



House Extended Subcommittee on Primary & Secondary Education

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Introduction

Chairman Amstutz, Ranking Minority Member Sykes, and Members of the *House Extended Subcommittee on Primary and Secondary Education*, thank you for the opportunity to testify before you today on the role of Educational Service Centers (ESCs) in Ohio’s public education and regional delivery systems. I am testifying today on behalf of the Ohio Educational Service Center Association which represents the more than 13,000 personnel and 323 elected governing board members of the state’s 55 ESCs.



State	Year Established	Original # of Units	1994-1995	1999-2000	2008-2009	2009-2010	2011-2012
Illinois	1865	102	45	45	45	45	45
Indiana	1976	4	9	9	9	9	9
Michigan	1962	60	57	57	57	57	57
Ohio	1914	88	72	63	57	56	55
Wisconsin	1963	19	12	12	12	12	12

ESC Background

Ohio’s ESCs are defined as school districts in state law (§ 3311.055) and local education agencies (LEAs) in federal law (20 USCS §1401). ESCs were first established as county offices of education in 1914 to ensure “that every child in Ohio might attend a properly supervised school.” Over time, county offices evolved from regulatory agencies to service-oriented agencies and, in the mid 1990’s, became ESCs and experienced several statutorily required mergers and

consolidations. Subsequent voluntary mergers have occurred in the past decade resulting in today's network of 55 ESCs.

Ohio's ESCs employ over 13,000 full- and part-time staff of which over 90% are in the buildings and districts every day providing services to students, teachers and other district personnel. In the 2008-2009 school year, Ohio's ESCs provided direct services to approximately 227,000 students. These students range from the most gifted to the most at-risk including special needs students and other at-risk populations such as drop outs and adjudicated youth. In the same year, ESCs hosted more than 8,000 different professional development activities attended by nearly 259,000 total attendees.¹

Recognizing the importance of the ESC consortia model, H.B. 153 (129th General Assembly) required all districts with a student population of 16,000 ADM or less to align to an ESC of their choice. *This added 31 additional school districts to those required to align to and receive services from an ESC.* ESCs are now required to serve 607 school districts. H.B. 153 also permitted the remaining 7 school districts with more than 16,000 ADM to voluntarily align to an ESC. The bill also authorized ESCs to enter into service contracts with any other political subdivision of the state. ***It is important to note that while ESCs are now required to serve 296,234 more students, their state funding was reduced by 10% in FY 2012 and an additional 15% in FY 2013.***

ESC Funding

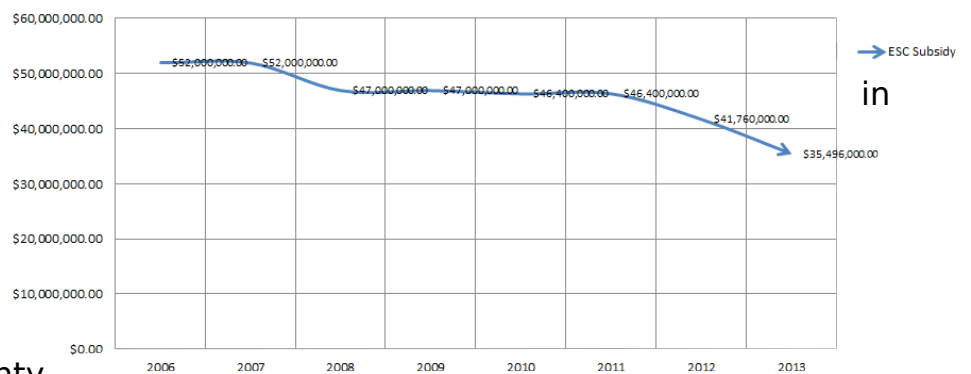
Educational service centers receive funding from 3 primary sources: federal, state and local. Federal funding accounts for approximately 10% of ESC funding and comes primarily in the form of grants. Federal funding may include Title I, Title VI, federal competitive grants and other federal funding sources.

¹ The 2008-2009 school year is the most recent year for which data is available. OESCA is in the process of surveying its membership. New data is expected September-October 2012.

State funding comes in the form of 1.) a funding guarantee totaling \$35,496,000 (formerly a per pupil subsidy) in FY 2013, 2.) early childhood units, 3.) gifted units and 4.) transportation funding. State funding, on average, accounts for approximately 16% of ESC revenue.

The preponderance of ESC funding, over 60%, comes from local school districts via fee-for-service contracts as well as supervisory service units and the statutorily required \$6.50 per pupil deduct. As indicated previously, ESCs received a 10% cut in state aid in FY 2012 and an additional 15% reduction in FY 2013. However, while ESCs saw a reduction in state funding, the 31 new client districts are required to pay the supervisory service units and the \$6.50 per pupil deduct.

ESC Funding



Prior to the funding guarantee implemented H.B. 153, ESCs were funded on a per pupil funding amount (or percentage thereof) of \$37/student for single-county

ESCs and \$40.52/student for multi-county ESCs. As a result of the reductions in the previous administration, and additional reductions in H.B. 153, ESC funding in FY 2012 was reduced to the equivalent of \$30.20/student. This level was further reduced to \$25.67/student in FY 2013. With the addition of 296,234 students, funding per pupil today for ESCs is \$23.80/student or 31.74% less than in FY 2007.

