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**TESTIMONY BEFORE THE HOUSE FINANCE SUBCOMMITTEE ON PRIMARY AND SECONDARY
EDUCATION ON FY18-19 BIENNIAL BUDGET RECOMMENDATIONS**

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Ohio Department of Education
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Chairman Cupp, Ranking Member Miller and members of the House Finance Subcommittee on Primary and Secondary Education, I appreciate the opportunity to speak with you today on the executive budget recommendations for the Ohio Department of Education. My name is Paolo DeMaria and I am the Superintendent of Public Instruction.

My testimony before the full House Finance Committee focused on the important work being done in education across Ohio. Today, I would like to focus more on the specific recommendations contained in the executive budget and how we plan to use them at the Ohio Department of Education.

Before I begin, I would like to reiterate my gratitude to Governor Kasich, Budget Director Keen and the General Assembly for their continued support of education in this state. The last biennium saw more state dollars than ever before directed to education. The executive budget includes further increases, giving more new dollars to education than to any other function of government.

Governor Kasich's proposed budget recommends GRF funding of \$8.1 billion (1.8% increase) in FY18 and \$8.2 billion (1.7% increase) in FY19 for primary and secondary education. When all budget funds are combined, recommended support for primary and secondary education in the executive proposal totals \$11.2 billion in FY18 and \$11.4 billion in FY19, increases of 1.2% and 1.4% respectively. These totals do not include Property Tax Replacement/Tangible Personal Property Reimbursements and Property Tax Reimbursements, which reflect an additional \$1.4 billion each year.

Of the recommended appropriations contained within the Department's budget, approximately 98 percent will flow to local schools. These represent payments for the school foundation program, property tax rollback payments, federal grants, property tax replacement payments, and other grants and aid. Of the remaining two percent, the majority is used on contracted personal services and the expenses associated with federal- and state-mandated testing and the Ohio School Report Cards. Less than one half of one percent of the Department's budget remains at the department in the form of staff salaries and other operating expenses.

This commitment to education is important, as ultimately, it shapes the future of every child, as well as the future of our communities and state. I'd like to discuss the ways that this budget proposal will allow the Ohio Department of Education to better support local schools in providing a quality education.

Early Childhood

Early Childhood Education: The Kasich Administration and State Board of Education place a high priority on serving children from birth to age 5 who have a disability or are economically disadvantaged. According to Ohio's new Kindergarten Readiness Assessment (GRF ALI 200437), these children are more likely to arrive at school underprepared in language, literacy and math skills. Compared to their more advantaged peers, these children average 28 percent lower on measures of physical well-being and social and emotional development. I applaud the legislature's passion for high-quality support of children's development and learning from infancy through kindergarten. Our Early Childhood Development line item (GRF ALI 200408) and Child Care Licensing line item (GRF ALI 200442) both support preschool education. Between the money set aside in these line items and the set-aside for preschool special education (GRF ALI 200540), this budget contains more than \$182 million each year for early childhood education.

Literacy Improvement: The executive budget increases funding for Literacy Improvement (GRF ALI 200566) from \$500,000 in FY17 to \$750,000 in FY18 and \$1.25 million in FY19. Additional funding in this area would build on professional development activities across the state, working with existing Educational Service Center (ESC) networks. Aligning state, local and federal efforts and increasing supports for early literacy instruction through well-defined evidenced based strategies have the capacity to positively impact many children's ability to read.

Prepared for Future Success

Career Preparation: The previous budget included over \$2 million for a career-counseling pilot program designed to promote awareness of and preparation for Ohio's in-demand careers. At selected pilot sites, educators collaborated with local business and industry partners, better preparing students to make decisions about career and college options. With new funds set aside in this budget for Career Connections (GRF ALI 200545), the Department plans to build on the lessons learned from this pilot and bring stronger career counseling to students across Ohio.

Our work related to career preparation is not new to this budget. The Department has been expanding the promotion of career planning for students for a number of years. In addition to the pilot, our staff has assisted in the creation of OhioMeansJobs K-12 (GRF ALI 200545), an online career information system being used by more than 350,000 students. Career Connections provides training and technical assistance to schools and offers reporting tools, which allow educators to connect with student activity on the site. The Department has also created model Career Advising policies, sample Student Success plans and training for schools to support implementation.

