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## Senate Finance Committee

### Testimony on House Bill 110

**Lisa A. Gray, President, Ohio Excels**  
**May 17, 2021**

Chair Dolan, Vice Chair Gavarone, Ranking Member Sykes, and members of the Senate Finance Committee, thank you for the opportunity to provide testimony on House Bill 110 (HB 110). My name is Lisa Gray, and I am the President of Ohio Excels.

Ohio Excels is a non-partisan, non-profit organization created by leaders of Ohio's business community to more consistently and deeply engage the business community in helping to improve educational outcomes for all Ohio students. Our focus on education includes early childhood, K-12, and postsecondary. And, as part of that, we are committed to working with the broader business community, policymakers, educators, and other community leaders to support our students, educators, and schools.

Today, I would like to address the school funding plan within HB 110 and highlight a few other K-12 education proposals that are of interest to our board as well as the Ohio Business Roundtable, NFIB Ohio, and the Ohio Manufacturers' Association.

#### K-12 School Funding

Ohio Excels, with our Board, has established several ideal school funding principles and policy outcomes for Ohio's school funding formula. I've attached these principles and policy outcomes to my testimony for your review.

In general, we believe that our funding system must provide sufficient state funding to ensure that the educational needs of Ohio's diverse student population are met within a framework that can be adjusted to accommodate the economic realities of the state. We also believe that the formula should provide differentiated funding to account for the costs associated with various special types of student needs and that the formula ensures students with similar needs are funded at similar levels, regardless of what public school they attend.

The plan in HB 110 aligns to our board's principles in a few ways:

### Weighted Student Funding

**We support the move to multipliers or "weights,"** rather than flat dollar supplements for students with special learning needs such as economically disadvantaged, special education, and English learners. This will ensure that funding for high-need students automatically scales in proportion to any changes made to the amount of money that is dedicated to a general education student.

### Direct Student Funding for Choice Options

Ohio Excels has long supported equitable funding for students enrolled in all public schools – regardless of how they're governed. **We applaud HB 110 for proposing that state funds be sent directly to charter schools, STEM schools, and private schools** rather than passing through the local school district. We believe this direct funding will alleviate some of the friction between these different school sectors.

However, the school funding proposal in HB 110 does leave us with some questions and concerns:

### Overall Cost

**Ohio Excels is concerned that the cost of several elements in the proposed formula remain unknown or may significantly increase the cost long term.** A recent change tied educator salaries to Fiscal Year 2018 levels until Fiscal Year 2028. This helps mitigate cost increases in the short term. However, this creates a potential fiscal cliff in 2028 when the base cost will increase each year because of statewide salary averages. Furthermore, the cost studies for student weights, such as economically disadvantaged students, will not be completed until after this budget process is finished. While the formula may include placeholders, the long-term phase-in cost is unknown and could grow significantly based on the results of these studies. This could set up funding challenges for future General Assemblies and potentially open up the state to litigation.

### Student Wellness & Success Funding

We believe the state needs to take a holistic look at all of the investments made in the budget directed to the needs of students and families so it can better align and maximize the effectiveness of these resources. The education funding formula should not be the only source of support for students' social and emotional wellbeing. This is why Ohio Excels supports Governor DeWine's proposal to continue and expand resources for student wraparound services through the Student Wellness and Success funding. The As-Introduced version of the budget increases the funding for Student Wellness and Success – which was outside the school funding formula – from \$675 million to \$1.1 billion over the biennium. By keeping these funds outside of the funding formula, it helps ensure that all of these funds are being used to support the critical and growing non-academic needs of Ohio's students. Unfortunately, the House chose to move these resources into the school funding formula. This means there may be hundreds of millions of dollars diverted away from non-academic supports and less transparency in how those funds are used. We strongly oppose this change. **Ohio Excels urges the Senate to restore Student Wellness and Success funding to the As-Introduced version of the budget, including putting it into permanent law.**

### Funding Source

Ohio Excels certainly believes that education is one of the most important investments that our state makes toward the public good. However, given the economic toll the pandemic has taken – and likely will continue to take – on the state's economy, we must ensure that additional funding for the formula does not disrupt Ohio's economic growth and recovery. **We would not support any tax increases as Ohio's economy works to recover from the pandemic.**

