



**Testimony before the Ohio House Extended Subcommittee
on Primary and Secondary Education
August 22, 2012**

Chair Amstutz, Vice-Chair McClain, Ranking Minority Member Sykes, and members of the Extended Subcommittee on Primary and Secondary Education, good evening. My name is Thomas Ash, and I am Director of Governmental Relations for the Buckeye Association of School Administrators (BASA). Joining me this evening in testimony are Barbara Shaner, Associate Executive Director of the Ohio Association of School Business Officials (OASBO), and Damon Asbury, Director of Legislative Services for the Ohio School Boards Association (OSBA).

Thank you for this opportunity to provide input on school funding. We wish to address three issues within the parameters of the topics of categorical funding and weighted student funding, as previously identified for this evening's hearing. These three are: funding for the education of children with disabilities (commonly referred to as special education); the recently enacted third grade reading guarantee; and pupil transportation funding.

Special Education

We would note first of all that there is no formula for funding special education in the current distribution formula for schools. Effectively, funding for special education students is based on FY 2009 levels. For purposes of meeting state and federal "maintenance of effort" requirements, each district's special education portion of funding is revealed as a disclosure item on the Bridge Report, the explanation of state funding.

In essence, there is no multiplication of the number of students with disabilities and with varying degrees of needs times a certain dollar figure. Instead, the distribution formula for fiscal years 2012 and 2013 provides a number that districts must spend in order to be in compliance with federal and state law.

In addition, the weights for the categories of special education students used in FY 2009 were based on the results of a cost study from 2001. However, while the weights were updated in 2006 under the Ohio Evidenced-Based Model (OEBM), as they were applied through the model for FY 2010/2011, the use of new higher weights did not result in increased funding and the model was not fully phased-in. Moreover, the 2001-2006 study looked only at personnel costs and not at the full cost of educating a special needs student. Additionally, special education has been funded at 90% levels for a number of years, regardless of actual cost.

We would advocate that the funding for special education in the next budget should reflect the actual costs of providing for these students.

We would also note that Ohio has left somewhere in the neighborhood of \$80 million in federal money "on the table" in the last three years. (We are not referring to Medicaid money although Ohio is not receiving

funding for all of its services in schools even though the match is provided by local school districts and not by the state).

We are referring to federal rehabilitation program funds, which we acknowledge would require a 20% state match. However, it would be a logical place to secure the funding for rehabilitation specialists who could more completely assist with the transition planning and training for disabled students who now begin this transition at age 14 instead of 16. Certainly, this investment could more fully implement the initiative envisioned in House Bill 153 to increase the placement of disabled Ohioans in private sector employment after high school.

Damon Asbury from OSBA will now address a new categorical area, that of the third grade reading guarantee.

Third Grade Reading Guarantee

As you know, SB 316, the education MBR legislation, contained provisions meant to strengthen Ohio's third grade reading guarantee requirements. The \$13 million appropriation contained in HB 487 offered some acknowledgment that school districts will face added costs to carry out these new requirements. However, there did not appear to be any real connection between the amount appropriated and the actual costs districts may experience.

This testimony will not describe in detail the provisions of the third grade reading guarantee in general, or the recent changes enacted in SB 316 in specific. It is our intent through this conversation to raise awareness of the issue and to start a dialogue that will lead to appropriate funding levels in the new school funding formula in the next budget cycle.

The goal of the third grade reading guarantee has general support. Every child should leave third grade with reading skills consistent with that child's ability. However, the assumption that every child can match a specific standard by a specific point in time imposes a one-size-fits-all standard that will likely have expensive consequences.

The following discussion presents data about the magnitude of the task required to bring every child up to the "proficient" standard on the third grade test of reading achievement. Rather than project how many students may fall under the new requirements for intervention and retention, we asked the consultants for the Education Tax Policy Institute (ETPI) to look at current data to see what the impact would be had the provisions in SB 316 already been in place. The following is information prepared by Bill Driscoll, ETPI consultant, of the firm Driscoll & Fleeter.