Much credit is due to Governor Kasich and prior General Assemblies for their focus on career preparation and workforce readiness. Because of this commitment, there are a lot of exciting things happening in career-technical education. Our work with our partners in higher education on articulation agreements for career-technical education programs assures college credit for students in these classes. We are finding more and more examples of businesses directly involved with schools to promote careers and provide quality work-based learning opportunities, including internships and apprenticeships.

Perhaps most important of all, one of the new pathways to high school graduation focuses on earning an in-demand credential. We are signaling to all students, parents and our communities that career-based learning is a rigorous and valuable avenue to a student's future success, both in terms of going to college and entering the workforce.

As we continue to promote career readiness for students, it is important to remember that success does not come from mandating new programs. Success comes from schools partnering with local businesses. Success comes from career centers partnering with their associate schools to start new career-technical education programs. Success comes when educators are able to expand existing programs and prepare more students for the workforce. That's why the Department remains committed to helping districts create new pathways, share best practices and promote career-readiness programs.

In order to provide a clearer path to the classroom for those who want to teach in a career-technical setting, the executive budget recommends a change to the Career-Technical licenses issued by the State Board of Education. The proposed change would allow these educators to work through required higher education programming at a faster pace and give career-technical programs more latitude to bring in qualified experts with significant real-world experience in a given field. This increased flexibility and clarity will bring more educators into these growing programs.

Additionally, a recent change to the funding formula has incentivized career-technical education. Prior to FY17, supplemental funding for career-technical education was subject to both the provisions of the guarantee and the cap. There are examples of schools making purposeful moves to increase participation in career-technical programs without any increase in state aid. Conversely, some schools have reduced career-technical education offerings, but because of the guarantee, continue to receive the same level of funding. Because the number and level of career-technical education offerings is a choice, the last biennial budget pulled the supplemental funding for career-technical education outside of these short circuits in the formula to truly incentivize districts to add career-technical programs with corresponding increases in funding for districts that do. The proposed budget continues these practices.

College Preparation: College Credit Plus is an opportunity for students in Ohio to earn college and high school credits at the same time. Last year, more than 52,000 Ohio students saved over \$120 million in tuition costs. These results are remarkable, and changes proposed in the budget will ensure continuing interest, support and success for the program and allow more students to engage in high-quality preparation for college.

In response to feedback from both K-12 and higher education stakeholders, the Departments of Education and Higher Education held interested party meetings to evaluate the first year of the program. The budget includes a number of programmatic changes designed to address a variety of their concerns.

- Textbooks: The cost to high schools for textbooks will be limited to \$10 per credit hour, or to a cost and distribution arrangement negotiated with the college.
- Student Eligibility: Participation in the program would be limited to students who demonstrate college preparedness, such as scoring remediation-free on a college entrance exam.

- **Course Eligibility:** There will be some restrictions, established by rule, on the courses eligible for College Credit Plus funding
- **Continuing Student Participation:** Students who underperform in College Credit Plus will need to meet certain requirements in order to continue participation
- **Funding Floor & Ceiling:** The budget eliminates the ability for higher education institutions to negotiate per credit hour funding below the established floor of \$40 per credit hour.

These improvements to College Credit Plus prioritize the needs of students and address many of the concerns we have heard during the first two years of the program. We are encouraged to see so many secondary and post-secondary partners working together to focus on the educational advancement of students and expect to see much more going forward. While the majority of the cost of College Credit Plus is paid via a deduction from traditional district and community school foundation payments, the executive proposal seeks to maintain College Credit Plus funding for non-public students at \$2.6 million each fiscal year (GRF ALI 200511) and for homeschool students at \$1.5 million each fiscal year (GRF ALI 200550). Keeping this option open to all students will ensure that Ohio remains a leader in dual-credit programming.

