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## **OHIO'S E-SCHOOLS: FUNDING FAILURE; CODDLING CONTRIBUTORS**

### **Introduction**

Electronic schools, or E-schools for short, are a subset of charter schools. In principle, they—like their brick-and-mortar charter counterparts—can be a useful and effective alternative to traditional schools for some students. No Ohio parent should feel his or her child is trapped in a substandard school. And no Ohio child should find the door to a decent life barred by an unproductive educational experience.

At the same time, however, it is critical that legislators see to it that public money is spent wisely and not wasted on “alternatives” that deliver even worse results than the traditional schools they were designed to supersede. In the absence of strict accountability and oversight, E-schools can be a cruel hoax on the children, parents, and taxpayers who were counting on them.

In Ohio, E-schools have grown significantly in enrollment since their inception in the 2000-2001 school year when the Electronic Classroom of Tomorrow (ECOT) enrolled nearly 2,200 students. Since then, enrollment in E-schools has grown about twice as fast as enrollment in brick and mortar charter schools. And this has occurred despite the moratorium the state imposed in 2005 against the creation of any new E-schools until accountability standards were adopted for their operation.<sup>i</sup>

In any event, Gov. Kasich proposed repealing the moratorium in HB 153 (the “budget bill”).<sup>ii</sup> House Republicans restored the moratorium in their revisions to the

Kasich budget proposals, but not for the reasons one might suppose. Their rationale will be discussed toward the end of this report.

For now, suffice to say that E-schools will continue to operate and grow as they have in the past, but without specific E-school standards or accountability measures governing their operations. In fact, E-schools will be able to generate even *greater profits for their operators* than heretofore, thanks to changes being implemented to the state's operating budget.

Incredibly, accountability measures and standards for E-schools have not only already been created by the Ohio State Board of Education, they have been awaiting adoption by the General Assembly since September, 2003. As yet—nearly 8 years later—they have *not* been adopted, and if the budget bill is any indication, Gov. John Kasich and the Ohio House of Representatives have little interest in doing so. Innovation Ohio views this inaction as indefensible, reckless, and fiscally irresponsible.

### **A Short History of E-schools**

The first E-School, the Electronic Classroom of Tomorrow (ECOT), was one of the few charter schools (sometimes called “community schools”) rejected by the Ohio State Board of Education. Board members had concerns about the school's ability to account for its students<sup>iii</sup>.

Turned down by the state, ECOT went approval shopping to the Lucas County Educational Service Center, which granted ECOT a sponsorship. The following year, State Auditor Jim Petro found that ECOT had been paid \$1.7 million for children it couldn't prove it had<sup>iv</sup>.

Rather than penalizing or going after the Lucas County ESC for this failure, in the 2002 lame duck session, State Rep. (and future House Speaker) Jon Husted led a legislative effort to punish the Ohio State Board of Education by stripping it of its community school sponsorship approval authority<sup>v</sup>.

Since then, E-schools have received well over \$1 billion from school districts, costing districts, on average, more than 4 mills in local property tax revenue over the past eight years. In return for this money, E-schools have delivered extremely poor student achievement results.

### **Ohio's E-School Performance**

Of the 23 E-schools rated by the Ohio Department of Education for the 2009-2010 school year, *only three* rated “effective” or better on the state report card. In other words, *only 8 percent* of all E-School enrolled children are in schools that rate B or better. By contrast, more than 75 percent of traditional public school students attend school in buildings rated B or better<sup>vi</sup>. In short, children are nearly 10 times more likely to receive an “effective” education in traditional public school than they are in E-schools.

Other metrics also indicate E-schools are vastly under-performing. For example, only two of the seven statewide E-schools—schools whose students come from all over the state and account for about 90 percent of all E-school enrollment—have graduation rates higher than Cleveland Municipal Schools, the lowest rate of all traditional school districts in Ohio. In other words, a child has a better chance of graduating if he or she attends school in the Cleveland Municipal school district (whose

poor performance has long served as a punching bag for conservative school choice advocates) – than in an Ohio E-school.

