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Policy Brief

The State Budget's Impact on Ohio Charter and Voucher Policy

Piet van Lier, August 2011

When Ohio Gov. John Kasich signed House Bill 153 in June, he slashed the education budget by more than \$1.8 billion dollars.¹ With the help of the General Assembly, he also reshaped education policy in the state.

This paper examines the push to expand privatization by boosting charters and school vouchers even as funding to districts has dropped significantly. Other provisions include the restructuring of seniority, tenure and pay for teachers, new ratings measures for schools and a broad expansion of the role of regional Educational Service Centers. These issues will be examined in future reports.

Charter provisions

The Senate removed the most aggressive charter school proposals inserted by the House during the budget process, including those that would have allowed charters to function as for-profit entities and would have eliminated virtually all opportunities for meaningful oversight. The conference committee did not reinstate them. Some Senate proposals, such as a provision that would have allowed the creation of charters for gifted and special needs children in some non-challenged school districts, also were removed in conference.

Policy changes in the budget bill do little to strengthen the quality of the charter sector in Ohio. For example, new requirements for sponsors that are supposed to boost accountability may be too weak to have a significant impact. At the same time, the legislature expanded the number of districts where start-up charters can be created, and state law continues to allow unchecked and unexamined growth of charters in districts rated as “challenged.” Previously existing state law mandates closure of charters for poor academic performance. This was a positive reform, providing a tool to eliminate the very worst charter schools. But it has proven all too easy for charter management organizations to sidestep the intent of this law.²

It also remains too easy for deep-pocketed management companies, many of them for-profit, to open new charters. The new law doesn't require sponsors or the Ohio Department of Education (ODE) to carefully evaluate schools and operators before they are approved; imposing stricter criteria relating to operators' academic track records would be one simple path to increase quality on the front end. As a result of the low bar for entry into Ohio's charter sector, profit-

¹ Patton, Wendy. “We Deserve a Better Business Plan: An Assessment of Ohio's New Biennial Budget.” Policy Matters Ohio, August 1, 2011. www.policymattersohio.org.

² “For-profit management company skirts Ohio's charter school closure law,” Policy Matters Ohio, February 15, 2011. www.policymattersohio.org/ToledoCharterRe-Opening.htm.

seeking operators or those unprepared for the challenges of running a school end up playing games of chance with the futures of too many Ohio children.³

This weakness in state law fuels the continuing proliferation of low-performing charter schools, particularly in urban districts. This unexamined growth does nothing to help Ohio’s families, nor does it make our cities stronger. Table 1 shows that charter expansion has vastly increased the number of schools serving the state’s largest districts, in effect saturating the market with low-performing schools, even as population has been dropping in urban centers.

Current charter law hits these urban districts particularly hard by permanently designating them as “challenged” and open to ongoing charter development. That designation has not been lifted as these districts have improved. When Ohio’s rating system was implemented for the 1998-99 school year, the state gave its six largest districts the lowest rating, Academic Emergency. Based on 2009-10 test scores, however, four of those districts – Akron, Cleveland, Columbus and Toledo – were at Continuous Improvement, the equivalent of a C; Cincinnati was rated Effective (a B) while Dayton was in Academic Watch (a D).⁴ Under state law, other districts improving their way out of the state’s two lowest ratings are closed to new charter development, but new charters keep opening in these large districts.⁵ As they have lost enrollment to charters, vouchers and outmigration of residents, these districts have closed schools and opened new ones as part of efforts to improve achievement. Table 1 suggests there is no inherent value in starting new charters without ensuring that they are prepared to take on the challenges associated with successfully facilitating learning. While Ohio’s urban districts continue to struggle to educate all their children, adding more low-performing schools is not part of a smart solution.

Table 1: District enrollment has dropped since charters were first started in Ohio; the rise of charters means more and more schools, many low-performing, are drawing city residents.

