

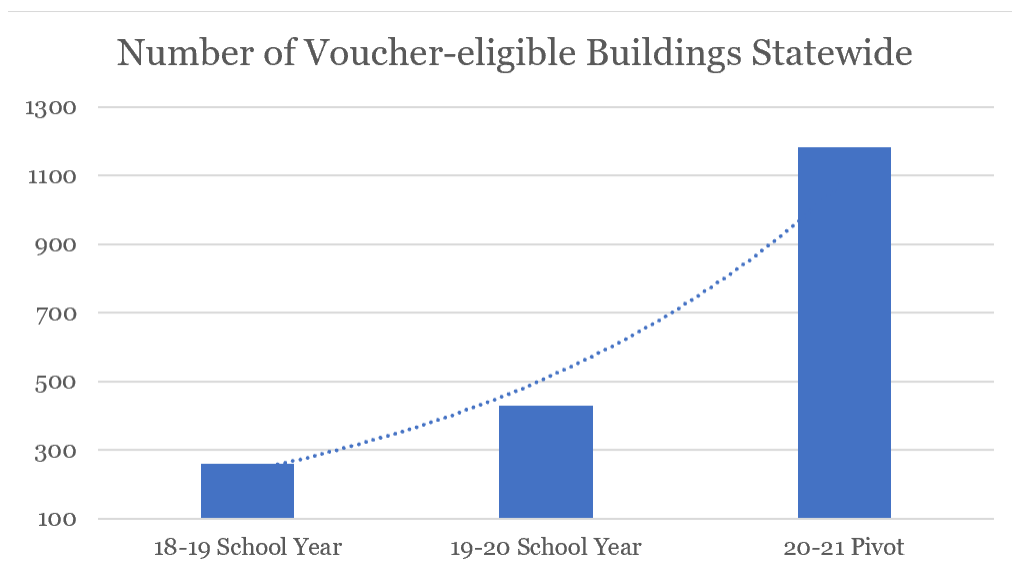


Testimony of Stephen Dyer
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Chairman Jones and members of the Conference Committee seeking to find solutions to Ohio’s EdChoice program, I thank you for allowing me to address some of the issues facing Ohio’s ill-conceived performance-based voucher and how the House’s plan gets us further down the road to improvement than the Senate version of this so-called “fix”.

Let me first of all remind everyone what you face: an explosion in the number of buildings designated for vouchers based on “performance”. If you do nothing and let the April 1 deadline passed in SB 120 go forward, you’ll be looking at 1,227 Ohio school buildings designated as “failing”, even in the state’s highest performing school districts.

The folly of this result cannot be understated. I don’t believe a single member of this legislature can look their constituents in the eye and say “Look, 1/3 of all Ohio school buildings are so utterly failing we have to give up on them and send hundreds of millions of your tax dollars to unaccountable private schools.”



I can say without hesitation that few, if any of your constituents will buy that argument. Yet that’s the situation facing every member of the General Assembly if nothing is done. And it was the situation we at Innovation Ohio warned would occur based on last year’s budgetⁱ.

So this needs fixed now.

Transfer or Direct Funding

Let me first of all say that whether we take the House route or the Senate route, the fact we have an unconstitutional funding system with too little money in it makes either solution an ineffective one for kids in local public schools.

This is because even if we switch to a directly funded voucher system, there simply is an inadequate amount of funding for the 1.6 million students attending local public schools. So the money we’re sending to unaccountable, mostly religious schools will starve students in local public schools of state resources, regardless of how it’s sent.

However, it should be made equally clear that the deduction for performance system we’ve had for EdChoice since its inception is especially harmful to kids in local public schools. Here’s why:

	Cleveland	Autism	EdChoice Perf.	Peterson	EdChoice Exp.	Net State Funding of Public School Students
Per Pupil State Funding	\$ 3,204	\$ 28,261	\$ 5,152	\$ 13,687	\$ 4,954	\$ 4,456

* Based on Jan. #1 Payment for FY20. ODE FY20 voucher participant data used to calculate per pupil funding. ODE October Headcount data used to calculate

The average EdChoice voucher is about \$700 more than what the average public school student receives in state aid. This means that a typical student who leaves a public school to take an EdChoice voucher will also remove \$700 from every other student in the public school district. That’s money from even the highest performing student in the highest performing building.

Overall, this deduction system will force school districts to dip into local revenue to finance that difference, or more troubling, reduce educational opportunities for kids who stay in the public schools. As of January, this local taxpayer subsidy for all vouchers was \$122 million. For EdChoice, the subsidy was \$20 million. That means statewide, \$122 million in local revenue has to be used to plug the state funding hole caused by all voucher programs and \$20 million just for EdChoiceⁱ.

