

A group of diverse young children, including boys and girls of various ethnicities, are running happily through a doorway towards the camera. They are wearing backpacks and casual clothing. The scene is brightly lit, suggesting a sunny day outside. The children are in motion, with some in the foreground and others further back in the doorway.

Report of the Ohio Open Enrollment Task Force

Delivered to the Governor,
President of the Ohio Senate, and
Speaker of the Ohio House of Representatives

DECEMBER 31, 2013

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Members of the Task Force:

- Steve Dackin, Superintendent, Reynoldsburg City (Chair)
- Bruce Steenrod, Treasurer, Federal Hocking Local
- Kevin Robertson, Treasurer, Sandusky City
- Jenni Logan, Treasurer, Lakota Local
- Tim Myers, Superintendent, Van Buren Local
- Bill Stauffer, Superintendent, Springfield Local
- Steve Thompson, Superintendent, Willoughby-Eastlake Local
- Steve Switzer, Superintendent, Pettisville Local
- Jon Saxton, Superintendent, Chillicothe City
- Scott Inskeep, Superintendent, Reading Community City
- Debbie Gossett, Treasurer, Miami Valley Career Technology Center
- Kellie Lester, Treasurer, East Holmes Local
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ODE support Staff:

- Eric Bode, Executive Director, ODE
- Kelly Weir, Executive Director, ODE
- David Hansen, Executive Director, ODE
- Tom Gumpf, Area Coordinator, ODE
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Introduction

It is with optimism that the Open Enrollment Task Force presents this report highlighting recommendations and findings as charged by section 263.450 of Am. Sub. House Bill 59, the FY2014-2015 Budget Bill. Specifically, HB59 states,

- (A) The Ohio Open Enrollment Task Force is hereby established to review and make recommendations on open enrollment. The Superintendent of Public Instruction shall consult with the Governor's Office of 21st Century Education to convene a taskforce that consists of representatives from school districts that represent all sectors of Ohio's educational community.
- (B) The Superintendent shall designate the chairperson of the Task Force. All meetings of the Task Force shall be held at the call of the chairperson.
- (C) The Task Force shall review and make recommendations regarding the process by which students may enroll in other school districts under open enrollment and the funding mechanisms associated with open enrollment deductions and credits.
- (D) Not later than December 31, 2013, the Task Force shall issue a report of its findings and recommendations to the Governor, the President of the Senate, and the Speaker of the House of Representatives. Upon issuance of the report, the Task Force shall cease to exist.

History

In 1989, the Ohio General Assembly passed SB 140, an education omnibus law that ushered in a new set of reforms in Ohio. In part, the law established open enrollment as an option for Ohio students. Initially, the law applied to adjacent districts but was expanded to include a statewide option in 1998.

Under current policy, school districts can have one of three open enrollment policies: acceptance of students statewide, acceptance of students from adjacent districts, or no acceptance of open enrollment students.

Process

The Task Force met on three occasions between October 21 and December 16, 2013. During this time, the Task Force solicited public feedback, explored a variety of funding models, and reviewed prior studies on open enrollment in Ohio. Our report encompasses a generalized support for open enrollment as a public school choice option for students and families. Members of the Task Force expressed a shared desire to maintain open enrollment as a viable school choice option, while maximizing equity of access for all students and addressing the issue of revenue losses that may contribute to financial hardship among school districts that lose students.

In order to ensure the efficient use of its time, the Task Force created two subcommittees comprised of members of the Task Force and Ohio Department of Education staff to explore two components of open enrollment in depth and make initial recommendations to the Task Force as a whole. These two subcommittees were:

Process Subcommittee: Review and make recommendations regarding the process by which students may be enrolled in school districts under open enrollment.

Funding Subcommittee: Review and make recommendations regarding the funding mechanism associated with open enrollment deductions and credits.

Process Recommendations of the Ohio Open Enrollment Task Force

The Task Force studied current processes used for open enrollment by school districts in Ohio, pursuant to Ohio Revised Code sections 3313.97 to 3313.983 and Ohio Administrative Code chapter 3301-48. The Task Force focused on inter-district open enrollment, because intra-district open enrollment has not presented the same level of debate and does not affect state funding. Many of the issues raised and discussed were not new, and it was noted that the recommendations are aligned with ones made by the previous statewide group studying open enrollment in 2009-10.

RECOMMENDATIONS

- 1) Ensure appropriate policies are in place for each district regarding open enrollment, and encourage consistent oversight and support, including department guidance, model policy templates, and checklists detailing statutory requirements.

Currently, school superintendents certify to the department that they are complying with requirements in the Revised Code and the Administrative Code regarding open enrollment. Each school board adopts policies regarding the acceptance of students via open enrollment, including application procedures and deadlines, and may set district capacity limits by grade level, school building, and education program. A school board generally is prohibited from establishing criteria for choosing which applicants are to be accepted, such as academic or athletic ability. A board may not prohibit or discourage its own students to open enroll in another district.