District	District enrollment 97-98	District enrollment 09-10	District enrollment change, 97-98 to 09-10	Charter enrollment 09-10	District schools 97-98	Charter schools 09-10*	District schools 09-10
Akron	32,166	23,395	-8,771	3,209	58	26	55
Cincinnati	46,374	32,525	-13,849	6,658	80	38	59
Cleveland	74,328	46,607	-27,721	13,173	123	79	111
Columbus	63,577	51,352	-12,225	11,627	146	75	125
Dayton	25,972	13,987	-11,985	6,195	49	52	32
Toledo	38,783	25,195	-13,588	7,444	64	44	61

Source: All data from the Ohio Department of Education. District enrollment and school building data are from ODE’s Interactive Local Report Card; charter data are from ODE PASS (Pathway to Student Success) funding statements for school districts.

*These totals are of all charters enrolling resident students, including online schools and brick-and-mortar schools located in other districts.

³ For an example of how an operator with a poor academic record in Ohio was allowed to open eight new schools here, see “Will Ohio ever learn the charter quality lesson?” by Terry Ryan in the Thomas B. Fordham Institute *Flypaper* blog, August 4, 2011. Retrieved on August 11, 2011 from: <http://www.educationgadfly.net/flypaper/2011/08/will-ohio-ever-learn-the-charter-quality-lesson/>.

⁴ New ratings will be released by the end of August 2011.

⁵ Districts in the Lucas County pilot area – established by Ohio’s original charter law – can’t improve their way out of “challenged” status either. These districts include Toledo and others in Lucas County.

Sponsor accountability

As a result of HB 153, sponsors ranked in the bottom 20 percent by the state's Performance Index will no longer be allowed to authorize new charter schools.⁶ While this is a positive change, a preliminary analysis by Policy Matters Ohio suggests that this will prohibit only a handful of sponsors from authorizing new schools and will do very little to improve accountability and performance of the charter sector.

The new ranking system doesn't include Performance Index scores for dropout recovery schools or special education schools until standards – also mandated by the new law – are in place for them. That exclusion ends January 1, 2013, even if standards have not been implemented.

Table 2 shows which sponsors fall in the bottom 20 percent according to Policy Matters' calculation of current average school PI scores; our analysis indicates that the new law would affect only seven sponsors of the 79 listed by ODE as of August 2011.⁷ Two of these seven entities oversee only three schools, while four – all of them school districts – sponsor only one. The only large, growth-oriented sponsor affected, according to our estimate, would be St. Aloysius Orphanage, with the PI scores of 25 schools included in its average.⁸ ODE listed 351 charters on its website as of August 2011, meaning the sponsors of 14 percent of all Ohio charters would be affected by this new law; in comparison, the state rated 45 percent of charters in Academic Watch or Academic Emergency for the 2009-10 school year, according to ODE data.⁹

An analysis including dropout recovery and special education schools, as will be required after January 2013, showed that more sponsors could be affected, but that they collectively sponsor significantly fewer schools – only 4.5 percent of all Ohio charters, versus the 14 percent that were flagged in our first analysis. As a result, the new law may have even less impact once the exemption for those schools is gone; an estimated 13 sponsors would be prohibited from authorizing new charters, including 11 school districts, one educational service center and one nonprofit.¹⁰ Eleven of these entities sponsor only one school; the other two sponsor three. St. Aloysius, the largest sponsor flagged under the first analysis, would be dropped from sanctions. Our analysis provides strong evidence that this new law won't tighten eligibility, at least not in a meaningful way, for sponsoring new schools, and will do little or nothing to improve charter quality in Ohio.

⁶ The Performance Index is a state measure of all students' academic performance in a school or district. The percentage of students scoring at each performance level is calculated and then multiplied by the point value assigned to that performance level. For more information, see "Guide to Understanding Ohio's Accountability System," on the Ohio Department of Education website.

⁷ The first official calculation will use Performance Index scores for the 2010-11 school year, which won't be released until late August 2011. For this analysis, PI scores from 2009-10 were used.

⁸ St. Aloysius, which contracts its sponsorship duties to the private firm Charter School Specialists, was featured in two 2010 reports by Policy Matters that documented a range of governance and accountability problems in Ohio's charter sector. St. Aloysius also sponsors 15 schools that would not be part of the calculation because they are dropout recovery schools.

⁹ Not all charters received ratings.

¹⁰ Educational Service Centers are regional education providers that work with multiple districts in one or more counties.