Among E-schools, only Connections Academy has a graduation rate approaching 90 percent. But even this online school, while head and shoulders above the rest, ranks in the bottom 15 percent of traditional school districts on this score.

<b>Building Name</b>	<b>Final graduation rate 2008-09</b>
Treca Digital Academy	24.1
Virtual Community School Of Ohio	34.0
Electronic Classroom Of Tomorrow	35.0
Alternative Education Academy	35.9
Ohio Virtual Academy	54.1
<b>Cleveland Municipal City</b>	<b>54.3</b>
<b>Youngstown City</b>	<b>58.0</b>
Buckeye On-Line School for Success	60.2
Ohio Connections Academy, Inc	89.3
<b>Ohio School District Median</b>	<b>95.5</b>

Table 1: Graduation Rates of Statewide E-schools and Traditional Schools<sup>vii</sup>

One final metric further underscores the point. On the state’s Performance Index Score<sup>viii</sup>, nearly 97 percent of Ohio’s traditional school districts have a higher score than the average score of the seven statewide E-schools. OHDELA, which has the lowest score among the 7 at 77.8, outscores only 8 of Ohio’s 613 traditional school districts. And the average district Performance Index Score—97.1—is 14 points higher than the average statewide E-school score.

## **E-School Funding**

Like all other Ohio charter schools, E-schools receive a per pupil amount that is deducted from the district where the child resides, regardless of whether the child ever attended school in his or her residential district.

This per pupil amount —currently \$5,703, plus any special education dollars— is based on the old “building blocks” calculation performed under the state’s previous foundation formula. The building blocks formula used several components in determining the per pupil amount, including a base cost for classroom teachers, personnel support (arts teachers primarily) and non personnel support.<sup>ix</sup> Those separate components were calculated as \$2,931 in FY 09 for teachers (at an average teacher salary with benefits of \$58,621 and a flat student-teacher ratio of 20:1), \$1,962 in FY 09 for personnel support, and non-personnel costs of \$839 per pupil. All components added together made the per pupil amount \$5,732 in FY 09. The Evidence Based Model of school funding did away with using the Building Blocks model for traditional public schools, but kept the per pupil deduction amount for charter schools (reduced to \$5,703 by FY 11), which was based on the Building Blocks calculation.

The major flaw in using this formula to determine how much should be deducted from school districts is that charter schools generally have far lower costs than traditional public schools. Yet charter schools are paid as if they had the *same* costs. The problem is compounded and magnified with respect to E-schools.

### ***Teacher Salaries & Operational Costs***

Teacher salaries provide a helpful example. In charter schools, the average teacher salary is \$39,759, compared to \$56,215 for traditional public schools.<sup>x</sup> Nearly 90 percent of all E-school students attend one of the seven statewide E-schools listed in Table I, all of which have at least 1,400 students. The average teacher salary of those seven schools is just \$36,145.<sup>xi</sup>

Under the Building Blocks calculation, this means that charter schools are receiving, on average, \$16,456 more for a teacher than they actually pay.<sup>xii</sup> For E-schools, the disparity is even more pronounced. And the seven E-schools that educate roughly 90 percent of all Ohio E-school students are overpaid, on average, \$20,070 per teacher.

A similar problem exists with operational costs. Unlike traditional schools, E-schools experience no heating and cooling costs, busing expenses or meal costs. Using the State's Building Blocks formula, which attributes to E-schools far higher salaries and operational costs than they actually pay, results in their receiving grossly inflated amounts of money. This is not only wasteful, but extremely detrimental to local school districts that must ask property owners to make up the lost revenue.