The Ohio Department of Education (ODE) website provides preliminary data about the results from the third grade reading test administered in October 2011. These data show that the percentage of pupils who achieved a "basic" (18.6%) or a "limited" (22.4%) score in the state's public schools exceeded 40% of third graders. Therefore, any program to identify pupils who are at-risk of unsatisfactory performance on the reading proficiency exam will require a major effort. Similarly, the design and implementation of reading programs targeted at this particular group will require a significant commitment of resources.

The table summarizes the number of pupils potentially affected by the reading guarantee provisions.

(Neither Table 1 nor Table 2 include community school pupils.)

Table 1: Estimated Number of At Risk Pupils Affected by the Third Grade Reading Guarantee (October 2011 Test for 3rd Graders and October 2011 Headcount)

	Enrollment	Basic	Limited
Kindergarten	121,823	22,498	25,988
1st Grade	122,420	22,608	26,116
2nd Grade	122,311	22,588	26,092
3rd Grade	119,308	22,018	25,418
Total	485,862	89,712	103,614

The number of pupils shown as enrollment for third grade includes only the actual number of test-takers in October 2011. The other three grades show the headcount for that grade in October 2011 as the “Enrollment” for that grade. The “Basic” and “Limited” amounts for the third grade are based on the percentage of test-takers who achieved that result on the actual test. For the other three grades, the “Basic” and “Limited” amounts are estimates obtained by assuming that the same percentage performance as scored by third graders would predict the number of at-risk pupils in those other grades.

Preliminary results from the May 2012 test of third grade reading show that substantial improvement occurred during the school year. Table 2 summarizes the results. The percentage of pupils who failed to meet the proficiency standard declined by about one-half. If the May results are projected back to the preceding three grades, the number of at risk pupils goes down accordingly.

Table 2: Estimated Number of At Risk Pupils Affected by the Third Grade Reading Guarantee (May 2011 Test for 3rd Graders and October 2011 Headcount)

	Enrollment	Basic	Limited
Kindergarten	121,823	13,674	11,070
1st Grade	122,420	13,741	11,124
2nd Grade	122,311	13,728	11,114
3rd Grade	119,308	13,082	10,591
Total	485,862	54,225	43,899

However, it is important to emphasize that the provisions of SB 316 use the Fall results to drive the required development of plans for intervention and monitoring at risk pupils. The improvement from October to May suggests that existing reading programs have a positive impact. Those results do not necessarily reduce the need for additional funding to address the requirements of the new system enacted in SB 316.

We want to emphasize that the numbers presented here are not intended as precise counts of at-risk pupils.

However, these estimates do show the general size of the reading guarantee commitment. The guarantee provisions will not require special services or intervention for a few hundred or even for a few thousand pupils. The results of the most recent 3rd grade reading exam together with enrollment data from K-2 grades show that programs intended to address the problem will involve tens of thousands of pupils.

SB 316 requires schools to assess reading skills of all K-3 pupils by October of the school year and to identify pupils who read below grade level. Since this requirement applies to approximately one-half million pupils, even an additional cost of \$20 per pupil would mean \$10 million of new costs for public schools.

If a pupil reads below grade level, the pupil's school must develop a reading improvement and monitoring plan for him or her. In addition, the school must provide intervention services or additional instruction consistent with that plan. The table shows that the number of pupils who may require such plans and intervention could equal as many as 190,000 per year. Some pupils will require less help and others will require more help to reach grade level reading performance. However, if the average cost to assess, plan, intervene, and monitor the reading performance of these pupils cost \$1,000 per pupil, the cost of the program would approach \$190 million.

Finally, if the cost of assessment, intervention, and monitoring pupils appears high, retention has an even higher cost. Generally, beginning in the 2013-2014 school year, the retention of a pupil means that pupil will spend one year longer in the public school system than he or she otherwise would have spent.

The cost of an extra year, exclusive of any special intervention, would equal \$6,000 or more per pupil. Therefore, the cost of failure exceeds even the cost of an ambitious and well-funded assessment and intervention program.

We urge you to consider the inclusion of funding for the new requirements under the third grade reading guarantee as part of the new school funding plan. We ask that you determine funding levels based on the realities school districts will face. Otherwise, if based on a "grants" system, districts that lack expertise in grant writing will be at a disadvantage. Without sufficient funds to cover the need statewide, districts may be forced to eliminate or reduce other important education programs.