Table 2: Average Performance Index scores of sponsors in the bottom 20 percent of all charter school sponsors in Ohio.

Sponsor	Type	Schools (general education/other*)	Performance Index average 2009-10
Mansfield City	District	1 / 2	55
Richland Academy	Nonprofit	3 / 0	64.9
Ridgedale Local	District	1 / 0	63.4
Rittman Exempted Village	District	1 / 0	53
St. Aloysius Orphanage	Nonprofit	25 / 15	61.1
Tri-County ESC	Educ. Service Ctr.	1 / 0	49.5
Upper Scioto Valley Local	District	1 / 0	40.6

Source: Policy Matters analysis using Ohio Department of Education data. Only general education schools are included in the average, as HB 153 temporarily exempted dropout-recovery schools and special education schools from the calculation. The official ODE analysis will be released at the end of August 2011, when new Performance Index scores are released.

* Performance Index scores from dropout-recovery schools and special education schools (listed here as “other”) won’t be included in sponsor composite scores until 2013.

The Kasich administration’s executive budget proposal actually included a much stronger sponsor accountability provision that would have made it much more difficult to start new charters, but what made it into law has been weakened beyond recognition. Another important provision inserted by the Senate but stripped in conference would have prohibited charter sponsors or related parties from selling goods or services to a school the entity oversees; this practice is common in Ohio, and is serious cause for concern. Had they remained in the final bill, these two provisions would have marked a significant step forward for Ohio’s charter sector. Unfortunately, policymakers stepped back from making the tough, but correct, decisions.

Instead, the bill weakened sponsor accountability in three other areas: it reversed course from previous law by raising caps on the number of charters any one sponsor can oversee, to 100 from 50; it repealed the requirement that all sponsors have a representative located within 50 miles of each school they oversee, another move that does not favor accountability and performance; and lawmakers authorized Educational Service Centers to sponsor start-up charter schools in any challenged school district in the state. ESCs are regional providers for schools and districts that serve one or more counties. Previously, they had been limited to sponsoring charters within their service areas or contiguous counties. ESCs have a mixed record as sponsors, so this sponsor expansion does nothing to advance charter quality or accountability.

Charter expansion

The main expansion in the law comes in the form of a new category of challenged school districts where new start-up charter schools can be located.¹¹ Districts in the lowest 5 percent by Performance Index score would automatically become “challenged” districts, enabling the creation of start-up charters within their boundaries.

¹¹ A “start-up” charter school refers to a school that is created new, unlike a conversion school, which existed previously and was “converted” to a charter. Districts generally sponsor and operate conversion schools, although Educational Service Centers can do so as well.

Table 3 shows an analysis by Policy Matters that the law would open up 16 new districts to start-up charter expansion, beyond the districts where start-up charters are already permitted. This analysis is based on 2009-10 Performance Index scores; ODE will officially calculate which districts fall in the bottom 5 percent based on PI scores that won't be released until late August. Our estimate is an effort to foresee the impact of HB 153 and should not be seen as a definitive conclusion. Furthermore, this new designation will likely have little impact until the 2012-13 school year, as the deadline for establishing start-up charters this school year has long passed; all schools must be opened by October 2011 if they want to operate this year. These 16 districts currently enroll 54,820 students who would not otherwise be eligible to enroll in start-up charters in their districts of residence. (As are all Ohio students, they were already eligible to enroll in online charters, charters in other districts, or conversion charters.)

Table 3: HB 153 would allow start-up charters in 16 new districts ranked in the bottom 5 percent statewide. This analysis is intended as an estimate, based on Performance Index scores from 2009-10; the official expansion will be calculated using scores from the most recent school year to be released at the end of August 2011.