### Quality Charter School Support Funding

Ohio Excels believes all students have a right to be in a high-quality school, whether that's a traditional public school or a public charter school. We have seen many outstanding charter schools working with low-income students and achieving great results. The As-Introduced version of the budget fully funded Quality Charter School Support at \$54

million in each fiscal year and transitioned the funding to the General Revenue Fund (GRF) – both important moves. Ohio Excels strongly supported this proposal. It will allow high-performing charter schools in Ohio to potentially expand and replicate, and it will help attract high-quality charter providers from other states to Ohio. This funding would help – but does not solve – the funding disparities between public charters and their district peers. However, the House’s budget funds the program at \$30 million in each fiscal year. This means that high-performing schools that would otherwise receive \$1,750 per student will receive just \$1,023 instead. **We strongly support Quality Charter School Support Funding and encourage the Senate to fully fund it with \$54 million each year using GRF. We also recommend increasing the facility funding for charter and STEM schools from \$250 to \$750 per pupil.** A new report by Excel in Ed found that Ohio’s current funding was only meeting [18 percent of charter schools’ facility needs](#). Facilities funding is a unique cost for these schools, and fully covering that cost will allow more funds to go toward classroom instruction and student supports.

### Funding Oversight Commission

The House version of the budget creates a School Funding Oversight Commission, which is charged with overseeing the implementation of the new formula and recommending appropriation adjustments. While it is a good idea to closely watch the implementation of the formula and identify improvements, this should be the role of elected state policymakers. Only four of the 19 members of the commission are Representatives or Senators. **We recommend that the budget charge the standing committees on primary and secondary education to provide oversight of the funding formula’s implementation.**

### Return on Investment

As we debate changes to the school funding system, it is important to also consider how these investments will improve the academic outcomes for Ohio’s students. We are not proposing specific improvement metrics tied to the increases in funding, but we strongly believe that the state must continue to measure and report student outcomes and maintain a robust and transparent accountability system. While not currently in the budget, **Ohio Excels strongly supports the improvements to the state’s report card for districts and schools found in Senate Bill 145.** Developed by a coalition of educators, student advocates, business leaders, and other stakeholders, we believe that Senate Bill 145 creates a more accurate and fair report card that maintains transparency and accountability for all students and for our tax dollars.

## Other K-12 Education Provisions

Outside of school funding, Ohio Excels has been closely watching a number of K-12 education proposals.

### High School Graduation Requirements

The budget makes some necessary changes to high school graduation requirements to account for the special circumstances related to students with disabilities and students transferring from another state or certain private schools. **However, we are strongly opposed to changes to the Citizenship and Science seals** that allow students to use regular high school courses in lieu of state test results to show mastery in those subjects. There are already non-test options for those seals, and it is critical that we give our long-term graduation requirements a chance to be implemented and work.

### FAFSA Completion

Ohio Excels wants higher education – two and four-year degrees as well as technical programs and industry credentials – to be affordable and accessible to more Ohioans. The first step in that effort is making sure that more students fill out the Free Application for Federal Student Aid (FAFSA). Ohio Excels supported the Governor’s move to make completing the FAFSA a new high school graduation requirement. We also think it was appropriate to allow parents to opt-out of the requirement if they wish. By changing the FAFSA to an opt-out rather than opt-in for students, it will significantly increase the number of students aware that they qualify for financial support. Ohioans leave approximately \$87 million on the table in Pell grants each year simply because they don’t fill out the FAFSA. While this requirement was removed by the House, **we encourage the Senate to add it back into the HB 110.**

We know that a high school graduation requirement alone is not enough to move the needle on FAFSA completion. The requirement also needs to be accompanied by a completion campaign that offers professional development to educators to better understand the FAFSA and outreach efforts to help communicate why completing the FAFSA is so important to students and families. The Ohio Department of Higher Education is currently implementing these supports this fiscal year using federal funds. **The General Assembly should dedicate \$2.5 million in each fiscal year to continue these statewide supports.**

### Computer Science Education

Today's economy is fueled by technology. Ohio must focus on improving the computer science skills of its students so that they become more competitive in the workplace and help create new future-ready jobs in Ohio. This budget takes strong first steps toward that need. HB 110 requires that all students in Ohio, using a three-year phase in, have the option to enroll in computer science courses or general education courses that include the principles of computer science. HB 110 also requires that each educator candidate who enters a preparation program starting in the 2022-23 school year receive instruction in computer science and computational thinking. **We support the budget's computer science education proposals.**

### Industry Credentials

**We support the budget's investment of \$41 million in industry credentials for high school students.** The funding will include incentives to schools to offer credential preparation and subsidies to help students pay the cost of earning industry credentials in high school. We also believe that the state should prioritize funding for schools and districts with high enrollment of low-income students and require that all juniors and seniors be notified of this benefit, not just students currently in career-technical programs.

