H.B. 305
Fair School Funding Plan

INTRODUCTION. The following information is intended to provide a concise, basic overview of the major components of H.B. 305 and a brief explanation of their basic mechanics and purpose. It is not comprehensive. It is provided as context information for understanding the current district by district simulations for the "as introduced" version of H.B. 305.

Base Cost

"Base cost" represents an estimate of the annual per pupil cost to provide a basic quality education for a typical student (one without special needs) and to fund the components needed to operate a traditional school district. Additional funding to educate students with disabilities, from economically disadvantaged backgrounds, English Language Learners, and gifted students is provided through "categorical programs." Categorical funding to schools for such students is layered on top of base funding. See "Categorical Aid" below.

A primary building block of H.B. 305’s base cost is funding for classroom teachers for both core subjects and electives. Pupil/teacher ratios supported by national research and state practice are utilized, and Ohio data regarding salaries and benefits is applied. (For special needs students, additional resources, such as reduced class sizes, are provided through categorical funding.) The other major components of base cost include resources for professional development for teachers, addressing health, safety, social, and emotional needs of students, academic and athletic co-curricular activities, technology used in today’s education, and the general operations of school buildings and school districts, including building and central office leadership and staff.

State and Local Share

Funding of the base cost is achieved by a combination of state resources and locally generated tax revenue. In H.B. 305, the split between the state and local tax money is based on each school district’s ability, or fiscal capacity, to generate a local share. Fiscal capacity is measured using a combination of both property wealth and income wealth. Property value has a 60 percent weight in the overall capacity of a district. Income wealth, measured in equal parts by (1) total federal adjusted gross personal income of the district and (2) median income per individual return, has a 40 percent weight in determining overall local capacity.

Once the total local capacity of a district is determined and converted to a per pupil dollar amount, a percentage analogous to a property tax millage rate is applied to arrive at the district’s final local share. The percentage ranges from 2.0 percent to 2.5 percent, with an individual district’s percentage based on a sliding scale of whether median income in the district is above or below the statewide median. A district with a median income exactly at the statewide median would have 2.3% applied. Districts with median incomes below the
statewide median would have a lesser percentage applied, but not lower than 2.0 percent. Districts with median incomes above the statewide median would have a higher percentage applied, but not higher than 2.5 percent.

Once the local share per pupil amount is determined, the state pays for the balance of the calculated per pupil amount so that the district is assured of having the full amount of the calculated base cost.

**Enrollment**

"Enrollment" used in H.B. 305 means number of students specifically being educated by the district. Students attending community schools, attending schools through one of the state scholarship programs, or court-placed in schools outside the district of residence will be counted for funding purposes in the school where they are being taught. Funding would go directly to the educating entity. Students open enrolling into a district also would be counted as students of the district where they are taught.

**Targeted Assistance/Capacity Aid**

"Targeted Assistance" and "Capacity Aid" are funding mechanisms primarily designed to allocate resources to districts that, because of their characteristics, do not have sufficient capacity to generate enough revenue locally to sufficiently fund their educational services. The current version of these mechanisms are merged together into a single three-tier program.

"Tier One Targeted Assistance" uses the same measures of capacity that are used in determining the state and local shares of base cost, and it provides graduated aid to districts based on combined property and income wealth. A district whose overall wealth per pupil is less than 120 percent of the median wealth per pupil in the state qualifies for wealth-based Targeted Assistance. The amount of assistance per pupil increases as per pupil wealth decreases.

"Tier Two Targeted Assistance" uses the same base measure as Tier One, but the additional aid is determined by the capacity of the district to raise funds locally as measured by dollars generated per pupil per mill of property taxation. A district qualifies for Tier Two funding if its overall capacity is below the statewide median capacity. The amount of aid increases as a district's capacity decreases.

"Tier Three Targeted Assistance" is designed to compensate for dislocation caused by using enrollment based on where a student is taught to determine state aid rather than the current designation of Average Daily Membership. When high percentages of students leave a district to be educated elsewhere, that district may appear, in the funding formula, to be less poor than it otherwise might be. Tier Three creates a funding source for these districts if they also have high percentages of economically disadvantaged students as measured by the wealth factor in the FY 2019 Targeted Assistance program.