District	County	Performance Index Score 2009-10	Average Daily Membership*
East Liverpool City	Columbiana	85.4	2,199
Euclid City	Cuyahoga	79.4	6,168
Fairport Harbor Exempted Village	Lake	86.0	516
Garfield Heights City	Cuyahoga	79.2	3,915
Lima City	Allen	80.5	4,216
Maple Heights City	Cuyahoga	80.2	3,745
Marion City	Marion	82.2	4,670
Middletown City	Butler	82.3	6,601
Mt. Healthy City	Hamilton	82.0	3,424
Painesville City Local	Lake	83.4	2,950
Portsmouth City	Scioto	86.0	2,039
Ridgedale Local	Marion	85.2	807
Springfield City	Clark	78.6	7,286
Trotwood-Madison City	Montgomery	83.3	2,740
Whitehall City	Franklin	85.4	2,848
Windham Exempted Village	Portage	86.5	696

Source: Policy Matters Ohio analysis using data from the Ohio Department of Education. Start-up charters were previously permitted in Euclid, Lima, Middletown and Springfield as part of a category of the state's 21 largest urban districts; legislators eliminated that category in 2003, allowing existing schools to continue but prohibiting new start-ups. *A measure of enrollment used by the Ohio Department of Education.

Online charter schools

HB 153 lifts the moratorium on new online charter schools, effective January 2013, and allows for five new e-schools to start each year after the moratorium ends. Standards for the regulation of online charters must be submitted by July 2012. Existing online schools have grown even under the moratorium, so growth will likely continue as new schools are created. While online education is being touted as key for all students to gain a "21st Century Education," a 2009 Rand study found dismal performance at Ohio's e-schools compared to traditional public schools and

other charters.¹² The new standards are a positive step but it's unlikely that they will be sufficient to ensure that all students enrolled in e-schools are getting a good education. Previous legislative mandates to implement standards for online schools were never carried out; it remains to be seen what happens with the new effort. If standards are not enacted by the General Assembly, e-schools will be required to comply with standards developed by the International Association for K-12 Online Learning.

Other changes included in HB 153 eliminate the requirement that online schools spend a minimum per-pupil amount for instruction, which was set at \$2,903 in FY2009. This provision would seem to fly in the face of the Kasich administration's stated goal of making sure that a higher percentage of state funds is used for classroom instruction.¹³ The bill also stipulates that e-school students will now be automatically re-enrolled the following school year unless a student's enrollment is formally terminated. Both of these provisions seem to go in the wrong direction, away from the kind of accountability and regulation that would help ensure higher standards for online schools.

ODE as sponsor

The department of education was, at one point, Ohio's largest charter school sponsor. In 2002, however, the Ohio auditor released a scathing report about ODE's failure to properly oversee charters and recommended that it no longer act as a sponsor. In response, the General Assembly removed the agency from that role in 2003.¹⁴ ODE has since delegated to sponsors virtually all direct charter oversight, focusing its efforts on overseeing sponsors.

HB 153 reverses course, establishing the Office of Ohio School Sponsorship at ODE. ODE is now permitted to sign five-year sponsorship agreements with up to five new charters and 15 existing charters each year for the next five years. The legislation allows ODE to collect up to 3 percent of each school's state funds, just like other sponsors. This provision was inserted into the budget bill during conference committee with no public discussion or debate, replacing House proposals that would have allowed schools to operate without sponsors.

Allowing the House provisions to stand would have been a disastrous step for Ohio. But the move to allow the state to once again sponsor charters is troubling as well. This provision adds a new charter-related role for the already understaffed agency, creating a risk of conflicts of interest as ODE will be providing both oversight and technical assistance to sponsors and charters. One example of a potential conflict is that the agency will be overseeing sponsors it competes with as a sponsor. The agency's previous poor performance as a sponsor – in 2002 overseeing 79 of the state's 99 charters – included a school failure rate twice the national average

¹² Zimmer, Ron, et. al. Charter Schools in Eight States: Effects on Achievement, Attainment, Integration and Competition." Rand Education, 2009.

¹³ A provision in the executive budget, which was strengthened in the House version of HB 153, now requires schools and districts to be ranked according to how much of their total operating budget is spent for classroom instruction.

