



**Testimony Prepared for the Ohio House Finance Subcommittee on
Primary and Secondary Education**

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Chairman Carey and members of the House Finance Subcommittee on Primary and Secondary Education, I appreciate this opportunity to talk with you today. Thank you for your leadership in these challenging times.

I am vice president of the Thomas B. Fordham Institute. Based in Washington DC, Dayton, and Columbus, the Institute is a nonprofit organization that works to improve the nation's schools through quality research, analysis, and commentary, as well as on-the-ground action and advocacy here in our home state of Ohio.

The Institute is affiliated with the Thomas B. Fordham Foundation, which was approved as a charter (community) school sponsor by the Ohio Department of Education in 2004. We currently sponsor seven schools – two in Dayton, three in Columbus, one in Springfield, and one in Cincinnati.

I am also testifying today as the father of two young daughters: a fourth-grader and a fifth-grader at the Oakwood Public Schools just outside of Dayton. As someone who has been working in the field of education since the early 1990s in Europe and the United States, I know quality schools are a critical investment in our children's and our state's future. Strong schools are central to creating great jobs, transforming the economy from one that relies

on physical labor to one powered by a highly educated workforce, boosting competitiveness, strengthening the polity, and sustaining the culture.

Schools and teachers matter greatly, and this is especially true for our neediest and most vulnerable children. Stanford economist Eric Hanushek, who recently testified before a joint meeting of the Ohio House and Senate education committees, reports that “having a quality teacher throughout elementary school can substantially eliminate the disadvantage of low socio-economic background.” The stakes are high and decisions made now will have an impact on our children and their future for years to come.

I support the education reform goals and policies in HB153 because they focus on the dual objective of improving K-12 education in the Buckeye State while helping schools adjust to doing more with less. It is painfully clear that Ohio, like states across the country, has to start figuring out how to live within its means. We cannot make education reform continue to hinge on infusions of more cash – just the opposite. This “new normal”—as Education Secretary Arne Duncan and Bill Gates both term it—has been staring at us for several years now, but we’ve resisted dealing with it because of political timidity and one-time federal stimulus dollars.

In December 2008, I wrote an op-ed for the *Cincinnati Enquirer* that began:

The dismal economic news for Ohio keeps piling up. State revenues continue to plummet and economic forecasters are predicting a shortfall of more than \$7 billion for the next two-year budget. The Buckeye State is going to have to figure out how to do more with less. This is apt to be true for education, where per-pupil cuts of 10 percent or more are realistic. That much out of the statewide education budget amounts to nearly a \$1.7 billion reduction for our children. (See attached op-ed.)

I added:

Ohio is facing historic economic challenges. Lawmakers should seize the opportunity to not only help the state's education system make it through the crisis, but make it through in a way that results in a stronger and more effective system. Spending less on doing things as usual is a plan for long-term failure. Now is the time for new thinking and bold action.

I then provided four ideas for trying to take advantage of tough times to strengthen Ohio's K-12 system while living within our means that included:

- Fund students, not school districts;
- Encourage consolidation of services and innovative partnerships in education;
- Make Ohio a leader in distance learning; and
- Create a performance-based compensation and sustainable retirement system for educators.

But the state ignored this advice, and tough decisions that reared their head during the 2009 biennial budget debate were put off two years thanks to \$5.5 billion in one-time federal stimulus dollars. Worse, former Governor Strickland's misleading celebration of a fundamentally-flawed education-funding scheme, which promised billions of non-existent new dollars for schools over the next decade, made people think we would somehow have *more* money for schools in the future, not less.

So, instead of using the now-ending federal aid to help set the conditions for making schools work on leaner rations, the state moved forward for two years with its head in the sand about the impending fiscal cliff we were racing toward. Teachers and others may be forgiven for feeling like all of the change and pain in HB153 has come out of nowhere because the state political leadership was largely in denial around the looming fiscal crisis before the start of this year. At least now state government is dealing with

reality, and that reality is undeniably tough. Some recent poll ratings may attest to that fact.

HB153 spreads the unavoidable pain across school districts in a reasonably equitable fashion. It cuts the poorest districts less than the wealthier suburbs, thus trying to protect our neediest children. It cuts public charter school funding by \$50 a student but doesn't eviscerate them, which is fitting considering how egregiously underfunded they already are in comparison with their district peers. Most importantly, the budget pushes reforms that seek to free up school districts to do more with less.

Not everyone regards greater autonomy as a sufficient compensation for less money but, as we learned from a recent Fordham Institute survey of Ohio school superintendents and charter heads, having the flexibility to allocate available resources in the most educational efficacious way would be a huge help to otherwise-strapped districts and charter schools.

For example, HB153 would create Innovation Schools/Zones that would allow schools to seek waivers from many state rules and regulations to achieve cost savings or efficiencies, as well as improvements to student achievement, by working together in new ways. Two or more schools can apply to a district school board to be designated as an innovation school zone that would give them new operational freedoms and allow them to work together to share staff and expertise like high-need math and science teachers. It also encourages school districts to take the advantage of distance learning opportunities not only as a potential source of cost-savings but also as a way to customize student learning and deliver courses currently unavailable to students in smaller districts.

