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OHIO EDUCATION ASSOCIATION
House Finance, Primary and Secondary Education Subcommittee
House Bill 64 Testimony
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Chairman Cupp and members of the House Finance Primary and Secondary Education Subcommittee, I am Russ Harris with the Ohio Education Association's (OEA) Government Relations Division. Thank you for the opportunity to speak to you today about provisions contained in the budget bill for Fiscal Years 2016 and 2017. On behalf of more than 121,000 OEA members, we look forward to working with you on House Bill 64 to ensure that all students have a high quality public education with the resources they need to succeed. The following are some of our key concerns about the proposals made by the Governor in the budget bill:

School Funding

The Governor's proposed budget is quite simply inadequate to meet the needs of Ohio's school districts and the students they serve. At a time of relative economic prosperity, it is hard to accept that the proposed funding would be about the same as what school districts received in 2010-2011. OEA is very concerned that the proposed school funding formula further erodes the state share of education spending and creates another list of winners and losers. The proposed state budget provides for only a modest increase in funding for public school districts of approximately \$460 million over the biennium. With growing state revenues, this is a time to make investments in our future and to address the shortfall in state funding of public education.

The educational needs of Ohio's children are forcing local communities to rely more heavily on local property taxes. The major finding of the courts in the DeRolph litigation was that the overreliance on local property taxes creates an unfairness that is unconstitutional. The fact that the way schools are funded today relies MORE on local property taxes than it did when the DeRolph case was filed shows the degree to which the unfairness of the school funding formula has been exacerbated. OEA urges state lawmakers to reach an agreement on what constitutes a high quality education and then determine the resources that would be needed to make sure every child has the opportunity to receive a high quality education.

Further, the notion that school districts should use billions of dollars in their reserves to help cover the costs of educating their students would perpetuate the unfairness of the current system. Districts are pressed repeatedly to ask for more tax levies if they don't want to let their educational programs deteriorate over time. Districts have to ask for levies that are sufficient to carry them for two or three years so that the local school board doesn't have to be on the ballot every year. In most cases, the balances maintained by school districts aren't "unencumbered" resources, but are instead monies necessary to carry the financial burden until the next levy.



OEA is concerned that the proposed changes to the funding formula would cause less wealthy rural districts to be shortchanged because of the assumption that they have a “higher” capacity to generate local revenue when in reality they don’t. The valuation per pupil measure within the opportunity aid calculation tends to make low student population districts appear wealthier even when their residents’ income is relatively low.

Exacerbating this issue is the fact that some rural districts have experienced faster growth in property values relative to the statewide average and the opportunity aid calculation in the proposal tends to penalize these districts disproportionately. At the same time, these districts haven’t experienced increases in local revenues based on these values.

OEA believes that the formula itself is the main reason that so many districts are placed on a hold harmless guarantee. Although guarantees have been in place for several decades, they were originally intended to be temporary payments to school districts that would “naturally” be eliminated as the overall level of state support for public education increased over successive budgets. Under the funding proposal contained in House Bill 64, 226 districts in Fiscal Year 2016 and 184 districts in Fiscal Year 2017 are on the guarantee.

The Ohio Education Policy Institute recently produced a study that finds that the major reason districts are placed on the guarantee again is not due to declining enrollments. Guarantees are more attributable to the overall inadequacy of the funding formula and the re-distribution of the existing funding level. The proposed reduction in the transitional aid guarantee only serves to harm these districts.

Additionally, the loss of tangible personal property revenues will have dramatic and negative consequences for about 200 of Ohio’s school districts and for local voters who will be severely challenged to replace the lost revenues. If there are to be reductions in these replacement payments, they should be offset by increases in state aid through the formula.

Lastly, OEA urges the legislature to find ways in which to fund charter schools so that children in local public schools aren’t deprived of needed resources. For the 2014-2015 school year, nearly \$1 billion is being diverted from the public school system to charter schools. Under the formula, when charter school deductions are taken into account, only 200 districts will actually have funding increases over the biennium. OEA believes that there are several ways to fund charter schools without depriving local public schools of resources. For example, the state can directly fund charters or limit the money taken from local districts to the amount of the state’s per-pupil share. Any means of funding charters must take into account its impact on the 90% of Ohio public school students who are not in charters, as well as the needs of those who do attend charters. Currently, too much state money is going to poor performing charters at the expense of kids in local public schools.

