



## The Kasich Education Record

*As school begins this week for many of Ohio's 1.8 million school children, Innovation Ohio felt it important to remind parents and taxpayers how dramatically funding and policy have changed under Republicans, led by Gov. John Kasich.*

**BOTTOM LINE #1: Republicans led by Gov. John Kasich have removed \$515 million in direct state payments to the 90% of Ohio's children who attend public schools, yet have increased funding by nearly \$300 million to mostly failing charter schools and religious private schools, with the biggest beneficiaries being the party's biggest political donors.**

1. Republicans led by Gov. John Kasich Cut \$515 Million from the 90% of Ohio Students Attending Public Schools

Much has been made of Gov. John Kasich's claims that he has increased education funding over what his predecessor, Ted Strickland, paid. However, the facts simply do not bear out Kasich's claims.

While Kasich and his allies claim that they have increased funding by \$1.3 billion (even using the Ohio Department of Education to further this canard)<sup>1</sup> the fact is that Kasich and his allies ignore two major issues.

First is that under his predecessor's last two-year budget, children received \$1.9 billion over two years to replace the elimination of Tangible Personal Property and Kilowatt Hour taxes. However, during Kasich's last two-year budget, they'll get \$868 million – a cut of more than \$1 billion.<sup>2</sup>

In addition, the budget prior to Kasich taking office included more than \$850 million the federal government provided through the State Fiscal Stabilization Fund, which was intended to prevent massive educator layoffs during the Great Recession.<sup>3</sup>

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<sup>1</sup> Ohio Department of Education. Overview of School Funding. <http://education.ohio.gov/Topics/Finance-and-Funding/Overview-of-Funding>

<sup>2</sup> Innovation Ohio. 4-Year Cut Spreadsheet. <http://innovationohio.org/wp-content/uploads/2014/01/IO-Four-Year-Cut-Spreadsheet-Conference.pdf>

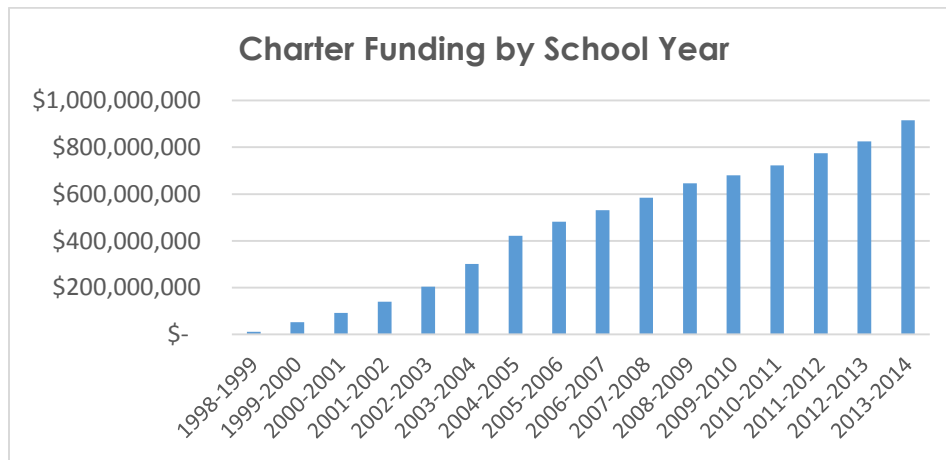
<sup>3</sup> US Department of Education. State Fiscal Stabilization Fund. <http://www2.ed.gov/policy/gen/leg/recovery/factsheet/stabilization-fund.html>

Kasich and his allies claim that this was one-time federal money that they have no duty to replace. Yet the money, by federal law,<sup>4</sup> had to be run through each state’s school funding formula because it was meant to make up the difference between what states *had* been spending on education and what their depleted state revenues would *allow* them to spend during the Recession.

When Kasich and his allies refuse to replace the money, they are saying that they don’t think Ohio’s children should have the resources they had prior to the Recession. As a result, Ohio’s school children have \$515 million fewer<sup>5</sup> than they had in the budget prior to Kasich taking office.

