



## THE IMPACT OF \$400 MILLION ON OHIO SCHOOLS

After Medicaid expansion was achieved via a vote of the state Controlling Board, state Senator (and Controlling Board member) Chris Widener told the Senate Finance Committee that the projected \$400 million in savings Ohio will realize from that expansion should be used to pay for another state income tax cut. A tax cut that Policy Matters Ohio estimates would be worth \$28 for middle-income taxpayers.<sup>1</sup> When asked by other Committee members whether the money might be better spent on making up some of the \$500 million in net funding cuts Ohio schools have received in the last two biennial budgets, “Widener said \$400 million divided by the 613 school districts ‘would have a minimal impact.’”<sup>2</sup>

An analysis by Innovation Ohio shows Sen. Widener’s claim to be demonstrably false. To the contrary, the impact of an extra \$400 million on Ohio schools would be dramatic and profound.

Specifically:

- \$400 million exceeds the total amount spent by the state on economically disadvantaged aid (\$369 million)
- \$400 million is over 6 times more than what the state spends on K-3 literacy (\$64 million)
- \$400 million is more than what the state spends on the Third-Grade Reading Guarantee, Gifted Education, Career Tech Education, Limited English Proficiency Education and half of the state's six Special Education categories (\$399.7 million).
- \$400 million exceeds the entire amount spent by the state on school transportation (\$357 million).
- Indeed, the only education line items on which the state spends *more* than \$400 million are Charter Schools, the state’s basic aid amount, targeted assistance

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<sup>1</sup> Policy Matters Ohio, Another Ohio tax cut for the affluent? Oct. 28, 2013.

<sup>2</sup> Hannah Report, October 29, 2013

(parity aid) and Special Education. Everything else gets less money.<sup>3</sup>

What could the state do if it spent the \$400 million on our schools?

- Double funding for Gifted, ELL, Career Tech and K-3 literacy funding.
- Double funding for Transportation – while also nearly doubling funding for the Third-Grade Reading Guarantee.
- Double the amount of economically disadvantaged funding.
- Pay for All-Day Kindergarten or universal preschool in our most economically distressed areas
- Triple the funding for the most profoundly challenged special needs children in the state

### The Impact of \$400 million on all 613 Ohio School Districts

Innovation Ohio also examined the impact \$400 million would have if it were distributed not on specific education programs, but divided up among the state’s 613 school districts.

Once again, the impact would be far from “minimal.”

Assuming that the money would go through the state’s new funding formula, it is clear from the chart below that the impact on individual districts would be quite profound. Of course, districts would not all get the same amount; larger districts would receive more and smaller districts, less. But every district would benefit handsomely.

Table 1 lists the 25 top school districts (in terms of state funding) and the additional amount they would receive from the infusion of another \$400 million in state money.

**Table 1: Impact of Additional \$400M in State Formula Funding – Top 25 Districts**

County	District	Additional Amount
<b>Cuyahoga</b>	Cleveland Municipal SD	\$ 25,119,651
<b>Franklin</b>	Columbus City SD	\$ 15,096,919
<b>Lucas</b>	Toledo City SD	\$ 12,736,636
<b>Summit</b>	Akron City SD	\$ 9,670,887
<b>Hamilton</b>	Cincinnati City SD	\$ 9,126,192
<b>Montgomery</b>	Dayton City SD	\$ 8,541,026
<b>Franklin</b>	South-Western City SD	\$ 5,977,330
<b>Mahoning</b>	Youngstown City SD	\$ 4,937,416

<sup>3</sup> Figures are from the Ohio Department of Education’s October 25, 2013 District Payment Report available at <http://odevax.ode.state.oh.us/htbin/F2014-SFPR-WEB-REPORTS.COM?act=25-Oct-2013&irn=045187&county=01+Adams&DISTRICT=TOTAL&sfprsum=y&sfprdtl=y>