Adult Education Programs: While we are strengthening the career- and college-readiness of students, we still face the reality that one million adults in Ohio do not have a high school diploma. As we look to develop a stronger workforce, it is imperative to find innovative ways to close this diploma gap. That is why the Department, with vision and support from Governor Kasich and the Office of Workforce Transformation, has been dedicated to expanding adult education options. We currently serve this population through three distinct programs, each designed to meet the different goals adult learners have in continuing their education: the Adult Diploma Program, the 22+ Diploma Program, and the GED Reimbursement. Last year, these programs provided a high school diploma or certificate of equivalency to more than 6,500 adults. That is 6,500 more Ohioans who can advance their education and secure better jobs, with more opportunities to provide for themselves and their families.

Last year, demand for the Adult Diploma program exceeded the available appropriation, while available funds remained unspent in the GED reimbursement and 22+ program. To better serve adult learners, the executive proposal seeks to consolidate these three programs into a single line item (GRF ALI 200572), Adult Education Programs, with funding flat to FY17 levels across all four programs (22+ GRF ALI 200421; High School High School Equivalency Testing GRF ALI 200447; GED Reimbursement GRF ALI 200550; and Adult Diploma GRF ALI 200572). The executive proposal makes use of cash in a non-GRF fund (ALI 200610) for the first year of the biennium for this work. This move will not increase the total appropriation of the programs, but will allow the Department to more efficiently administer these programs to more adult learners. Related to this line-item consolidation, the executive budget permits an outside entity to make payments under the Adult Diploma Program instead of the Department. This will allow Adult Diploma providers to access private philanthropy, scholarship funds, endowments and other non-state sources of funds to serve even more adults.

Continuous Improvement of the Education System

School Improvement: Two GRF set-asides within the Department’s budget (GRF ALI 200448 and GRF ALI 200550) support school improvement initiatives for public schools in Ohio, with a focus on those with the highest level of need. The executive budget increases funding for school improvement from \$4.0 million to \$10.5 million in each year of the biennium. This support will include help with improvement planning, creating a culture of improvement in schools, professional development for building principals and teachers and resources to promote effective practices. Funding will be distributed through ESCs. A part of the school improvement plan for the next biennium includes the development of an evidence-based clearinghouse. The development of this school improvement tool will be primarily funded with federal funds (ALI 200645), however a one-time increase in GRF resources is recommended in FY18 to assist in the creation of the clearinghouse (GRF ALI 200424).

ESCs are such a tremendously important resource supporting district and school improvement across the state, especially in the context of constrained district resources. They are particularly important to smaller districts. The subsidy funding for ESCs is an area worthy of additional focus.

Community Connectors: Another aspect of improvement is leveraging all the available community resources to support student learning. Research tells us that students need caring adults in order to achieve success. Community Connectors (SLF ALI 200629) pairs students with positive adult role models. Since 2015, Governor Kasich’s Community Connectors grant program has brought together the business, education, nonprofit, and faith- and values-based communities to provide mentoring to more than 50,000 students across Ohio. The grant targets students in grades 5-12 in low-performing, high-poverty schools, seeking to make a long-term impact on Ohio communities. The proposed budget maintains funding at \$10 million in each fiscal year, allowing this work to continue.

Support for Innovation and School Choice

Straight A Fund: In the FY14-15 biennial budget, Governor Kasich proposed the Straight A Fund (SLF ALI 200648) to help Ohio promote sustainable, innovative and local ideas that transform and modernize Ohio’s education system. Thanks to the \$280 million set-aside by the legislature over the last four years, more than 500 schools and ESCs around Ohio have benefited from Straight A funding. This infusion of resources has stimulated many new practices changing education all across the state. We have seen some wonderful success stories emerge from the Straight A Fund. For example:

- 20 rural school districts in eastern Ohio have created a collaborative transportation network, saving millions of dollars and improving the efficiency of pupil transportation.
- Tri-Rivers Career Center in Marion created an advanced robotics program, RAMTEC, which has since expanded to eight additional career centers around the state. RAMTEC is a national model for training students in advanced manufacturing using robots.
- Mentor opened the Paradigm Center, a professional development and distance learning center that is providing exciting new opportunities to educators and students in Lake County.

One of the primary goals of the Straight A Fund is to find innovative ideas that can be reproduced on a larger scale. The changes recommended in this budget allow the Straight A Governing Board to award a

new type of grant. The original innovation grants would continue, but the Board could also award replication grants, which would be used specifically to replicate previous projects. Structuring the program this way would set aside dollars for continued innovation while also allowing the Governing Board to replicate successful projects. The executive budget recommends \$15 million in each fiscal year for the Straight A Fund.