### Program Funding

The budget includes funding for a few programs that we believe will make a positive impact:

- **Ohio STEM Learning Network:** The budget includes \$1.5 million in each fiscal year for the Ohio STEM Learning Network to support the expansion of free STEM programming aligned to Ohio's STEM priorities, to create regional STEM supports targeting underserved student populations, and to support the Ohio STEM Committee's STEM school designation process.
- **Accelerate Great Schools:** The budget includes \$1.5 million in each fiscal year for Accelerate Great Schools, a public-private partnership with a goal of increasing access to high-quality schools for underserved students in Cincinnati across all school sectors.
- **Teach for America:** We support the budget's \$2 million in each fiscal year to increase recruitment and training for Teach for America in Ohio. Teach for America recruits diverse, high-performing talent to enter the classroom. This will result in hundreds of new teaching corps members to serve in some of our hardest-to-staff school districts.

### Local Partnerships

Ohio is fortunate to have many local partnerships focused on increasing the educational attainment of their region. Called Cradle to Career partnerships (C2Cs), these collaboratives bring together education institutions, community organizations, and the business community to identify and implement collaborative initiatives to help improve students' success. However, only 17 of 88 counties benefit from these partnerships at this time. **Ohio Excels, as well as the Complete to Compete attainment coalition, recommend that the General Assembly include \$1 million in seed funding each year to create and expand Cradle to Career partnerships** to support students and families where they do not currently exist.

In conclusion, Ohio Excels is excited about many elements in the budget proposal. We believe that these investments will go a long way to supporting our students, educators, and schools. Ohio Excels looks forward to collaborating with policymakers to help improve the lives of all of our students. I am happy to answer any questions you might have.

# Appendix One: Ohio Excels School Funding Principles

## School Funding Principles

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### 1. **Adequacy:**

- The formula provides adequate state funding to meet the educational needs of Ohio's diverse student population, and automatically adjusts to meet the economic realities of the state budget
- The formula is funded through a sustainable and predictable funding source that will not disrupt Ohio's economic growth and recovery.
- The new formula does not include caps and guarantees, and the transition to the new formula removes caps and guarantees as quickly as possible.

### 2. **Equity:**

- The formula accounts for students' different educational needs and directs funds equitably to address those unique needs no matter what public school the child attends.
- The formula should ensure that students with unique educational needs that generate additional funds directly benefit from that increased funding.
- The formula should fund all types of public schools in an equivalent manner.

### 3. **Transparency:**

- The formula and expenditures should be as simple, clear, and predictable as possible so all stakeholders can understand it and educators can reliably plan for the future.

### 4. **Choice:**

- The formula should enable families to choose the best school for their child and provide state funds to directly fund that choice.

### 5. **Improvement:**

- The formula, when fully implemented, will lead to improved student outcomes.
- The formula must be coupled with a robust evaluation and transparent accountability system to adequately measure and report student outcomes.

### 6. **Supports:**

- The formula is not the only source of funding to support students' social and emotional wellbeing, and schools, districts, counties, and the state should coordinate all resources for the benefit of students.

## Ideal School Funding Policy Outcomes

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### School Choice Funding

1. Expand high-performing charter school funding and move it into permanent law.
2. Shrink the funding gap between charter schools and traditional public schools.
3. Transition to direct funding for school choice options and ensure the funding is not open to a line-item veto.

### Wraparound Services

4. Improve coordination of wraparound services funding sources.
5. Maintain wraparound funding for schools, keep it outside of the formula, remove supplanting option and provide guidance on acceptable funding uses and evaluation protocols.

### Formula Components

6. Ensure the new formula doesn't automatically increase base cost every year, without Ohio General Assembly approval.
7. Establish direct certification of economically disadvantaged students so funding for those students is more accurately targeted by the state.
8. Be specific about phase-in being tied to available dollars to ensure the new formula does not open the state up to lawsuits.

### General Outcomes

9. Couple academic assessment and accountability policies to funding investments.
10. Increase transparency for school-level budgets and allow for intra-district school investment comparisons.