Currently, the department's monitoring is focused on ensuring each school district has adopted a policy and has submitted an annual certification of compliance. Additional monitoring to review documentation and records and analyze for such elements as fair and open selection of applicants is possible but would require staff time. Other possibilities for oversight include the use of auditors and the participation of neighboring school districts in any student selection process.

Existing state law only requires districts to adopt a policy regarding open enrollment and, for those districts choosing to offer open enrollment either for adjacent districts or for all districts, sets only a few, broad criteria that boards must include in their policies. Because the statutes governing these criteria have not been reviewed or updated for a number of years, it is likely that the board policies adopted pursuant to them have also not been reviewed or updated. It

would be beneficial for the department to provide guidance annually to districts on these statutory provisions to reiterate what is contained therein and to remind districts which factors must be in place and which are not allowed under Ohio law. It is certainly beneficial for districts to have the flexibility to set their own policies in order to meet the needs of their unique communities; however, it would be helpful for the department to provide model board policies and accompanying guidelines for use by districts as they continue to monitor and review their own policies and guidelines in this arena. These model policies may be provided in a manner similar to what the department provided for seclusion and restraint: a template to help spur creation, discussion, and modification rather than a strict mandate.

- 2) Place the number of students who open enrolled into a district on the district's report card, as presented on the department webpage. District report cards provide a variety of data for use by students, parents, researchers, and members of the community at large. In FY 2015, these data points include everything from performance on state assessments and graduation rates to the number of participants in extracurricular activities and post-secondary enrollment opportunities. Information on the number of students taking advantage of the open enrollment process offered by districts would enable communities to have richer, more meaningful discussions about the impact the process has on their schools. This would allow parents of any district to see the number of students being accepted into the district. It would also identify the districts that are closed to open enrollment.

OTHER OPTIONS

The following option was supported by some members of the Task Force, but not enough members to be considered a recommendation by the group as a whole. It is shown here to help with the discussion and consideration of open enrollment by those who may read this report.

- The committee looked at a map showing the status of open enrollment for all districts in the state. Many districts surrounding the large urban areas do not allow inter-district open enrollment. It was obvious to the committee that the students in some districts would not have access to the educational opportunity provided to other rural or suburban districts. Some members of the committee think that the solution to this problem would be a requirement that all districts be open for inter-district open enrollment.

Funding Recommendations of the Ohio Open Enrollment Task Force

The Task Force recognizes that funding for open enrollment is a complex issue with competing goals. On the one hand, school districts need extra funding to educate open enrolled students or else there would be a disincentive to allow open enrollment and students and parents would lose a valuable option. On the other hand, when the transferring funds results in a "net loss" for school districts, it can cause financial hardship on the district and its remaining students. Recommending modifications for funding of

open enrollment students is difficult due to the complexities of Ohio's school funding system in which one change may result in unintended consequences.

The Task Force report has three areas of recommendations that garnered support across the membership of the Task Force, two areas meriting a fuller explanation, and a series of other points that had support from some members.

RECOMMENDATIONS

- 1) Address the financial effects on school districts with a high net loss of funds without reducing the payments to school districts for incoming open enrollment students. This was perceived as an issue of fairness, especially for those districts whose state payments are subject to a guaranteed amount based on some prior year's funding level who nonetheless lose significant funding due to open enrollment. One option to address the issue is a pool of state funds available only to districts with a significant amount of funding loss from open enrollment, expressed as either a number or a percent of the district's state funding. The funds could be available via an application process to partially offset open enrollment deductions, and could be limited to only classroom instruction or educational improvements. With a change in law, funds could be provided in the current biennium if they become available from appropriation in other areas that would otherwise lapse, or funds could be phased-in via the next biennial appropriations bill. The funding could be thought of as state support for a valued choice program. The additional funds should minimize the educational impact for poor districts and could lessen any educational disparities for both poor and minority children.
- 2) Include special education funding with open enrollment funding adjustments. In the current funding system, all open enrollment students, regardless of special education status, are funded with the same \$5,745 deduction/payment in FY2014, and additional actual costs can be recouped by the educating district from the resident district through the "excess cost" process the following fiscal year. The Task Force recommends transferring the supplemental special education funding along with the base funding amount, which would eliminate the funding delay and reduce excess cost paperwork and payments. This would treat open enrollment student funding more similarly to community school student funding. It also would be consistent with how open enrollment is funded for career-technical education student. However, the federal law requiring the resident district to be the owner of the student's IEP must continue to be enforced.
- 3) Undertake further study in several areas, including alternate funding models, consistency with school construction funding, and the impact on levies, to inform any open enrollment policy changes.
 - a. The Task Force recognized the interest from its members and from interested parties in a funding solution sometimes described as "fund where educated" for open enrolled students. Generally, this refers to an alternative in which open enrollment students would

be counted in the formula ADM of the educating district for purposes of the foundation funding formula, instead of being counted (as currently) in the formula ADM of the resident district. With this method, the transfer of funds between the two districts would cease. The primary appeal of this alternative is to address the charge that it is fair to *transfer the state share* of funding but not *transfer the local share* for open enrollment. Seemingly, with this alternative, the resident district would lose the state funding for the student no longer counted in the resident ADM, but would not have the local share transferred to the educating district.

