



Legislation in Focus

HB 1 Create new school financing system • February 25, 2021

House Bill 1 (Callender, Sweeney), better known as the newest iteration of the school funding plan, creates a new financial system for Ohio school districts and other entities that provide primary and secondary education. The new plan differs from the current funding formula in two major ways. First, it directly funds school districts, community schools and STEM schools (rather than an open enrollment system for non-traditional schools where funds pass through a student's resident district). State scholarships or "vouchers" are also paid directly. Second, the new funding plan relies upon a static base cost amount and unique per-pupil local capacity amount, rather than a fixed formula amount, to compute payments for each school district. Certain components of the base cost are required to be phased in over the next six years (maximum), with the exception of disadvantaged pupil impact aid which is subject to a guarantee.

As this bill is a continuation of several years of work and very similar in nature to the Cupp-Patterson plan from last General Assembly, the proponents and opponents largely remain the same. Supporters of the plan include the work group involved in its creation – largely suburban districts and other educational stakeholders. Opponents largely agree with the need for a new funding plan but have specific concerns on components of the formula. This includes charter school advocates, rural ESCs, STEM schools, associations for gifted or special education learners, etc. Though it involves significant allocations of the state's monetary resources, the school funding process is taking place separate from the state operating budget. This was done purposely to deal with the intricacies of school funding in its own regard, with the eventual goal of folding the plan into the budget. This suggests amending HB 1 into the budget prior to the June 30 deadline.

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