Any district that meets two criteria—having at least 12 percent of its resident students leaving the district to be educated and having a FY 2019 Targeted Assistance Wealth Index above 1.6 — receives Tier Three Targeted Assistance aid. This aid is outside the guarantee calculation for funding for FY 2020 and FY 2021. A district would receive this funding on top
of all other funding even if its overall calculated aid after a base guarantee is the same as FY 2019 funding.

**CATEGORICAL AID.**

Categorical aid, unlike base cost or the current formula's opportunity grant, is funding provided for a specific purpose and, generally, its use is restricted to that purpose. Following are the more significant categorical aid components, or categories, and brief descriptions of the application of H.B. 305 to them.

**Economically Disadvantaged** – meeting the challenges of the social, emotional and academic needs of children from economically disadvantaged households.

National research (The Education Trust, Syracuse University and the State of California) says that each economically disadvantaged child needs at least 26% to 62% more than his/her district's base cost amount in order to overcome the handicaps associated with the child's circumstances and that those amounts exponentially increase as the concentration of the disadvantaged increases. Ohio currently provides $272/pupil as an initial starting amount but which increases to a maximum of approximately $1,100/pupil at a 100% concentration of economically disadvantaged students in a district.

1. HB 305 and the Fair School Funding Plan provide for a detailed study to determine more precisely the type and quantity of resources needed to meet these needs and provide an interim increase in the per pupil amount to $422 (a 55% increase in the initial amount per pupil) until the study is completed and the results analyzed.
2. HB 305 also calls for all 4-year-olds qualifying as economically disadvantaged to be provided access to at least one year of high quality preschool.

**Special Education** – meeting the needs of children with handicaps, physical, mental and emotional.

Since Ohio adopted its current method of weight-based funding in the early 2000's, Ohio's special education community has been generally satisfied with the State's support of children with handicaps. Since then, changes in technology, remedial practices and education philosophy have been significant, and HB 305 therefore provides for the following:

1. An in-depth review of the current funding categories, remedial practices and commonly used technologies to confirm that current funding levels are appropriate, and, if not, to recommend changes;
2. Increase the current 90% funding level for existing categories to 100%, with the final 10% to be set aside for catastrophic cases;
3. Funding the six disability categories using a multiplier of the base cost amount.

**Gifted Education:** HB 305 will implement the funding recommendations of ODE's 2018 Gifted Funding Report.

**English Language Learners (ELL).** H.B. 305 provides for the following with regard to ELL:
• Returns to using multipliers of base cost to fund its categories;
• Revises existing Category 2 participants to include all ELL students who have been enrolled in an organized ELL program for more than 180 days until they successfully achieve proficiency on mandatory assessments;
• Revises Category 3 participants to include all ELL students who have achieved proficiency and requires monitoring them for two years;
• Directs ODE to conduct a cost study of ELL to determine the validity of current funding amounts or to recommend new ones.

---------------------- OTHER PROVISIONS ----------------------

Career Technical Education

HB 305 creates an input method base cost funding model, similar to the proposed new K-12 funding model, for Career Technical Centers (CTC's). H.B. 305 also:

• Uses multipliers of the new base cost to fund technical and skills programming; and
• Creates career awareness and exploration funds for lead districts in Career Technical Planning Districts (CTPD) to conduct those programs in schools within the CTPD.

Community / Charter Schools

• HB 305 funds schools directly from the State thereby eliminating the need for districts to track residents who attend community schools and to transfer funds originally earmarked for them to those schools;
• Authorizes a study by ODE to establish an objective, transparent per pupil funding amount;
• Provides an interim per pupil funding amount added to the FY19 per pupil amount until the results of the study can be analyzed and implemented.

Open Enrollment

• HB 305 funds students transferring through open enrollment at their new location, consistent with the concept that students are to be funded at the school where they are taught.

Technology

• HB 305 includes technology components within the new base cost that provide for the following:
  1. Sufficient funding for every child, grades 1-12, to have his/her own device; with funding based upon a Chrome Book, or equivalent, with a 4-year replacement cycle.
2. Funding to enable ITC's or third parties to provide sufficient bandwidth to support educational needs, efficient fiscal and administrative information management, EMIS, InfoOhio, and other essential services.
3. Funding for sufficient building and classroom wireless access points and necessary network switches, system maintenance and replacements.

