



**THE BUCKEYE INSTITUTE**

**Interested Party Testimony Submitted to the Ohio  
House Education and Career Readiness Committee on  
House Bill 200**

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Thank you, Chairman Brenner, Vice Chair Slaby, Ranking Member Fedor, and members of the Committee for the opportunity to testify today regarding the Opportunity Scholarship. My name is Greg R. Lawson, and I am the Research Fellow at The Buckeye Institute for Public Policy Solutions here in Columbus.

The Buckeye Institute has long been a champion of school choice. In the early days of the Cleveland Scholarship and the dawn of Ohio charter schools, we defended the right of every parent to seek and provide the education best suited to their children. So we take great pride in Ohio's national leadership in the school choice movement.

The "Opportunity Scholarships" in House Bill 200 will join with other Ohio programs to give families even more education options and opportunities. House Bill 200 will continue to shift the balance of power in education from a bureaucratic establishment to its rightful place—parents.

Despite the exceptional resources devoted to schools and education over the last few decades, we have yet to see academic gains commensurate with those investments. At least one reason we seem unable to reap significant gains lies in our failure to adapt to the changing realities of our new century. Our education model remains stuck in the post-Industrial Age of 20<sup>th</sup> century mass production while our children—the supposed beneficiaries of that model—live and think in the increasingly made-to-order 21<sup>st</sup>.

Today our children watch videos "on demand"—choosing not only the movie they want to watch, but when and where and how they want to watch it. They expect customized service—on demand—and they get it, in practically every facet of lives except their education. In the name of modernity and progress, schools today offer digital gadgets—iPads, Smartboards, and Chromebooks—but the education they provide is far from personal, customized, or individually tailored to meet the specific needs of specific students. Education continues to be delivered *en masse* rather than on demand, as if learning is somehow impervious to customization.

Part of the problem still lies with education's bureaucratic entrenchment. And part of the solution remains school choice—the critical process of tearing down the bureaucratic silos of our beleaguered education system.

House Bill 200 and the “Opportunity Scholarship” combine the current EdChoice voucher, the EdChoice income eligible expansion, and the Cleveland Scholarship, and streamline the structure of these programs to simplify the application process and expand the pool of eligibly children.

Currently, eligibility for EdChoice scholarships is based upon a “failing schools” model. This relatively rare structure for voucher programs allows for too much gamesmanship and includes “safe harbor” provisions that have rendered hundreds of otherwise eligible schools ineligible for the program. And even though the EdChoice expansion scholarship is income-based, its low eligibility threshold restricts its impact. Consequently, thousands of students miss out on significant EdChoice options. By shifting to a single-income eligibility model that allows for scholarships up to 400% of the federal poverty guidelines, House Bill 200 will provide more students with more options.

In addition to improvements afforded by the “Opportunity Scholarship,” House Bill 200 also includes education savings accounts—or ESAs. This innovative school choice feature significantly expands learning options for families. As The Buckeye Institute recently explained, ESAs begin to realign the education paradigm toward meeting “consumer” interests, namely, parents, children, and taxpayers. By creating a more responsive education system, ESAs give families the purchasing power to create a customized education for their children, empowering them to order from an à la carte menu of education services, instead of suffering the one-size-fits-all model of education currently provided by their government-assigned local public school. I have attached a copy of our report to my testimony for your convenience.

The additional flexibility offered by ESAs distinguishes them from traditional voucher models, making them more like Ohio's Special Needs and Jon Peterson scholarships. ESAs allow parents to purchase textbooks, hire tutors, enroll students in online classes,

pay private school tuition, and even save money for college. Not surprisingly, in states that have already implemented ESA programs, parents have expressed their approval.

In 2011, Arizona became the first state to offer education savings accounts, and currently extends that option to children with special needs; children in active duty military families; children of fallen soldiers; children in underperforming schools; children on tribal lands; children entering kindergarten; and siblings of ESA-eligible students. Two months ago, Arizona expanded her program yet again to include more prospective students. Building on Arizona's groundbreaking efforts, Nevada created a universal ESA option in 2015 for all K-12 students. Since then, Florida, Tennessee, and Mississippi have established ESA opportunities, and many other states are now actively considering proposals to provide or expand ESA options for their families.

We are encouraged to see Ohio joining the ranks of these school choice sister states. House Bill 200 and the "Opportunity Scholarships" will continue Ohio's progress in empowering parents and students to pursue an education tailored to their individual needs and dreams.

Thank you for your time and attention today. I would be happy to answer any questions that the Committee may have.



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**Education Savings Accounts:  
Expanding Education Options for Ohio**

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By  
Lindsey Burke and Greg R. Lawson

May 31, 2017

## Introduction

Ohio is a national leader in providing parents a wide range of school choice options, including charter schools, multiple education scholarships, and vouchers. Such mechanisms offer families additional education options, but more can be done to further empower parental choice in education. By offering more robust school choice options, Ohio can shift the balance of power from the public education establishment to parents. Giving families education choices will apply the competitive pressure needed to improve education for all students – including those who choose to attend traditional public schools.