¹⁴ The bill, HB 364, allowed ODE (technically the state board) to continue as sponsor until June 30, 2005. After that date, ODE could only sponsor charters in "specified exigent circumstances" such as the revocations of a sponsor's authority. See "Legislation for Community Schools," at www.ode.state.oh.us/.

that year, mostly due to financial problems or mismanagement.¹⁵ Along with ODE's record of indifferent oversight of sponsors, these concerns cannot be easily dismissed.¹⁶

It remains to be seen whether the creation of a distinct sponsoring office within ODE will do enough to prevent conflicts with ODE's different charter roles, and how oversight of this new office will be managed. Charter staff at the agency already has struggled to fulfill oversight duties. Overall, the agency is losing personnel – ODE announced the elimination of 26 positions in July 2011, and said more cuts would be made to staffing, according to Gongwer. HB 153 reduced the agency's operating budget by \$6.3 million over the FY 2012-13 biennium, a 12.6 percent cut. In July 2011, ODE employed 576 full-time, two part-time, 62 intermittent and two intern staff; that's down from 616 full-time, two part-time, 117 intermittent and two interns in July 2009.¹⁷ In addition to this expanded charter role, the budget bill adds a number of other new responsibilities for ODE.

Boarding schools

HB 153 authorizes the establishment of state-funded, college-preparatory boarding schools for students who meet certain risk criteria and whose families qualify as low income. The bill describes the new boarding schools, which will not be authorized to open until FY 2014 (the next biennium) as public schools operated by "approved private nonprofit corporation(s)" with experience running boarding schools. This provision of the law and its funding mechanism set these schools apart from both district schools and charters.

The law requires collaboration with the districts where the schools will be located, mandating that the districts negotiate how much of their per-pupil operating expenditure will go to the school, with a minimum of 85 percent. The state will kick in up to \$25,000 per student above what the district funds. Enrollment for the first year, which cannot be earlier than the 2013-14 school year (FY 2014, the first year of the next biennium), will be no more than 80 sixth graders, with an eventual cap of 400 students in grades 6 to 12. State funds dedicated to such schools could total \$2 million each in the first year. Full enrollment of 400 students would draw a maximum of \$10 million for each school.¹⁸ This provision, lifted from a separate bill, was written by two Cincinnati legislators with the support of the district's superintendent and board president. Cincinnati is seen as the likely site of the first boarding school, according to news reports.¹⁹ This proposal will have no impact on the current biennial budget, but it could take significant amounts of state funding in the future.

Board compensation

The budget bill sets compensation for charter school board members at no more than \$425 per meeting and \$5,000 per year. This is a significant increase over previous law, which set compensation at \$125 per meeting and did not allow board members to be paid more than that

¹⁵ Siegel, Jim. "Ohio Department of Education to revive charter-schools sponsor role, with better oversight tools." *The Columbus Dispatch*, July 10, 2011.

¹⁶ Part of the challenge for ODE is that its power over sponsors is limited by law.

¹⁷ "ODE eliminates 26 positions, says more cuts to come." *Gongwer News Service Ohio*, [Volume #80, Report #135, Article #5--Thursday, July 14, 2011](#)

¹⁸ See HB 153 as enrolled at http://www.legislature.state.oh.us/bills.cfm?ID=129_HB_153. This provision also allows an increase in the \$25,000 per pupil amount for inflation, and allows the state to reduce that amount if a school finds other sources of funding, such as grants.

¹⁹ Nation's third college prep boarding school another product of budget bill, *Gongwer News Service Ohio*, Volume #80, Report #137, Article #4--Monday, July 18, 2011.

each month from each board on which they served. As under previous law, individuals are still allowed to serve on no more than two boards, meaning the total compensation possible under previous law was \$3,000 per year. Also significant is that the new law no longer requires that board members be paid with state funds; this creates an even stronger potential for conflict of interest and for the undermining of board control, as management companies can pay boards directly. This increase in compensation runs counter to criteria put forward by the National Association of Charter School Authorizers, which recommends that charter school boards not be compensated.²⁰

Collective bargaining

As passed by the legislature and signed by Gov. Kasich, Senate Bill 5 would significantly reduce collective bargaining rights for public employees, including teachers. Whether or not SB5 becomes law will be decided by Ohio voters in November. If it does become law, it would prohibit charter school employees from entering into collective bargaining agreements with their employers. In the meantime, HB 153 allows the Cleveland school district, alone among Ohio's 614 school districts, to ban collective bargaining at schools the district converts to charter status. Cleveland Mayor Frank Jackson, the only Ohio mayor with direct control over the schools, has said there is a "high possibility" that he will use this new power "if he decides it would provide a better education for students."²¹

