

**Ohio Senate
Education Committee**

Tuesday, May 2, 2023



Interested Party Testimony: Am. Sub. H.B. 33

Craig Burford, Executive Director, Ohio Educational Service Center Association

Introduction

Chairman Brenner, Vice Chair O’Brien, Ranking Minority Member Ingram, and members of the Senate Education Committee, thank you for the opportunity to testify before you today on Am. Sub. H.B. 33, the FY 2024-2025 biennial state operating budget.

Overview

ESCs are the largest component of the state’s Educational Regional Service System (ERSS), which has the statutory mandate to support state and regional education initiatives and efforts to improve school effectiveness and student achievement. The primary ESC service areas are centered around: 1) curriculum and instruction, 2) school improvement, 3) professional development, 4) special education and related services, 5) early childhood education, 6) facilitation, networking, and coordination (*BACs, EMA, Health Departments*), and 7) implementation of statewide initiatives charged to the ESCs by the Ohio General Assembly or department of education.

Among those activities, ESCs have taken on new roles and responsibilities in partnership with the state of Ohio including surveying districts on policies and education delivery models, supporting learning acceleration, providing literacy supports, employment of family and communication engagement liaisons, deployment of professional learning and technical assistance, coordination of prevention education initiatives and threat assessment training (CSTAG), distribution of PPE, facilitation of employee vaccinations, and more.

Many of these enhanced roles and responsibilities have occurred in the 2 years since the adoption of a new ESC funding model under HB 110 and have increased ESC-related operational expenses. To maintain this level of service and meet increasing demand, the operating subsidy needs to be addressed.

The “Fair School Funding Plan” and ESCs

After decades of funding ESCs on a flat per pupil amount, Am. Sub. H.B. 110 of the 134th General Assembly created a new ESC funding model that recognized the need for a base level of support and accounted for the economies of scale through larger ESCs. The model included:

- Base funding amount of \$356,250 for each ESC.
- Tiered funding model based on \$36.80 per student in which funding is reduced on a per pupil basis the larger an ESC becomes; and
- Phased-in the new ESC model over 6 years consistent with the approach for traditional public school districts.

ESC Budget Funding Priorities

- Update ESC Funding Cost components using FY 2022 data consistent with funding for traditional districts.
- Retain funding of ESC gifted units.
- Support transportation pilot project leveraging Educational Service Centers.

Funding levels under HB 110 were \$42.5 million in FY 2021 and \$45 million in FY 2023. This compares to FY 2008 funding levels of \$52 million.

Am. Sub H.B. 33 Funding Recommendations

Under the executive budget proposal, the DeWine Administration recommended the continued phased-in funding of the model adopted in the last General Assembly consistent with the recommendation for traditional school districts.

In the House-passed version of the budget, unlike funding for traditional public school districts and other educational entities, ESCs did not see an adjustment to funding levels based on costs through FY 2022.

Sub. H.B. 33: School Funding Increases

	FY 2024	FY 2025	
	\$ Increase over Exec (as Introduced)	\$ Increase over Exec (as Introduced)	Total Increase
Traditional Public School Districts	\$497,100,000	\$607,300,000	\$1,104,400,000
JVSD	\$34,500,000	\$46,000,000	\$80,500,000
Community and STEM Schools	\$53,000,000	\$74,800,000	\$127,800,000
Creation of New Independent STEM Schools	\$10,000,000	\$10,000,000	\$20,000,000
County Boards of DD	\$6,000,000	\$6,000,000	\$12,000,000
Income Based EdChoice Scholarship	\$49,000,000	\$49,000,000	\$98,000,000
Educational Service Centers	\$0	\$0	\$0

To treat ESCs the same as traditional public schools could be accomplished by adopting the requested attached amendment. This would produce an \$8.9 million increase over the executive budget in FY 2024 and \$11.9 million above in FY 2025; this is \$20.8 million more over the biennium, which is consistent with increases for other entities and would represent 1.4% of the overall increase for education.

A copy of the amendment offered in the House is attached for your review and consideration.

Why is this funding support important?