Name	ADM	State Total	\$ Per Pupil	Teacher salary	15:1 Class Size & \$2k Laptop	Amt Left	Margin
ECOT	9971	\$64,451,715	\$6,464	\$ 34,008	\$ 42,548,507	\$21,903,207.68	34.0%
Ohio Virtual Academy	9610	\$58,944,956	\$ 6,134	\$ 33,064	\$ 40,401,783	\$18,543,172.42	31.5%
Treca Digital Academy	1935	\$12,246,648	\$ 6,328	\$ 32,573	\$ 8,073,502	\$4,173,146.31	34.1%
Ohio Connections Academy	2648	\$15,978,916	\$ 6,035	\$ 37,935	\$ 11,991,207	\$3,987,709.18	25.0%
OHDELA	1821	\$11,701,580	\$ 6,427	\$ 33,684	\$ 7,729,327	\$3,972,252.66	33.9%
Virtual Community Sch Of Ohio	1329	\$9,506,034	\$ 7,152	\$ 44,073	\$ 6,563,362	\$2,942,672.01	31.0%
Buckeye On-Line School	1603	\$10,071,001	\$ 6,281	\$ 37,677	\$ 7,233,949	\$2,837,051.84	28.2%

**Table 2: How Much the Statewide Would Need to Pay for 15:1 Class Sizes and \$2,000 Computers for Every Child vs. How Much E-schools Actually Receive from the State via Districts<sup>xiii</sup>**

## Class Sizes

As can be seen in Table 2, E-schools receive enough state money to pay for a class size ratio of 15:1 (15 students for each teacher), \$2,000 computers for all students, with a still handsome amount left over for other “costs.”

But the overpayments being made to are even more egregious when one sees how they *actually* spend their money.

Name	ADM	State Total	Teacher salary	Number of Teachers	Student:Teacher Ratio	\$ Spent on Teachers	% of \$ Spent on Teachers
ECOT	9,971.06	\$64,451,715	\$ 34,008	330	30:1	\$ 11,222,640	17.4%
Ohio Virtual Academy	9,609.71	\$58,944,956	\$ 33,064	190	51:1	\$ 6,282,160	10.7%
Ohio Connections Academy	2,647.65	\$15,978,916	\$ 37,935	64	41:1	\$ 2,427,840	15.2%
Treca Digital Academy	1,935.38	\$12,246,648	\$ 32,573	48	40:1	\$ 1,563,504	12.8%
OHDELA	1,820.55	\$11,701,580	\$ 33,684	59	31:1	\$ 1,987,356	17.0%
Buckeye On-Line School	1,603.34	\$10,071,001	\$ 37,677	52	31:1	\$ 1,959,204	19.5%
Virtual Community Schl Of Ohio	1,329.10	\$9,506,034	\$ 44,073	48	28:1	\$ 2,115,504	22.3%
<b>Totals/Averages</b>	<b>28,916.79</b>	<b>\$182,900,850</b>	<b>\$ 36,145</b>	<b>791</b>	<b>37:1</b>	<b>\$ 27,558,208</b>	<b>15.1%</b>

Table 1: How E-schools Spend Their Money<sup>xiv</sup>

As Table 3 shows, statewide E-schools provide, on average, student-teacher ratios of 37:1. Ohio Virtual Academy, run by K-12, Inc. – a for-profit corporation – has a mind-bending ratio of 51:1, 51 students for each teacher.

With respect to pay, E-schools spend, on average, 15 percent of their money on teacher salaries – which is almost exactly the reverse of traditional schools. Lorain City Schools, for example, educates roughly the same number of students as ECOT. But Lorain employs 591 full-time teachers (for a ratio of 17:1), and Lorain spends the equivalent of 75 percent of its state money on teacher salaries.<sup>xv</sup> ECOT has a student/teacher ratio of 30:1 and spends just over 17 percent of its state money on teacher salaries.

Even supporters of E-schools do not condone the abysmal student/teacher ratios that are found in Ohio’s E-schools. The International Association for Online K-12 Learning, for example, recommends that generally “a *full-time online teacher ... should carry approximately the same load*” as their *face-to-face traditional school counterparts*.<sup>xvi</sup>

### ***E-schools Cost Ohio More than Traditional Schools***

All told, E-schools on average receive from the state (through deductions from school districts) \$6,320 per pupil.