Facilities

The Senate version of the bill would have required districts to lease unused school buildings to charters in the top 50 percent by Performance Index score for \$1. The conference committee eliminated this proposal, but HB 153 requires districts to offer to sell or lease the schools to charters within the district for its appraised fair market value. If more than one charter school is interested, the district must conduct a public auction or, in the case of a lease, a lottery. This provision restricts a district's ability to make decisions about how to best use its property and gives priority to charters over other entities that may serve children, according to Columbus superintendent Gene Harris.²²

State law previously did not allow a charter school to use state funds to pay property taxes, and a recent Ohio Supreme Court ruling denied tax exemptions to for-profit property owners renting to nonprofit schools, such as charters. In response, the General Assembly included a provision in the budget bill allowing tax exemptions for real property used for K-12 education purposes, even in cases where the owner is a for-profit entity. Charters, district schools, Educational Service Centers and chartered nonpublic schools are among the listed beneficiaries of this provision.

Voucher expansion

HB 153 changes all three of the state's school voucher programs, lifting caps and broadening eligibility for the statewide Educational Choice program, increasing voucher amounts and expanding eligibility for the Cleveland program, and imposing a new requirement on autism voucher providers. The bill also created a new special education voucher, modeled after the autism program.

²⁰ Richmond, Greg. "Who's in Charge at Charter Schools: Six Criteria for Ensuring Quality of Governing Boards," July 14, 2010. *Education Week*.

²¹ O'Donnell, Patrick. "Cleveland Mayor Frank Jackson says charter schools likely if they improve education." *The Plain Dealer*, July 7, 2011.

²² Smith Richards, Jennifer. "Charter schools now priority tenants." *The Columbus Dispatch*, July 24, 2011.

EdChoice

The budget increases the number of vouchers available through the statewide Educational Choice Scholarship program to 30,000 in FY12 and 60,000 in FY2013 from its previous cap of 14,000. EdChoice is available to students outside Cleveland school district boundaries who would otherwise be enrolled in schools rated in Academic Watch or Academic Emergency, or live in a school district rated in those categories. HB 153 broadened eligibility to include district schools rated in the lowest 10 percent of all schools by Performance Index scores for two of the three most recent years.

The new provision expanded EdChoice to 31 new schools this year, making the voucher available to 8,700 more students eligible to attend those schools.²³ During the regular EdChoice enrollment period for the 2011-12 school year, the state had received 15,397 returning and new voucher applications; the bill included a requirement that the Ohio Department of Education reopen enrollment through August 15.²⁴ Voucher enrollment for the 2010-11 school year was just over 13,000.

EdChoice, now in its 5th year, has seen enrollment increases each year (39 percent in FY09, 21 percent in FY10 and 13 percent in FY11); those increases are likely to continue with the expansion and increasing awareness, draining additional district resources. Maximum voucher amounts are \$4,250 for students in kindergarten through 8th grade and \$5,000 for high school. Families applying for the voucher must first be accepted for enrollment by a participating private school; the school then submits the family's application to the state if it agrees to enroll the child.

This expansion – estimated to allow 8,700 more students to apply for the voucher – is not nearly as harmful to public schools as the expansion proposed in HB 136, which did not include a cap and would have allowed, over time, families to apply for vouchers for children already enrolled in private schools. (EdChoice does not allow children already enrolled in private schools to receive a voucher.) It is unclear how quickly EdChoice will continue to grow – some expansion seems certain under changes to the law and growing awareness of the program, but there is likely a limit to the capacity of the state's existing nonpublic chartered schools to accept new students. Nevertheless, even low levels of new participation could have an impact on districts in which newly eligible students live and the schools they attend – mostly in Ohio's largest cities and some inner-ring suburbs.

Cleveland

HB 153 made two changes to the Cleveland Scholarship and Tutoring program. It increased the maximum voucher to match the amounts offered by EdChoice, up from the previous limit of \$3,450 for all grades. Because of this boost, even if enrollment were to remain unchanged from FY11 to FY12, voucher deductions from the Cleveland district would grow by an estimated \$5.4 million.²⁵ Cleveland voucher enrollment has dropped in recent years, by 11 percent in FY09 and 2 percent in FY10. Applications for FY11 (school year 2010-11) totaled 5,696, but final

²³ Davies O'Leary, Jamie. "Ohio's new threshold for voucher eligibility affects very few schools." Flypaper, Thomas B. Fordham Institute. July 21, 2011.