Like Charter Schoolsⁱⁱ, the EdChoice voucher increases school districts’ reliance on local property taxes to fund education – a situation the Ohio Supreme Court ruled four times to be unconstitutionalⁱⁱⁱ.

Directly funding vouchers is a better solution, but unless a systemic overhaul of the funding system for Ohio’s 1.6 million students in Ohio’s local public schools is

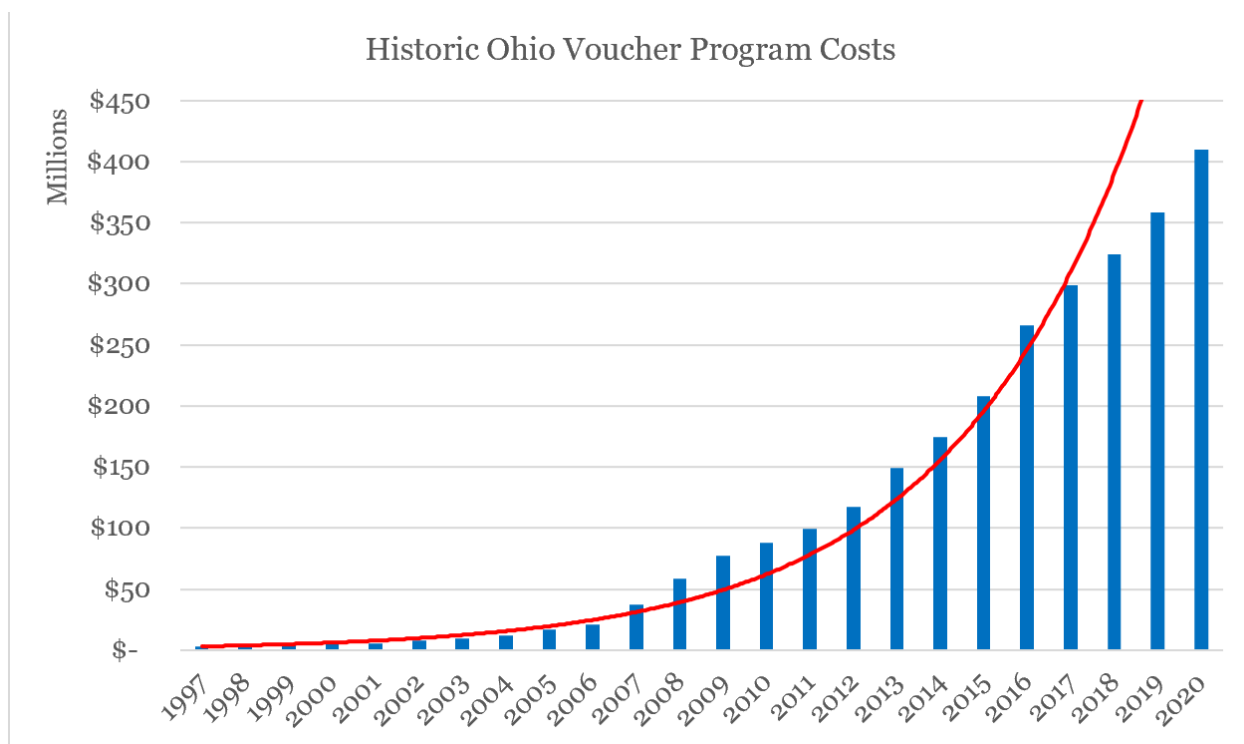
ⁱ This is based on the January #1 payment, using statewide voucher participation data from the Ohio Department of Education and FY19 enrolled ADM data included by ODE in the payment report.

effectuated, we are still looking at money being sent to private schools to the detriment of students in local public schools.

EdChoice's Size Problem

In the landmark *Zelman* case from 2002 in which the U.S. Supreme Court found the Cleveland voucher program constitutional, Chief Justice Rhenquist wrote in the majority opinion that “[a]ny objective observer familiar with the full history and context of the Ohio program would reasonably view it as one aspect of a broader undertaking to assist poor children in failed schools ... [t]he program here in fact creates financial disincentives for religious schools, with private, religious schools receiving only half the government assistance given to community schools and one-third the assistance given to magnet schools.”

It is hard to imagine a system that less resembles this description of a limited, poorly financed one Rhenquist described than the current EdChoice and other Ohio voucher programs. It is now a \$400 million mostly deduction from Ohio school districts, with a majority of districts losing at least some funding to private schools through these voucher programs



To say the current program (which when you add in busing, administrative cost reimbursement and auxiliary service payments adds up to \$700 million for private, mostly religious schools) is light years larger than the \$2.5 million Rhenquist described in *Zelman* is not an exaggeration. Whether this current system would survive constitutional muster is also a serious question. The EdChoice deduction program alone

is roughly 60 times the size of the little Cleveland program Rhenquist examined in 2002.