OEA asks that members of the committee and the Ohio Legislature work with education stakeholders to alter the funding formula to ensure that all of Ohio’s children are given the opportunity to succeed regardless of where they live.

There are a number of policy related issues in House Bill 64 that raise significant concerns for the members of OEA:

Testing

Educators are increasingly frustrated with the amount of time that is spent on testing and how it has crowded out time needed to do basic instruction and engage students in dynamic ways. The current fixation with testing is sucking the oxygen out of our education system. We welcome the inclusion of a number of testing-related provisions in the budget. The two percent cap on testing time in a school year and one percent cap on time to prepare for tests are positive proposals. We believe that setting an upper limit will help reduce the time spent on testing. Less time on testing means more time for teaching and learning.

OEA also sees merit in the recommendations to eliminate the fall administration of the third grade reading test, while providing an opportunity for students to take the test in the summer as well as alternative assessments for those who need them. We also support the recommendation to no longer require math and writing diagnostic tests in grades 1-3. However, the proposed change to teacher evaluations and the elimination of student learning objectives (SLOs) for many teachers is problematic.

Teacher Evaluation – Replacing Student Learning Objectives (SLO) with Shared Attribution

OEA recommends maintaining the current local option of using SLO's or shared attribution in teacher evaluations when there is no value-added data or approved vendor test available. While OEA encourages more guidance from ODE on the best practices for using shared attribution, mandating the use of shared attribution instead of SLO's would likely create more problems with teacher evaluations at the local level than it would resolve with over-testing.

There are a variety of pros and cons to SLO's and shared attribution, many of which hinge on accuracy, fairness and equity in teacher evaluations. Local school districts and teachers may consider either approach more or less preferable. However, the fact that SLO's are the prevailing choice sends the signal that most consider this approach to be more accurate, fair and equitable as compared with shared attribution. Therefore, overruling what appears to be a local consensus that SLO's are more effective than shared attribution could exacerbate ongoing frustration with the over-use of student growth measures in Ohio's Teacher Evaluation System (OTES).

In the alternative, OEA recommends a reassessment of the role that student growth measures play in teacher evaluations. The quandary of how and when to use SLO's or shared attribution is really a symptom of a teacher evaluation system that is out-of-balance and needs reform. The real question is not which student growth measure to use, it is why and how they are being used in the first place. In conjunction, comprehensive guidance from ODE regarding the best practices for implementing quality systems of shared attribution could make this a more effective local option in the future.

Teacher Licensure – Exemption from Renewal Requirements

OEA does not support the House Bill 64 provision that exempts "consistently high-performing

teachers” from the professional development coursework required to renew an educator license. Education is a complex and constantly evolving profession. In recognition of this, high-quality professional development as a part of licensure renewal plays an important role in the maintenance of skills and knowledge critical to an educator’s practice. Further, a range of practical complications with licensure renewal could arise if a teacher is classified as “consistently high-performing” (as yet undefined), but then loses this classification in the year preceding renewal.

OEA recommends that licensure renewal coursework requirements be maintained for all teachers. Requiring a reasonable amount of training on strategies and best practices designed to improve academic performance for all students is everyone’s interest.

Charter Schools

OEA welcomes the proposals in HB 64 intended to improve charter school accountability. As one of several recent proposals on charter school reform, HB 64 takes some important steps in the mix of legislative fixes that are needed to achieve meaningful change and restore the original purpose of charter schools. We are hopeful that the General Assembly’s efforts as a whole will ultimately produce the kind of comprehensive charter school reform that establishes real accountability and transparency for the benefit of students and taxpayers.