2. Republicans led by Gov. John Kasich Exponentially Increased Money being Sent to Mostly Poor-Performing, Privately Run Charter and Religious Schools

While traditional public schools receive less, money going to poor-performing<sup>6</sup> charter schools, and religious schools through vouchers has reached record-high levels under Kasich’s leadership and continues to climb. Despite nearly constant news about the problems<sup>7</sup> with charter schools and the need for oversight<sup>8</sup>, the Kasich administration and his allies have let funding to these privately run schools balloon to more than \$914 million<sup>9</sup>, without regard to their quality (more than 1/2 of all kids in charters came from higher performing districts<sup>10</sup>), – representing the largest 3-year dollar increase since the program matured in the mid-2000s.



<sup>4</sup> U.S. Department of Education. State Fiscal Stabilization Fund General Guidance. Published March 9, 2009. <http://www2.ed.gov/policy/gen/leg/recovery/factsheet/stabilization-fund.html>

<sup>5</sup> *Op cit.* Innovation Ohio. 4-Year Cut Spreadsheet.

<sup>6</sup> Innovation Ohio. Short-Changed: How Poor Performing Charter Schools Hurt Ohio Kids. <http://innovationohio.org/wp-content/uploads/2014/04/IO-Report-Short-Changed.pdf>

<sup>7</sup> See, for example Columbus Dispatch. FBI Seizes Vendor Records, Hard Drives of Horizon Charter Schools. July 22, 2014.

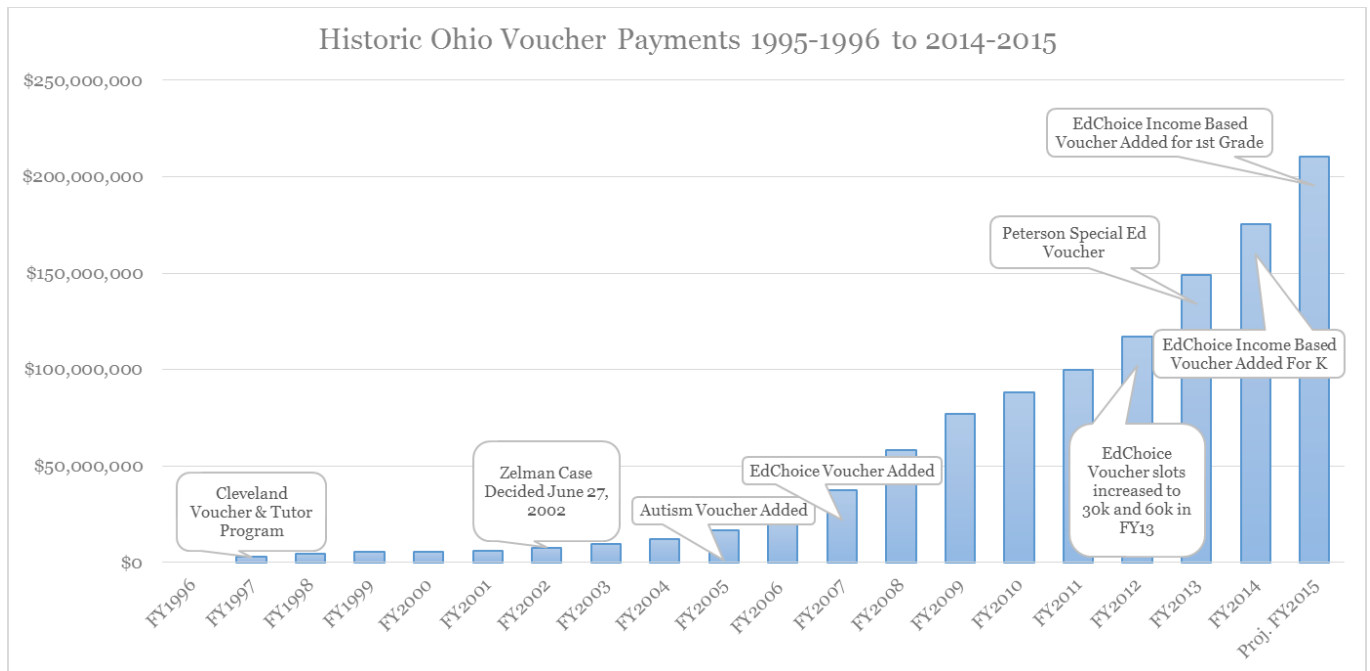
<sup>8</sup> Akron Beacon Journal. Ohio Budget Rewards Poor Performing Charter Schools. June 29, 2013.