Education Savings Accounts (ESA) represent the next wave of school choice and have been embraced across the country. ESAs are specialized accounts administered by the state on behalf of parents and may only be spent on certain educational products or services. ESAs empower parents to customize their child’s education by giving them control over how to spend the state-paid share of their child’s education funding. ESAs also provide incentives for parents to find the best education options at competitive prices.

Several states have already implemented ESAs for families. In 2011, Arizona became the first state to offer an ESA, and currently extends that option to children with special needs; children in active duty military families; children of fallen soldiers; children in underperforming schools; children on tribal lands; children entering kindergarten; and siblings of ESA-eligible students. Following Arizona’s lead, Nevada created a universal ESA option in 2015 for all K-12 students, which is currently subject to legislative debate regarding the program’s exact funding mechanism. In April of 2017, Arizona expanded her program yet again to include more prospective students. Florida, Tennessee, and Mississippi also established ESA opportunities recently, and many other states are now actively considering proposals to provide or expand ESA options for their families.

Ohio should embrace the burgeoning ESA initiative and allow families to exercise free choice in meeting the unique learning needs of every student. Parents should be free to fund their child’s education through an ESA and contract with education providers of their choice. Parents should then be able to roll over unused ESA funds from one school year to the next, with those funds at the end of a student’s last year of high school remaining accessible to help pay for college-related expenses. Funds for students choosing not to enroll in college would then revert back to the state. Creating ESA funding options for a more customized education would move Ohio away from funding the bureaucratic education “system” and would allow funding to flow more freely to families and students. Instead of simply continuing to increase the amount Ohio spends on education, state policymakers could better serve families by empowering them to decide *how and where* their education tax dollars are spent.

## Benefits of an ESA option

Dr. Matthew Ladner, who has written extensively about education savings accounts, notes that “American schools suffer under a system of local government-run monopolies dominated by

producer interests.”<sup>1</sup> ESAs flip that paradigm toward a system inclined to meet “consumer” interests, namely, parents, children, and taxpayers. In addition to creating a more responsive education system, ESAs give families the purchasing power to create a customized education for their children, empowering them to order from an à la carte menu of education services, instead of suffering the one-size-fits-all model of education provided by their government-assigned local public school.

The additional flexibility offered by ESAs (distinguishing them from traditional voucher models) that allows parents to purchase textbooks, hire tutors, enroll students in online classes, pay private school tuition, or save money for college makes ESAs an attractive option – and parents have expressed their approval. More than 70 percent of survey respondents in Arizona’s education savings account program, for example, reported being “very satisfied” with their children’s educational experience.<sup>2</sup> Similarly, parents of students in the DC Opportunity Scholarship Program were more satisfied with their children’s schools than were parents of children in the control group.<sup>3</sup>

The benefits of ESAs and other school choice initiatives, however, are not limited to the participating families. A recent report from the Fordham Institute echoed numerous academic findings revealing how school choice programs like vouchers have positively affected nearby public schools.<sup>4</sup> Similarly, researchers Cassandra Hart and David Figlio examined whether the test scores of students in Florida public schools that risked losing students to private schools through a tax credit scholarship program improved relative to students in public schools that were less affected by the scholarship program. “We find that they do,” concluded Hart and Figlio, “and that this improvement occurs before any students have actually used a scholarship to switch schools. In other words, it occurs from the threat of competition alone.”<sup>5</sup> Similar studies revealed that students in the Milwaukee public school system were “performing at somewhat higher levels as a result of competitive pressure from the school voucher program.”<sup>6</sup>

## The First Movers

Arizona pioneered education savings accounts in 2011 by providing eligible families with *Empowerment Scholarship Accounts*. In 2014, Florida followed Arizona’s lead, becoming the second state to establish ESAs through its Personal Learning Scholarship Account program (now known as Gardiner Scholarships). Other states soon followed.

<sup>1</sup> Matthew Ladner, Ph.D., *The Way of the Future: Education Savings Accounts for Full Parental Choice*, Friedman Foundation for Educational Choice, October 2012.

<sup>2</sup> Jonathan Butcher and Jason Bedrick, *Schooling Satisfaction: Arizona Parents’ Opinions on Using Education Savings Accounts*, Friedman Foundation for Educational Choice, October 2013.

<sup>3</sup> Patrick Wolf et al., *Evaluation of the DC Opportunity Scholarship Program*, U.S. Department of Education, June 2010.

<sup>4</sup> David Figlio and Krzysztof Karbownik, *Evaluation of Ohio’s EdChoice Scholarship Program: Selection, Competition, and Performance Effects*, Thomas B. Fordham Institute, July 2016, accessed July 8, 2016.

<sup>5</sup> Cassandra M. D. Hart and David Figlio, “Does Competition Improve Public Schools?,” *Education Next*, Vol. 11, No. 1 (Winter 2011).

<sup>6</sup> Patrick Wolf, *Comprehensive Longitudinal Evaluation of the Milwaukee Parental Choice Program*, Department of Education Reform at the University of Arkansas, February 2012.