Probably the most significant item in the budget that has the potential to lead to significant cost-savings over the long-haul is language that promotes the expansion of innovative and cost-conscious educational service centers

(ESCs), even while reducing their state subsidy. HB153 sets the conditions for ESCs to compete in offering professional services statewide not only to school districts, charter and STEM schools, but also to other political subdivisions such as municipalities, townships and counties. This should help expand successful educational service centers while also facilitating economies of scale and consolidation of services and service providers. Over the decades, Ohio has built up an overcapacity of government service providers and support agencies, and HB153 sets the conditions for right-sizing both the education sector and local government.

HB153 seeks to find a balance between expanding school choice and ensuring that schools of choice are held accountable for their performance. This is smart and absolutely essential. School choice and results-based accountability need to go hand in glove. About 35 percent of children in Ohio's "Big 8" cities attend a school of choice rather than their district operated neighborhood school. Further, many other Ohio families exercise choice via the real estate market – that is, that buy or rent in a particular neighborhood because of its schools.

As choice mechanisms proliferate (now including virtual schooling, home schooling, and vouchers along with charters, magnets, and sundry intra- and inter-district options), communities and parents are beginning to understand that educating children is not just something that bureaucratic systems do. It's something that parents select and shape for their daughters and sons – and can change and reshape when needed – much as they select clothes, food, churches, activities, and vacation destinations.

But because society also has an interest in the education of the next generation, public policy needs to ensure that there are strong academic standards, assessments, and accountability mechanisms in place by which to ensure that educational outcomes are satisfactory, whatever school or mode of instruction a family may elect. HB153 holds charter schools and their

sponsors accountable for their performance while also opening up space for new schools. This is the right direction to go, even if some of the details need to be further refined and improved, as already noted by others who have testified to this committee.

I also welcome expansion of the Ed Choice scholarship program to allow more children in failing public schools to escape into private schools of their family's choice. But the academic performance of these children should be tracked and reported publicly using the state's value-added progress measure. This will allow for the documentation of student progress and help determine whether or not the program adds value to children and taxpayers over time.

HB153 does not currently contain language requiring value-added reporting for voucher students but it absolutely should. When children's education is paid for with public dollars, no matter what sort of school those children attend, the public has the right, even the obligation, to know how well those children are learning the skills and knowledge that they will need to succeed in further education and in life. Schools that take public dollars to educate children but that cannot demonstrate their educational efficacy in transparent ways should be put on notice. If they can't fix themselves in a reasonable period of time, this situation must be addressed for the good of the children and the sake of the taxpayer.

Public schools in this situation—including but surely not limited to charter schools—should be closed or radically overhauled; private schools that fail to deliver academic gains should cease to receive public funding. HB153 moves part-way in this direction with its call to deal aggressively with district schools ranked in the lowest five percent of performance index scores for three or more consecutive years and by leaving in place Ohio's stringent charter school academic death penalty. In my judgment, however, the

legislation needs to go farther, especially in regard to voucher-receiving schools.

Finally but perhaps most important of all, effective teachers are the single most valuable education asset that the state has. Highly effective teachers can radically change the life trajectories of poor students, thus it is not only prudent but morally imperative to push policy reforms that enable state and local education leaders to distinguish effective teachers from ineffective ones. With a fair and rigorous system that measures gradations of teacher effectiveness – not just binary ratings such as “satisfactory” and “unsatisfactory” – school systems can reward their ablest instructors and put them in the classrooms where they are most needed, target support to teachers that need it, and ultimately weed out those who are not a good fit for the profession.

For Ohio, where low-income and minority children reach proficiency at far lower rates than their wealthier peers, the stakes are enormous. But as Secretary Duncan has noted, “Everyone agrees that teacher evaluation is broken. Ninety-nine percent of teachers are rated satisfactory and most evaluations ignore the most important measure of a teacher’s success – which is how much their students have learned.”

In Ohio today, districts pay long-serving but mediocre teachers more than they pay less senior high-flyers. They reward teachers for credentials and advanced degrees, as well as years on the job, yet they offer the same pay for teachers whether their pupils thrive or languish. Teacher layoffs are based solely on seniority. This may once have been acceptable, if only because there were few valid alternatives. But many states and districts have begun to craft new evaluation systems that move the profession forward. It’s Ohio’s turn to do the same.

HB153 seeks to move the state toward modern teacher evaluations. But the details need to be gotten right. Evaluation systems that measure and reward performance are still at the pilot stage, and no jurisdiction has yet developed a perfect system.

The good news is that Ohio has a relatively sophisticated system of value-added analysis of student achievement in reading and math in grades four through eight, and has accumulated these data since 2007. Value-added data – how much a child learns during a given school year – should be an important component in measuring teacher effectiveness.