However, further examination by the Task Force indicated that this solution, by itself, is problematic with the current foundation funding system, and is not recommended. Under this alternative, looking at specific examples, net loss districts lost even more state funding than under the current funding system, in some cases twice as much, and low property wealth districts lost the most of all. This is because not counting students in formula ADM makes the school district's property wealth per pupil marginally greater, which reduces the foundation formula's state share index and thereby reduces the state funding for all of the district's students.

A second complication of the "fund where educated for open enrollment" alternative is that it would result in no additional state payment for districts accepting open enrollment students if the district is subject to the guarantee or the funding cap, thus providing a great disincentive to continue open enrollment in those districts. To partially address this concern, each district's cap and guarantee could be adjusted by the current open enrollment net transfer. This solution would remove the disincentive to continue the current level of open enrollment, but would still provide a disincentive for any increase in open enrollment for a district subject to the cap.

The Task Force examined a simulation comparing state funding for each school district in FY2014 under the current law to funding under the alternative of including open enrolled students in the formula ADM of the educating district.

Comparison without factoring in funding caps and guarantees: In this comparison, 255 school districts increase funding in the alternative scenario, and 357 lose funding. Of the school districts with a net loss of open enrollment students, 165 districts (mostly high-wealth) increase funding, and 150 (mostly low-wealth) lose funding. Overall, there is a net decrease of \$30 million paid by the state to districts.

Comparison factoring in funding caps and guarantees: In this comparison, 314 school districts increase funding in the alternative scenario, and 298 lose funding. Of the school districts with a net loss of open enrollment students, 303 districts increase funding, and 12 lose funding. Conversely, of the school districts with a net gain of open enrollment students, 286 lose funding and 11 gain funding. Overall, there is a net increase of \$7 million paid to districts.

If the idea of *funding where educated for open enrollment* is to be pursued any further as a policy option, it may need to be done in conjunction with other foundation funding modifications. For instance, it might be more appealing in a future biennium where caps and guarantees affect far fewer school districts. Or, open enrollment students could be included where educated for formula ADM purposes, but included where they reside for the calculation of the state share index.

- b. A second area the Task Force recommends for further study is consistency with Ohio School Facilities Commission (OSFC) policy. Currently, open enrollment factors into OSFC funding in two ways. First, districts with a high percentage of open enrollment students benefit from an alternative calculation of their local share percentage. Second, the enrollment projection that determines the size of school buildings is based on the number of students educated by the school district, so that open enrollment students who transfer in are counted but open enrollment students who transfer out are not counted. Any proposed state law change affecting open enrollment should include an analysis of the effect on OSFC funding. Further study of open enrollment patterns after OSFC-funded schools have been built could inform future enrollment projections of school districts with a high open enrollment loss or gain.
- c. Address the impact on levies. Open enrollment may reduce support for local levies because parents are voting for the levies where they reside but their children are not educated there. Also, parents of open enrollment students cannot vote for board members or levies where their children attend.
- d. Application of the funding cap and guarantee results in disparate funding treatment of different types of students newly enrolling into a district. Under current law, a district on the cap may receive no additional state funding for students moving into the district, but will receive additional funding for additional open enrollment students.

OTHER OPTIONS

The following options were supported by some members of the Task Force, but not enough members to be considered a recommendation by the group as a whole. They are shown here to help with the discussion and consideration of open enrollment by those who may read this report.

- Keep the current system for funding career tech open enrolled students if the current method of counting student in the resident district continues. Joint Vocational School Districts currently receive funding for students who reside outside of the boundaries of the JVSD but open enroll into their school. The funding is deducted from the city, exempted village, or local school district the student would otherwise attend. Parents and students choose to attend a career tech school, which may offer programming not available in the student's resident district or resident JVSD.
- Keep the current funding system but reduce the base transfer amount from \$5,745 to another number, such as the statewide average of state funding (approximately \$3,895).

- Address the perception of state vs. local share ("it is unfair to send the local share of formula funds to another district") by only transferring the state share. Conversely, address the perception that it is unfair for local taxpayers to pay for students from another district.
- Study the financial impact on poor and minority children.

Conclusion

In closing, we thank members for their time and for their many valuable insights that have informed our work. We are appreciative to those who made the effort to submit comments. In addition, we are grateful to the staff of the Ohio Department of Education for their assistance in providing necessary information to the Task Force.

Finally, it is our collective belief that all Ohio students should have access to a high-quality education. Ohio's open enrollment opportunities has been and continues to be an appropriate and viable state strategy for providing highly effective learning opportunities to all students. As such, the Task Force submits this report with the hope that our recommendations are useful in continuing to improve school choice options for the children of our great state.

Respectfully submitted,

Steve Dackin, Chairman

Appendices

Additional information about open enrollment will be posted on the Task Force page of ODE's website:

<http://education.ohio.gov/Topics/School-Choice/Open-Enrollment/Open-Enrollment-Task-Force>

Examples:

- Map of districts by open enrollment policy
- Enrollment data for SY2012-13 (including comparison of OE to other choice programs)