



# Fair School Funding Plan

## H.B. 305

A comprehensive, fair  
school funding plan for Ohio

Sponsored by State Representatives Bob Cupp & John Patterson

## Defects In Current Formula

- Per pupil amount has no tether to actual cost to educate.
- State share index creates unpredictability.
- Fund transfers to community schools creates unhealthy tension with school districts.
- Relies on artificial caps and guarantees.



**Current**

**4/5 of Districts**

**on Cap or Guarantee**

**The Current Formula Doesn't Work**

# SUBGROUPS

## Chairs and Co-Chairs

### BASE COST

**Ryan Pendleton**

Treasurer/CFO  
Akron Public Schools

**Tom Hosler**

Superintendent  
Perrysburg Exempted Village  
Schools

### DISTRIBUTION

**Jared Bunting**

Treasurer  
Trimble Local Schools

**Mike P. Hanlon, Jr., Ph.D.**

Superintendent  
Chardon Local Schools

### POVERTY & PRESCHOOL

**Claudia Zaler**

Treasurer/CFO  
Waverly Local Schools

**Doug Ute**

Superintendent  
Newark City Schools

### SPED, GIFTED, EL

**Jenni Logan**

Treasurer/CFO  
Lakota Local Schools

**Michael J. Barnes, Ed.D**

Superintendent  
Lakewood City Schools

### OPEN ENROLLMENT, CHARTERS, VOUCHERS

**Steve McAfee**

Treasurer  
Whitehall City Schools

**Scot Prebles**

Superintendent  
Forest Hills Local Schools

### ESC, CTE & STEM

**Jerome (Jerry) R. Brockway, Ph.D.**

Superintendent  
Ashtabula County Career Technical  
Center

**Carrie Herringshaw**

Treasurer  
PENTA Career Center, Wood County

### TECHNOLOGY

**Michael Tefs**

Superintendent  
Wooster City Schools

**Cajon Keeton**

Treasurer  
Benton-Carroll-Salem Local  
Schools

### TRANSPORTATION

**Kevin Lillie**

Treasurer/CFO  
Geneva Area City Schools

**Dalton Summers**

Superintendent  
River View Local Schools

### TECHNICAL SUPPORT

**Jim Betts**

Coordinator

**Mike Sobul**

Treasurer/Consultant  
Granville Schools

**Howard Fleeter**

School Finance Consultant

**Pete Japikse**

Ohio School Boards  
Association

**Geoffrey Andrews**

Executive Director  
MCOECN

### COMMUNICATIONS

**Ellen McWilliams-Woods,  
Ph.D.**

Assistant Superintendent  
Akron Public Schools





# Bipartisan Fair School Funding Plan

## Built by Leading Educators

Educators (superintendents, treasurers, teachers) who school finance best.



### Three Charges to Create Fair School Funding Plan

1.

Base state school funding on what students actually need to succeed in a rapidly changing world.

2.

Assess every community's capacity to pay its fair share – transparently!

3.

Treat all Ohio's school districts and taxpayers as fairly as possible

15 months of research on Ohio's formula, other states' and experts' ideas



## Our Critical Values



### Define

- What does it cost to educate every child and operate a district?

### Ensure

- All students can achieve their greatest potential, regardless of their economic circumstances or their school district's property wealth.

### Provide

- Fair and stable funding formula that does not favor one district over another.

### Fund

- Dollars flow directly to where students are educated.



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# Making School Funding Fair.... and Getting it Right

## A New, Fair Funding Formula...

- Rational, Understandable & Transparent
- Based on Actual Costs of Ohio Education
- Eliminate Artificial “Caps” on Formula-Driven Increases
- Reduce the Number of Districts on Artificial “Guarantees”
- Respect Local Control



# Making School Funding Fair.... and Getting it Right

## ...to Address Critical Needs

- Provide Basic Instructional Resources
- Add Funds for Poverty and Mental Health
- Help Special Needs, Gifted, English Learners
- Improve Security and School Bus Safety
- Invest in Career Tech Education, STEM, Educational Service Centers



# Making School Funding Fair.... and Getting it Right

## ...History of Past Funding Structures

1. Outcomes Based (Augenblick Successful Schools)
2. Inputs Based – Professional Judgment (Coalition Basket of Essential Resources)
3. Inputs Based – Evidenced Based Model (Strickland OEBM)
4. “Hybrid” Approaches (Building Blocks)
5. Statistical Regression Analysis – not used in Ohio





