



Proponent Testimony on House Bill 96
House Education Committee

Thank you, Chair Fowler Arthur, Vice Chair Odioso, Ranking Member Robinson, and members of the House Education Committee, for the opportunity to provide written testimony in support of House Bill 96, the state operating budget.

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. Fordham's Dayton office, part of the affiliated Thomas B. Fordham Foundation, also serves as an approved charter school sponsor in Ohio.

I have spent my career advocating for policies that strengthen academic achievement and expand educational opportunities for Ohio's students. And for that reason, I am pleased to support House Bill 96 and the crucial investments and policy improvements that it makes to ensure more students are equipped with the knowledge and skills necessary for success in college, career, and life. I urge the committee to maintain these provisions and consider additional measures that would further enhance the quality and transparency of Ohio's education system.

Improving the Cupp-Patterson School Funding Formula

Ohio's budget, as you all know, contains thousands of pages of policy changes in addition to the required funding provisions. Still, when discussing education and the state budget, the only place to start is the school funding formula.

When Ohio lawmakers enacted the Cupp-Patterson school funding formula, it was intended to create a fairer and more predictable system. While it has led to increased state spending on education, four years of implementation have revealed areas that require structural improvements. The governor's proposal includes a full phase-in of the formula, but there is a further need to refine the formula to ensure efficiency, fairness, and long-term sustainability.

1. Use Direct Certification for Disadvantaged Pupil Impact Aid (DPIA)

Ohio's method for identifying economically disadvantaged students has become unreliable due to the federal Community Eligibility Provision (CEP) policy, which allows certain schools to classify all students as disadvantaged for meal subsidy purposes. As a result, many mid-poverty districts receive excessive DPIA funding, diluting resources intended for truly low-income students.

To improve equity, Ohio should transition to a direct certification model, using participation in programs such as SNAP, TANF, or Medicaid to determine disadvantaged status. This would ensure that DPIA funds are allocated based on actual student need, improving the effectiveness of this critical aid.

To be clear, this would not have any impact on the ability of students to receive free lunches. This would only ensure that the dollars to support our most economically disadvantaged students actually goes to those students.

2. Eliminate School Funding Guarantees

More than 200 districts currently receive \$375 million in excess funds through funding guarantees, which provide state aid to districts that are losing enrollment or becoming wealthier. These guarantees undermine the principle of a formula-based system, creating inequities that favor some districts while shortchanging others. The governor has recommended starting the process of reducing these guarantees. We agree with him and think the legislature should move even more quickly to do so. Specifically, we recommend accelerating the reduction of the guarantee to 10 percent in the first fiscal year and 20 percent in the second (the governor proposed 5 and 10 percent reductions, respectively). In addition, lawmakers should immediately eliminate the supplemental targeted assistance guarantee as it primarily acts to insulate districts against past enrollment losses due to school choice.

3. Restore Financial Incentives for Open Enrollment

Ohio's interdistrict open enrollment program benefits over 70,000 students, yet the Cupp-Patterson formula weakened financial incentives for districts to participate. Previously, open enrollees were funded at a flat statewide per-pupil amount (\$6,020 in FY21), but the new formula introduced variable funding levels that are lower for many districts, discouraging participation. The result: for the first time, statewide open enrollment participation is falling at a time when policy makers should be encouraging public school choice options.

To restore access to open enrollment, the state should return to a set per-pupil funding amount, ensuring that districts have the resources to support students who choose to enroll. This could be funded via either a district-to-district transfer or direct state funding.

4. Remove Staffing Minimums from the Base Cost Formula

The base cost calculations under Cupp-Patterson include staffing minimums that disproportionately benefit low-enrollment districts, artificially inflating their per-pupil funding levels (often exceeding \$10,000 per student). This creates inefficiencies and disincentivizes district consolidation or expansion.

Rather than relying on rigid staffing minimums, Ohio should calculate base costs based on actual student enrollment and needs, promoting transparency and fiscal responsibility. If, as is likely the case, the Cupp Patterson formula fails to provide sufficient resources for very small districts, a very targeted scarcity index should be created. Rather than wrapping itself in rhetoric around staffing minimums, this shift would more transparently underscore the financial commitment being made to the smallest districts.