Through countless media reports and the recent investigation by the Auditor of State, we are increasingly seeing evidence of what many have known for years - Ohio’s charter school law does too little to ensure good choices. The result is that real choice is too often the exception, not the rule. Too many students are going to charter schools that do not perform as well their local public school. OEA agrees with StudentsFirst Ohio Executive Director and charter school advocate Greg Harris, who said in a *Columbus Dispatch* story – quote - “We think a lot of them (charters) need to be closed, because they’re not doing a good job. We think charters have a role in the education base, but we also think most of the charters in Ohio stink.....”

In seeking to address the fundamental shortcomings of the charter school options that are presently available to students and their families, OEA offers **three principles** that we believe should be part of comprehensive charter school reform:

First, accelerate the process for closing failing charter schools. Many charter schools have been persistently underperforming for years. We urge you to adopt provisions that would shut down failing charters more quickly. Research at Stanford has shown that charters that fail after 3 years will almost always fail. Let’s not give charters 6-7 years to take public money, only to continue to fail.

Second, ensure that charter schools are subject to the same public records laws and financial transparency standards as any other public entity. We urge you to make charter schools, their sponsors and operators subject to the same public records, meeting and financial inspection requirements as any other public entity. And make it all open to easy public inspection, as is the case for every other Ohio public entity. For too long, the public has not been able to see many of the financial dealings of charters, their sponsors and operators. It is in the interest of the taxpayers,

who paid more than \$900 million to charters last year, for their books and actions to be open for inspection.

Third, fund charter schools in a way that doesn't penalize local public schools. We urge you to find ways in which to fund charter schools so that children in local public schools aren't deprived of needed resources.

A number of proposals in House Bill 64 would make progress towards addressing OEA's **first guiding principle**, accelerating the process for closing failing charter schools. Provisions of particular note include the following:

- Gives ODE authority over sponsor reapplication, evaluation and approval to sponsors that are "grandfathered" or otherwise exempt under current law from accountability and quality control standards.
- Removes the provision that permits a sponsor to be rated "emerging" for the first two years the entity exists.
- Makes final a sponsor's decision to terminate or not renew its contract with the governing authority of a charter school for poor academic performance or poor fiscal management by disallowing an appeal to the State Board of Education.
- Prohibits a sponsor with a rating of "ineffective" from sponsoring any new or additional charter schools and subjects that sponsor to a one-year quality improvement plan.
- Sponsors with a rating of "poor" must have all sponsorship authority revoked subject to a hearing by an officer appointed by the Superintendent of Public Instruction.
- Eliminates the appeal procedure when the governing authority has notified the operator of its intent to terminate or not renew the operator's contract.
- No longer requires ODE to approve each sponsor application that satisfies the initial requirements for sponsorship and gives ODE the discretion to approve or deny applications based on standards of quality authorizing, capacity, financial constraints.

Some proposals make progress in the direction of addressing the financial transparency aspect of OEA's **second guiding principle**. These proposals include the following:

- Requires governing authority to have a contract with an accountant, or an auditing firm that is independent from the operator.
- Requires all financial loans from an operator to a school to be accounted for, documented and based on fair market lender rates.
- Prohibits the sponsor of a charter school from selling any goods or services to that school.
- Requires a charter school fiscal officer to be an employee of the governing authority, and to be independent of any operator with which the school contracts.

HB 64's impact on OEA's **third guiding principle** about funding charter schools in a way that doesn't penalize local public schools was addressed in the previous section of this testimony on school funding. In short, HB 64 does not take steps to resolve this significant problem. Funding charter schools should not come at the expense of public schools.

Although the bulk of the charter school reform proposals in HB 64 are positive and make some important progress, there are some proposals that may potentially open the door to less accountability and transparency. In this respect, we highlight the following provisions in HB 64 as **points of concern**:

