Thank you, Chair Hite, Vice Chair Sykes, and committee members 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, we believe this is a good thing. We’d encourage the Senate to follow the governor’s lead and to focus only on the most critical adjustments needed to foster a high-performing educational system. It’s important that students, teachers, principals, and school districts be given some stability and time to adjust to past legislative enactments.

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

**School Funding**

1. Last month, Fordham released a report[[1]](#footnote-1) 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.
   1. **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.*
   2. **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 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, thereby failing 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 was not included in Governor Kasich’s budget; however, the House added in $7.9 million in unexpended funds from the initial $25 million appropriation. While we support this addition, *we believe the full $25 million from the last budget should be renewed for this cycle.* Ohio has some great charter schools, but we haven’t facilitated the growth and expansion of our high performers. In a recent 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 report[[2]](#footnote-2) 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. That’s why *we urge you to support most of the changes that the House added to HB 49 related to sponsor evaluations*. Specifically, sponsors should have the ability to review their rating and consult with ODE prior to a final rating being issued publicly, the academic accountability calculation should be reworked to weigh student growth (i.e. value-added) at 60 percent of the academic component so as not to disincentivize schools from serving low-income students, and sponsors should not automatically be deemed ineffective if they have strong academic ratings but receive low marks in compliance or best practices. Finally, while we have no objection to allowing ESCs to sponsor statewide online charter schools, *we strongly recommend that the language added in the House that essentially exempts the online school from the sponsor’s academic performance calculation be removed.*

**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. **EdChoice, failing schools model, voucher.** The EdChoice Scholarship with eligibility based upon public school performance has stagnated of late because of the state’s safe harbor provisions. *We believe that the better policy option would be to shift the entire program away from public school performance, which creates conflict/tension, and toward income-based eligibility*. As stated already, low-income students are most limited in their educational options.
3. **EdChoice safe harbor language.** It’s estimated that students at more than 860 schools—almost four times as many as now—would be eligible for EdChoice were safe harbor not in place. If a shift isn’t made to income-based eligibility, *we recommend removing safe harbor provisions and giving these families the educational options they deserve*. Safe harbor, in this situation, appears to be placing the interests of traditional school districts above that of students.

**General Education Provisions**

1. **Graduation requirements.** The class of 2018 will the first group of Ohio students subject to passing end of course exams rather than the Ohio Graduation Test in order to receive a high school diploma. Early estimates suggest that graduation rates may decline, but these are only early estimates. Far more data will be available after spring assessment results are calculated. While we acknowledge that providing for some transition for this year’s seniors might be necessary, the recommendations put forward by the State Board of Education would essentially make the high school diploma a participation trophy. The added components are relatively easy to achieve (e.g. work 100 hours and achieve a 2.5 senior year G.P.A.) and students would only need to meet two of eight measures. *We recommend that more data be gathered before backing away from the more rigorous graduation requirements. If you do decide to act now, the additional options should be time limited and only be granted for meaningful things like work/internship and technical certificates.* While Ohio can lower its standard for graduation in an effort to aid students, it can’t force colleges, employers, and the military to accept students who aren’t prepared for life after high school.
2. **Graduation rate calculation.** While graduation rate is a standard, generally accepted measure, *Ohio should calculate graduation rates in another manner.* The current practice is flawed and subject to gaming. It 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. **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.*
4. **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 support language requiring students to 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.
5. **Long-term education outcomes*.*** *Ohio should take steps to enable the measurement of long-term education outcomes—things other than state test scores—like post-secondary credentials, college completion, and career success*. Some states have already started down this path. It would provide valuable information that could be used to find effective career and technical programs and give communities important measures of achievement beyond simple math and reading scores.

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

1. <https://edexcellence.net/articles/report-foreword-a-formula-that-works> [↑](#footnote-ref-1)
2. <https://www.charterschoolcenter.org/publication/analysis-charter-school-facility-landscape-ohio> [↑](#footnote-ref-2)