A stable, quality regional system of support is necessary to assist with:

- Equitable access to high quality educational opportunities for all students.
- Coordination of county & regional support services related to public health and safety in schools.
- Implementation of business advisory councils and coordination of education and workforce related initiatives between schools and business & industry; and
- Operation of the ESC and providing statutorily required services on behalf of the state – particularly those focused on equity of access to high quality educational opportunities for vulnerable populations.

This includes ensuring ESCs are positioned to carry out work in support of literacy initiatives and other key state level priorities including, importantly, those priorities identified in the 2-year budget.

Thank you for your time and positive consideration and I would be happy to address any questions at this time.

	Am. Sub. H.B. 110 (134th GA) As Enacted	Updated OESCA Proposal <i>*Highlighted areas are additional components not included in HB 110.</i>
Base Funding	\$356,250 (Every ESC receives the base funding amount) Phased in over 6 years.	\$466,813 (Based on 4-year average of actual operating expenses aligned to statutorily mandated services of ESCs as outlined below consistent with fair school funding plan for traditional public school districts).
Base Funding Components	\$115,000 – superintendent salary \$88,000 – treasurer salary \$50,000 – central office administrative assistant \$63,250 – benefits for three positions \$40,000 – facility costs Phased in over 6 years.	\$120,326 – superintendent salary \$94,602 – treasurer salary \$44,705 – central office administrative assistant \$83,919 – facility costs (excluding maintenance) Phased in over 6 years.
Per Pupil Funding	Based on \$36.80 (Tiered model creates varying per pupil amounts by ESC depending on size) Phased in over 6 years.	Based on \$61.00 (Based on actual costs of operating an ESC using data collected and analyzed over 4 fiscal years) (Tiered model creates varying per pupil amounts by ESC depending on size: \$42.88 per pupil for ADM 5,000 to 35,000 students, and \$21.16 per pupil for ADM over 35,000)
Per Pupil Funding Components	2300 Support Services – Board of Education 2400 Support Services – Administration 2500 Fiscal Services 2700 Operation and Maintenance of Plant Services 5000 Facilities Acquisition and Construction Services 6000 Debt Service	2300 Support Services – Board of Education 2400 Support Services – Administration 2500 Fiscal Services 2700 Operation and Maintenance of Plant Services 5000 Facilities Acquisition and Construction Services 6000 Debt Service
Full Funding of ESCs	Phased-in Over 6 Years at 16.6667% per year.	Phased-in Over 6 Years at 16.6667% per year (4 remaining years).
Total Funding Amount when fully phased in over 6 years	\$52,818,243	\$69,348,815 <i>For context, if ESC funding in FY 2008 (the last year of full funding under the old model) were adjusted for inflation, ESCs would receive \$72,899,457.97</i>

_____ moved to amend as follows:

1 In line 41554, strike through "\$356,250" and insert
2 "\$466,813"

3 In line 41591, strike through "\$24.72" and insert "\$42.88"

4 In line 41594, strike through "\$24.72" and insert "\$42.88"

5 In line 41595, strike through "\$30.90" and insert "\$29.16"

6 In line 152162, delete "\$7,877,550,000 \$8,196,797,000" and
7 insert "\$7,886,473,182 \$8,208,696,378"

8 In line 152168, add \$8,923,182 to fiscal year 2024 and
9 \$11,899,378 to fiscal year 2025

10 In line 152220, add \$8,923,182 to fiscal year 2024 and
11 \$11,899,378 to fiscal year 2025

12 In line 152898, delete "\$45,650,000" and insert
13 "\$54,573,182"

14 In line 152899, delete "\$47,600,000" and insert
15 "\$59,499,378"

16 The motion was _____ agreed to.

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SYNOPSIS

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ESC direct state subsidies

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R.C. 3317.11

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Increases from \$356,250 to \$466,813 the base amount used to calculate direct state subsidies to educational service centers (ESCs) in FY 2024 and FY 2025.

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Revises the per pupil amounts used to calculate direct state subsidies to ESCs with a student count above 5,000 in FY 2024 and FY 2025.

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Department of Education

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Sections 265.10 and 265.270

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Increases GRF ALI 200550, Foundation Funding - All Students, by \$8,923,182 in fiscal year 2024 and \$11,899,378 in fiscal year 2025. Increases by the same amounts the earmark from that ALI funding the state reimbursement of ESCs.