



Kasich Budget Cuts = \$1.1 Billion in School Levies

Gov. John Kasich's first budget in 2011 cut funding to education by \$1.8 billion over the previous biennial two year period.¹ Administration critics have repeatedly said that a cut of this size would hobble school districts and shift responsibility for adequate school funding from the state to local taxpayers in the form of higher property and/or income taxes.

Though the data was difficult to uncover (see "Methodology" below), Innovation Ohio has succeeded in calculating the number of "new money" levies appearing on local ballots since Gov. Kasich introduced his budget in March, 2011. The numbers are staggering.

Since May 2011, Ohio voters have considered an unprecedented **\$1.1 billion** in new property and income taxes for schools. Voters passed just over 40% of that amount, approving school levies equal to \$487 million in new taxes. The \$1.1 billion figure includes only new operating money, not renewal, replacement or capital improvements levies. It also does not include taxes levies for local government services.

Clearly, the decision by the Governor and lawmakers to cut state funding for schools has had a profound impact on local taxpayers and services. The Ohio Supreme Court has ruled four separate times that Ohio's school funding system is unconstitutional based on its overreliance on property taxes. Forcing local taxpayers to consider more tax levies than ever before certainly violates both the letter and the spirit of both the Supreme Court decisions and the Ohio Constitution itself.

As he prepares to introduce the state's next two-year budget, IO calls on Kasich to restore the funds that were cut in 2011 so local taxpayers can receive some measure of tax relief from this unconstitutional funding scheme.

How We Did It

IO examined levies from the May 2011 ballot through November 2012 in its analysis, encompassing the time from when districts realized the depth of state budget cuts contained in House Bill 153 (the Budget Bill) from 2011. The primary source for the information in this report is the Ohio School Boards Association (OSBA) levy results database.² The database lists the month, year, millage and/or income tax rates and whether the levy is new or a renewal.

The OSBA database, however, does not include how much each of these levies would raise. For this, IO acquired from the Ohio Department of Education (ODE) a list of how much each school district in the state raises on a mill³. The data were from 2011, based on 2010 data compiled by ODE. Combining the ODE's money-raised-on-a-mill data with the OSBA database, we then multiplied the millage from the OSBA database by the amount raised on a mill from ODE to arrive at the amount of money local taxpayers were asked to approve.

The calculated amount is likely to be slightly less than what is actually raised, as property values have begun creeping up since the Great Recession. However, this is the best, most up-to-date data available at a statewide level. IO wished to ensure consistency in the calculation to make its analysis more meaningful statewide and from district to district. Given the likely result of cost underestimation in most cases, the figures included should be considered conservative.

Income tax levy data were more complicated to acquire because ODE does not calculate how much each school district in the state can raise on a 1% income tax. Instead, we arrived at the income tax calculation in one of three ways:

- 1) For districts that already collect income taxes, IO interpolated what a particular levy would raise in a district based on what that district raised already in income taxes, according to data published by the Ohio Department of Taxation.⁴
- 2) For districts that did not previously levy an income tax, IO reviewed news coverage for levy estimates provided by district officials.
- 3) For districts where the income tax collection estimates could not be found by the prior two methods, IO contacted the districts to obtain the district's own estimates.

We aimed to be conservative in our analysis and look solely at new operational levies meant to deal with the impact of state budget cuts. IO did not include any bond, permanent improvement, renewal or replacement levies in the calculation, even though there are arguments to be made that each of these levy types is used to free up revenue for operations. However, some levies were combination levies with capital and operating money included in the same issue. In those cases, only the operational levies were included in the IO cost calculation.

Endnotes

¹ Cuts Hurt Ohio: <http://www.cutshurtoho.com/>

² Ohio School Election Results, compiled by OSBA and Support Ohio Schools: <http://portal.osba-ohio.org/fmi/iwp/cgi?-db=Levy%20database&-loadframes>

³ Email correspondence between the Ohio Department of Education and Innovation Ohio. February 22, 2011.

⁴ Ohio Department of Taxation, School District Income Tax: http://www.tax.ohio.gov/tax_analysis/tax_data_series/individual_income/publications_tds_school.aspx