

**Ohio House of Representatives**  
**Finance Subcommittee on Primary and Secondary Education**  
**March 27, 2019**

Co-Chairmen Cupp and Patterson and distinguished members of the Finance Subcommittee on Primary and Secondary Education, thank you for the opportunity to provide testimony. My name is Steve McAfee and I am the Treasurer of Whitehall City Schools in Franklin County. I also serve on the School Funding Workgroup as a co-chair of the Open Enrollment, Charters & Vouchers subgroup alongside Scot Prebles, Superintendent of Forest Hills Local.

According to the March #1 State Funding Payment Report, Ohio's total Average Daily Membership (or ADM) is 1,693,593. 82,417 or 4.9% of those students attend a traditional public school district other than their district of residence through open enrollment. 107,432 or 6.3% attend a brick & mortar or digital community school. And 32,434 or 1.9% attend a nonpublic school through an autism, Jon Peterson or EdChoice Scholarship.

Students participating in all of these programs are currently included in their resident district count for funding purposes. This generates per pupil funding and affects the State Share Index, the current distribution mechanism. Deductions are calculated to transfer funding from the district of residence to the educating entity. This is referred to as a pass-through methodology. The net effect of these ins and outs is not a wash so it impacts the amount of funding available to educate students who remain in the school district. This is not transparent. This is not rational. This is not fair.

So the Open Enrollment, Charters & Vouchers subgroup made an overarching recommendation of direct funding for all school choice programs. Count and fund all students where they are educated.

Now, not all school choice programs are the same. There are a couple of issues I'd like to address that are specific to certain programs.

Open Enrollment is unique as each individual school district chooses whether or not to accept students from other districts. Districts consider the financial incentive to accept a student and whether it offsets additional costs in making this decision. We took care to create a formula that does not significantly change that incentive. And early simulations prove the Fair School Funding Plan's input model and its interaction with the distribution methodology provide a nearly identical incentive to accept open enrollment students. We anticipate participation will continue near the 4.9% we have today.

Community schools are unique because of the friction between them and public school districts. At our subgroup's very first meeting, we talked to an EMIS consultant to several community schools in northeast Ohio. He talked about the frustration he encounters interfacing with traditional districts to track students and report data necessary to receive funding. The current pass-through funding system pits community schools and traditional public schools against one another as it seems we're fighting over dollars. In fact, every community schools advocate we met with was in favor of direct funding, including the Thomas B. Fordham Institute.

Fordham exists to promote educational excellence for every child by focusing on three policy areas: high expectations, quality choices and personalized pathways. Fordham published a policy proposal on November 19, 2018, that states "the circuitous pass-through method is a source of frustration for all

public schools, adds unnecessary complexity to the funding system, and distorts districts' state funding amounts. Direct funding of schools of choice would be clearer, fairer, more straight forward, and less contentious."

The Fair School Funding Plan untangles the funding of school choice programs from the traditional public school district so the formula generates the amount of funding students actually enrolled in the district need to succeed in a rapidly changing world, not more or less. And it sets the stage for the development of a fair, cost based and transparent funding methodology for school choice programs. Jim Betts will talk about the next steps of the development of a funding methodology for school choice programs in a moment.

That concludes my "deeper dive" into the work of the Open Enrollment, Charters & Vouchers subgroup. But I would be remiss if I did not talk about my own district, Whitehall City Schools.

Ironically, the implementation of direct funding by itself would result in a reduction in our state funding. There is a relatively high percentage of children who reside within our district that attend community schools. Their inclusion in our ADM decreases our property valuation per pupil, which increases our State Share Index and our net state funding. I wanted to bring that up to illustrate how pure of a process this has been. All of the members of the School Funding Workgroup made a conscious effort to leave their district hats at the door and focus on what's fair for all. It's not fair for Whitehall to receive more funding due to kids we aren't educating.

Having said that, there are components of the Fair School Funding Plan that hit home for Whitehall City Schools. We are one of the top five districts most affected by the cap on a per pupil level. Over 80% of our students qualify for free or reduced lunch. 15% of our students are English Language Learners. Our percentage of students with lower-incidence disabilities is nearly a third higher than the state as a whole. It's critical these challenges be better understood through comprehensive studies and fully funded.

I share the excitement surrounding the Fair School Funding Plan as both a member of the School Funding Workgroup and Treasurer of Whitehall City Schools, and join the others who have testified this week in pleading you to adopt this comprehensive, fair school funding plan that meets the needs of Ohio's children, future workforce and economy. Thank you.