County	District	Additional Amount
<b>Stark</b>	Canton City SD	\$ 4,359,315
<b>Lorain</b>	Lorain City SD	\$ 4,078,057
<b>Butler</b>	Hamilton City SD	\$ 3,431,378
<b>Clark</b>	Springfield City SD	\$ 3,413,480
<b>Fairfield</b>	Pickerington Local SD	\$ 2,701,495
<b>Trumbull</b>	Warren City SD	\$ 2,678,447
<b>Butler</b>	Lakota Local SD	\$ 2,600,159
<b>Franklin</b>	Hilliard City SD	\$ 2,231,513
<b>Allen</b>	Lima City SD	\$ 2,097,706
<b>Lorain</b>	Elyria City SD	\$ 2,089,714
<b>Marion</b>	Marion City SD	\$ 2,002,934
<b>Franklin</b>	Westerville City SD	\$ 1,975,826
<b>Cuyahoga</b>	Euclid City SD	\$ 1,956,660
<b>Cuyahoga</b>	East Cleveland City SD	\$ 1,922,429
<b>Richland</b>	Mansfield City SD	\$ 1,891,921
<b>Franklin</b>	Groveport Madison Local SD	\$ 1,845,047
<b>Butler</b>	Middletown City SD	\$ 1,769,103

### Property Tax Reductions

Distributing an extra \$400 million to Ohio school districts could also result in dramatic property tax reductions, which is especially important at a time when the number of “new money” levy requests is rising and many of them are failing at the polls.

Overall, the average district would receive the equivalent of 2.29 mills in property taxes – or about \$80 per \$100,000 home – if \$400 million in new state money were distributed among districts.

Some districts that are “property-poor” would see substantially more relief. Trimble Local schools in Athens County, for example, would see the equivalent of nearly 11 mills infused into its coffers. Table 2 shows the top 25 districts for which millage reductions would be the greatest.

**Table 2: Property Tax Impact of \$400M for Schools – Top 25 Districts**

County	District	Mills reduced
<b>Athens</b>	Trimble Local SD	10.77
<b>Mahoning</b>	Campbell City SD	9.87
<b>Mahoning</b>	Youngstown City SD	9.75
<b>Ross</b>	Huntington Local SD	9.01

<b>County</b>	<b>District</b>	<b>Mills reduced</b>
<b>Pike</b>	Western Local SD	8.36
<b>Cuyahoga</b>	East Cleveland City SD	8.28
<b>Trumbull</b>	Warren City SD	8.10
<b>Perry</b>	Southern Local SD	8.08
<b>Scioto</b>	Washington-Nile Local SD	8.03
<b>Columbiana</b>	Wellsville Local SD	7.97
<b>Scioto</b>	Northwest Local SD	7.82
<b>Lawrence</b>	Dawson-Bryant Local SD	7.40
<b>Columbiana</b>	East Liverpool City SD	7.20
<b>Portage</b>	Windham Ex Vill SD	6.94
<b>Allen</b>	Lima City SD	6.80
<b>Pike</b>	Eastern Local SD	6.79
<b>Scioto</b>	Valley Local SD	6.53
<b>Scioto</b>	Bloom-Vernon Local SD	6.50
<b>Lawrence</b>	Symmes Valley Local SD	6.41
<b>Jackson</b>	Wellston City SD	6.36
<b>Lorain</b>	Lorain City SD	6.26
<b>Stark</b>	Canton City SD	6.26
<b>Lawrence</b>	Rock Hill Local SD	6.02
<b>Marion</b>	Marion City SD	5.94
<b>Scioto</b>	Minford Local SD	5.92

## **Conclusion**

Whether one looks at the effect \$400 million in additional state funding would have on education programs or on individual school districts, it is clear that the impact in either case would be far from “minimal.” Especially since another state income tax cut would benefit wealthier taxpayers far more than those in the middle or lower income brackets, Innovation Ohio believes that using the savings from Medicaid expansion to partially offset previous state budget cuts to schools and local governments would not only be fairer, but also bring the greatest good to the greatest number of Ohioans.