²⁴ *Gongwer News Service – Ohio*. "Education Notes: EdChoice enrollment reopens," [Volume #80, Report #127, Article #7--July 1, 2011](#)

²⁵ Estimate by Policy Matters, based on FY11 enrollment figures provided by ODE.

enrollment numbers were not available from the state.²⁶ School Choice Ohio reported that 5,238 vouchers were in use for the 2010-11 school year.²⁷ This would represent a 3 percent drop in participation from the previous school year.

The budget bill expanded eligibility in Cleveland by allowing high school applicants to apply for and receive vouchers even if they had not been part of the program as K-8 students; previously, the program only granted vouchers at the high school level to families whose children had been in the K-8 program.

The removal of the high school restriction is likely to increase the number of voucher participants in grades 9 through 12, drawing new families whose children may have attended district, charter or private schools through 8th grade and want to attend a private high school; these families are no longer be barred from receiving high-school level vouchers. The extent to which the higher dollar value of the voucher will increase the number of available seats at the K-8 level is not clear, although it will certainly benefit participating schools, potentially allowing them to add classrooms and staff, expand programming or provide tuition assistance. During the 2010-11 school year, 10 of the Diocese's 29 schools had more than 50 percent voucher enrollment; 11 Diocesan schools had at least 75 percent of their students using the voucher.²⁸ The same year, 4,485 voucher students had enrolled in Cleveland Diocesan schools, representing 92 percent of all Cleveland voucher participants and just over 50 percent of Diocesan schools' total enrollment.

The biggest beneficiary of HB 153's boost to the Cleveland voucher program has clearly been Cleveland's Catholic schools, which now appear to depend heavily on a lifeline of public funding. This is troubling given voucher schools' poor performance on state tests.²⁹

Autism voucher

The autism voucher program allows parents to pull their children out of public schools in exchange for up to \$20,000 to be used to pay for private schools or other services related to autism. HB 153 requires that services provided for children in this program must now include an educational component. Many providers, which must go through a simple approval process with the Ohio Department of Education, are therapists or other non-school providers, so the new provision – which consists of one line in the budget bill – could have a positive impact, depending on how it is implemented.

A 2008 Policy Matters study found only 40 private schools or school-like entities among the 200 autism voucher providers approved by the state at the time. Non-school providers offered services such as tutoring or therapy outside of a classroom setting.³⁰

²⁶ Source: Ohio Department of Education.

²⁷ "Cleveland Voucher Program reaches 15-year milestone," School Choice Ohio Blog. December 28, 2010. <http://scoho.org/wordpress/?tag=cleveland-scholarship>.

²⁸ Enrollment numbers from the Office of Catholic Education – Diocese of Cleveland, 2010-11 school year.

²⁹ Ott, Thomas. "Cleveland students hold their own with voucher students on state tests." *The Plain Dealer*, February 22, 2011.

³⁰ van Lier, Piet. "Analyzing Autism Vouchers in Ohio," Policy Matters Ohio, March 2008.

Special education

The Senate created a new voucher for special needs children to attend alternative public or private special education programs. Modeled after the autism voucher and named for Jon Peterson, the former legislator who initiated autism voucher legislation, the new program will begin in FY13. It will provide up to \$20,000 a year to families whose children have special needs, but is capped at 5 percent of the approximately 260,000 Ohio students who fall into that category.

Unfortunately, the new special education voucher is likely to replicate the flaws of the autism program after which it is modeled. For example, a Policy Matters study of the autism program found that most of the participating schools had selective admissions policies, either accepting only higher-functioning children with disabilities or charging fees above the maximum voucher amount (thus limiting enrollment to families who could pay sometimes tens of thousands of dollars out of pocket). Also, families living in more affluent school districts used the autism voucher at a higher rate than families in poorer districts, and a lack of providers in rural areas excluded most Ohioans living outside of metropolitan areas. Finally, a significant majority of claims were made for providers created primarily or exclusively to serve disabled students, undercutting decades of advocacy for the inclusion of disabled children in the mainstream of education.³¹

Conclusion and recommendations

The draconian cuts to education in Ohio's new biennial budget are a clear sign that state policymakers have abdicated their responsibility to ensure that all Ohio's children receive a strong education, one of the state's most fundamental duties. Lawmakers also have missed an opportunity to strengthen Ohio's education system through better charter and voucher policy.

