



Thank you, Chair Dolan, Vice Chair Gavarone, Ranking Member Sykes, and Senate Finance Committee members for giving me the opportunity today to provide interested party testimony on this year’s biennial budget bill—House Bill 110.

My name is Chad Aldis, and I am the Vice President for Ohio Policy 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 usual, this year’s budget contains a mix of policy and more traditional budgetary changes. My remarks today will highlight a couple of policy concerns we have. Before digging into those, I’ll offer a few brief thoughts on the proposed new school funding formula.

**School Funding Changes**

Fordham has long argued for some of the key components of the House’s school funding formula. This includes ending caps and guarantees, direct funding school choice programs, and—most importantly—funding schools via a functioning formula. We commend the House on its work to develop its funding plan. That being said, we continue to have a few concerns.

First, proponents of HB 110 espouse ending guarantees but actually codify three separate guarantees. Guarantees subvert a properly functioning formula. Second, tying the base cost to 2018 salaries keeps the costs artificially “lower” now, but this decision will put tremendous pressure on future general assemblies to significantly boost spending as we get further and further away from 2018. Complicating matters, the more districts independently decide to increase salaries, the higher the average salary climbs and the more state dollars they’ll generate. Finally, as the table below indicates, while the House concluded that the state needs to spend an additional \$1.8 billion on education, it didn’t really make much of a down payment on those costs. Relative to the Governor’s plan, the House raises state education funding by roughly \$100 million in FY 2022 and \$230 million in FY 2023. Most of those dollars go into transportation rather than into the classroom.

**An overview of state education funding, current and proposed (in billions)**

	FY21	Governor - FY22	House - FY22	Governor - FY23	House - FY23
Foundation funding†	\$7.92	\$8.03	\$ 7.96	\$ 8.03	\$8.06
SWSF	\$0.40	\$0.50	\$0.50*	\$0.60	\$0.60*
Transportation	\$0.52	\$0.53	\$0.70	\$0.53	\$0.73
<b>State funding**</b>	<b>\$8.84 billion</b>	<b>\$9.06 billion</b>	<b>\$9.16 billion</b>	<b>\$9.16 billion</b>	<b>\$9.39 billion</b>

*\*In the House plan, the Student Wellness and Success Funds remain a standalone line item, but are used to fund an increase in the economically-disadvantaged component of the funding formula and the SEL portion of the base cost model. \*\*This excludes federal and local dollars, various smaller state expenditures (e.g., educator licensing and assessments), and money for K–12 education not funded via ODE budget (e.g., school construction dollars and*

property tax reimbursements). † This includes the additional \$115 million that was included in the omnibus amendment to the House budget.

This creates considerable uncertainty about how this funding model can be sustained over the long run.

### **Education Policy Changes**

- **Quality community school support fund.** Two years ago, Ohio adopted this first-of-its-kind program that provides additional funding of up to \$1,750 for economically disadvantaged students attending high-performing charter schools. These supplemental funds help to narrow chronic funding gaps, build the capacity of successful schools to serve more kids, and incentivize continued improvement in charter school performance. As more schools qualified in year two, the per-pupil funding amounts dropped to just over \$1,000 per pupil. Governor DeWine increased the program appropriation to \$54 million per year in the executive budget. We urge you to fully fund this important initiative either by restoring the funds that the governor appropriated or making it a permanent part of the charter school funding framework.
- **Broader charter school changes.** Thanks to the leadership of this body and the charter school community, students attending brick and mortar charter schools in Ohio now [academically outperform](#) similar students attending traditional public schools. The quality community school support fund is a good start to ensuring that our state's best charter schools have the ability to grow and provide more opportunities to students. Some other changes that we'd recommend include increasing the facility funding for charter schools to \$750 per pupil (from \$250). A [recent study found](#) that Ohio was only meeting 18 percent of the facility needs faced by charter schools. The result is that dollars meant for teaching and learning must be rerouted to pay for buildings. Making it easier for charters to access both unused district facilities and favorable financing rates would also help address the issue. Given the improvements in the sector, we also recommend that the geographic limitations on where charter schools are allowed to open be lifted. Finally, we urge you to reject House changes that would roll back charter school accountability by resetting the default closure rule for poorly performing charter schools and putting the 72-hour rule on hold for next school year.
- **Graduation requirements.** After many years of debate, the legislature passed new less test-focused graduation requirements last year. HB 110 makes a number of clarifying changes to the graduation requirements and most are okay, but the changes around graduation seals would be a huge setback. Seals were created to supplement the existing diploma requirements and allow students to show mastery or deeper engagement in specific areas. The bill modifies the citizenship and science seals to give them to any student who simply passes a class in the subject area with a B or better. Currently, a student needs to pass an EOC, AP, or IB exam (or pass a College Credit Plus course) to demonstrate a deeper learning of government or science. By awarding a seal for passing required classes, HB 110 would eviscerate any potential benefit seals were supposed to have. It would be preferable to simply eliminate the seals requirement and the accompanying bureaucracy altogether than to make them meaningless.

- **ACT/SAT requirement for juniors.** HB 110 eliminates the universal administration of the ACT or SAT to all high school juniors. Starting with the class of 2018, current law ensures that all young people have at least one opportunity to take these exams. Before this requirement, only 16 percent of Lorain students took the ACT or SAT. In Lima, it was a mere 36 percent. How many students who skipped these tests could've gone on to earn post-secondary credentials and degrees? This isn't about accountability. It's about opening doors to our most disadvantaged students. Taking the ACT or SAT exams should be retained as a requirement for all juniors.
- **Report card reform.** We urge you to add Senate Bill 145, Chair Brenner's comprehensive retooling of Ohio's state report card, into HB 110. The bill incorporates the work of a diverse group of stakeholders into a well-vetted plan that would result in a report card that supports equity, fairness, transparency, and accuracy. It would be a huge step forward. While I'm generally reluctant to add such proposals to the state budget, time is critical in this case. To be fair to schools and districts, if report cards are going to be reformed, it needs to be done before this body breaks for the summer. When school starts in the fall, expectations must be clear.

Thank you for the opportunity to provide testimony. I'm happy to answer any questions that you may have.