



**Senate Finance Committee
Substitute House Bill 33
Ohio School Boards Association
Buckeye Association of School Administrators
Ohio Association of School Business Officials
June 8, 2023**

Chair Dolan, Vice Chair Cirino, Ranking Member Sykes and members of the Senate Finance Committee. Thank you for the opportunity to submit written testimony on House Bill (HB) 33, the biennial budget. Our organizations represent public school district, career technical education center and educational service center boards of education, superintendents, treasurers/CFOs, business managers and other school business officials from around the state.

We would like to begin by noting that our testimony was drafted quickly. As we continue to review and analyze the substitute bill, we may need to follow up with additional requests.

Fair School Funding Plan - Changes in Capacity Calculation

On behalf of our members, we appreciate the Senate's continued phase-in of the Fair School Funding Plan. For the formula to operate as intended, all formula components must be updated. We greatly appreciate the Senate maintaining the updated FY22 base cost inputs in the Fair School Funding Plan.

Our members support the Fair School Funding Plan because it provides a fair, predictable and reliable approach to funding schools. Part of that predictability comes from the capacity calculation that determines the state and local share. The capacity calculation identifies a local community's ability to participate in funding based 60% on its property value and 40% on the income of its residents. The 40% income component is made up of the district's federal adjusted gross income (FAGI) per pupil (20%) and its adjusted FAGI per pupil (20%).

The substitute bill eliminated the per pupil median federal adjusted gross income (FAGI) component from the capacity calculation. This change has two effects. First, it results in districts immediately looking wealthier because the median is no longer protecting against extreme outliers that do not represent the income wealth of a community. Thus, reducing the state share of funding while increasing the local share. Additionally, this change will create more volatility in the state share calculation. By removing this component from the calculation, the formula will no longer be predictable or reliable.

We urge the Senate to restore the original capacity calculation used by the House.

Minimum State Share Increase and Modification of Guarantees

We appreciate the Senate's change to increase the minimum state share percentage from 5% to 10%. However, the benefit of increasing the minimum state share percentage is muted by the other changes to the formula.

The substitute bill eliminates the supplemental targeted assistance, which is currently received by districts that fall below a certain wealth threshold and whose enrollment has decreased by relatively large percentages due to changes in how students are counted in the current formula.

In addition, the Senate version eliminates the non-transportation temporary transitional aid (which guarantees that a district's funding in each fiscal year does not fall below its FY 2020 funding base) and the formula transition supplement (which guarantees that a district's funding does not fall below base FY 2021 levels, including FY 2021 student wellness and success funds and the FY 2021 enrollment growth supplement). These two guarantees are replaced with a transitional aid guarantee that guarantees a district's foundation aid in FY 2024 and FY 2025 at FY 2023 foundation aid levels.

We urge the Senate to restore the guarantees from the House version. The General Assembly should wait to make any guarantee-related modifications until the formula has been fully implemented and we are able to adequately assess the impact of such modifications.

Economically Disadvantaged Student Cost Study

After the last biennial budget, Ohio undertook several studies to look at the unique educational needs of certain categories of students including students with disabilities, gifted students and English learners. However, Ohio has yet to conduct a study on the needs of economically disadvantaged students, which account for nearly 50% of Ohio's students.

We request that the Senate restore the requirement for an independent comprehensive analysis of the true costs of providing supplemental services to economically disadvantaged students in Ohio along with the funding to conduct the study.

Changes to the State Board of Education

OSBA believes that the inclusion of the provisions from Senate Bill 1 will undermine the role and authority of the elected members of the State Board of Education. By stripping it of all but its regulatory role, the board would no longer be acting in any significant way on behalf of the citizens they represent. At the core of OSBA's existence is the belief that education in Ohio will be at its best when the interests of the people are served through publicly elected boards and the State Board of Education is no different.

The current state board policymaking process acts in the open with many observers and interested parties weighing in on the decisions before the board. In addition to OSBA, over the years, we have seen parents, school leaders, educators and the public take advantage of the public nature of these deliberations. Decisions about important topics such as setting the state's learning standards, graduation requirements for students and school district report cards would be removed from State Board's responsibilities, thus diminishing the voice of Ohio citizens who voted to elect their State Board member.

OSBA requests that the provisions of SB 1 be removed from the bill to allow for the continuation of open, transparent policymaking that exists today. These provisions should instead continue to be considered as stand alone legislation.

Third Grade Reading Guarantee

The flexibility provided to districts and parents during the last three school years allowed educators, school leaders, and parents to make promotion decision that were best for students on a case-by-case basis. This flexibility was a positive change for many young students and gave those closest to the child the ability to make decisions based on what is best for that student.

We urge the Senate to restore the elimination of the mandatory retention provisions of the Third Grade Reading Guarantee.

Educational Service Centers

Educational Service Centers (ESCs) serve as a vital link and partner in the educational process. ESCs

provide a wide variety of direct and support services, including curriculum development, staff development, technology assistance and special education services to the public school districts they serve. ***We request that the inputs for ESC funding be updated to use FY22 levels. This will mirror what the House did for the funding of traditional public school districts and other educational entities.*** The use of FY 22 inputs will ensure that ESCs can continue providing high quality services to districts as the priorities outlined in this budget are implemented.

Chair Dolan and members of the committee, thank you for reviewing our testimony. Please reach out with any questions you may have.

Respectfully submitted,

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