<sup>9</sup> Ohio Department of Education. Community School Report. June 2014. <http://odevax.ode.state.oh.us/htbin/F2014-COMMUNITY-REPORTS.COM?act=12-Jun-2014&irn=011470&district=999999&comdtl=y>

<sup>10</sup> *Op. cit.* Innovation Ohio. Short-Changed.

And that increase has disproportionately gone toward<sup>11</sup> poor-performing charter schools – many of which are run by David Brennan and William Lager – the two largest individual Republican campaign contributors, who have contributed more than \$5.4 million since the 1990s.<sup>12</sup> In fact, schools run by those two men have collected a staggering 1 out of every 4 charter school dollars spent since the program started in 1998.<sup>13</sup>

In addition, the amount of money being deducted from school districts for private, mostly religious schools<sup>14</sup> through vouchers will jump by nearly double this school year, from \$99 million in the year prior<sup>15</sup> to Kasich taking office to a projected more than \$200 million this coming school year<sup>16</sup>.



<sup>11</sup> Innovation Ohio. ABJ: Worst Charters Get Biggest Funding Boost in Budget. Blog Post. <http://innovationohio.org/2013/07/01/abj-worst-charters-get-biggest-funding-boost-in-budget/>

<sup>12</sup> FollowtheMoney.Org. Political Contributions Search. Last Accessed 8/27/14.

<sup>13</sup> *Op. cit.* Innovation Ohio. Short-Changed.

<sup>14</sup> About 92% of all approved providers for the EdChoice voucher (which enrolls about 85% of all non-Cleveland voucher students in the 2013-2014 school year), according to the [Ohio Department of Education](http://education.ohio.gov/Topics/Other-Resources/Scholarships/Historical-Information) are religiously affiliated, with 88% of all providers being Christian. Meanwhile, 33 of the 35 approved voucher providers under the Cleveland voucher program (the second-largest enrollment voucher program with about 7,000 students) are religious – all but 1 of which are Christian.

<sup>15</sup> Ohio Department of Education. Scholarship Historical Information. <http://education.ohio.gov/Topics/Other-Resources/Scholarships/Historical-Information>

<sup>16</sup> The FY 2014 figure is not taken from the same data [sheet](#) as the other years because this year has not yet been included in the Department of Education’s historical table. IO added the [May #1 deduction](#) for vouchers to the appropriated direct payment [amount](#) for the Cleveland voucher program (which is not included in the district’s deducted amount) from the House Bill 59 Budget Bill to arrive at the estimated FY 2014 payment. When the payments are finalized by the Ohio Department of Education at the end of this school year, the amount for FY 2014 may be different than that stated here.

The scope of the program has also grown exponentially. The year before Kasich took office, 35 districts (6% of the state's 613 districts) lost money to private, religious school vouchers. This year it was 463 (76% of districts) – a 13-fold increase.<sup>17</sup>

The charter school deduction now is so big that the average child not in a charter school loses \$264 that the state says the child needs to succeed.<sup>18</sup> Add in the increases to private, religious schools with vouchers, and that amount climbs to \$308, or nearly 8% of a child's state revenue going to privately run charter schools, or private, mostly religious schools through vouchers.<sup>19</sup>

And despite Gov. Kasich's promise in his 2011 State of the State Address<sup>20</sup> to put "more dollars in the classroom instead of bureaucracy will improve our schools," Ohio's charter schools are the *least* efficient spenders of public dollars, with 23.5%, on average, going to "bureaucracy" compared with 13% in public schools.<sup>21</sup>

**BOTTOM LINE #2: Republicans led by Gov. John Kasich are committing an historically low percentage of the state budget on education, which has led to huge new property taxes for local homeowners to make up the difference.**

1. Republicans Led by Gov. John Kasich Commit the Smallest Share of State Budget to Primary and Secondary Education Since 1997

Gov. John Kasich and his allies are fond of describing how much more money they have put into public education<sup>22</sup>, yet once again, these claims ring hollow. First of all, they are including all education money, not just the direct funding that goes to all districts, which is down \$515 million from four years ago.<sup>23</sup> The issue is that less of this record-setting budget is going to primary and secondary education than it has at any point since the Ohio Supreme Court first ruled Ohio's school funding system unconstitutional in 1998.<sup>24</sup>