- Decreases the length of the initial term of a sponsor’s agreement with ODE from seven years to five years, but establishes a new renewal process for up to 12 years.
- Removes the initial limit on the number of charter schools any entity may sponsor (currently 100 schools) and instead permits each entity to sponsor schools in a manner consistent with the written agreement with ODE.
- No longer requires ODE to annually rate sponsors on adherence to quality practices; instead must only rate this measure every third year. (ODE must still annually rate sponsors on compliance with applicable laws/rules and academic performance.)
- Requires ODE to designate an overall rating for sponsors, but without a specified timeframe.
- Requires ODE to establish an “incentive” system for sponsors with an “exemplary” rating, which allows numerous and virtually open-ended exemptions from significant accountability and transparency requirements. These include:
 - Exemption from any further evaluation of academic performance or compliance with laws and rules as part of ODE sponsor agreement renewal for up to 12 years (ODE would only continue to evaluate adherence to quality practices);
 - Exemption from the preliminary agreement with ODE and contract adoption and execution deadline requirements;
 - Exemption from requirement for a new charter school to open by September 30 of the year in which the school contract is executed;
 - No limit on the number of charter schools the entity may sponsor;
 - No territorial restrictions on sponsorship;
 - Any other incentives determined necessary or appropriate by ODE.

In summation, OEA commends the introduction of the charter school reform proposals in HB 64. Overall, the bill has a range of positive proposals that can serve as a foundation upon which to build towards comprehensive charter school reform that protects and benefits both students and taxpayers. However, there are also some proposals that could move in the other direction without further refinement. OEA recommends further review and analysis of the potential impact of these provisions. We look forward to working with lawmakers and stakeholders on ways to fulfill these objectives.

Vouchers

HB 64 would expand the income-based EdChoice voucher program to two more grades and increase the maximum amount of EdChoice voucher for high school students from \$5,000 to \$5,700. OEA opposes voucher programs that provide taxpayer-funded tuition for certain students to attend private schools. We believe that available resources should be dedicated to our public schools which serve over 90% of Ohio’s students and are open to all. OEA opposes the voucher-related provisions in the bill.

“De-Regulation” for High Performing Districts

Sec. 3302.16 of the bill would exempt “high-performing” school districts from a number of regulations. They include teacher qualifications under the third grade reading guarantee, class size, service agreements with ESCs and requirements to hire licensed teachers. The bill would also allow these districts to apply for a waiver of other unspecified rules or standards. There is certainly merit in identifying regulations that may be unnecessarily burdensome to districts or barriers to helping students. However, it is important to draw clear distinctions between “regulations” and measures put in place to protect students and help ensure success.

OEA is opposed to the provision to expand the ability of certain districts to hire unlicensed teachers for up to 40 hours a week. Every student deserves a well-prepared teacher. Licensure sets an entry-level threshold and there are multiple ways in which a teaching license may be obtained including alternative licensure programs. Allowing certain districts to circumvent these standards is unwarranted. It makes no more sense to allow high-performing districts to hire unlicensed teachers than it would for highly rated hospitals to hire unlicensed medical professionals or highly regarded law firms to hire unlicensed lawyers. Additionally, regulations that limit class size are very helpful in allowing teachers to give students individual attention. Further, the proposal that would allow the state superintendent to grant waivers of unspecified rules or standards to districts on a case-by-case basis is overly broad. OEA asks that these portions of the section (Sec. 3302.16 (D) (2), (E) and (F)) be removed from the bill.

School Nursing and Health Services

A critical component of student success is having access to quality health services at school. Licensed school nurses play an important role and work closely with teachers and other staff members to support the health and well-being of students. OEA is concerned with a provision included in House Bill 64 that would allow school districts to enter into a contract with a hospital or licensed health care provider to provide nursing services. The language in the bill states that, at a minimum, these contracted individuals should possess a license “that is equivalent to” that of a registered nurse or licensed practical nurse. Because of the specialized training and licensure requirements of a school nurse, OEA believes that the role of contracted individuals should only be to support and not replace the job functions of the licensed school nurse.

School Counselor Standards

OEA believes school counselors play a vital role in the education of students. OEA supports the requirement in House Bill 64 for the Educator Standards Board to develop standards for school counselors that align with the American School Counselor Association’s professional standards, and are in keeping with the core elements of an effective school counseling program. In the development of an evaluation framework for school counselors, we urge the Ohio Department of Education to work with organizations that represent school counselors.

This concludes my testimony. OEA looks forward to working with you on making improvements to House Bill 64. I am available to answer any questions you may have.