***Arizona’s Empowerment Scholarship Accounts.*** In 2011, Arizona created “Empowerment Scholarship Accounts” for children with special needs. When first introduced, these ESAs allowed parents of children with special needs to withdraw their children from their assigned public school and receive 90 percent of the amount that the state would have spent on the child in that school. A year later, Arizona expanded this program and authorized ESAs for children of active duty military parents, children adopted from the state’s foster care system, and children in underperforming schools rated “D” or “F” by the Arizona Department of Education. On April 6, 2017, Arizona Governor Doug Ducey signed legislation expanding the state’s ESA program even further so that up to an additional 5,500 students each year are now eligible to receive ESA funds.<sup>7</sup>

The ESA funds are deposited into a parent-managed, restricted-use account, accessed with a debit card. Eligible families may use those funds to pay for a variety of education-related services and products, including private schools of their choice. Arizona allows parents to spend their ESA funds “on a single method – like private school tuition – or they can employ a customized strategy using multiple methods.”<sup>8</sup> Parents can choose from a broad menu of education options offered by public and private providers, such as private school tuition, online learning, special education therapies, textbooks, curricula, and other education-related expenses. Notably, parents can roll-over unused ESA funds from year-to-year, and can even roll unused funds into college savings accounts. The ability to save unspent ESA funds creates an incentive for parents to seek the highest quality service providers for the best price.<sup>9</sup>

Arizona’s ESA option includes appropriate accountability measures to ensure that taxpayer dollars are not used for non-education-related purposes. Parents must collect receipts from education service providers, and the state’s Department of Education may audit an ESA account if the Department suspects that funds have been misused. The Arizona Department of Treasury disperses ESA funds to parents on a quarterly basis and families cannot receive the next quarter’s distribution before providing receipts to the state for the prior quarter’s expenses. Finally, as education researcher Matthew Ladner has noted, “[t]echnology employed by programs such as Health Savings Accounts and the Food Stamps program prevents use of the accounts for non-educational purposes. The Food Stamps program, which also uses a debit card technology, will not allow you to buy poker chips with Food Stamp funds. Likewise, the [Arizona] ESA program will not allow an account holder to use funds for non-educational purposes.”<sup>10</sup>

Arizona’s ESA option also includes parent-centered academic accountability measures. To participate in the Empowerment Scholarship Account program, for example, parents must agree to provide instruction to their child (through any number of education service providers) in reading, grammar, social studies, math, and science.

<sup>7</sup> Arizona’s new law caps the ESA enrollment at 30,000 students by 2022. Yvonne Wingett Sanchez, Rob O’Dell and Alia Beard Rau, “**Gov. Ducey Signs Expansion of Arizona’s School-Voucher Program,**” *The Arizona Republic*, April 7, 2017.

<sup>8</sup> Matthew Ladner, Ph.D., *The Way of the Future: Education Savings Accounts for Full Parental Choice*, Friedman Foundation for Educational Choice, October 2012.

<sup>9</sup> Matthew Ladner, “**Where the School Choice Movement Should Go From Here,**” *RedefinED*, May 21, 2012.

<sup>10</sup> Matthew Ladner, Ph.D., *The Way of the Future: Education Savings Accounts for Full Parental Choice*, Friedman Foundation for Educational Choice, October 2012.

Since its inception in 2011, enrollment in Arizona’s ESA option has grown substantially. The program began with the parents of 150 children with special needs using ESAs to tailor their children’s education. The following year, some 400 children with special needs enrolled. Approximately 700 students took advantage of the ESA option in 2013, with roughly 1,300 students using ESAs in 2014. By the 2015-16 school year, over 2,400 students were enrolled in Arizona’s ESA.<sup>11</sup>

***Florida’s Gardiner Scholarships.*** In 2014, Florida became the second state to establish education savings accounts. Florida’s Personal Learning Scholarship Accounts – now called Gardiner Scholarships – offer education savings accounts for children with special needs who meet the eligibility criteria. Gardiner Scholarships are limited to children in kindergarten through grade 12 with autism, cerebral palsy, Down Syndrome, Prader-Willi Syndrome, intellectual disabilities, spina bifida, and Williams Syndrome. Parents using Gardiner Scholarships must annually affirm with Florida’s Agency for Persons with Disabilities that their child is enrolled in a school or program complying with the student’s Individual Learning Services Plan (ILSP), and they must agree to use Scholarship funds only for education-related purposes outlined in the student’s ILSP, and provide appropriate assessments to demonstrate the student’s educational progress.<sup>12</sup>

Parents may use Scholarship funds to pay for a wide variety of educational products and services, including: K-12 private school tuition, assistive technologies, educational consultants, specialized services (such as Applied Behavior Analysis), approved health care providers, curricula, instructional materials, digital devices, speech-language pathologists, occupational therapy services, physical therapies, private tutoring, online education courses, contracted courses through Florida public schools, norm-referenced achievement tests, Advanced Placement test fees, and industry certification examinations. As with Arizona’s program, Florida allows parents to contribute their Gardiner Scholarship funds to Florida’s prepaid college program. Parents may also use the Scholarship to pay for postsecondary expenses at institutions including the universities in the Florida College System, a state university, a school district technical center, adult general education centers, and private colleges.