Transportation

HB 305 continues to fund school transportation through a separate formula as follows:

- Retains current locally selected option of being funded on a per mile or a per student basis;
- Implements a state bus purchase program (similar to the ones included in the House-passed and Senate-passed versions of the H.B. 166);
- Restores the State's minimum state share to 60 percent in increments by FY2025;
- Phases out density supplemental payments in coordination with restoration of minimum state share to 60%;
- Re-establishes the Coalition Grant Program to encourage shared services;
- Provides for a thorough study to determine the cost of the following and to make recommendations to more efficiently provide the same:
  - transporting special education students;
  - transporting community school students and non-public students on days when the transporting district is not in session;
  - transporting community school students and non-public school students outside of district boundaries.

HB 305 also modifies school transportation policy to:

- Allow 30-minute leeway in drop off and pick up times at community and non-public schools;
- Permit ridership counts based upon either a.m. or p.m. ridership numbers;
- Eliminate the one-mile restriction for counting students for ridership;
- Allow local use of buses by other community organizations, with appropriate compensation from those organizations.
## District Funding Model Example - Base Cost

<table>
<thead>
<tr>
<th>Grade Level</th>
<th>Pupil Teacher Ratio Per FTE</th>
<th>Headcount Enrollment</th>
<th>Funded Teachers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kindergarten</td>
<td>20</td>
<td>57</td>
<td>1.9</td>
</tr>
<tr>
<td>1st Grade</td>
<td>23</td>
<td>64</td>
<td>2.8</td>
</tr>
<tr>
<td>2nd Grade</td>
<td>25</td>
<td>51</td>
<td>2.2</td>
</tr>
<tr>
<td>3rd Grade</td>
<td>25</td>
<td>52</td>
<td>2.3</td>
</tr>
<tr>
<td>4th Grade</td>
<td>25</td>
<td>60</td>
<td>2.4</td>
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<tr>
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<td>25</td>
<td>79</td>
<td>3.2</td>
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<tr>
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<td>25</td>
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<td>2.3</td>
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<td>27</td>
<td>86</td>
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<tr>
<td>11th Grade</td>
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<td>42</td>
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</tr>
<tr>
<td>12th Grade</td>
<td>27</td>
<td>40</td>
<td>1.5</td>
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</tbody>
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**Base Aid Teacher Funding**

- Other Direct Instruction
  - Special Ed Teachers (Art, Music, P/E)
  - Substitute Teachers
  - Professional Development
- Other Direct Instruction

| Minimum | 768    | 31.2   |

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**Co-curricular - Academic**

- Co-curricular - Athletic (Inc. Athletic Director)
- High School Guidance Support
- Safety & Security - Non-Personnel
- Supplies & Academic Content
- Library/Media Operations/Support
- Social/Emotional/Security/Life Support
- Instructional Technology
- Total Student Support Instruction
- Total Instructional & Student Supports

<table>
<thead>
<tr>
<th>Amount per pupil</th>
<th>Amount per pupil</th>
<th>Amount per pupil</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>Amount per pupil 1 per 1,000 students</td>
<td>Amount per pupil 1 per 250 students</td>
<td>Amount per pupil 1 per 450 students</td>
</tr>
</tbody>
</table>

**Building Leadership**

<table>
<thead>
<tr>
<th>Building Leadership Support</th>
<th>Amount per pupil</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 per 450 students</td>
<td>1.7</td>
</tr>
</tbody>
</table>

**Total Building Leadership & Operations**

| 1 per 400 students | 3 (Maximum) | 1.9 |

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**School Operations**

- Superintendent
- Treasurer
- District Leadership
- Fiscal Support
- EMIS Support
- ITC Support, Technology Infrastructure Maintenance
- District Leadership Support

<table>
<thead>
<tr>
<th>1 per 750 students</th>
<th>2.0</th>
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</thead>
<tbody>
<tr>
<td>1 per 850 students</td>
<td>2.0</td>
</tr>
<tr>
<td>1 per 5,000 students</td>
<td>1.0</td>
</tr>
<tr>
<td>Amount per pupil</td>
<td>1.0</td>
</tr>
<tr>
<td>1 per 3 administrators</td>
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</table>

**Total District Leadership & Accountability Data**