



Ohio House school funding plan looked good at first, but the numbers show they're cutting education aid

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With 20 years as one of the state's most knowledgeable education funding analysts, Howard Fleeter of the Education Tax Policy Institute in Columbus was banging his head against his spreadsheets for much of last week.

It started Tuesday afternoon, when the Ohio House's Finance and Appropriations committee released page after page of complex formula changes in Gov. John Kasich's school funding plan.

Simultaneous with the release, the legislature's research arm released spreadsheets showing how each school district would be affected by the House plan, and reporters, analysts and school officials tried to make sense of it all.

An initial inspection made it look as though fewer school districts would receive reductions in state aid than in the Kasich plan. That would be good news.

But something was wrong. The House's language sounded good, but the dollars weren't there.

A Beacon Journal analysis, Fleeter and others found that at the bottom line, the House was proposing to spend less for education than Kasich.

"They've created a formula that they have not funded," Fleeter said.

Fleeter estimates that the House version spends \$114 million less over the biennium than Kasich's original school funding plan.

Former state Rep. Steve Dyer, who helped author the last school funding formula under Gov. Ted Strickland and now is the education policy adviser for Innovation Ohio, estimates the cuts to be even higher: more than \$200 million.

And a Beacon Journal analysis, with two separate calculations based on reports provided by the Legislative Service Commission and the House, suggests that the state would spend \$82.2 million less on education in the House version than in Kasich's plan.

That means that many of the 225 districts the House said last week were on the "guarantee" and exempt from funding cuts may in fact be losing money in the House version.

Ranking members of the House Finance and Appropriations and Education committees did not return phone calls left throughout the week. The House is expected to vote on the entire budget bill on Thursday, then send it to the Senate for revisions.

Spreadsheets provided by the House suggest that 133 districts could receive less funding in 2014 under the House proposal than they are estimated to receive this year, and 479 would receive more. However, there are so many significant changes in the funding formula and pass-throughs to charter and private schools, it is difficult to discern how accurate those numbers are.

Nonetheless, at Tuesday's introduction of the changes, Committee Chair Rep. Ron Amstutz, R-Wooster, in referring to the governor's roll-out of his own plan, said: "I do have a little piece of good news. There was some confusion on the initial school funding information that went out and I think we've been able to stabilize that in the version that's in front of us now to the point where no districts would be receiving less operating money less year and many of them are receiving more."

"We were able to accomplish this by making some changes in how the formulation and the distribution of the funds is being accomplished," Amstutz said. "And we feel that will be helpful to the districts."

Can't tell winners, losers

In all, 275 school districts, or 45 percent of Ohio schools, would receive cuts totaling \$291.6 million in the first year of the House plan.

Canton City, with a high concentration of children in poverty, would lose nearly \$6 million, the highest dollar amount of all districts in the five-county Akron-Canton area, but Akron, also with many disadvantaged children, would receive the highest increase, \$4.1 million

Twinsburg, Woodridge and Jackson — considered to be "wealthy" because of their high-value industrial and commercial developments — round out the top 10 to be cut. But Green and Lake, also with above-average property valuation and household incomes, would be among the top winners.

The confusion in analyzing the numbers comes from several factors. There were multiple sets of spreadsheets: The governor released budget line items showing spending by each account plus spreadsheets showing the effect on each school district. The House did the same, but neither provided a set of spreadsheets that allowed simple comparison of one with the other or with current school funding.

Kasich, for example, budgeted the same special education program twice in his spreadsheet, in two different accounts, thus making it look as though he was spending \$231 million over two years that he was not.

The House removed one of those accounts, making it look as though it cut \$231 million, when it was not.

"It's not really a cut, it just eliminated that double-count," Fleeter explained.

What is basic?

Basic aid, also known as base cost funding, was defined in an Ohio Supreme Court ruling in 1997 as the amount needed for a basic education of a child. Additional funding was to be provided for such things as special education, vocational or career training and transportation.

Adjusted for inflation since the court's ruling, the state should be providing \$5,883 per child.

However, Kasich proposed reducing basic aid from this year's \$5,789 to \$5,000.

The House said it was re-instating the \$5,789 in current basic aid.

To achieve a real increase in basic aid from \$5,000 to \$5,789 for 1.76 million children would have required about \$1.3 billion in additional funding in just the first year.

However, the bottom line for basic aid actually is reduced in the House budget by playing a shell game with numbers.

First, it moved transportation support into basic aid. Transportation always had been a separate line item that came on top of basic aid. The effect was that about \$300 more per child was counted toward the \$5,789 that previously had not been part of basic aid.

The House added Career Tech, or vocational aid, to its spreadsheets — something Kasich had excluded, further complicating any comparisons.

The rest of the confusion came from a cap.

By limiting school districts to a change of no more than 6 percent in their funding, about 364 school districts were denied about \$901 million that they would have received if the formula were fully funded.

The Beacon Journal's analysis shows that those not getting full funding tend to be among the most needy districts — those with more students living in poverty, lower average property valuations per pupil and slightly larger class sizes. They also tend to have higher percentages of minority children.

"When are you just going to let the formula do its job?" asked Dave Varda, executive director of the Ohio Association of School Business Officials and a former assistant state superintendent.

"Most of those are urban districts, except for Olentangy and Westerville. The major ones, too," Varda said. "They sort of built a formula that would have helped those districts, then they capped it."

He suggested that caps are created to achieve the amount you want to spend.

"You can adjust the caps. It makes it more easy to put money in the system," Varda said.

Other variables

Varda, Fleeter and Dyer say there are other factors that make it difficult to determine how much districts will really receive.

Funding for charter and private schools is also included in district aid. However, there are proposals by both Kasich and the House to adjust funding for charters and voucher programs that could further reduce aid to traditional public school districts.

For example, the House proposes an increase from \$5,000 to \$5,700 for a voucher to attend a private high school in Cleveland. That amount is deducted from Cleveland schools.

In addition, the House proposes a \$5 million set-aside to improve transportation options for children who attend private schools, and also allows charter schools to start up their own bus services. Money for those bus services also would be deducted from the school district.

Meanwhile, one expenditure the House did cut that affected vouchers was an academic evaluation to determine whether the Jon Peterson Scholarship program for autistic students was a worthy expenditure of state money and to evaluate how the program was affecting home school districts.

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