During the 2014-15 school year, the first year for the state’s Gardiner Scholarships, policymakers authorized a budget of \$18.4 million, which helped families of approximately 1,500 students with special needs finance learning options that met the unique needs of their children.<sup>13</sup>

***ESAs in Mississippi, Tennessee, and Nevada.*** Several more states began ESA options in 2015. Tennessee<sup>14</sup> and Mississippi<sup>15</sup> created ESAs for children with special needs, while Nevada broke new ground by establishing nearly universal ESAs, making an estimated 96 percent of its students eligible for the program.<sup>16</sup> Unfortunately, although a Nevada court found Nevada’s ESA

<sup>11</sup> Jonathan Butcher and Lindsey Burke, *The Education Debit Card II: What Arizona Parents Purchase with Education Savings Accounts*, EdChoice, February 2016.

<sup>12</sup> *Senate Bill 1512*, accessed May 15, 2017.

<sup>13</sup> “*Basic Program Facts about the Gardiner Scholarship (PLSA)*,” StepUp for Students, accessed May 15, 2017.

<sup>14</sup> *Tennessee Individualized Education Account Program*, EdChoice, accessed May 15, 2017.

<sup>15</sup> *Mississippi-Equal Opportunity for Students with Special Needs Program*, EdChoice, accessed May 15, 2017.

<sup>16</sup> *Nevada- Education Savings Accounts*, EdChoice, accessed May 15, 2017.

program constitutional, it also found the specific funding mechanism unconstitutional. As of this writing, the debate over how to fund the program continues. Consequently, the expansive program has yet to get off the ground and data remains unavailable.<sup>17</sup>

### **An ESA Proposal for Ohio**

To enhance choice for families, infuse innovation in the K-12 sector, and ensure that education opportunities are as unique as the children they teach, Ohio should establish a universal ESA option that maximizes choice and parent-driven accountability.

***Education funding in Ohio.*** Like most states, Ohio pays for its K-12 public schools through a combination of local, state, and federal taxes. In FY 2017, the state will spend approximately \$10.5 billion on K-12 public education (including the 12.5 percent of local property taxes devoted to schools that are subsidized by state general revenues).<sup>18</sup> These funds serve roughly 1.75 million students in Ohio's elementary and secondary schools, which means that Ohio guarantees a base-funding amount of \$6,000 per pupil in FY 2017.

Significantly, however, due to the complexities of Ohio's school funding calculation, the state actually spends less than the guaranteed per-pupil funding amount in many districts because the state reduces what it sends to local districts on a per-pupil basis depending on the district's estimated capacity to raise its own funding. Consequently, how Ohio's ESAs will be funded will play a significant role in any ESA proposal.

For example, Ohio could fund an ESA program much like the state funds charter schools or various voucher programs. Under such an option, the state would deduct an amount based on the ESA student's full guaranteed funding from the total amount that the state distributes to the student's assigned school district. Thus, Ohio could make ESA parents a baseline offer of 90 percent of what the state guarantees to spend on a per-pupil basis, or \$5,400 per student. The remaining 10 percent (\$600 per participating student) could revert back to the state, as in other ESA programs, and thus save Ohio a small portion of its education spending. Alternatively, the 10 percent that parents do not receive could still be paid to the student's originally assigned school district in order to defray a portion of the district's fixed costs and allay some concerns that local districts will "lose money" under an ESA option.

An alternative ESA funding mechanism could use a similar deduction method, but instead of using the guaranteed \$6,000 as the baseline, the state would only deduct from local districts the actual amount that the district would have received from the state. Although such a mechanism might be easier to implement, it would also create less predictable ESA contributions. ESA participants in districts that contribute a greater share of student funding through local sources would receive less ESA funding from the state.

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<sup>17</sup> Jason Bedrick, *Nevada's Supreme Court: Education Savings Accounts are Constitutional, Funding Mechanism Isn't*. The Cato Institute, September 29, 2016.

<sup>18</sup> Legislative Service Commission, "**Table 2: State-Source GRF, LHGF, PLF, LPEF Expenditures, FY 1975-FY2019**," Ohio Legislative Service Commission, accessed May 15, 2017.

Under both funding options students with special needs, or those in low-income families, could still be “weighted” to provide those families with additional per-pupil funding. These weighted amounts would mirror similar per student funding that Ohio already uses to fund traditional public schools that educate special needs and low-income students.

Arizona, for example, uses a similar ESA funding formula:

$$\textit{Base Amount} + \textit{Additional Weights} = \textit{Estimated Award Amount}$$

The mechanics of Ohio’s ESA could work as follows. When a family chooses the ESA option, the program administrator – either a non-profit (as in Florida), or the state treasurer’s office (as in Nevada) – would deposit into the family’s education savings account the base amount plus any additional funds as determined by the weighting formula. ESA funds would then be dispersed quarterly after parents have submitted receipts documenting ESA expenditures on education-related services for the previous quarter. Parents should be allowed to supplement their ESA funds with additional personal revenue if they choose. ESA funding received from the state should not constitute taxable income.