## Elements of a School Funding Formula

**Base Cost**

**Add-ons**

Poverty, Preschool, Special Education, Gifted, English Language Learners, Career Tech Education, STEM, Open Enrollment, Charter/Community Schools, Vouchers, Transportation, Educational Service Centers

**Distribution**





## Base Cost

### Different Approach than the Past

- **Formula built around the local student and the educational experience**

*What it actually costs*

*Allows schools to use state funds according to local needs*

- **Uses research and experience to compute base cost**

*Transparent, rational, stable*

- **Funds the “whole student”**

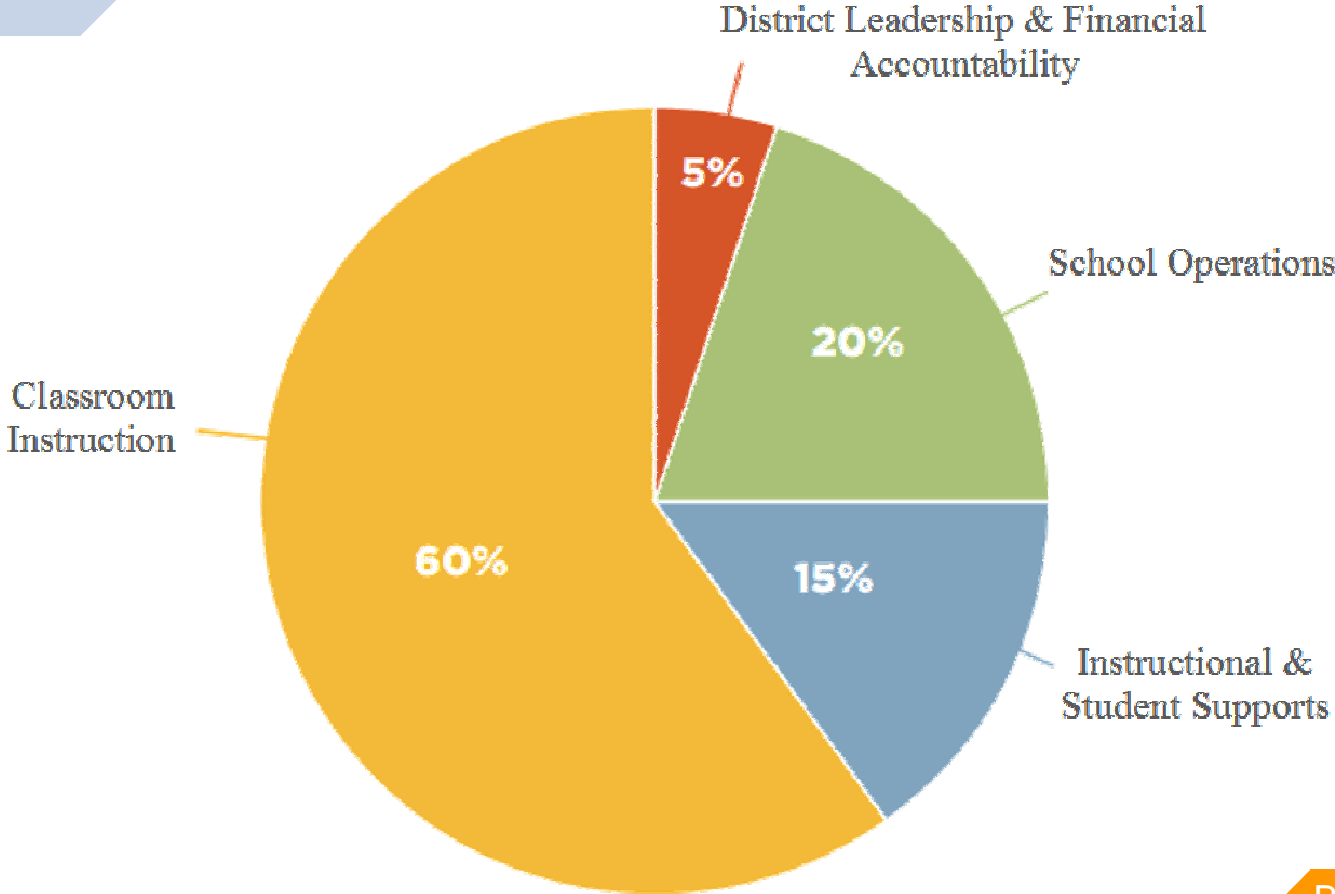
*Instruction, co-curriculars, social-emotional needs, career readiness, counselors, technology, teacher professional development...*