This was one reason the state requires E-schools not only to report to the Ohio Department of Education (ODE) how it spends its money, but also to spend at least as much on per pupil instruction as they receive for base classroom teachers through the building blocks formula –which is currently \$2,931. In calculating how much is spent on instruction, E-schools are allowed to include teacher salaries, curriculum, academic materials, computers and software. If the ODE determined that the E-school was not spending the minimum amount required, it could fine the offending school either 5 percent of the amount it had been given, or the difference between what was supposed to be spent and what was actually spent.<sup>xvii</sup>

According to the latest data available, the seven statewide E-schools are spending, on average, about \$953 per pupil on teachers’ salaries –less than one-third of the \$2,931 minimum that was required in ORC 3314.085. This, in turn, means that in order to comply with Ohio law, the E-schools would have to spend nearly \$2,000 per pupil on curriculum, academic materials, computers and software; otherwise, they would fail to meet the minimum instructional requirement and would be subject to fine.



Unfortunately, we may never know whether they have been in compliance with Ohio law because, conveniently for E-schools, Gov. Kasich and the Ohio House have proposed repealing ORC 3314.085 in their 2013-14 budget. Should this become law, E-schools will be able to spend as little as they choose on pupil instruction, secure in the knowledge that they will face no fines or other penalties.

And that brings us back to the \$6,320 per pupil that E-schools receive from the state—which is more than about 95 percent of Ohio’s traditional public schools receive through the state’s foundation formula. In fact, more than 90 percent of Ohio’s traditional public schools receive less money per pupil from the state’s foundation formula than the lowest per pupil amount given to any E-school.<sup>xviii</sup>

And if this weren’t outrageous enough, traditional public schools pay more per pupil to E-schools on average than they receive from the state a staggering 93 percent of the time.<sup>xix</sup>

What all of this means is that far from “saving” money, E-schools actually cost the state more money than do traditional public schools. Arguably, this could be justified if E-schools produced better student outcomes. But as has already been discussed, student outcomes are significantly worse, with children being 10 times less likely to receive an “effective” education in an E-school than they would in a traditional school.

## What Gives? Look at Who Gives

In light of these statistics, the obvious question is why the state has allowed poorly performing E-schools to grow like kudzu, going from a \$115 million program in 2006 to a \$205 million program in 2011, with annual enrollments increasing at an average of 11 percent.

Given that charter schools were supposed to allow children to escape poorly performing traditional schools—and given the state’s precarious financial position—why in the world would Ohio spend ever greater amounts of money on schools that not only cost the state twice as much money per pupil, but also produce worse state “report card” results and lower graduation rates than Ohio’s lowest performing traditional schools? Indeed, why wouldn’t Ohio simply shut these schools down?

As “Deep Throat” of Watergate fame advised *Washington Post* reporters Woodward and Bernstein: “Follow the money.” Innovation Ohio has found that between 2001 and 2010, Ohio Republicans, who now control both the Governor’s office and the Ohio General Assembly, received *nearly \$4 million in campaign contributions* from just two men – David Brennan and William Lager<sup>xx</sup>.

### **David Brennan**

Brennan, who operates more charter schools in Ohio than anyone else, has single-handedly donated nearly \$3 million to state candidates and Republican Party accounts. Brennan operates the Alternative Education Academy E-School (OHDELA), as well as several brick-and-mortar charter schools. Though OHDELA graduates just 35.9 percent of its students, Brennan receives \$11.7 million a year in state money to operate it.

Incredibly, Mr. Brennan—who currently rakes in roughly \$100 million per year from the state, and has banked over \$500 million in state money since 2000—has never once testified before any education committee of the Ohio General Assembly.

### **William Lager**

For his part, Mr. Lager, who operates ECOT, has made nearly \$1 million in political contributions since 2001. ECOT receives \$64 million per year in state money – yet graduates just 35 percent of its students, and has a performance index rating worse than all but 14 of Ohio’s 613 districts.