Further good news: some Ohio districts, with the cooperation of their teacher unions, have been working to create better approaches to evaluating the effectiveness of classroom instructors. One of the best is Cincinnati's Teacher Evaluation System. It helps identify which teachers are more or less effective – and a recent study found that it has contributed to teachers significantly improving their instruction.

What's more, Ohio's successful "Race to the Top" proposal committed the state and participating school districts to creating quality teacher evaluation systems that incorporate student performance. The Ohio Department of Education now has money, expertise, and a mandate to work to develop such systems.

Creating radically better teacher evaluation systems is not as daunting as some would have us think and moving in this direction is absolutely the right thing to do for children and their learning.

HB153 is not perfect and I hope that you and your Senate counterparts will improve it. But it's a terrific starting point. It moves Ohio and its schools in a direction that is sustainable over the long-haul and it tries to set the conditions for helping our schools do more with less while also prioritizing

accountability, performance, and classroom effectiveness. This is the responsible thing to do.

Thank you Mr. Chairman, and members of the committee, for your leadership and for seeking solutions in tough times. I look forward to your questions and comments.

Guest column: Terry Ryan

Ohio can improve education while cutting costs

The dismal economic

news for Ohio keeps piling up. State revenues continue to plummet and economic forecasters are predicting a shortfall of more than \$7 billion for the next two-year budget. The

Buckeye State is going to have to figure out how to do more with less. This is apt to be true for education, where per-pupil cuts of 10 percent or more are realistic. That much out of the statewide education budget amounts to nearly a \$1.7 billion reduction for our children.

Done thoughtfully—and equitably—these cuts can be done in a way that can actually strengthen and improve the system over the long haul. How? Tough economic times make possible political decisions and actions that aren't feasible during ordinary times. These are extraordinary times and we absolutely have to do more with less.

Here are four ideas for taking advantage of tough times to strengthen Ohio's K-12 system and help it run more effectively over the long haul.

1. Fund the child, not school districts. To ensure that money (no matter the amount) is allocated fairly, efficiently and accountably and targeted at the differing needs of children, the current funding system should be replaced by a weighted funding plan wherein per-pupil amounts

“weighted” according to the specific needs of individual youngsters follow them to the public schools they choose to attend. By devolving most financial decision-making to principals, districts would become

school-support entities that sell such important services as financial management, transportation, special education services, etc. Those services valued by school leaders would be purchased, and those not would wither away.

This would increase transparency in public reporting and help policymakers gauge the true price of products and services and ensure that taxpayer dollars are spent prudently and productively.

2. Encourage consolidations and innovative partnerships. Ohio has built up an overcapacity of educational providers and support agencies. Does Ohio really need 58 county education service centers spending about \$330 million annually? The merger of the Franklin County ESC and the Delaware County ESC into the ESC of Central Ohio should be seen as a model for streamlining Ohio's county education service centers. It can also serve as a model for consolidating other education support agencies. Further, Ohio should encourage the consolidation of its charter school sector. Ohio can't afford more than 330 charter schools and 50-

plus charter school authorizers. Half of these schools serve fewer than 150 students, and many won't survive the economic downturn. Their closure should be eased by the state. As with county ESCs, there should be a move toward consolidation through the creation of regional charter school sponsors.

3. Make Ohio a leader in distance learning. About 22,000 Ohio students attend e-schools, based online rather than in school buildings. This is one of the fastest-growing segments of the new schools sector in Ohio, with more than 30 such schools being operated by school districts and other independent operators. As Ohio faces a serious shortage of math and science teachers, especially in rural districts, the state should encourage distance learning programs for high school students that need access to quality instruction in higher-level math and science. If this sector is strengthened in coming years, it can lead to powerful educational innovations, exciting partnerships between classroom-based and online learning, and could create space for universities and colleges to offer online instruction for currently underserved students.

The National Center for Education Statistics estimates that half of all courses in grades 9 to 12 will be taken online by 2019. Ohio should seek maximum benefits on this front now, and it can look

to the efforts of the Florida Virtual School, founded in 1997 and operated by the Florida Department of Education, as a successful public-private hybrid that works with (rather than competes with) school districts to expand quality education at lower costs.

4. Create a performance-based compensation and sustainable retirement system. Ohio is one of the few states that mandates “last hired, first fired” in state law. Now is the time for teacher performance to drive compensation and advancement. Teacher layoffs should be based on performance, and not time-in-service, and successful teachers should be rewarded for student performance. The average retirement age for teachers is 58—well below the regular retirement age in the Social Security system (65.5, rising to 67 in coming years), and it should be raised.

Ohio is facing historic economic challenges. Lawmakers should seize the opportunity to not only help the state's education system make it through this crisis, but make it through in a way that results in a stronger and more effective system. Spending less on doing things as usual is a plan for long-term failure. Now is the time for new thinking and bold action.

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