***Eligible students.*** Despite current debate over a constitutional funding mechanism, Nevada has demonstrated that creating an ESA with universal eligibility is possible. Arizona recently expanded its program and, as of this writing, several other states are currently considering either implementing ESA programs for the first time or expanding existing options to make them universal. Lindsey Burke and Jason Bedrick have explained that universal eligibility is preferable for several reasons:

Universal education choice maximizes the number of families of all backgrounds who can afford to pay for private education options, and as such, fosters the introduction of new private schools and other education providers that meet the needs of all families, at a variety of price points.... This would potentially open more and higher quality options to disadvantaged students than they would have had merely from gaining more access to existing options. Moreover, universality would break the link between where children live and what school they attend, creating competition among all schools to catalyze improvements for all children.

Universality can create broad public support for an education choice initiative to increase its likelihood of long-term viability. In order to remain politically viable in the long run, government policies require the broad support of the public, and surveys consistently show that Americans favor universal choice programs over targeted ones.<sup>19</sup>

***Allowable Expenses.*** Allowable expenses for ESA funds should be far more flexible than those used in more traditional voucher programs. Most state voucher programs only allow vouchers to

<sup>19</sup> Jason Bedrick and Lindsey Burke, *Recalibrating Accountability: Education Savings Accounts as Vehicles of Choice and Innovation*, The Heritage Foundation and the Texas Public Policy Foundation, December 12, 2016.

be used to pay for tuition and fees at participating private schools. ESA funds, by contrast, can and should be available for families to fund the following:

- Tuition and fees at a participating private school
- Fees associated with taking an Advanced Placement exam or college entrance exam
- Online courses or tuition at a private online school, hybrid school, or any other form of private distance or virtual education
- Textbooks and curricula
- Individual public school classes and programs
- Tuition, fees, and textbooks at a college or university
- Community college courses
- Contributions to a college savings plan
- Costs for taking an optional nationally norm-referenced test
- “Rolling over” unused ESA funds for subsequent quarters or years
- Costs associated with managing the ESA
- Applied behavior analysis services
- Speech-language pathology services
- Occupational therapy
- Educational therapies and aides
- Physical therapy
- Private tutoring
- Special education services and therapies
- Assistive technologies
- Transportation

***Establishing a Friendly Regulatory Environment.*** To ensure maximum participation by private and religious schools, as well as other education services and product providers, state regulations on ESA participants should be kept to a minimum. Public funding typically includes a variety of regulatory restrictions and conditions imposed by the state in exchange for receiving the funds. Policymakers should make clear that those who participate in ESA programs and receive ESA funds from participating parents will not be subject to state regulatory restrictions on their curricula or other requirements that would adversely affect the autonomy of religiously affiliated schools or service providers. Unfortunately, Ohio’s voucher programs are less than perfect in this regard, but policymakers should avoid repeating similar mistakes in crafting an ESA program.<sup>20</sup> ESA funds should not come with the government’s “strings attached.”

The state should broadly describe the eligible categories of expenditures (such as those listed above), and then add providers to a “whitelist” of allowable expenses. Parents should be able, for example, to use their ESA funds to pay for specific types of special education therapies for children, language software, and various physical education options. “Blacklisting” providers outright can limit programmatic innovation and hinder parental efforts to customize an à la carte education for their children. Importantly, lawmakers should avoid requiring ESA-participating students to take a single state test as is currently required for Ohio’s voucher students. Such

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<sup>20</sup> Andrew D. Katt, *Public Rules on Private Schools*, EdChoice, May 2014.

mandates often discourage private school participation and can homogenize the ESA market. Some states have opted to have students take a nationally norm-referenced test of the student's choice in an effort to measure student achievement and demonstrate appropriate use of public dollars, but such tests should not drive curriculum and instruction practices in participating private schools.

## **Conclusion**

Ohio students deserve access to the best educational opportunities. Empowering all families to customize their children's education through ESAs builds upon the state's existing school choice options to ensure that every child has instruction more suited to their individual needs. ESAs empower parents to make and afford educational choices for their children that meet their individual needs. Under Ohio's program, families should be able to roll-over ESA funds from year-to-year, and even include them in approved college savings accounts. Such a program will provide parents and students with more meaningful education choice. Ohio must continue to build upon her solid school choice foundation by embracing flexible education savings accounts for all families.

## Appendix I: Unbalanced Scholastic Gains Despite Public Spending Increases

Ohio students have made gains in both math and reading achievement over the past decade. Unfortunately, a persistent scholastic achievement gap remains between white students and their black and Hispanic peers, despite the state's robust spending on public education. Total state and local revenues available for K-12 education since the beginning of the new century has risen substantially, climbing from \$14.3 billion in 2000 to \$20.8 billion by Fiscal Year 2014.<sup>21</sup> Per-pupil spending increased over 50 percent from 2000 to 2014, from \$7,500 per-pupil to more than \$11,300 per-pupil.<sup>22</sup> Spending per student exceeds \$15,000 in Cleveland.<sup>23</sup> And still proficiency gaps remain between affluent and poor, and white and minority students, suggesting that government spending alone is not the answer to sustained educational improvement.