- **Accounts for actual costs to run a district**

*Classroom instruction, instructional supports, English Learners, grade by grade student/teacher ratios and costs, materials...*

- **Maintain local control over how state formula funds are used**





## District Funding Model - Base Cost

	Base Aid Teacher Funding	Pupil Teacher Ratio	Example Headcount Enrollment	Example Funded Teachers
Direct Classroom Instruction		Grade Level	Per FTE	
		Kindergarten	20	2.9
		1st Grade	23	2.8
		2nd Grade	23	2.2
		3rd Grade	23	2.3
		4th Grade	25	2.4
		5th Grade	25	3.2
		6th Grade	25	2.4
		7th Grade	25	3.1
		8th Grade	25	2.3
		9th Grade	27	2.3
		10th Grade	27	2.4
		11th Grade	27	1.6
		12th Grade	27	1.5
	Base Aid Teacher Funding		768	31.2
	Other Direct Instruction		Min/Max	
	Specials Teachers (Art, Music, P/E)	1 per 150 students	6	6.0
	Substitute Teachers	5 Days per teacher per year		
	Professional Development	4 PD days per year		
	Other Direct Instruction			
	Total Direct Instruction			
Instructional & Student Supports	Co-curriculars - Academic	Amount per pupil		
	Co-curriculars - Athletic (Inc. Athletic Director)	Amount per pupil		
	High School Guidance Support		1	1.0
	Safety & Security - Non-Personnel	Amount per pupil		
	Supplies & Academic Content	Amount per pupil		
	Library/Media Operations/Support	1 per 1,000 students		0.8
	Social/Emotional/Security/Life Support	1 per 250 students	5	5.0
	Instructional Technology	Amount per pupil		
	Total Student Support Instruction			
	Total Instructional Costs			
Building Leadership & Operations	Building Leadership	1 per 450 students		1.7
	Building Operations and Support	Amount per pupil		
	Building Leadership Support	1 per 400 students	3	1.9
	Total Building Leadership & Operations			
	Total Building Leadership & Operations Costs			
District Leadership & Accountability Data	Superintendent		1	1
	Treasurer		1	1
	District Leadership	1 per 750 students	2	2.0
	Fiscal Support	1 per 850 students	2	2.0
	EMIS Support	1 per 5,000 students	1	1.0
	ITC Support, Technology Infrastructure Maintenance	Amount per pupil		
	District Leadership Support	1 per 3 administrators	1	1.0
	Total District Leadership & Accountability Data			
	Total District Leadership & Accountability Costs			



## Base Cost

### Add-ons

Poverty, Preschool, Special Education, Gifted, English Language Learners, Career Tech Education, STEM, Open Enrollment, Charter/Community Schools, Vouchers, Transportation, Educational Service Centers

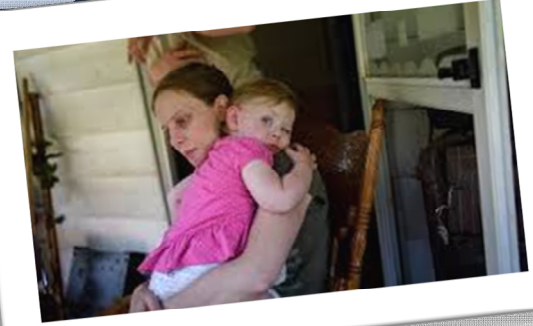


## Distribution



## Funding Outside Base Costs

### Poverty, Preschool and Special Education



- Make more funding available for students living in **poverty** to address social, emotional, mental health and academic needs.
- Recommend every economically disadvantaged 4-year-old has access to high-quality **preschool**.
- Fund **special education** at 100% (in place of the current 90%) with the additional 10% allocated for catastrophic aid. In addition conduct an updated comprehensive special education cost study.



## Funding Outside Base Costs

### Gifted, English Learners and Transportation

- Fund costs of **gifted education** students based on May 2018 study.
- Develop fair and consistent criteria for funding **English Learners** based upon a study.
- Modify current method for funding **transportation**, reward efficiency, and re-institute the school bus purchasing program.





## Funding Outside Base Costs

### Open Enrollment, Community Schools and Vouchers



#### Fund all students where educated.

- ▶ Students participating in **school choice** programs from K-12 will not be included resident district student count.
- ▶ Eliminates friction associated with outgoing students and local public funds lost.
- ▶ Creates conditions for **community school** and voucher funding to stand on its own.
- ▶ Maintain fiscal impacts of **open enrollment** at its present levels.





