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.
The Current Formula Doesn’t Work
**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
Educators (superintendents, treasurers, teachers) who school finance best.

Bipartisan Fair School Funding Plan
Built by Leading Educators

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

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
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.
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.
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.
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.
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
...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

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>Per FTSE</th>
<th>Example Enrollment</th>
<th>Example Teachers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten</td>
<td>20</td>
<td>55</td>
<td>2.0</td>
</tr>
<tr>
<td>1st Grade</td>
<td>23</td>
<td>64</td>
<td>2.2</td>
</tr>
<tr>
<td>2nd Grade</td>
<td>28</td>
<td>51</td>
<td>2.2</td>
</tr>
<tr>
<td>3rd Grade</td>
<td>37</td>
<td>52</td>
<td>3.3</td>
</tr>
<tr>
<td>4th Grade</td>
<td>25</td>
<td>50</td>
<td>2.0</td>
</tr>
<tr>
<td>5th Grade</td>
<td>25</td>
<td>79</td>
<td>3.2</td>
</tr>
<tr>
<td>6th Grade</td>
<td>25</td>
<td>85</td>
<td>2.6</td>
</tr>
<tr>
<td>7th Grade</td>
<td>25</td>
<td>87</td>
<td>3.3</td>
</tr>
<tr>
<td>8th Grade</td>
<td>25</td>
<td>58</td>
<td>2.3</td>
</tr>
<tr>
<td>9th Grade</td>
<td>27</td>
<td>52</td>
<td>2.2</td>
</tr>
<tr>
<td>10th Grade</td>
<td>27</td>
<td>66</td>
<td>2.4</td>
</tr>
<tr>
<td>11th Grade</td>
<td>27</td>
<td>92</td>
<td>3.3</td>
</tr>
<tr>
<td>12th Grade</td>
<td>27</td>
<td>85</td>
<td>1.7</td>
</tr>
</tbody>
</table>

### Other Direct Instruction
- Special Teachers (Art, Music, P.E) 1 per 150 students: 6.0
- Substitute Teachers: 5 days per teacher per year
- Professional Development: 475 days per year

### Instructional & Student Supports
- Co-curricular - Academic: Amount per pupil
- Co-curricular - Athletic (inc. Athletic Directors): Amount per pupil
- High School Guidance Support: Amount per pupil
- Safety & Security - Non-Personnel: Amount per pupil
- Supplies & Academic Conflict: Amount per pupil
- Library/Video Operations Support: 1 per 1,250 students: 0.8
- Social/Emotional/Behavioral Support: 1 per 300 students: 5.0
- Instructional Technology: Amount per pupil

### Building Leadership & Operations
- Building Leadership: 3 per 450 students: 1.7
- Building Operations and Support: Amount per pupil
- Building Leadership Support: 3 per 400 students: 1.0

### District Leadership & Accountability Data
- Superintendent: 1
- Treasurer: 1
- District Leadership: 3 per 750 students: 2.0
- Fiscal Support: 3 per 1,000 students: 2.0
- BMS Support: Amount per pupil
- ITC Support: Technology Infrastructure Maintenance: Amount per pupil

### Total District Leadership & Accountability Costs: 1.0

### Total Direct Instruction Costs: 31.3

### Total Instructional Costs: 22.0

### Total Building Leadership & Operations Costs: 1.0

### Total District Leadership & Accountability Costs: 1.0

### Total Funding Leadership & Administrative Costs: 44.4
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
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.
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
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.
With New Fair Funding Plan

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)
18% of Districts funded at their calculated formula amounts.
84% of Districts
funded at their calculated formula amounts

New Plan: 84% of Districts on Formula by 2021
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

<table>
<thead>
<tr>
<th>Capacity Quintile</th>
<th>FY 2021 Average Per Pupil Aid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest Capacity</td>
<td>$8,821</td>
</tr>
<tr>
<td>Quintile 2</td>
<td>$6,784</td>
</tr>
<tr>
<td>Quintile 3</td>
<td>$5,835</td>
</tr>
<tr>
<td>Quintile 4</td>
<td>$4,646</td>
</tr>
<tr>
<td>Highest Capacity</td>
<td>$2,593</td>
</tr>
</tbody>
</table>
Simulation Results
By Capacity Quintile

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

<table>
<thead>
<tr>
<th>Capacity Quintile</th>
<th>Estimated Average Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest Capacity</td>
<td>$648</td>
</tr>
<tr>
<td>Quintile 2</td>
<td>$692</td>
</tr>
<tr>
<td>Quintile 3</td>
<td>$624</td>
</tr>
<tr>
<td>Quintile 4</td>
<td>$663</td>
</tr>
<tr>
<td>Highest Capacity</td>
<td>$460</td>
</tr>
</tbody>
</table>
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\textsuperscript{st} 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.
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.