Fair School Funding Plan Webinar

July 8, 2021
Power of the Education Community!

It's a WIN!!!
Agenda

1. Fair School Funding Plan – Our Journey
2. Fair School Funding Plan – Formula Discussion
3. Fair School Funding Plan - Simulations
4. Frequently Asked Questions
5. Deep Breath & What’s Next!
Our Journey
Fair School Funding Plan - Work Group

Steve McAfee, Treasurer
Logan Elm Local Schools
OPEN ENROLLMENT, CHARTERS, VOUCHERS

Scot Prebles, Superintendent
Forest Hills Local Schools
OPEN ENROLLMENT, CHARTERS, VOUCHERS

Jerome R. Brockway, Ph.D., Superintendent
Ashtabula County Career Technical Center
ESC, CTE & STEM

Carrie Herringshaw, Treasurer
PENTA Career Center, Wood County ESC, CTE & STEM

Jim Betts, Advisor to the FSFP

Michael Tefs, Superintendent
Revere Local Schools
TECHNOLOGY

Cajon Keeton, Treasurer
Benton-Carroll-Salem Local School District
TECHNOLOGY

Kevin Lillie, Treasurer/CFO
Geneva Area City Schools
TRANSPORTATION

Dalton Summers, Superintendent
River View Local Schools
TRANSPORTATION
Fair School Funding Plan – Bipartisan Approach

Representative Jamie Callender, 61st House District
Representative Gary Scherer, 92nd House District
Speaker Robert Cupp, 4th House District
Senator Peggy Lehner, 6th Ohio Senate District
Senator Vernon Sykes, 28th Ohio Senate District
Representative John Patterson, 99th House District
Representative Bride Rose Sweeney, 14th House District
Funding – FY 2022 & FY 2023

Froze funding at FY 2019 funding levels, with additional Student Wellness and Success Funds.

Incorporated the Fair School Funding Plan (H.B. 1), which, among other changes, funds students where educated (i.e., directly funds community schools, EdChoice vouchers, etc.).

Generally, restored the old funding formula (with similar direct funding changes as House).

Expanded eligibility and dollar amount for vouchers.
Budget Process – Timeline

- **Fall 2020**: State Departments submit budget recommendations to the Ohio Office of Budget & Management

- **February 1, 2021**: Governor submits budget proposal for introduction to the House of Representatives

- **February to April**: Budget bill introduced in House; assigned to House Committees; deliberations take place

- **Mid-April**: House of Representatives vote on budget bill; budget bill introduced to the Senate

- **Late April to Early June**: Budget bill introduced in Senate; assigned to Senate Committees; deliberations take place; Senate votes on budget bill

  - **Mid-June**: Conference committee of members of the House of Representatives and Senate convened; differences resolved; final bill receives up-or-down vote in both chambers

- **Late June**: Approved bill sent to governor

- **June 30, 2021**: Deadline for governor to issue Line-Item vetoes and sign bill

- **July 1, 2021**: New budget period begins; Budget for 2021 and 2022 fiscal years
Budget Bill - H.B. 110

- H.B. 110 Conference Committee
  - Included Fair School Funding Plan from House version with modifications
  - Both chambers agreed to the Conference Committee report on June 28th
- Governor DeWine signed H.B. 110 on June 30th
- Implementation of the Fair School Funding Plan
  - Direct funding components – reflected in districts’ July #1 payment
  - Remaining components being analyzed by Ohio Department of Education (ODE) – anticipated to be reflected in districts’ October #1 payment, but could be later
  - Changes will impact districts’ forecasts – more details to come at the BAD seminar, Fall Finance Seminars
- Key Resources:
  - budget.ohio.gov
  - Bill text, LSC Analysis and Fiscal Notes
  - LSC Budget Comparison Document
  - Simulations
- Please contact your association with questions and concerns
H.B. 110 incorporates the Fair School Funding Plan (H.B. 1), with modifications:

1. Base cost calculation remains substantially similar
   - Base Cost summary

2. Distribution of the state and local share remains the same
   - Considers both property values and income of district residents to determine the capacity of a school district to raise local tax revenue

3. All categoricals remain in place
Funding Formula - Base Cost Summary

- Direct Classroom Instruction: 60%
- Instructional & Student Supports: 15%
- Building Leadership & Operations: 20%
- District Leadership & Accountability: 5%