EdChoice's Report Card Problem

No one likes our current report card. Why punish kids in districts for performance based on a fatally flawed report card system? That's it.

What About the Kids Who Need EdChoice?

I am very sympathetic to families who feel the only choice they have is to pull their kids out of the local public school and send them to a private school. I get it. Kids face challenges. Everything from bullying to incompatible teaching to poor building leadership can lead to a sense of desperation for parents and kids. And I get how seductive that voucher can be.

However, there are some assumptions that need to be addressed. First of all is the assumption that private schools are "better" than public schools.

National data indicate^{iv} that, after taking poverty into account, public schools actually perform better than private schools. And in Ohio that trend also carries. I looked at all districts in which an EdChoice provider also resided. What I found was that in 8 of 10 Ohio school districts, kids in the district outperformed the voucher students in the private schools. And they did so by an average of 27 percentage points. In the 2 of 10 districts where the provider outperformed the local public school, they only did so by 9 percentage points.

These results closely track the Fordham Institute's findings from a few years ago^v, which discovered that similarly situated students did worse on a voucher than in the school district.

So, academically, a student's best choice is nearly always a local public school district. And even where the private school is a better choice, it's probably only going to be slightly better one academically.

Are there exceptions. Of course. But in public policy, you have to look at the overall trend. Governing by exception rather than rule gets dangerous financially.

I get there are reasons other than academic that parents may still want their child to get a voucher.

But here's the thing: I also know that every parent who takes a voucher doesn't want that choice to harm the choice another parent makes to keep their child in a local public school. In fact, that's what I've heard from parents who have taken the voucher. Even *they* don't like how the vouchers harm other students' educational opportunities.

We don't want to pit parent against parent on this issue. That's bad policy and it's really bad for our communities.

Best Path Forward

Of the two solutions here, the House passed version is clearly better for the 1.6 million kids in local public schools. However, what would be best is the following:

- 1) Pass the Cupp Patterson school funding plan, with needed changes, and fully fund it**
 - a. The work done on this plan is potentially game changing, especially if the legislature gathers the courage to fully fund it over a short rather than long term.

- 2) Put all school choice funding *on top of* any additional Cupp Patterson funding for the 1.6 million kids in the public school system**
 - a. While I still think the program would have the size/constitutional issue I discussed earlier, directly funding the vouchers with additional – not district-specified state money – will allow those parents who want a voucher to get it without financially harming the kids who remain in the local public schools – the overwhelming majority of whom are very happy with their schools

- 3) Allow for public auditors to look at the books of private schools who take large portions of their funding from vouchers**
 - a. I get that these are private schools. However, we already have a precedent here with for-profit charter school operators. If these operators receive more than 20% of a charter school’s state funding, the operator has to explain how they’re spending the money. Let’s use that model for private schools that receive 20% or more of their funding from taxpayer-funded vouchers

I want to make one final thing very clear: I am not against school choice or vouchers *per se*. What I oppose is the state valuing one parent’s choice over another. And even though it’s bizarre to me, for some reason state legislators have for 25 years simply ignored the effect these programs have had on the families of 1.6 million students attending the state’s local public school districts. Between charter schools and payments to private schools through vouchers, auxiliary services payments, administrative cost reimbursements and busing, Ohio is now sending \$1.6 billion to private schools or privately run charter schools.

This \$1.6 billion is just about the additional cost calculated by the Cupp Patterson school funding plan once it’s fully implemented. What has that money gotten us? A nationally ridiculed charter school system and a voucher explosion that has given hundreds of millions of dollars to private schools – nearly zero of which we can audit.

Fix the funding for the 1.6 million students in our public schools, then let’s talk about whether choice options make sense. Because right now, throwing a bunch more money at a system that has almost zero evidence of overall success in improving student achievement seems folly.

I'm happy to answer any questions you may have.

i <http://innovationohio.org/front-page/ohios-state-budget-bill-exploding-vouchers-lax-charter-school-oversight/>

ii <https://www.dispatch.com/article/20150909/NEWS/309099728>

iii http://ohiohistorycentral.org/w/DeRolph_v._State_of_Ohio

iv <https://www.theatlantic.com/education/archive/2013/10/are-private-schools-worth-it/280693/>

v [https://edex.s3-us-west-](https://edex.s3-us-west-2.amazonaws.com/publication/pdfs/FORDHAM%20Ed%20Choice%20Evaluation%20Report_online%20edition.pdf)

[2.amazonaws.com/publication/pdfs/FORDHAM%20Ed%20Choice%20Evaluation%20Report_online%20edition.pdf](https://edex.s3-us-west-2.amazonaws.com/publication/pdfs/FORDHAM%20Ed%20Choice%20Evaluation%20Report_online%20edition.pdf)