



Thank you, Chair Brenner, Vice Chair Blessing, Ranking Member Fedor, and Senate Primary and Secondary Education Committee members for giving me the opportunity today to provide 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 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.

While it's always the mechanism by which we fund schools, the state budget isn't always about school funding. This year, it is. HB 110 includes the much discussed, self-described "Fair School Funding Plan." This committee has already heard substantial, and often highly technical, testimony on the House's school funding proposal. My remarks today will focus on a few key aspects of the plan and highlight some of the things you might not have heard from prior witnesses. In addition to school funding testimony, I'll touch on a few policy issues impacted by HB 110.

School Funding Changes

The Fordham Institute has long advocated for reforms that put Ohio students and parents at the center of school funding policy. It's with that principle in mind that we present these comments on the proposed funding formula.

- **Funding schools via a funding formula**, instead of through caps and guarantees, is critical. A good funding formula drives resources to the places that most need state support. Ensuring that the formula is actually being used to determine funding amounts is essential for a fair, well-functioning system. While this is a stated goal of the system being proposed in HB 110, it maintains guarantees through its use of supplemental targeted assistance dollars when district residents have chosen a non-district education option, by providing temporary transitional aid to districts based on funding levels from three years prior, and through its incorporation of staffing minimums into the base cost calculation.
- **Increasing the funding for economically disadvantaged students** is important if Ohio is going to make progress toward closing its achievement gap. Ohio has long recognized the need to provide additional resources to support low-income students. The funding plan purports to build upon this by increasing the categorical amounts for disadvantaged students. Unfortunately, the bill finances the increase by using dollars budgeted for the Student Wellness and Success Fund (SWSF), a newish program that aims to support students' social-emotional and mental health needs. This move is troubling. By raiding the student wellness dollars, another progressive funding stream, funding for economically disadvantaged students mostly retains the status quo. Beyond increased funding for low-income students, we urge the legislature to go a step further and base the count of low-income students—currently exaggerated by the use of Community Eligibility Provisions to distribute more free lunches—on the direct certification of students whose families participate in other assistance programs. This

shift would better target dollars to the neediest students and would likely even allow an increase in the \$422 base amount for economically disadvantaged students.

- **Funding schools of choice directly rather than through a “pass-through” method** has become a point of consensus among most stakeholders and is a key step forward. We strongly support this effort. That being said, it’s essential that the language is structured in a manner that doesn’t expose charter and voucher funding to a line-item veto or unilateral budget cuts. HB 110 is a big improvement from prior efforts to direct fund choice programs, but it can still be improved. This could be accomplished by creating a new section that parallels existing statutory language used to fund school districts and joint vocational districts.
- **Uncertainty about a funding source**, above all else, gives me the most pause when evaluating HB 110. The time and effort to create the new funding formula is impressive and deserving of praise, but identifying how to fund it is vital. Even with a proposed six-year phase-in, the \$2 billion per year sticker price (that doesn’t appear to factor in inflation) will be a heavy lift for future General Assemblies. Is it fair to kick that can down the road to future lawmakers? Will they be pressured to raise taxes to fully implement the plan? Will funding need to be cut for other programs? If legislators are unable to fully fund the significant outlays demanded under this proposal, will they be accused of failing to properly fund Ohio schools? Could the state be subject to another round of school funding lawsuits because this plan sets a specific cost for educating a student and then doesn’t meet it? The Ohio Constitution doesn’t appear to allow for “phase-ins” of a constitutional funding system.
- **Charter school funding** improved as the bill went through the House, but charter schools continue to face significant funding gaps when compared to traditional public schools. A 2019 Fordham report found that the gap in Ohio 8 districts was just over \$4,000 per pupil. If the framework for HB 110 is retained, we’d urge you to apply the same staffing minimums—especially around special area teachers—to charter schools as are applied to district schools.
- **Interdistrict open enrollment** could be at risk with the funding changes made in HB 110. This is a huge school choice program used in approximately 80 percent of the districts across the state. More than 85,000 students take advantage of it. This plan, by applying the state share to the base cost, could gut funding for open enrollment. I urge you to protect this policy by shoring up the funding for it. Don’t take away opportunities for tens of thousands of Ohio students—many from rural and small town districts. While you’re at it, now would be a good time to shift to a policy that allows for statewide open enrollment into any district that has available capacity.

Education Policy Changes

Beyond the funding formula, there are some policy changes that merit discussion.

- **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, the quality of charter schools across the state has improved significantly over the past five years. Last fall, OSU professor Stéphane Lavertu [found](#) that students attending brick and mortar charter schools in Ohio outperformed similar students attending traditional public schools. The quality community school support fund is a good start in 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 could also address the issue as well. Finally, given the improvements, we also recommend that the geographic limitations on where charter schools are allowed to open be lifted.
- **Transportation for charter and private school students.** HB 110 makes a host of changes regarding district transportation of charter and private school students. We support the governor's recommendations. Everyone knows that transporting students across a city isn't easy, but over the last couple of years a number of districts (even pre-pandemic) started breaking from their long-recognized responsibility to transport choice students. HB 110 would directly address many of the most troubling issues including placing limits on the use of mass transit for our youngest students, requiring the development of transportation plans each year, providing additional time for choice schools to opt to provide their own transportation, and putting teeth in the law when a district—however rarely—acts in bad faith.
- **Graduation requirements.** After many years of debate, the legislature passed new less test-focused graduation requirements last year. The requirements were the result of a coming together of a variety of groups and represented a smart compromise. HB 110 makes a number of clarifying changes to the graduation requirements and most are okay. However, the changes around graduation seals would be a huge setback. As a quick refresher, 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.** Substitute HB 110 eliminates the universal administration of the ACT or SAT to all high school juniors. Starting with the class of 2018, current policy ensures that all young people have at least one opportunity to take these exams. Previously, less than half of many districts' graduates took these exams. In Lorain, for example, just *16 percent* of its classes of 2016 and 2017 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? Well, our neighbors to the north adopted a similar policy more than a decade ago.

Research shows that for every ten low-income students who sat for the exam and were deemed college ready, there were another five who also would have been identified as college ready if they'd taken the assessment. 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.

The budget process is never easy, but it's really important. Thank you for all that you do to ensure that all Ohio families have access to great schools to meet their unique educational needs.

I'm happy to answer any questions that you may have.