### Direct Classroom Instruction
- 10th Grade: 27
- 11th Grade: 27
- 12th Grade: 27
- 60%

### Instructional & Student Supports
- 15%

### Building Leadership & Operations
- 20%

### District Leadership & Accountability
- 5%

### Funding Formula - Base Cost Summary

#### Building Leadership & Operations
- 1 per 450 students
- 1.7

#### Instructional & Student Supports
- 1 per 1,000 students
- 0.8

#### Instructional & Student Support Instruction
- Total Instructional Costs

#### Building Leadership & Operations
- 1 per 400 students
- 1.9

#### Building Leadership Support
- 1 per 3 administrators
- 1.0

#### Building Operations and Support
- 1 per 400 students
- 3 Min

#### Building Leadership & Operations Costs

#### District Leadership & Accountability
- 5%

#### Superintendent
- 1
- 1

#### Treasurer
- 1
- 1

#### District Leadership
- 2
- 2

#### Fiscal Support
- 1 per 850 students
- 1

#### CTE Support
- 1 per 3 administrators
- 1 Min

#### Total District Leadership & Accountability Costs
H.B. 110 modifies the Fair School Funding Plan as follows:

1. Six-year phase-in removed from bill; applicable to FY22 and FY23 only

2. Base cost modifications include:
   • Changes to the component for athletic co-curricular activities;
   • The differentiation between charter and traditional school students; and
   • Changes “social emotional security and life support” component to “student wellness and success” component.
H.B. 110 modifies the Fair School Funding Plan as follows:

3. Includes new provisions related to gifted education
   • Establishes new funding for gifted professional development
   • Requires districts to spend the gifted funds on:
     • The identification of gifted students, gifted coordinator services, gifted intervention specialist services, other service providers approved by ODE, and gifted professional development
     • If fail to comply with spending requirements, directs ODE to reduce a district’s foundation funding by the amount not spent in accordance with requirements
H.B. 110 modifies the Fair School Funding Plan as follows:

4. Changes terminology from “economically disadvantaged” to Disadvantaged Pupil Impact Aid (DPIA)

5. Requires a district to develop a plan for utilizing its DPIA funds in coordination with a community partner.

6. DPIA is being phased-in at a slower pace the first two years
   - Most components are phased in at 16.67% in FY 22 and 33% in FY 23.
   - DPIA phased in at 0% in FY 22 and 14% in FY 23
H.B. 110 modifies the Fair School Funding Plan as follows:

7. Increases the state share of the base transportation formula to the greater of the district's state share percentage or 29.17% for FY 2022 and 33.33% for FY 2023.

8. In addition, H.B. 110:
   - Allows for the greater of the average number of qualifying riders counted in the morning or counted in the afternoon;
   - Applies a weight of 1.5 for community and STEM school riders and a weight of 2.0 for nonpublic school riders;
   - Creates an efficiency adjustment based on the district's demonstration of efficiency by transporting more than a target number of students per bus; and
   - Modifies the density supplement by calculating density based on a district's qualifying riders for districts with a density less than 28 riders per square mile.
H.B. 110 modifies the Fair School Funding Plan as follows:

9. Funds special education transportation using the actual costs incurred multiplied by the greater of the district's state share percentage or 29.17% for FY 2022 and 33.33% for FY 2023, and increases the earmark for this transportation from the set aside of $60,469,220 since 2009 to $117.5 million in FY 2022 and $123.5 million in FY 2023.

10. Appropriates $50 million for the biennium to distribute bus purchasing grants of not less than $45,000 to traditional school districts to replace the oldest and highest mileage buses in the state assigned to routes.

11. Establishes a program to award transportation collaboration grants of up to $10,000 each fiscal year for efforts that lead to shared resource management, routing consolidation, regional collaboration, or reduced operating costs by earmarking $250,000 in each fiscal year.
Funding Formula – Student Wellness & Success Funds, Direct Funding of Vouchers, and Other Misc.

• Student Wellness and Success Funds are incorporated into the budget
  • Student Wellness and Success Funds from FY21 have been rolled into HB 110
  • Ongoing spending will come back to general fund once you spend down the money in Fund 467
  • Reporting requirements

• Funded Where Educated
  • State pays cost of community schools, STEM schools, and EdChoice, Autism, and Jon Peterson Special Needs Scholarship Programs
  • Deducts and transfers approach ceases starting with first payment in July

•Eliminates the Oversight Commission
Funding Formula – Open Enrollment

- Open Enrollment will no longer be handled as a transfer

- A district will get its full funding through a combination of direct per pupil funding for the open enrolled students plus the impact of a lower local per pupil capacity for all students
  - A district losing a student will have the inverse happen

- FY22 minimum funding includes the amount of FY20 open enrollment payments
  - To keep minimum funding, a district cannot have a drop in open enrollment in excess of the greater of 10% or 20 students.
Fair School Funding Plan - Simulations

Simulations - [Click here]
Establishing a temporary guarantee for FY 2022 and FY 2023 for school districts to ensure that no school district receives less than its combined funding for FY2021 from:

1. Foundation aid before state funding reductions, net of transfers;
2. Student Wellness and Success Funds for FY 2021, and
3. Enrollment growth supplement funds

For CTCs, the base is FY21 formula aid plus FY21 Success and Wellness funding.