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<sup>17</sup> Ohio Department of Education. June #2 Payment. [http://education.ohio.gov/getattachment/Topics/Finance-and-Funding/State-Funding-For-Schools/Traditional-Public-School-Funding/Bridge-Report/FY-2014-Foundation-Funding-Report-ExCel/FY14\\_SFPR\\_JUN\\_2.XLSX.aspx](http://education.ohio.gov/getattachment/Topics/Finance-and-Funding/State-Funding-For-Schools/Traditional-Public-School-Funding/Bridge-Report/FY-2014-Foundation-Funding-Report-ExCel/FY14_SFPR_JUN_2.XLSX.aspx)

<sup>18</sup> *Ibid.*

<sup>19</sup> While charter proponents claim charter schools are public schools, and they are referred to as such in the Ohio Revised Code, a recent attempt to [unionize](#) charter schools in Cleveland was handled by the National Labor Relations Board, whose authority only extends to "[private sector employees](#)." If they were truly public schools, the State Employee Relations Board (SERB) would have handled the case.

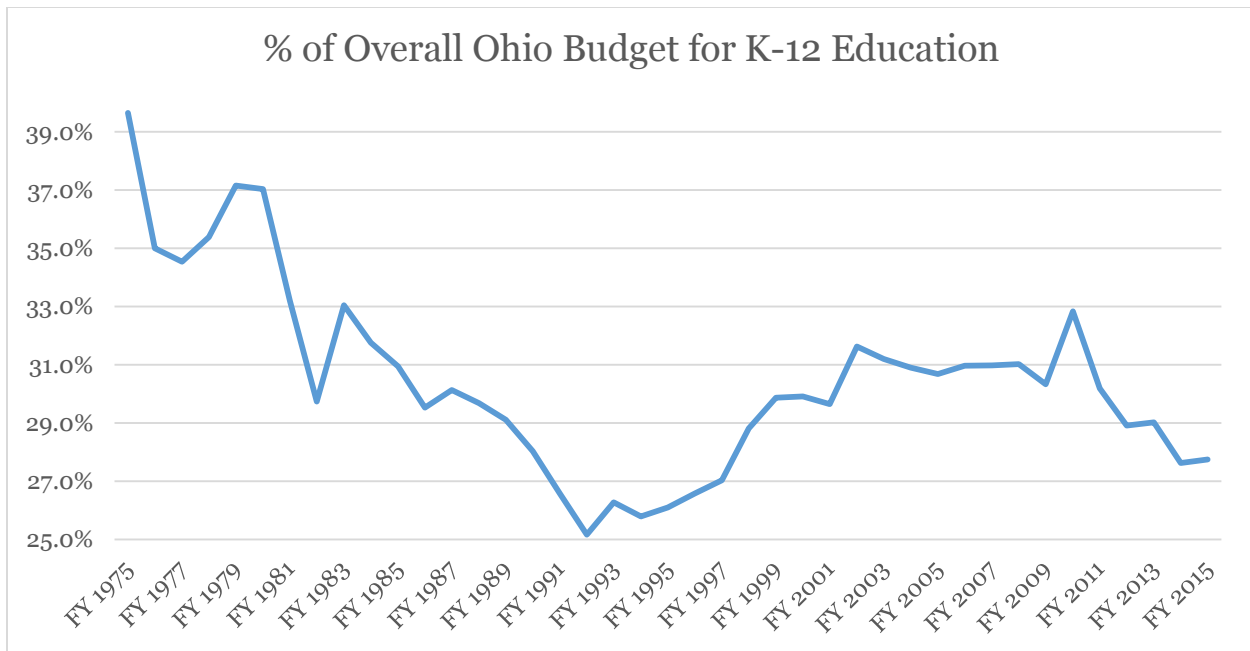
<sup>20</sup> Stark State College. Transcript of Gov. John Kasich's 2011 State of the State Address. <http://www.starkstate.edu/public/system/uploads/files/About/Transcript-2011-State-of-the-State-Address.pdf>

<sup>21</sup> Ohio Department of Education. "Ohio State Report Card." Ohio State Report Card. Ohio Department of Education, n.d. Web. 17 Apr. 2014. <[http://reportcard.education.ohio.gov/Download%20Data/2012-2013/Financial%20Expenditures/EFM\\_Data.xls](http://reportcard.education.ohio.gov/Download%20Data/2012-2013/Financial%20Expenditures/EFM_Data.xls)>

<sup>22</sup> City Beat. State Budget's Education Increases Fall Short of Past Funding. June 28, 2013.