5. Control the Inflationary Cost of the Formula

Finally, and most critically, the current funding formula ties base cost calculations to rising employee salary and benefits data leading to likely unsustainable spending increases. While sensible on its face, federal and local optional revenue—dollars outside the state funding formula—can result in significant

salary increases statewide. In turn, this produces increased costs for the state during the next state budget process—despite the spending being above and beyond the calculated cost of the Cupp Patterson formula.

To ensure financial sustainability, Ohio should immediately address this issue. It could explore options such as requiring the legislature each year—based on evidence presented by the public and stakeholders—to adjust the various salary inputs used to calculate the base funding cost. Alternatively, using the Cupp Patterson base cost as a starting point, the state could set a fixed statewide base cost per-pupil amount to be reviewed every two years. In either case, the legislature—which has the constitutional responsibility to make appropriations—would have control over the appropriation process and amounts to be appropriated.

Literacy and Numeracy

Ohio has made tremendous strides in improving literacy instruction through a steadfast commitment to the science of reading. HB 96 builds upon this progress in two important ways. First, it requires the Department of Education and Workforce (DEW) to adopt a diagnostic assessment aligned with Ohio's academic standards in both reading and math for grades K-3. A universal approach to screening will ensure that struggling students are identified early and receive the support they need before they fall irreversibly behind. Second, the bill maintains investments in professional development for teachers and literacy coaches, ensuring that educators continue to receive the training necessary to effectively implement research-based reading instruction.

However, while the budget proposal rightly prioritizes foundational learning, there is room for improvement. Currently, the bill acknowledges the need for top students to receive advanced math instruction but unfortunately allows districts to opt out of offering advanced math courses to high-achieving students. This provision should be removed and replaced. The state must ensure that all students performing at an advanced level have access to accelerated learning opportunities, rather than leaving it to chance based on district capacity or preference. Specifically, any student scoring advanced or accomplished on the 7th grade state math assessment should, unless a parent opts out, be enrolled in algebra in 8th grade.

In addition, I urge the committee to require DEW to review core math curricula and develop a list of high-quality instructional materials, similar to what was done for literacy. High-quality curriculum is a cornerstone of strong instruction, and providing districts with clear, research-backed recommendations will help elevate student achievement. While it's important to create this list, it should be done to assist districts in making purchasing decisions and not require the purchase of an approved curriculum.

Career Pathways and Workforce Readiness

Ohio's education system must prepare students for a rapidly evolving job market. One of the most promising aspects of HB 96 is the elimination of the arbitrary point value system for industry-recognized credentials (IRCs). Instead of assigning point values without a clear economic rationale, the state should transition to a data-driven framework that categorizes credentials based on workforce demand, earnings potential, and career advancement opportunities.

The budget also takes a positive step by eliminating waivers that allow districts to avoid offering career-technical education (CTE) to seventh and eighth graders. Early exposure to career pathways is key to helping students make informed decisions about their futures, and removing barriers to access ensures that more students can explore high-quality career options.

One misstep the budget makes is to add 250 hours of work-based learning as a foundational option for meeting graduation requirements (it's currently considered a supportive measure). We strongly urge you to remove this language and revert to existing law. Work-based learning is incredibly important, but—on its own—it is not an adequate measure of post-high school preparedness.

To further strengthen the impact on career education, I encourage lawmakers to require all middle school students to complete a career exploration course. As students consider their high school and post-secondary options, structured career exploration will help them make informed choices about coursework and credentialing programs. Without such a course, the career planning requirements being championed by Governor DeWine are unlikely to have the desired impact on Ohio students. Additionally, the state should invest in linking workforce data to secondary and post-secondary education metrics, allowing policymakers to assess which programs are delivering strong outcomes and which need improvement.

Public Charter Schools: Expanding Opportunity and Ensuring Sustainability

Governor DeWine's strong commitment to high-quality public charter schools has resulted in major policy advances, particularly through the high-quality charter funding program established in 2019. Research has shown that these funds have been used effectively—boosting teacher pay and improving student achievement in qualifying schools. HB 96 continues this progress by preserving and strengthening key charter school funding mechanisms.

Protecting Charter Funding Initiatives

Ohio lawmakers have taken important steps in recent years to address the funding gap between charter schools and traditional districts. Currently, three critical funding streams help close this gap:

- Quality Community School Support Fund: Provides \$3,000 per economically disadvantaged student and \$2,250 per non-disadvantaged student to high-performing charter schools.
- Equity Supplement: Provides \$650 per pupil to all brick-and-mortar charter schools.
- Facilities Aid: Provides \$1,000 per pupil to help cover building costs for charter schools.

