



Thank you, Chair Smith, Vice Chair Ryan, Ranking Member Cera and Members of the Ohio House Finance Committee, for allowing me the opportunity to provide testimony on House Bill 49.

My name is Chad Aldis, and I am the Vice President for Ohio Policy and Advocacy at the Thomas B. Fordham Institute. The Fordham Institute is an education-focused nonprofit that conducts research, analysis, and policy advocacy with offices in Columbus, Dayton, and Washington, D.C. Our Dayton office, through the affiliated Thomas B. Fordham Foundation, is also a charter school sponsor.

As opposed to past years, Governor Kasich's as-introduced budget includes relatively few education proposals. Given the magnitude and number of changes over the past six years, this is generally a good thing. We'd encourage the House to follow the governor's lead and to focus on the most critical adjustments needed to foster a high-performing educational system. It's important that students, teachers, principals, and school districts have some stability and essential policy changes should be made in a thoughtful way.

My comments address four primary areas: school funding, charter schools, private school choice, and general education provisions.

School Funding

1. Earlier this month, Fordham released a report¹ analyzing Ohio's school funding system. While finding a number of strengths, including the funding formula's ability to effectively allocate resources to students and districts with the greatest need, the report also recommended several important changes. I'd like to call your attention to a couple of those recommendations.
 - a. **Caps and guarantees.** We agree with the administration, caps and guarantees undercut the state's own formula and the core principle that Ohio provides funding to districts based on the students whom they are responsible for educating. *To ensure that all districts are funded according to the formula, legislators should—over time—eliminate the cap and guarantee.*
 - b. **Pass-through funding.** Students exercising choice—e.g., charters, inter-district open enrollment, and private school choice vouchers—are included in their home district's funding calculation. State funds are then deducted from their district and transferred to their school of choice. More Ohio students are choosing non-home-district options every year, making this "pass-through" structure increasingly problematic. The inclusion of choice students in a district's formula makes it look needier than it actually is (i.e., the district appears to have more kids to educate relative to its local tax base). This in turn distorts the calculations that ultimately determine the state's funding obligation to that

¹ <https://edexcellence.net/articles/report-foreword-a-formula-that-works>

district. *To create a cleaner and more efficient funding formula, legislators should eliminate the pass-through and instead fund schools of choice directly from the state.*

2. **Incentive funding for third grade reading proficiency and high school graduation rates.** These initiatives should either be reworked or eliminated. As currently structured, the formula used to calculate the funding amounts spreads a little money to everyone, but fails to be a strong incentive for higher performance. A better approach might be to give larger awards to districts that reach a very high bar or show significant gains in year to year performance. If reworked, it's important to have funding available for districts that improve; otherwise, almost all funds would simply go to the lowest-poverty districts.

Charter Schools

1. **Charter school oversight.** We support the significant increase requested in the executive budget for charter school and sponsor oversight. This is consistent with both the sponsor evaluation requirements and the stronger accountability measures passed in House Bill 2.
2. **\$25 million charter facility grant fund.** Last biennium, a \$25 million charter facility grant competition was funded to allow high performing charter schools to expand or replicate. It's not in this year's proposed budget, but we request that it be added. Ohio has some great charter schools, but we haven't facilitated the growth and expansion of our high performers. In a recent Fordham report, we found some of the lowest numbers on record of startup charters in 2015 and 2016. Just eight new schools opened in these years. The legislature should help make Ohio an attractive place for excellent charters to do business. An allotment for facility dollars would accelerate the growth of much needed quality charters in Ohio. Without an incentive, the status quo in Ohio, where a low performing charter school is almost as likely as a high performer to replicate, will continue.
3. **Charter school per pupil facility funding.** The National Charter School Resource Center of the United States Department of Education released a report² in January detailing the facility challenges faced by Ohio charter schools. The average charter school spends \$800 per pupil for facility costs but currently receives only \$200 per pupil, and this amount would be maintained under the governor's proposal. To minimize the use of dollars intended for classroom instruction being spent on facilities, we recommend increasing the per-pupil funding amount to \$400 over the biennium.
4. **Sponsor evaluation system.** While we strongly support the robust accountability represented by the sponsor evaluation system, the system still needs improvements. Specifically, the compliance portion should be streamlined to use an audit-like process to sample required documents and gauge compliance, the academic accountability portion should be reworked to better reflect student growth, and sponsors should have the ability to review the rating and consult with ODE prior to a final rating being issued publicly.

² <https://www.charterschoolcenter.org/publication/analysis-charter-school-facility-landscape-ohio>

Private School Choice

1. **Continued expansion of income-based voucher program.** Low-income students, regardless of their assigned school building, continue to face the biggest education challenges. We support Governor Kasich's continued expansion of the income-based EdChoice Scholarship to serve students through grade 5.
2. **Second EdChoice application window.** The as-introduced version proposes eliminating the second application window if, based upon available funding, all scholarships are projected to be used. We believe this provision should be eliminated—and current law maintained—as removing the second window limits choice options. If the proposed language is maintained, the second application window should only be eliminated when the number of applications exceeds the available funding by 20 percent or more. Otherwise, normal attrition or scholarship awardees deciding not use a scholarship would result in scholarships going unused.

General Education Provisions

1. **Summative grade rating calculation.** The current summative grade calculation when it's implemented in 2017-18 is likely to result in the overwhelming majority of high poverty schools and districts—regardless of their effectiveness—getting a D or an F. This will happen because current law weighs grade components that tend to correlate with poverty at about 80 percent of the overall grade. Growth, a factor that doesn't correlate with poverty, accounts for only 20 percent of a school district's grade. Serious consideration should be given to increasing the weight of student growth on the overall school grade.
2. **Graduation rate calculation.** While graduation rate is a standard, generally accepted measure, Ohio should explore calculating rates in another manner. Current practice removes a student from a high school's graduating cohort, even if she transfers as late as the twelfth grade. In turn, the school that had educated her for three high school years is not held accountable for graduating the student, yet her final school is held fully accountable. This tends to advantage traditional high schools at the expense of dropout recovery and some online schools that often enroll students late in their high school careers. The net result is that school districts, whether they utilize it or not, have a direct incentive to encourage credit deficient upperclassmen to transfer to other high schools.
3. **College credit plus.** The budget makes a number of significant changes to the college credit plus program. While we'd be happy to weigh in on any of the changes, we believe the biggest change that should be made is that students should be college ready before taking CCP classes. This is an incredibly popular program, but for it to be successful long-term it needs to deliver high-quality, college-level instruction and not be a remedial program.

Thank you for the opportunity to provide testimony on House Bill 49. I'm happy to answer any questions that you may have.