The academic achievement disparity can be readily seen when looking at the scholastic proficiencies in Ohio's fourth and eighth grade students, discussed in more detail below. The National Assessment of Educational Progress (NAEP) scale, also known as the nation's "report card," provides a standard for measuring academic achievement across the country. Ten points on the NAEP's 500-point scale is equivalent to approximately one grade level of learning progress.<sup>24</sup> Based on NAEP achievement scores, black students in Ohio are roughly three grade levels behind their white peers in math and reading in fourth and eighth grade; Hispanic students are approximately a year and a half behind; and just 20 percent of poor children can read proficiently.

**Fourth grade reading.** In 2002, Ohio fourth graders' average NAEP score in reading was 222; by 2015, the average scale score had risen modestly to 225. Approximately 37 percent of Ohio fourth graders are considered proficient or better in reading according to the NAEP. Nationally, 35 percent of fourth graders are considered proficient or better in reading.<sup>25</sup>

Reading achievement gaps persist between low-income and minority students, and their non-minority and more affluent peers. In 2015, black and Hispanic fourth graders scored 25 points and 20 points lower than their white peers, respectively. Just 18 percent of black students and 25 percent of Hispanic fourth graders are considered proficient or advanced in reading according to the NAEP. Only 26 percent of children from low-income Ohio families are proficient or advanced in reading compared to 65 percent of those with higher incomes.<sup>26</sup>

**Eighth grade reading.** In 2002, the average NAEP score for Ohio eighth graders in reading was 268, but decreased to 266 by 2015. Approximately 36 percent of Ohio eighth graders score

<sup>21</sup> U.S. Census Bureau, "**Public School System Finances**," Public School System Finances, accessed May 15, 2017.

<sup>22</sup> *Ibid.*

<sup>23</sup> Patrick O'Donnell, "**Cleveland Schools' Spending Per Student Ranks High, But So Do Students' Needs**," *The Cleveland Plain Dealer*, October 29, 2012.

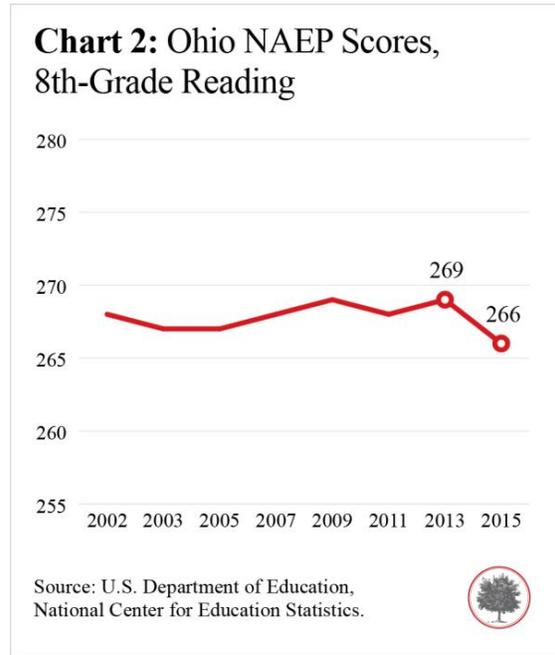
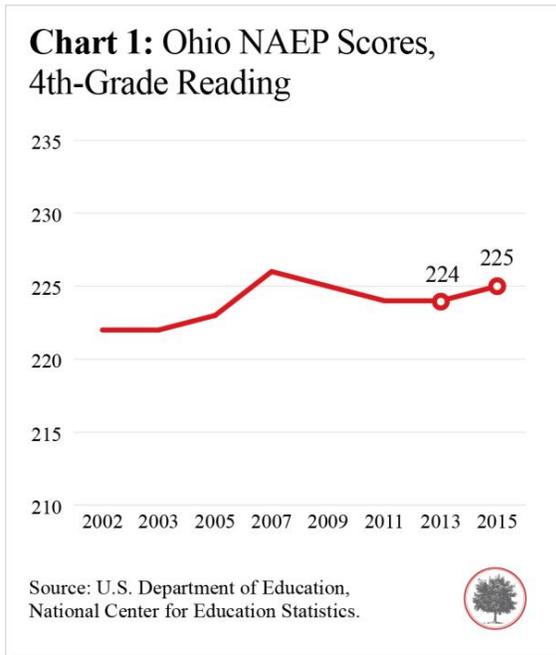
<sup>24</sup> Matthew Ladner, "**The 2011 NAEP Guide Where Not to be Reincarnated as a Poor Child**," *Jay P. Greene's Blog* (blog), November 1, 2011.

<sup>25</sup> U.S. Department of Education, "**Reading 2015 State Snapshot Report: Ohio Grade 4**," Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational Progress (NAEP), various years, 1992–2015 Reading Assessments, accessed May 15, 2017.