### **Summary of Brennan and Lager Political Contributions**

From 2001-2010, David Brennan alone made political contributions totaling \$2,933,046 to political party accounts and candidates for statewide and legislative offices, with only token amounts going to Democrats. William Lager donated \$943,452 during that same time frame –again mostly to Republican candidates and causes. What is especially noteworthy is the size of their recent largesse, especially since it is Republicans who are now seeking to remove all caps, restrictions and accountability from E-schools and charter schools more broadly.

As the 2010 elections approached, Mr. Brennan stepped up his contributions to statewide Republican candidates, giving generously to the campaigns of Gov. John Kasich (\$22,781); Secretary of State Jon Husted (\$22,745); Treasurer Josh Mandel (\$22,692); Auditor David Yost (\$11,000); Attorney General Mike DeWine (\$11,000) and Speaker of the House William Batchelder (\$22,000).<sup>xxi</sup> Their Democratic opponents received nothing from Mr. Brennan.



Mr. Brennan also contributed heavily to various Republican Party organizations and committees during 2009-10. In 2009, he gave a total of \$169,075 to 5 different GOP political funds, and in 2010, \$106,000 more to 3 Republican funds and committees. He also contributed an additional \$24,850 to Republicans in 2009-10 through “Go-Go PAC”, a political action committee that he himself controls.<sup>xxii</sup> Go-Go PAC’s contributions to Democrats during this period totaled \$9,420, with the bulk of that (\$8,395) going to incumbent Gov. Ted Strickland.

All told, David Brennan lavished over \$412,000 on Republican candidates and committees during 2009 and 2010 alone, while contributing a token \$9,420 to Democrats in this period.

Although not as generous as Mr. Brennan, William Lager also targeted Republican candidates in 2009-10, giving Batchelder \$21,000; Yost \$11,395; and Senate President Tom Niehaus \$11,000. Two Democrats—then-House Speaker Armond Budish and Rep. Ted Celeste of Columbus—received \$10,000 each.<sup>xxiii</sup> Like Brennan, Mr. Lager also gave significant amounts to party organizations in 2009-10, with Republican committees receiving \$86,093 and Democratic committees getting \$42,000.<sup>xxiv</sup>

### ***Pay to Play?***

Newspaper editorial writers and other observers around the state have begun to speak out against the seeming connection between the huge political donations Mr. Brennan and Mr. Lager have made to Republicans and that party’s drive to loosen rules and accountability for the schools they operate.

In a May 7 column<sup>xxv</sup>, Brent Larkin of the *Cleveland Plain Dealer* wrote that “wealthy Akron businessman David Brennan seems to love running schools and owning

politicians. Brennan does a dismal job at the former. He's having great success with the latter."

Larkin cited a recent non-partisan research study at the University of Colorado which concluded that no large for-profit charter school management firm in the United States has a performance record worse than Mr. Brennan's "White Hat Management" company. The study said Mr. Brennan's 51 charter schools (30 of which are in Ohio) have "a success rate of under 2 percent."

### **Where Things Stand Now**

The state continues to pump money into E-schools run by Mr. Brennan and Mr. Lager, while the Republicans who now control state government work double-time to ensure their failure is rewarded.

Not only have the ODE E-school operating standards (recommended in 2003) never been adopted by the General Assembly, but a provision in Governor Kasich's proposed budget bill would have removed the requirement to adopt new E-school standards, in effective lifting the moratorium. With no moratorium in place, there was nothing to keep the number of E-schools from literally exploding. The moratorium-until-standards-are-adopted provision was restored to the House version of the budget when it passed that chamber on May 5.

It would be comforting to believe this denoted a belated crisis of conscience on the part of House Republicans. Something far less noble seems more likely. Opening the floodgates to the creation of new E-schools would mean more competition for existing E-schools, and an end to the oligopoly now enjoyed by Masters Brennan and

Lager. Far better for these Republican benefactors to maintain their gravy train, especially since the adoption of standards is nowhere in sight. Coupled with the repeal of E-school reporting and minimum spending on student requirements, Brennan and Lager now can enjoy the best of both worlds—no pesky competition to eat into their market share, no standards for the schools they already operate, and no risk of state-imposed fines to cut into their profits. It’s nectar from the Gods for Brennan and Lager, but a witch’s brew for Ohio taxpayers and school children.