Restoration of funding cuts - All districts will see an increase in FY22 over actual FY21 funding.

Increases in funding due to special education transportation aid being based on actual cost will provide increases to almost all districts.
## Funding - Simulations

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<th>County</th>
<th>District</th>
<th>A</th>
<th>B</th>
<th>D</th>
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<th>F</th>
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Column D for Simulation:

FY21 formula aid includes

- restoration of the governor’s funding cuts
- plus SWSF FY21
- plus growth supplement aid for qualifying districts in FY21

Provides payments to districts experiencing public utility valuation reductions
Funding Formula – Base for Simulations

• Starting point: *Includes* governor’s $125.2 million COVID-related budget reduction

• *Current* property tax and income data
  • Property tax data: three-year average (2018, 2019, 2020) or 2020, *whichever is lower*
  • Income data: total income: three-year average (2017, 2018, 2019) or 2019, *whichever is lower*; median income: 2019
  • Enrollment data: three-year average (2019, 2020, 2021) or 2021, *whichever is higher*
The 3 districts in Van Wert County illustrate how local capacity can change significantly in a short period of time. HB 305 simulation were done last fall. HB 110 simulations have one year of updated valuations, incomes, and enrollment from the HB 305 simulations. With one year of updates, Crestview’s capacity dropped by over $11,000 per pupil and Van Wert City’s increased by over $11,000.

Source: Forecast5 Analytics-5Sight
Frequently Asked Questions
Why are districts losing money?

- No district should receive less revenue net of eliminated expenses (i.e., deducts) than they did in FY21
  - The only reason there would be less than the restored budget amount would be because of decreases in pre-school or special ed transportation (these are the only two items with no guarantee)
  - Revenues alone may decline, but those declines will be offset by the elimination of deductions
- 3 major impacts of why districts may not be gaining significant money
  1. Enrollment trends
  2. Valuation changes
  3. Charge-off supplement (gap aid)
Why did DPIA change?

• Disadvantaged Pupil Impact Aid (DPIA, formerly Economically Disadvantaged)
  • The House made changes to the phase-in of DPIA, with a slower phase-in for the first two years
    • Most components are phased in at 16.67% in FY 22 and 33% in FY 23
    • DPIA is phased in at 0% in FY 22 and 14% in FY 23
  • ESSER funds factored into the decision to ensure all districts received enough transitional dollars to prevent year-over-year drops in revenue from FY 2021
Again, are Success and Wellness funds eliminated?

• Student Wellness & Success Funds have been eliminated but the purpose and goals have not
  • Within base cost of the FSFP, a component of the formula is being renamed as Student Wellness & Success
  • HB110 does recognize Success and Wellness Funding for FY2021 is incorporated into the base level of funding for FY2022 and FY2023
    • As a result, no district will receive less overall funding than it received in FY2021
Deep Breath & What’s Next!
"Never doubt that a small group of thoughtful, committed citizens can change the world; indeed it is the only thing that ever has."

- Margaret Mead

It has taken us over three years to get to this point. We thank you for your advocacy and all your hard work.

THANK YOU!!
Next Steps

• We need to build upon our relationships with legislators

➢ Take time to thank your legislators – form letter [here](#)

➢ Invite them into your districts and schools

• Ohio Senate – Click [here](#)

• Ohio House – Click [here](#)
Power of the Education Community!

It's a WIN!!!
Budget Analysis and Discussion Seminar

• Join us – IN PERSON – to discuss the enacted version of the budget!!
• Engage with key lawmakers and policymakers about the budget
• Network with colleagues from around the state
• Wednesday, August 4 – 9 a.m. - 3:15 p.m.
• [www.ohioschoolboards.org/workshops](http://www.ohioschoolboards.org/workshops)

Attend the Budget Analysis and Discussion (BAD) Seminar for the most in-depth analysis on the 2022-23 state budget. This comprehensive seminar will provide insights on the budget process and final version of the legislation.

Key takeaways:
- Learn about the school-funding changes in the biennial budget bill and what’s to come.
- Hear about provisions in the budget bill that will impact schools and how they will be implemented.
- Get all of your budget questions answered.

The workshop will be held at Hilton Columbus/Polaris, 8700 Lyra Drive, Columbus, 43240.
Register online at [www.ohioschoolboards.org/workshops](http://www.ohioschoolboards.org/workshops). Unauthorized audio recording or videotaping of any session is strictly prohibited.
Contact Information

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- Nicole Piscitani – 614-540-4000; npiscitani@ohioschoolboards.org