Thank you for considering this matter. We would look forward to further discussion as a new school funding plan takes shape. Now, I would like to turn to Barbara Shaner who will discuss another critical funding and school safety matter — pupil transportation.

Student Transportation Funding

Funding for bus purchases and for student transportation has suffered over the past several years because of the state's budget shortfall and the economy in general. As you develop a new school funding system, there is an opportunity to implement a transportation funding formula that will encourage the wise use of transportation dollars and ensure that students have access to safe transportation options.

Ohio currently has a transportation formula in law that was developed and supported by a variety of stakeholder groups, including ours. ODE utilized a process with a study group of stakeholders to determine a reasonable, fair and effective way to fund transportation costs as required by the Ohio General Assembly.

This new formula was enacted in the FY 2010-2011 biennial budget bill. It was utilized for that biennium but while it remains in law today, it has effectively been suspended since that time. Currently, transportation is included as a part of a funding structure that is based more on a “guaranteed” amount rather than an accurate reflection of actual transportation costs for school districts.

The formula starts out with a basic funding amount that is based on per pupil and per mille data that is similar for all districts statewide. The base funding amount for each district is then multiplied by 60% or the district's state share percentage, whichever is larger. In other words, the state would cover only 60% of basic transportation costs for many districts, with some higher percentage for lower wealth districts. The formula is then adjusted to account for demographic and geography differences among districts. It encourages efficiency and maximum ridership, and also accounts for logistical costs related to transporting charter and private schools.

As an attachment to this testimony, we have provided a copy of ODE’s description of the transportation formula as implemented in the FY 2010-2011 budget.

We believe the formula promotes positive behavior on the part of districts. Conversely, funding on a “guarantee” basis serves as a disincentive to continue serving students for whom there is no legal requirement to serve, i.e., high school students and those inside a two-mile limit. Districts receive the same level of funding for transportation as in previous years, regardless of the level of service provided.

According to ODE, for this school year there are 72 districts that do not provide high school busing, and 102 districts that do not provide transportation for students less than a mile from school. The following is a chart showing a 3-year period for statewide ridership.

	2010	2011	2012
Yellow bus riders	880,824	864,407	800,312
Yellow buses used	14,912	14,769	12,972
Other types of riders	47,274	40,898	38,828
Total students transported	928,098	905,305	839,140

As you can see, the trend over the period has been a reduction in ridership and in the total number of buses in service.

Again, based on ODE’s evaluation of long term ridership, there is a strong correlation between dips in ridership and years in which a transportation formula was disaggregated from funding.

We urge you to consider the implementation of the transportation funding formula already in statute. One suggestion for improving the formula might be to add a factor that would account for the sharing of transportation services, thereby incentivizing collaboration. The same study group that participated in the original development of the formula could work with ODE to provide input in that area.

Bus Purchase

As you are aware, funding for bus purchases was eliminated beginning with FY 2010. According to ODE, this has led to an increase in the average age of school buses still on the road from eight years in 2005 to ten years currently. This year we operated just under 13,000 buses on daily routes. Districts have been forced to scale back their bus replacement schedules as a result of the loss of state funds and the financial challenges they face with budgets as a whole.

Attached to this testimony is a spreadsheet provided by ODE that shows a history of bus purchases and the model year for buses currently owned by school districts. The graph is based upon a data extract from February 2012, and includes all buses registered in the ODE system. As you will see, some buses are quite old.

We urge you to include funding for buses. There are a number of ways to develop formulas that protect state investments and encourage local accountability.

To show the magnitude of the issue facing school districts, we would need to replace 6500 buses just to replace those older than ten years. If the state were to fund 50% of replacement, the cost would be \$286 million ($6500 \text{ buses} \times 88,000 \text{ average replacement cost} \times 50\% = 286,000,000$).

Generally, the cost of keeping buses on the road that are more than ten years old is the added costs for maintenance. Also, very old buses are not as clean burning (pollution concerns), and they do not have all the latest safety enhancements. Alternatively, to reinstate funding at just FY 2000 levels would be \$36.7 million.

This concludes our testimony this evening. If you have questions about the issues raised here, we will be happy to address them. We also look forward to working with you to determine the best approach to dealing with these issues as a new school funding system is developed.