## Funding Outside Base Costs

### Career Tech, STEM, & Educational Service Center



- Create an input method based funding model similar to the recommended K-12 base cost funding model
  - ▶ Also create an exploration/awareness program for all students within a given **Career Technical Planning District**.
- Fund **STEM** schools directly and in the same manner as charter/community schools.
- Conduct a study of all **Educational Service Centers** in order to prepare for the crafting of a funding methodology and implement interim funding program for FY2020 and FY2021.



## Base Cost

### Add-ons

Poverty, Preschool, Special Education, Gifted, English Language Learners, Career Tech Education, STEM, Open Enrollment, Charter/Community Schools, Vouchers, Transportation, Educational Service Centers

### Distribution





## Fair Base Funding Distribution



- Unlike the current formula, which is too dependent on property values, the new plan uses both **property values and resident income** to identify each community's capacity to pay their fair share.
- A district's **state and local share** will be determined by its capacity to generate local dollars.
- Only a change in a district's resident income, property value or enrollment would **cause a change** in that district's local capacity.



### *Distribution*

## Determination of Local Share of Funding



**60% BASED ON PROPERTY VALUES**  
(district's property valuation per pupil)



**40% BASED ON RESIDENT INCOME**  
(federal adjusted gross income per pupil)

# Fair Base Funding Distribution

## Local share of funding

- Creates district's capacity per pupil
- District's share of base cost determined by per pupil capacity per cent
- Local share varies by district from 2.0% to 2.5% (*depends on district's median FAGI comparison with median statewide FAGI*)



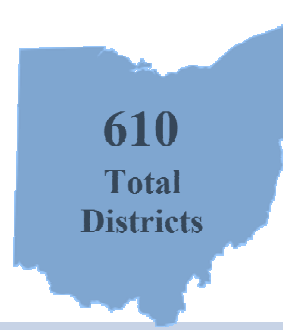
Current

**18% of Districts**

funded at their calculated formula amounts

**The Formula Doesn't Work**

## With New Fair Funding Plan



**New Plan**

**84% of Districts**

**funded at their calculated formula amounts**

**New Plan: 84% of Districts on Formula by 2021**



## Statewide Simulation Results

- Because of minimum allocations within the base cost funding model, small districts will generally do better than under the current model
- Districts currently impacted by capped funding also generally have more positive results





## Statewide Simulation Results

- Districts whose enrollments are significantly below their current ADM tend to get smaller or no increases relative to those without this condition
- Districts that have seen sharp increases in Public Utility Property Values between 2016 and 2018 tend to get smaller or no increases
- **THERE CAN BE DISTRICTS MEETING ANY OF THESE 5 CRITERIA THAT DO NOT TREND LIKE MOST OTHERS MEETING THE CRITERIA**



## Simulation Results

### By Capacity Quintile For the Fair Funding Plan

Capacity Quintile	FY 2021 Average Per Pupil Aid
Lowest Capacity	\$8,821
Quintile 2	\$6,784
Quintile 3	\$5,835
Quintile 4	\$4,646
Highest Capacity	\$2,593



## Simulation Results

### By Capacity Quintile

Average per pupil gain per quintile for districts receiving additional revenue under the Fair Funding Plan

Capacity Quintile	Estimated Average Increase
Lowest Capacity	\$648
Quintile 2	\$692
Quintile 3	\$624
Quintile 4	\$663
Highest Capacity	\$460



## In Summary

Base Cost



### Add-ons

Poverty, Preschool, Special Education, Gifted, English Language Learners, Career Tech Education, STEM, Open Enrollment, Charter/Community Schools, Vouchers, Transportation, Educational Service Centers



Distribution





## Ohio Needs Comprehensive, Fair School Funding Now

- Unfortunately, Ohio's school funding system is not tied to any type of determination of what it takes for students to succeed in the 21<sup>st</sup> century – diminishing our future workforce and economy.
- The Fair School Funding Plan will allocate base costs tied to the actual needs of students, resident's income, and its property values.
- It will help students with special needs and mental health concerns, make all students more safe and secure, update technology, provide essential services for high poverty districts, provide expanded quality preschool, and reflect the real cost of operating public schools.
- Fair School Funding will prepare our state and local workforce for the challenges ahead.

# Fair School Funding

Together, we strive to ensure that Ohio's children will have quality educational opportunities.

And together, we can adopt a comprehensive, fair school funding plan that meets the needs of Ohio's children, future workforce, and economy.



**Thank You for Your Interest and Action for Ohio's Future**