

Chairman Oelslager, Vice Chair Scherer, Ranking Minority Member Cera and distinguished members of the House Finance Committee, thank you for the opportunity to provide testimony. My name is Steve McAfee and I am the Treasurer of Logan Elm Local Schools in Pickaway County. I also serve on the Cupp-Patterson 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 most recent State Funding Payment Report, Ohio's total Average Daily Membership (or ADM) last year was 1,694,219. 83,169 or 4.9% of those students attended a traditional public school district other than their district of residence through open enrollment. 106,214 or 6.3% attended a brick & mortar or digital community school. And 39,638 or 2.3% 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. I'll start with open enrollment.

Open Enrollment

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 exercised care to create a formula that does not significantly change that incentive. And early simulations showed 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. An analysis done by the Legislative Service Commission concluded 89% of districts' state aid would be within +/- 2% when comparing simulations with direct funding of open enrollment students to those using a pass-through methodology.

We anticipate open enrollment participation would continue near the 4.9% we see today if Sub. HB 305 were to be enacted. And honestly that kind of neutral impact is our intent for all school choice programs. Our charge was to provide recommendations to improve Ohio's funding formula for traditional schools. We did not convene to evaluate school choice programs from a policy standpoint or affect participation levels.

Community Schools

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 methodology pits community schools and traditional public schools against one another as it seems we're fighting over dollars. Another community schools advocate we met with that was in favor of direct funding was 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. Let me be clear, I do not speak on their behalf nor am I suggesting they endorse H.B. 305 in its entirety. This legislative process affords them their own opportunity to speak their views. But I do think they put it best when it comes to direct funding in a policy proposal published 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."

Sub. HB 305 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 by authorizing the Ohio Department of Education to study the matter.

Until that study is complete and a new funding formula for community schools is enacted, Sub. HB 305 provides an interim formula using the Fair School

Funding Formula's new base cost calculation as the model. It calculates for each school, its own per pupil Direct Classroom Instruction cost, using the same components and teacher cost data as traditional schools except there would be no minimums that would otherwise skew the results for schools with relatively small enrollment. It also provides for each school the same statewide average per pupil amounts for the other three components of the traditional schools' formula: Instructional & Student Supports (minus athletic co-curricular costs), School Leadership and Operations, and District Leadership & Accountability at 90%. Total statewide average per pupil funding to community schools would be approximately \$6,795 compared to the traditional school average of \$7,195 per pupil.

I share the excitement surrounding Sub. HB 305 as both a member of the School Funding Workgroup and 21-year school treasurer. I 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.