In the charter sector, collaboration should be incentivized. Current practice of setting up a system that pits districts and charters against each other in competition for funds and students has done little to improve achievement. Additionally, Policy Matters Ohio recommends that lawmakers:

- Strengthen sponsor accountability provisions, particularly for sponsors that oversee larger numbers of charters. Because the new law's sponsor criteria mostly restrict smaller sponsors, it will not do enough to improve the state's weak oversight system;
- Require charter operators to demonstrate a better academic track record, with at least a majority of their schools earning a "C" grade or better, before they can open new schools in Ohio;
- Limit the creation of new charters in already oversaturated urban districts, where the rapid growth of low-performing schools has not served the best interests of children and families;
- Reconsider the decision to allow the Ohio Department of Education to sponsor schools. The understaffed agency has not proven itself up to its current role overseeing sponsors, and should not be given this additional responsibility;
- Craft strong new standards for online schools, dropout recovery schools and special education schools, and close schools quickly if the new standards are not met;
- Add meaningful enforcement mechanisms to existing law that mandates charter closure for poor academic performance. Savvy charter operators too easily evade current law; and
- Ensure financial transparency by requiring that charter operators provided detailed accounting of how they spend public dollars.

³¹ Ibid.

In expanding Ohio's voucher programs, state policymakers have ignored the need to thoroughly evaluate existing programs. Early research on the Cleveland voucher program was discontinued in 2004, even as it presented at best inconclusive results for the program. Analysis of state test scores from the 2009-10 school year for the Cleveland and EdChoice programs has shown poor academic performance for private schools accepting voucher students in comparison to district schools.³² No comprehensive evaluation of the autism voucher has been carried out, and that program has come under fire for lack of meaningful oversight.³³ Nevertheless, HB 153 has expanded two of the three existing programs, and created a new special education voucher modeled after the autism program.

Thorough evaluations of these programs should be conducted by academic researchers with in-depth knowledge of the issues facing education today. These should include surveys of parents currently using vouchers as well as those who have exited the programs. A comprehensive analysis of academic results and other relevant aspects of the education services received by participating students should also be part of these studies.

Furthermore, Policy Matters recommends that private schools that accept public money should be held to accountability standards similar to the ones applied to district and charter schools. The trend in education has been for stronger standards to ensure effective spending of public dollars; it's clear that Ohio's voucher programs have been give a pass from meaningful oversight. This is unacceptable – schools that accept public money must be held accountable for results, just as other publicly funded schools are. If they don't meet standards, public funding should be withdrawn.

With HB 153, Ohio policymakers have written new law without demanding evidence on the effectiveness of these programs. The new budget once again confirms the analysis of Greg Richmond, executive director of the National Association of Charter School Authorizers, that Ohio's "climate has always been the free-market approach to charter schooling."³⁴ This idea that more is always better and that competition by itself will lead to school improvement is an approach Richmond distinguishes from the "high-standards approach to charter schooling." The same analysis applies to Ohio's voucher expansion.

As a result, this year lawmakers missed yet another opportunity to build a better future for Ohio by adopting a high-standards approach for all schools, including charter and voucher programs. It's not too late to shift gears, but the current trend is in the wrong direction.

³² A September 23, 2010, article in *The Columbus Dispatch* ("Voucher results mixed") found that Ohio students using EdChoice vouchers did no better on state tests than public school students. An analysis by the Fordham Institute contested the Dispatch's findings, but still found uneven performance, with voucher students in some cities doing somewhat better than public school counterparts, others doing worse. No thorough research of Ohio voucher programs has been done since 1994.

³³ Higgins, John. "Complaints trouble state autism fund." *The Akron Beacon Journal*, October 17, 2010.

³⁴ Phone interview, November 8, 2010.

