for approximately 300,000 educators in 90 days to enable over 70% of schools to return to in-person or hybrid instruction by March 1, 2021.

These are just recent examples of the value of having a regional network on call to provide rapid response and deployment of state-identified priorities.

It is important to note, that the funding ESC currently receive and even the funding we are asking for will still just partially subsidize the services we are providing. However, it is nevertheless important to having vital infrastructure in place to implement state priorities. by directly funding ESCs it provides equal access to necessary support services to educators and the students they serve. And as district administration changes, ESCs are able to maintain stability and continuity within programs that help all students in their client districts to succeed.

In closing, ESCs are implementers that can launch high-quality initiatives rapidly upon request but need the requisite operational support. This includes ensuring ESCs are positioned to carry out work in support of literacy initiatives and other key state level priorities including, importantly, those priorities identified in the 2-year budget.

Thank you for your time and positive consideration and I would be happy to address any questions at this time.

	Am. Sub. H.B. 110 (134th GA) As Enacted	Updated OESCA Proposal <i>*Highlighted areas are additional components not included in HB 110.</i>
Base Funding	\$356,250 (Every ESC receives the base funding amount) Phased in over 6 years.	\$466,813 (Based on 4-year average of actual operating expenses aligned to statutorily mandated services of ESCs as outlined below consistent with fair school funding plan for traditional public school districts).
Base Funding Components	\$115,000 – superintendent salary \$88,000 – treasurer salary \$50,000 – central office administrative assistant \$63,250 – benefits for three positions \$40,000 – facility costs Phased in over 6 years.	\$120,326 – superintendent salary \$94,602 – treasurer salary \$44,705 – central office administrative assistant \$123,261 – benefits for three positions \$83,919 – facility costs (excluding maintenance) Phased in over 6 years.
Per Pupil Funding	Based on \$36.80 (Tiered model creates varying per pupil amounts by ESC depending on size) Phased in over 6 years.	Based on \$61.00 (Based on actual costs of operating an ESC using data collected and analyzed over 4 fiscal years) (Tiered model creates varying per pupil amounts by ESC depending on size: \$42.88 per pupil for ADM 5,000 to 35,000 students, and \$21.16 per pupil for ADM over 35,000) Phased in over 6 years.
Per Pupil Funding Components	2300 Support Services – Board of Education 2400 Support Services – Administration 2500 Fiscal Services 2700 Operation and Maintenance of Plant Services 5000 Facilities Acquisition and Construction Services 6000 Debt Service	2300 Support Services – Board of Education 2400 Support Services – Administration 2500 Fiscal Services 2700 Operation and Maintenance of Plant Services 5000 Facilities Acquisition and Construction Services 6000 Debt Service
Full Funding of ESCs	Phased-in Over 6 Years at 16.6667% per year.	Phased-in Over 6 Years at 16.6667% per year (4 remaining years).
Total Funding Amount when fully phased in over 6 years	\$52,818,243	\$69,348,815 <i>For context, if ESC funding in FY 2008 (the last year of full funding under the old model) were adjusted for inflation, ESCs would receive \$72,899,457.97</i>

_____ moved to amend as follows:

1 In line 39926, strike through "\$356,250" and insert
2 "\$466,813"

3 In line 39963, strike through "\$24.72" and insert "\$42.88"

4 In line 39966, strike through "\$24.72" and insert "\$42.88"

5 In line 39967, strike through "\$30.90" and insert "\$29.16"

6 In line 157157, delete "\$7,879,550,000 \$8,198,797,000" and
7 insert "\$7,888,473,182 \$8,210,696,378"

8 In line 157163, add \$8,923,182 to fiscal year 2024 and
9 \$11,899,378 to fiscal year 2025

10 In line 157216, add \$8,923,182 to fiscal year 2024 and
11 \$11,899,378 to fiscal year 2025

12 In line 157921, delete "\$45,650,000" and insert
13 "\$54,573,182"

14 In line 157922, delete "\$47,600,000" and insert
15 "\$59,499,378"

16 The motion was _____ agreed to.

17 SYNOPSIS

18 **ESC direct state subsidies**

19 **R.C. 3317.11**

20 Increases from \$356,250 to \$466,813 the base amount used to
21 calculate direct state subsidies to educational service centers
22 (ESCs) in FY 2024 and FY 2025.

23 Revises the per pupil amounts used to calculate direct
24 state subsidies to ESCs with a student count above 5,000 in
25 FY 2024 and FY 2025.

26 **Department of Education**

27 **Sections 265.10 and 265.270**

28 Increases GRF ALI 200550, Foundation Funding - All
29 Students, by \$8,923,182 in fiscal year 2024 and \$11,899,378 in
30 fiscal year 2025. Increases by the same amounts the earmark from
31 that ALI funding the state reimbursement of ESCs.