<sup>26</sup> *Ibid.*

proficient or better in reading. Nationally, 32 percent of eighth graders score proficient or better in reading.<sup>27</sup>

As with fourth grade reading achievement, gaps among students persist through eighth grade. Black students scored 26 points lower than white students in reading, while Hispanic students scored 16 points lower than their white peers. Only 15 percent of black students scored proficient or better in reading; while 27 percent of Hispanic eighth graders are proficient or better in reading. Among students from low-income families, just 21 percent of eighth graders are proficient or better in reading compared to 57 percent of those with higher incomes.<sup>28</sup>



**Fourth grade mathematics.** In 2000, the average NAEP score for Ohio fourth graders in mathematics was 230. By 2015, the average scale score had risen to 244. Approximately 45 percent of Ohio fourth graders are at or above proficiency in mathematics according to the NAEP. Nationally, 39 percent of fourth graders are considered proficient or better in mathematics.<sup>29</sup>

Although Ohio’s fourth graders overall made gains in mathematics performance between 2000 and 2015, achievement gaps persist between white and minority students, and between children from low-income families and their more affluent peers. On the 2015 assessment, black students

<sup>27</sup> U.S. Department of Education, “**Reading 2015 State Snapshot Report: Ohio Grade 8**,” Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational Progress (NAEP), accessed May 15, 2017.

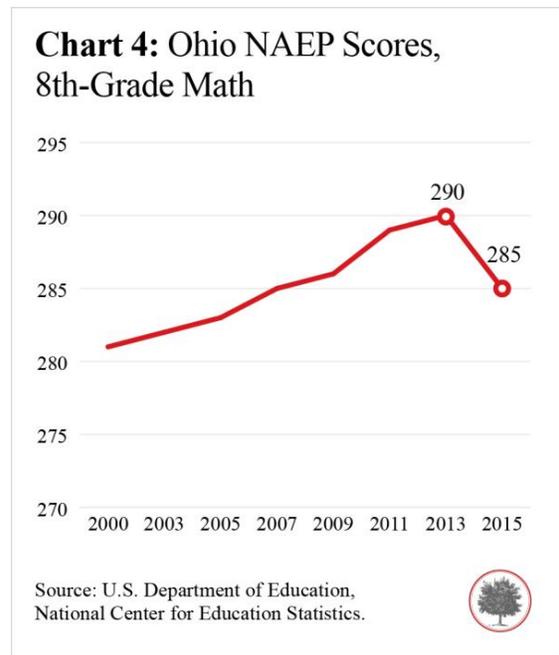
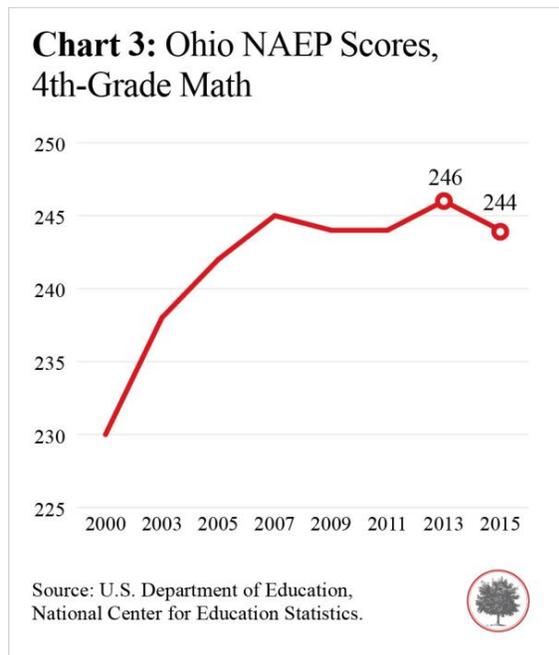
<sup>28</sup> *Ibid.*

<sup>29</sup> U.S. Department of Education, “**Mathematics 2015 State Snapshot Report: Ohio Grade 4**,” Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational Progress (NAEP), accessed May 15, 2017.

scored 29 points lower, and Hispanic students scored 13 points lower than their white peers. Just over 12 percent of black students and 37 percent of Hispanic students tested proficient or above in reading on the NAEP. Only 26 percent of Ohio fourth graders who qualify for the National School Lunch Program – a measure of poverty – are proficient in reading compared to 78 percent of those that do not qualify for the lunch program.<sup>30</sup>

***Eighth grade mathematics.*** In 2000, the average NAEP score in mathematics for Ohio eighth graders was 281; by 2013, that figure had risen to 285. Approximately 36 percent of Ohio eighth graders are considered to be at or above proficiency on the NAEP. Nationally, 32 percent of eighth graders are considered proficient or better in mathematics.<sup>31</sup>

In eighth grade, mathematics achievement gaps persist between white students and their minority peers, and between low-income students and students from more affluent families. Black students scored 32 points lower, and Hispanic students scored 25 points lower than white students in mathematics. Just 12 percent of black students and 27 percent of Hispanic students are proficient or above in mathematics in eighth grade. Just 22 percent of eighth graders from low-income families are proficient in mathematics compared to 63 percent of those with higher incomes.<sup>32</sup>



<sup>30</sup> *Ibid.*

<sup>31</sup> U.S. Department of Education, “**Mathematics 2015 State Snapshot Report: Ohio Grade 8**,” Institute of Education Sciences, National Center for Education Statistics, National Assessment of Educational Progress (NAEP), accessed May 15, 2017.

<sup>32</sup> *Ibid.*

## Appendix II: Ohio's Current School Choice Programs

Ohio has been providing families with school choice options since enacting the Cleveland Scholarship Program in 1995. Since that time, the state has added a number of successful school choice alternatives – a solid foundation for building a leading ESA program.

