OEA TALKING POINTS:
Fair School Funding Plan

OEA
OHIO EDUCATION ASSOCIATION

Fair School Funding Plan – OEA Supports

Status: Substitute House Bill 33, currently before the Senate Finance Committee

The Fair School Funding Plan

The Fair School Funding Plan (FSFP) represents years of work by legislators, local school leaders, and education finance experts to provide a predictable, student-centered formula based upon how much it costs to educate a child and how much a local community can afford to contribute toward these costs. This bipartisan funding plan was adopted in Ohio's last budget bill (HB 110-134th).

The funding plan was intended to be fully implemented over six years, with several important components of the formula being updated over that time. However, when it was adopted in HB 110, the formula was only funded through the end of the current biennium (June 30, 2023).

House Bill 33 (As Introduced)

The Executive Budget proposal continued the phase-in (years 3 and 4) of the Fair School Funding Plan. However, it did not provide the necessary updates to the base cost components. The salary inputs used were from FY 2018, while the property and income values were based on more current data. This resulted in a disparity in support, with the local share of funding education increasing and the state responsibility decreasing.

What was noticeably absent was the state authorization of a cost study to educate economically disadvantaged students. In this current fiscal year, roughly 48% of Ohio's children attending traditional public schools are identified in this category. Efforts to initiate this study have been twice denied by the Ohio Legislature. An economically disadvantaged cost study is a critical component to identifying the additional resources and supports they need in comparison to non-disadvantaged students.

Substitute House Bill 33 (As Passed by Ohio House of Representatives)

On April 26, 2023, the Ohio House passed Substitute House Bill 33 by a vote of 77-19. The House plan includes OEA's recommendation on updating the base cost inputs of the school funding plan by using FY 2022 data instead of outdated data from FY 2018. With updated cost inputs, it is estimated that the average per student base cost will increase from $7,352 in the current fiscal year to $8,241 in FY 2024. This represents a 12.1% increase from the current per-pupil amount. The proposal continues the phase-in (years three and four of a six-year phase in) of the formula at 50% and 66.67% in FY 2024 and FY 2025 respectively. This increases state funding to public schools by nearly $1 billion over the biennium.

OEA Position: OEA recommends that the Ohio Senate retain the House-passed plan that uses FY 2022 data for the base cost components while continuing years 3 and 4 of implementation of the funding formula. OEA requests the Senate retain the authorization and funding for a state-commissioned study on improving funding and education outcomes of economically disadvantaged students. OEA also recommends that the Senate add a provision that ensures that updates to the capacity measures (property and income wealth) in future years will trigger updates for the base cost inputs data.

- Updates to the funding plan will ensure that all children, regardless of their zip code, race, or family income, will be given the resources needed to thrive and succeed.
- Without updating the base cost inputs, the funding formula doesn't keep up with the costs of educating students and shifts the burden of funding schools back on the local community.
- The Fair School Funding Plan meets the constitutional threshold set in the *DeRolph* rulings by lessening the overreliance on local property taxes to fund schools, but only if it is appropriately updated and fully phased in.
- Ohio's economy is strong. Now is the time to fulfill the commitment to the children of Ohio who attend public schools by updating and continuing the implementation of the Fair School Funding Plan.

Retirement Security Impact: Any proposal that diverts resources from or limits state funding to public schools will have an impact on the ability for districts to recruit and retain staff. As staffing shortages persist, while more and more staff retire, the declining population contributing into Ohio's retirement systems could threaten the future solvency of state pension plans.