



**Senate Finance Subcommittee
House Bill 64 Testimony
Ohio School Boards Association
Buckeye Association of School Administrators
Ohio Association of School Business Officials
June 11, 2015**

Good afternoon, Chairman Oelslager, Vice Chairman Coley, Ranking Member Skindell and members of the Senate Finance Subcommittee. Thank you for the opportunity to speak to you today regarding House Bill (HB) 64. My name is Thomas Ash, Director of Government Relations for the Buckeye Association of School Administrators (BASA). Joining me today for this testimony and in answering your questions are Barbara Shaner, Associate Executive Director for the Ohio Association of School Business Officials (OASBO) and Damon Asbury, Director of Legislative Services for the Ohio School Boards Association (OSBA).

Thank you for the opportunity to testify today on the Senate version of the state's budget bill, HB 64. The amount of your investment in the education of Ohio's children will ultimately determine the future of Ohio.

Our primary goal throughout this budget process was to make changes to Ohio's school funding formula aimed at providing a thorough and efficient education to every child no matter where they live. Ohio's school funding formula has never accomplished the task of bringing the districts with the lowest capacity up to acceptable levels of education opportunity.

We support what the House did to move the state's school funding formula toward accomplishing that task. The changes made to the determination of wealth for districts and the required local contribution calculation for the Core Opportunity Aid created a fairer distribution of the foundation formula.

While we appreciate the Senate's proposal of additional supplements, particularly for transportation and technology, the Senate has added \$323 million for its four supplements, but reduced the Core Opportunity Aid by \$830 million over the biennium compared to the House formula.

The formula must first ensure that the Core Opportunity Aid calculation appropriately reflects districts' capacity to raise funds locally, and then apply additional funding for transportation and technology. The House state share calculation more accurately measures capacity of all districts. If the Core Opportunity Aid is lacking for these districts, they will be forced to divert these supplements to cover general education costs.

The State Share Percentage in the House version, and the State Share Index in the Senate version are very telling. In addition to the Core Opportunity Aid calculation, these

factors are applied to various components of the formula driving how much districts must contribute locally.

Grouping districts by typology allows you to gauge the effectiveness of these factors. Under the House plan, the average state share percentage of Core Opportunity Aid for the high poverty, rural districts (Type 1) is 61%. Under the Senate State Share Index, that percentage falls to 56%. The following table provided by the Ohio Education Policy Institute shows the difference between the two proposals:

Comparison of House and Senate State Share % by Typology Group

Typology Grouping	FY17 House State Share %	FY17 Senate State Share %
1. Rural – high Poverty	61.3%	56.3%
2. Rural - average poverty	58.3%	54.7%
3. Small town - low poverty	46.6%	43.7%
4. Small town - high poverty	63.9%	56.4%
5. Suburban - low poverty	37.9%	35.2%
6. Suburban - very low poverty	24.7%	27.1%
7. Urban - high poverty	70.5%	64.8%
8. Urban - very high poverty	74.5%	66.3%
Statewide Total	53.7%	49.6%

Under the Senate version, the state share of Core Opportunity Aid goes down for all typologies except for the most wealthy districts as compared to the House method. This highlights the problem with using the Senate's State Share Index. It does not accurately measure the capacity of districts.

We are pleased the Senate retained the House addition of Capacity Aid to the Targeted Assistance component of the formula. This is directly responsive to the *DeRolph* ruling. However, we favor the House version of this component that provided 5 mills of Capacity Aid versus the Senate's 2 mills. This drives more money to the districts that need it most. The Senate amount for this component is less than half of what the House approved.

The Senate version of the bill retains the House supplement to keep districts from losing total state aid — formula aid plus Tangible Personal Property/Public Utility Tangible Personal Property — over FY 2015 levels. The supplement is added to any increase in state aid through the formula to avoid funding cuts to hold districts harmless at Fiscal Year 2015 state payment levels. We support this supplement as a way to protect districts over the coming biennium. However, more work is needed on a permanent solution for the future. The fiscal cliff some districts will face is significant.

This concludes our testimony. We will be happy to address your questions.