## Conclusion

Though E-schools can, in principle, be an effective and needed alternative to traditional schools, Ohio’s E-schools are nothing short of a disaster. Of the seven that operate statewide and instruct children from across the state, only one is rated as “excellent” by the state Department of Education. The others have graduation rates that are among the worst in the state and only two have graduation rates better than Cleveland Municipal Schools, the worst performing district in Ohio.

On top of that, they cost the state twice as much per pupil as traditional public schools. Instead of a “win-win” proposition, Ohio E-schools are a “lose-lose” for the Ohio children who attend them and the Ohio taxpayers who fund them.

Instead of trying to fix the problem by passing operating standards and insisting on accountability, Ohio legislators and statewide office-holders seem more interested in improving the bottom lines of two E-school operators who have given them millions of dollars in campaign contributions, while they simultaneously picked the pockets of Ohio taxpayers for millions of dollars more in profits than they gave in contributions.

## Some Questions

This week, Gov. Kasich and administration officials made several statements that bear directly on the findings in this report.

On May 9, Gov. Kasich expressed understandable outrage at nursing home interests who are seeking to derail needed reform of Ohio’s long-term health care delivery system. The Governor said:

“nursing homes and people affiliated with them have contributed \$4.51 million to Ohio candidates and political action committees since 2004. The amount of money (Ohio) spends on nursing homes is through the roof...we’re not going to cave in to these special interests...(no one) should use political influence to run public policy in the state of Ohio.”<sup>xxvi</sup>

Just one day later, on May 10, the Governor’s top education advisor said the administration wants the House-passed changes to Ohio’s charter school laws removed from the budget. Specifically, Dr. Robert Sommers said the Governor believes:

“charter schools should be accountable for student performance and public financing and poorly performing schools should be shut down.”<sup>xxvii</sup>

In light of these comments and the findings in this Report, Innovation Ohio hopes Gov. Kasich and legislative leaders in the General Assembly will answer a few simple questions:

1) You claim to believe charter schools “should be accountable and poorly performing schools must be shut down.” Yet David Brennan receives nearly \$12 million per year in state money to operate the OHDELA E-school. OHDELA has a graduation rate of 36 percent—Lower than the worst performing public school district in Ohio. Why are you not shutting OHDELA down?

2) William Lager receives \$64 million a year in state money to operate ECOT, Ohio's largest E-school. Yet ECOT's graduation rate is just 35 percent. Why are you not shutting ECOT down?

3) You say you believe E-schools should be "held accountable." Yet the State Board of Education developed specific E-school accountability standards in 2003 –but they have still not been adopted by the General Assembly nearly 8 years later.

Will you commit to adopting E-school standards this year?

4) Gov. Kasich, you say you are outraged at nursing homes and those affiliated with them for giving over \$4 million in political contributions in order to stymie reform and influence public policy. Yet Mr. Brennan and Mr. Lager have together given an almost identical amount in political contributions to do the same thing with respect to charter schools.

How do political contributions from charter school operators differ from contributions from nursing home operators when it comes to trying to influence public policy?

Why are you not as angry at Misters Brennan and Lager as you are at nursing home operators?