***Cleveland Scholarship and Tutoring Program.*** Since 1995, students in Cleveland have had access to scholarships to attend a private school of their choice or to pay for a tutoring program. Children in grades K-8 are eligible for scholarships worth up to \$4,250, and students in grades 9-12 are eligible for scholarships worth up to \$5,700. Scholarships are open to any student in the Cleveland Metropolitan School District, with priority given to children from families below 200 percent of the federal poverty line.<sup>33</sup> Families earning less than 200 percent of the federal poverty line are eligible for scholarships worth 90 percent of private school tuition; those earning above that amount are eligible for vouchers worth 75 percent of the cost of tuition. In the 2016-2017 school year there are 8,594 students participating.<sup>34</sup>

***Autism Scholarship Program.*** Since 2003, children with autism in Ohio have had access to scholarships to attend private schools of their choice. Children with autism who have an Individualized Education Plan can receive scholarships of up to \$20,000 to finance special education services. Autism scholarships are available to children and students aged 3-22 years old. In the 2016-2017 school year there 3,325 students participating.<sup>35</sup>

***Educational Choice Scholarship Program.*** Since 2005, students from low-income families assigned to a public school deemed to be in “academic emergency” or on “academic watch” for two out of the preceding three years have been eligible to use a voucher to attend a private school of their choice. Like the Cleveland Scholarship and Tutoring Program, “Ed Choice” Scholarships worth \$4,650 are available to children in grades K-8, and scholarships worth up to \$6,000 are available to students in grades 9-12. Up to 60,000 such scholarships may be offered. In the 2016-2017 school year there are 22,892 students participating.<sup>36</sup>

***Jon Peterson Special Needs Scholarship Program.*** Since 2011, parents of children with special needs have been able to receive a portion of the dollars the state otherwise would have spent on the child in the public system in order to pay for a private school of their choice. Jon Peterson funding can also be used at other public schools and with private providers of special education services. Scholarships worth up to \$20,000 are available to any child with special needs in Ohio with an Individualized Education Plan. In the 2016-2017 school year there are 4,635 students participating.<sup>37</sup>

***Income-Based Scholarship Option (EdChoice Expansion).*** Since 2013, Ohio children entering kindergarten who come from low-income families have been eligible for a scholarship on a sliding scale up to 400 percent of the federal poverty line. The scholarship is expanding by one

<sup>33</sup> “**Ohio- Cleveland Scholarship Program,**” EdChoice, accessed May 15, 2017.

<sup>34</sup> *Ibid.*

<sup>35</sup> “**Ohio- Autism Scholarship Program,**” EdChoice, accessed May 15, 2017.

<sup>36</sup> “**Ohio- Educational Choice Scholarship Program,**” EdChoice, accessed May 15, 2017.

<sup>37</sup> “**Ohio- Jon Peterson Scholarship Program,**” EdChoice, accessed May 15, 2017.

grade level each year, and students between kindergarten and 4<sup>th</sup> grade are currently eligible for a scholarship worth up to \$4,650 to attend a private school of their choice.<sup>38</sup> Prior to the Income-Based Scholarship Option, an Ohio student first had to be enrolled in a public school before becoming eligible for a scholarship. This option now allows kindergarteners to qualify for a scholarship without requiring that they first attend a public school. In the 2016-2017 school year there are 7,840 students participating.<sup>39</sup>

**Charter Schools.** Since 1997, Ohio students have also had access to public charter schools – that is, schools that are public, nonprofit, and nonsectarian that operate with an independent governing board. Charter schools have open enrollment and are tuition-free, and they receive the full state per-pupil guarantee funding.<sup>40</sup> Ohio students also have access to virtual charter schools.

**Open enrollment.** Ohio students have a limited number of intra-district and inter-district open enrollment options available, allowing them to choose among *public* schools outside of their assigned public school or school district.<sup>41</sup>

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<sup>38</sup> Ohio Department of Education, “**2017-2018 EdChoice Scholarship Program Fact Sheet**,” accessed May 15, 2017.

<sup>39</sup> “**Ohio- Income-Based Scholarship Program**,” EdChoice, accessed May 15, 2017.

<sup>40</sup> “**Ohio Charter School Fact Sheet**,” The Thomas B. Fordham Institute, August 2014.

<sup>41</sup> “**Open Enrollment**,” Ohio Department of Education, accessed May 15, 2017.

## About the Authors



As director of the Center for Education Policy, Lindsey Burke oversees the Heritage Foundation's research and policy on issues pertaining to preschool, K-12, and higher education reform. In 2013, Burke was also named the Will Skillman Fellow in Education Policy, devoting her time and research to reducing federal intervention in education at all levels and empowering families with education choice. In 2015, Burke won Heritage's prestigious W. Glenn and Rita Ricardo Campbell Award in recognition of her work fighting against national standards and tests and for expanded education choice options. She also serves as a fellow at EdChoice. Burke holds a bachelor's degree in politics from Hollins University in Roanoke, Va., and a master of teaching degree in foreign language education from the University of Virginia. She is currently pursuing a PhD in education policy and research methods at George Mason University, where she examines the intersection of education choice and institutional theory.



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By Lindsey Burke and Greg R. Lawson

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