HB 96 not only maintains these programs but also increases the per-pupil facilities amount to \$1,500—a necessary step to help charters secure adequate learning spaces. Importantly, the bill adds these measures to the charter school funding formula in revised code signaling their importance and increasing the likelihood that they'll remain key elements of how Ohio funds charter schools in future years.

Boosting Charter Facilities Support and Access to Buildings

Unlike district schools, public charters do not receive local property tax revenue to support facility needs. The state's per-pupil facilities aid, while helpful, has historically fallen short. HB 96 wisely increases this funding, and also strengthens Ohio's law for unused facilities, ensuring that charter schools can access vacant district buildings at more affordable prices.

For years, some school districts have resisted offering these taxpayer-funded buildings to charter schools as required by law. HB 96 clarifies the definition of an "unused" facility, expands the ability of high-quality charters to bid on these buildings statewide, and adds transparency provisions to improve compliance. Lawmakers should embrace these improvements and consider further measures, such as credit enhancement and revolving loan programs, to help charters finance their capital projects at lower costs.

Improving Accountability for Dropout Recovery Schools

Of Ohio's approximately 320 charter schools, 84 are designated as dropout recovery schools. These schools serve students who have fallen behind in their education, and the state rightfully holds them to a different accountability framework. However, the current definition of a dropout recovery school is too broad—requiring only a majority (50.1%) of students to be enrolled in dropout recovery programs, which allows some schools to avoid standard accountability measures.

HB 96 appropriately tightens this definition. Under the proposed changes, dropout recovery schools must serve only students aged 14-21 who are at least one grade level behind upon enrollment. This ensures that the schools truly specialize in helping at-risk youth and are not being used to shield general-education students from higher expectations. A two-year transition period will allow affected schools to adjust, ensuring a smooth implementation of this reform.

Teacher Policy and Transparency

A high-quality teacher workforce is essential for student success. HB 96 makes important strides by requiring DEW to collect and publish vacancy data across all school districts. This transparency will help address teacher shortages and workforce planning issues.

However, to make this data even more useful, DEW should be required to collect vacancy information from all public schools—including charter schools, STEM schools, and joint vocational districts—not just traditional districts. Additionally, disaggregating vacancy data at both the district and school level will allow policymakers and community leaders to identify localized staffing shortages and craft targeted solutions.

The governor's budget smartly prohibits the use of seniority or continuing contract status as the primary factor when assigning teachers and instead requires assignment based on the best interests of students. We urge you to keep this provision in HB 96.

The state should also strengthen teacher licensure policies by ensuring that prospective elementary educators demonstrate sufficient content knowledge in math. Unlike middle and high school teachers, elementary teachers are not currently required to pass a standalone math content exam. Establishing a

minimum passing score for the math subsection of the PK-5 content knowledge exam would help ensure that all teachers are adequately prepared to deliver high-quality math instruction.

Finally, Ohio should open its door to licensed out-of-state teachers and exempt them from additional reading coursework requirements if they can pass Ohio's Foundations of Reading licensure exam on the first attempt. The goal of the coursework is to ensure competency to teach reading. If teachers can demonstrate competence on the required assessment, they should be treated as professionals and not be subjected to additional coursework requirements.

Accountability and Transparency

House Bill 96 takes a commendable step in requiring the inclusion of a performance rating on the College, Career, and Military Readiness (CCWMR) report card component. This will ensure that schools focus not just on awarding diplomas, but on preparing students for postsecondary success, whether that is in college, the military, or the workforce.

To further enhance transparency, I encourage the committee to require DEW to create a public, annually updated dashboard tracking the state's early literacy reform efforts. Ohio has made substantial investments in literacy, and a dedicated public dashboard would allow families, educators, and policymakers to monitor progress at the state, district, and school levels.

Conclusion

House Bill 96 makes critical investments that will strengthen Ohio's education system. By expanding diagnostic screeners in math and reading, strengthening charter schools, improving career pathways, addressing teacher shortages, and increasing transparency, this budget ensures that all students—regardless of zip code—receive a high-quality education.

I urge the committee to advance this bill with these improvements in mind. Thank you for your time and consideration.