## Endnotes

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- i Under O.R.C. § 3314.13(A)(6), “ Until the effective date of any standards enacted by the general
- (a) Any entity described in division (C)(1) of that section may renew a contract that the entity entered into with an internet- or computer-based community school prior to May 1, 2005, if the school was open for operation as of that date.
- (b) Any entity described in divisions (C)(1)(a) to (e) of that section may assume sponsorship of an existing internet- or computer-based community school that was formerly sponsored by another entity and may enter into a contract with that community school in accordance with section [3314.03](#) of the Revised Code.
- (c) Any entity described in division (C)(1)(f) of that section may assume sponsorship of an existing internet- or computer-based community school in accordance with division (A)(7) of this section and may enter into a contract with that community school in accordance with section [3314.03](#) of the Revised Code. If a sponsor entered into a contract with an internet- or computer-based community school, including a conversion school, but the school was not open for operation as of May 1, 2005, the contract shall be void and the entity shall not enter into another contract with the school until the effective date of any standards enacted by the general assembly governing the operation of internet- or computer-based community schools.
- ii SEE House Bill 153 as Pending in the House Finance and Appropriations Committee version located at: [http://www.legislature.state.oh.us/BillText/129/129\\_HB\\_153\\_PHC\\_N.html](http://www.legislature.state.oh.us/BillText/129/129_HB_153_PHC_N.html)
- iii Tortora, A. *Electronic classroom offers curriculum via the Internet*. Cincinnati Enquirer, Sept. 3, 2000. Located on the Internet at: [http://www.enquirer.com/editions/2000/09/03/loc\\_electronic\\_classroom.html](http://www.enquirer.com/editions/2000/09/03/loc_electronic_classroom.html)
- iv Petro, J. *Electronic Classroom of Tomorrow Franklin County Special Audit*. Nov. 13, 2001. Located on the Internet at: [http://www.auditor.state.oh.us/auditsearch/Reports/2001/electronic\\_classroom\\_of\\_tomorrow\\_00-special\\_franklin.pdf](http://www.auditor.state.oh.us/auditsearch/Reports/2001/electronic_classroom_of_tomorrow_00-special_franklin.pdf)
- v Bill Analysis, Sub. H.B. 364, 124<sup>th</sup> General Assembly, signed by Gov. Bob Taft Jan. 7, 2003.
- vi According to Ohio Department of Education report card data.
- vii Graduation Rates found at Ohio Department of Education’s Report Card Ratings
- viii According to the Ohio Department of Education, the Performance Index Score is calculated by examining how many pupils took the proficiency tests and what their scores were. Those who don’t take the test receive a 0. Those who are below basic receive a .3 weight, those who are basic rate a .6 weight, proficient are scored at 1, accelerated pupils are a 1.1 and advanced are 1.2. The numbers are added up, their percentages are also calculated. The sum becomes the performance index number. If all students in a district take the proficiency exams, and exactly 20 percent score in each of the five categories, the district’s Performance Index Score will be 84. A Performance Index Score calculator is located at <http://www.ode.state.oh.us/GD/DocumentManagement/DocumentDownload.aspx?DocumentID=16936>.
- ix Ohio Revised Code § 3317.012
- x These salary figures come from the Ohio Department of Education’s Report Card database of average teacher salaries by school building. The Ohio School Funding Advisory arrived at a different figure, which is regarded as more accurate because it averages all the teachers’ salaries, not the average of the average, like one must do with the report card data. However, the SFAC did not do a similar calculation for charter school salaries, so IO used the report card data for an apples-to-apples comparison.

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xi The E-School average was more difficult to calculate because of the smaller sample size and some schools reported average salaries as diverse as \$0 and \$496,000. Removing the top three and bottom three averages to eliminate the outliers shows the average teacher salary in E-schools at \$30,505, about \$10,000 less than the Charter School average. The median of all the salaries, even the outliers, is about \$35,000. However, because of the sampling size problem, and the fact that nearly 90 percent of all E-School students go to the seven schools mentioned, IO chose to use that average for the E-School figure in this report.

xii Again, add \$9,254 to the \$16,456 and E-schools on average receive \$25,710 more for a teacher than they pay. But again, there is a big caution here because of the small sample size for E-schools.

xiii Teacher Salary Data from Ohio Report Card Data. ADM and State Total figures from Ohio Department of Education Data.

xiv Number of Teachers Data from State Report Card Data.

xv This is a little more complicated to calculate because local districts can spend locally raised revenue on teacher salaries too, whereas E-schools cannot (though they *can* raise private funds). But in this era of tight **state budget**, IO wants to see how the **state's money is spent** because that's what Governor Kasich and the General Assembly can control.