Office of Innovation: One area of innovation involves fundamentally rethinking how students progress in their learning over time. Recognizing that students learn at different paces, the Department is exploring ways to allow students to advance based on competency and readiness. In the last biennium, the legislature approved the Competency-Based Education pilot. Five locations have been planning their strategies and have begun implementing their plans to advance students based on the mastery of competencies, rather than on seat time. As we move into the implementation phase of the pilot, we are beginning to see opportunities to inform the future development of statewide programs and policies.

The executive budget recommends new funding of \$750,000 in each year of the biennium for the Office of Innovation, which was created by the Department in 2016. The office is responsible for STEM schools, competency-based education and emerging education practices. With the continued support of the legislature, the Office of Innovation will facilitate the development of policies, professional development of teachers, and promotion of practices based on the work of the Competency Based Education pilot, and other education innovations that produce results.

Scholarship Programs: The EdChoice Expansion program provides income-based scholarships to students across the state (GRF ALI 200573). As I mentioned before the full Finance Committee, this line item will see a significant increase to keep up with demand as the program expands to fourth graders in FY18 and fifth graders in FY19 under existing law. The increases of 21.9% in FY18 and 24.2% in FY19 allows for growth in the number of participating students from 7,500 to 11,500.

The other scholarship program supported through direct appropriation in the Department's budget is the Cleveland Scholarship Program. Unlike the traditional EdChoice program, which is supported by deductions from the traditional district's foundation funding, the Cleveland Scholarship program pairs direct state appropriation and a contribution by the Cleveland Municipal School District. While the cost of the program has increased over the past several years and is expected to approach \$40 million in FY17, the share for Cleveland was last increased in House Bill 66 of the 126th General Assembly. At that time, the program was funded with \$8.6 million in direct funding from the state and \$11.9 million from Cleveland. Under the executive proposal, the scholarship program would now be funded at \$44 million total per year, allowing for continued growth. The state share is proposed at \$28.6 million in FY18 and \$26.4 million in FY19, with Cleveland's share proposed at \$15.4 million in FY18 and \$17.6 million in FY19. As this program continues to grow, it is important that the local district share in the cost.

Community Schools: The Community Schools and Choice Programs line item (GRF ALI 200455), is proposed to increase by 20.8% in FY18 and 1.7% in FY19. This reflects operational costs associated with new oversight put in place by House Bill 2 of the previous General Assembly. The Department has had to increase capacity for sponsor evaluations and these recommendations reflect that cost. These new

operations at the Department are already helping to ensure higher quality sponsors and better options for students.

Department Operations

Operating Line Items: As you work through the budget process, you will notice that a number of our line items see modest increases. These are largely for projected cost increases for current staff. Across all GRF line items, the executive proposal recommends an additional \$1.5 million in FY18 and \$1.9 million in FY19 over FY17 levels for these estimated costs. While this does not cover the full projected cost increase, this will help the Department maintain existing service levels.

Education Management Information System: As I discussed with the full Finance Committee, we are requesting an increase to the Education Management Information System (EMIS) line item (GRF ALI 200446). These funds will allow for new staff support, quality assurance processes for the system and an additional training targeting EMIS coordinators and other local school staff. These updates will make the system easier to use and increase its effectiveness. The executive budget will allow the Department to increase capacity both internally and externally. We recently concluded two reviews of the EMIS system, one conducted by OBM's Office of Internal Audit and one conducted by IT consultants from Accenture. These two reviews provided us with substantial, helpful recommendations for improvements. Future work will include the development of an EMIS strategic plan, the implementation of an enhanced governance and prioritization process for EMIS changes, development and implementation of additional data quality assurance checks and the development of more stringent formal software testing procedures.

Conclusion

Mr. Chairman, members of the committee, this concludes my testimony. We at the Department of Education are excited by the opportunities created by this budget. The policy and fiscal changes will allow us the opportunity to do the important work of continually improving Ohio's education system. We know we have the capacity to be among the best education systems in the country, and look forward to achieving that end with your support. I look forward to working with you through the rest of this process and am happy to answer any questions at this time.