Ohio's Regional Education Delivery System

In addition to Ohio's network of ESCs, there are other intermediate educational service agencies that provide support services to Ohio's schools. **Ohio's regional education delivery system includes the 55 ESCs, 23 Information**

Technology Centers (ITCs), and 8 Education Technology Centers (Ed Techs) which serve Ohio's schools. Additionally, 16 ESCs serve as State Support Teams (SSTs) and provide school improvement services to the lowest performing school districts as well as universal access to districts for special education professional development and support services.

Ohio's system of regional education service providers has been in place since the county offices of



education (now ESCs) were created in 1914. The system has evolved over time. House Bill 115 (126th General Assembly) established the Educational Regional Service System, and the 16 region structure, to support state and regional school improvement initiatives and promote a simplified approach to regional

service delivery that was more coordinated than the previous system. The purpose of the system was to support state and regional education initiatives and efforts to improve school effectiveness and student achievement. It was the intent of the General Assembly, articulated in 3312.01 of the Revised Code, that the educational regional service system reduce the unnecessary duplication of programs and services and provide for a more streamlined and efficient delivery of educational services without reducing the availability of the services needed by school districts and schools. **As a result, the number of regional service providers has been reduced from 181 to 85.**

Unfortunately, as the bipartisan *School Funding Advisory Council* found, the system is often under-utilized by the Department of Education, lacks performance standards and has never been evaluated to determine if it has met the intended goals of the General Assembly. **We have a robust regional delivery system of ESCs and other providers often recognized as a model among the 46 states that have regional education agencies; but, it is underutilized by the state and we lack a state level system to evaluate its impact and**

effectiveness. As the work of this committee continues I would encourage you to examine how the system can be leveraged to deliver high quality, cost effective educational opportunities to all kids regardless of where they live and attend school.

Shared Services

Most recently, H.B. 153 included a requirement that the Director of the Governor's Office of 21st Century Education conduct a shared services survey and make recommendations relative to increased shared services through the regional education delivery system as well as the development of new Regional Shared Service Centers.

The shared services survey of Ohio's school districts, regional education providers and other local political subdivisions was conducted in October 2011. Over 5,700 local political subdivisions were surveyed. There were 1,789 valid responses; a 31% response rate. ***In the education community, the response rate was 98% with 598 of 612 school districts and 100% of the state's 56 ESCs², 22 ITCs, 1 STEM school and 49 JVS/Career Tech schools responding to the survey.***

Instructional Shared Services:

- Itinerant Special Education & Related Services Staff (55)
- Preschool Special Education (53)
- Shared Teachers (38)
- Ohio Improvement Process (52)
- Curriculum & Assessment (52)
- Alternative Schools (49)
- Head Start (14)
- Special Education

What did the survey tell us? ***We learned that***

97.45% of school districts utilize the services of Ohio's ESCs. We also learned that the regional

network is an important support system for schools.

Smaller school districts were more likely to participate

in shared services related to education instructional support, curriculum development, special education,

information technology and school based Medicaid

services. Larger districts were more likely to utilize

the system and other shared services models for purchasing, and vehicle and

² 56 ESCs were survey in October 2011. The Perry Hocking and Muskingum Valley ESCs merged on January 1, 2012 and there are now 55 ESCs.

facilities management related services. **ESCs are the primary provider of services to school districts.** However, the survey also revealed that there are many areas of opportunity for school districts and local governments to collaborate in more strategic ways to maintain service levels and lower costs.

As such, we must continue to identify ways to leverage existing assets and determine how to best support the regional education delivery system. Why is this important? First, and foremost, are state and local budgetary realities. Additionally, there is an increasing demand from taxpayers for a return on their investment. And,

**ESC Non-Instructional,
Shared Support Services:**

- Insurance Consortia (38)
- Group Purchasing Consortia (21)
- Bus Driver Certification & Physicals (52)
- Teacher Licensure (54)
- BCII/FBI Background Checks (52)
- Transportation (21)

because school districts continue to need support and assistance in the implementation of: third grade reading guarantee; Race to the Top; common core standards; superintendent, principal and teacher evaluation systems; improved operational efficiencies; and other education reform efforts - **particularly in a fiscally challenging environment.** And, the department of education needs a statewide system of support to provide universal access to school improvement, special education and other required support services. **ESCs are uniquely positioned to support these efforts.**

The ESC state operating subsidy equates to 4/10 of a percent of what the state spends on primary and secondary education. Yet, ESC expenditures are nearly 8% of total primary and secondary education expenditures. Districts are choosing to spend their resources with ESCs because of the cost effectiveness and quality of the services we provide. For every \$1 the state spends on ESCs, we deliver \$26 dollars in services. While this may not be the truest measure of efficiency, it is one measure and demonstrates a tremendous return on investment.

Next Steps

I applaud this committee for its efforts to review the current school funding system. However, as you continue down this path, I would strongly encourage you to consider not only how we pay for services but for how those services are

delivered and how we evaluate whether or not we are making a positive impact on district operations and student achievement outcomes.

The regional education delivery system, and its component parts, is important in not only deploying and implementing education reform efforts but also sustaining those efforts.

Thank you, again, for the opportunity to testify before you today and I would be happy to address any questions.

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