xvi From iNACOL discussion of class size at <http://www.onlineprogramhowto.org/policies/curriculum-instruction/class-size/>

xvii IO examined the total amount of money and students transferred from traditional public school districts to E-schools by district and E-School. That resulted in 3,496 transfers. In only 247 instances was the average per pupil amount transferred to an E-School smaller than the per pupil amount the district received from the state. That means the state only saved money on 7% of the transfers to E-schools.

xviii In FY 11, E-schools have received \$205.8 million to educate a little more than 32,560 students, for a per pupil average of \$6,320, according to an IO analysis of Ohio Department of Education data. That is a higher per pupil amount than all but 33 school districts receive from the state on the foundation formula. Using the March #1 payment, after all deductions are taken from school districts (including charter schools, vouchers, ESCs, etc.), the state spends \$5,576,788,615.99 to educate the 1,746,838.74 students (the fraction is due to weighting of students for special education and other factors) in traditional public schools on the state's foundation formula. IO focused on the foundation formula because that's what the *DeRolph* school funding lawsuit examined when the system was ruled unconstitutional four times. That averages out to \$3,193 per pupil. The lowest per pupil amount the state spends in any E-School is \$5,794 in Southwest Licking Digital Academy. Only 59 traditional public schools receive more than that \$5,794 figure from the state. As an aside, only 10 traditional public school districts receive more per pupil from the state's foundation formula than all charter schools' average deduction of \$7,219 per pupil (\$715,650,400.39 spent educating 99,135.77 children in charters), which means **more than 98 percent of traditional public schools receive less per pupil through the state's foundation formula than the average charter school receives.**

xix IO examined the total amount of money and students transferred from traditional public school districts to E-schools by district and E-School. That resulted in 3,496 transfers. In only 247 instances was the average per pupil amount transferred to an E-School smaller than the per pupil amount the district received from the state. That means the state only saved money on 7% of the transfers to E-schools.

xx More, if one includes family and business associates' contributions

xxi Ohio Secretary of State, Candidates and Campaign Finance:

[http://www2.sos.state.oh.us/pls/cfonline/f?p=119:11:1470716925791054::NO:RP:PI1\\_PREV\\_PAGE:2](http://www2.sos.state.oh.us/pls/cfonline/f?p=119:11:1470716925791054::NO:RP:PI1_PREV_PAGE:2)

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xxii Ohio Secretary of State, Campaign Finance Disclosure;  
<http://www2.sos.state.oh.us/pls/cfonline/f?p=119:30:17395992652380::NO:RP:>

xxiii Ohio Secretary of State, Campaign Finance Disclosure;  
[http://www2.sos.state.oh.us/pls/cfonline/f?p=119:11:1470716925791054::NO:RP:PI1\\_PREV\\_PAGE:2](http://www2.sos.state.oh.us/pls/cfonline/f?p=119:11:1470716925791054::NO:RP:PI1_PREV_PAGE:2)

xxiv Ibid

xxv Larkin, Brent, “Budget Contains Gift to Charter School Operator and GOP Benefactor David Brennan,” *The Plain Dealer*;  
[http://www.cleveland.com/opinion/index.ssf/2011/05/budget\\_contains\\_gift\\_to\\_charte.html](http://www.cleveland.com/opinion/index.ssf/2011/05/budget_contains_gift_to_charte.html)

xxvi “Kasich Takes Aim; Fires”, *Columbus Dispatch*, May 10, 2011,  
[http://www.dispatch.com/live/content/local\\_news/stories/2011/05/10/kasich-takes-aim-fires.html?sid=101](http://www.dispatch.com/live/content/local_news/stories/2011/05/10/kasich-takes-aim-fires.html?sid=101)

xxvii “Kasich Balks at House Changes to Charter Plan”, *Columbus Dispatch*, May 11, 2011  
[http://www.dispatch.com/live/content/local\\_news/stories/2011/05/11/kasich-balks-at-house-changes-to-charter-plan.html?sid=101](http://www.dispatch.com/live/content/local_news/stories/2011/05/11/kasich-balks-at-house-changes-to-charter-plan.html?sid=101)