<sup>23</sup> *Op. Cit.* Innovation Ohio. 4-Year Cut Spreadsheet.

<sup>24</sup> Innovation Ohio. Ohio is Projected to Spend Smallest Share on Education since 1996-97. Blog Post. <http://innovationohio.org/2013/05/10/ohio-is-projected-to-spend-smallest-share-on-education-since-1996-97/>



According to the Legislative Service Commission, the amount of state support for education under Kasich’s most recent budget represents the smallest percentage of the overall state budget for that purpose since FY 1997– the year before the Ohio Supreme Court ruled the state’s school funding system unconstitutional.<sup>25</sup>

By contrast, the first year of Gov. Ted Strickland’s last budget represented the *largest* percentage of the budget for primary and secondary education in a quarter century (FY1983).

2. Republicans Led by Gov. John Kasich have Allowed the State’s Share of Education Funding to Drop to its Lowest Level in a Decade

The Ohio Supreme Court ruled four times that the way Ohio funded its schools in the late 1990s and early 2000s was unconstitutional. The most succinct explanation of why is summed up by former Justice Alice Robie Resnick’s opinion in the 2002 ruling – the court’s last:

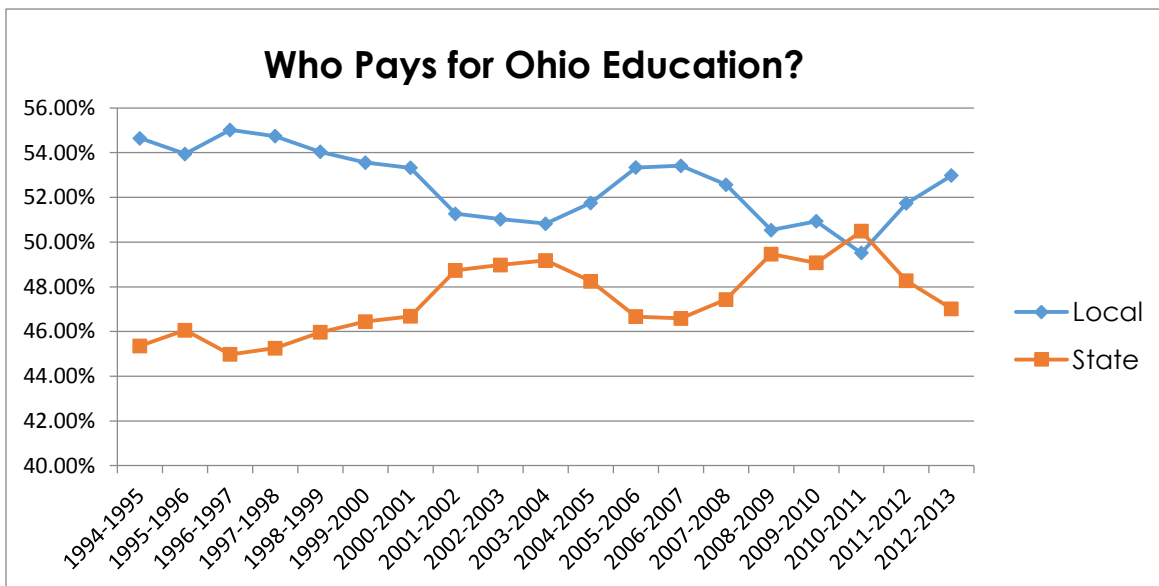
“... until a complete systematic overhaul of the [Ohio school funding] system is accomplished, it will continue to be far from thorough and efficient and will continue to shortchange our students. The overreliance on local property taxes is the fatal flaw that until rectified will stand in the way of constitutional compliance.”<sup>26</sup>

The only way to reduce the “overreliance” on property taxes is to increase the state’s level of funding relative to the local level. However, under Gov. John Kasich, Ohio taxpayers have seen the exact opposite reaction.

<sup>25</sup> Ohio Legislative Service Commission. Historical Expenditures-Revenue Table-3-EN. <http://www.lsc.state.oh.us/fiscal/revenuehistory/historicalexpendituresrevenue/table-3-en.xlsx>

<sup>26</sup> *DeRolph v. State*, 97 Ohio St.3d 434, 2002-Ohio-6750.

Thanks to the state’s historically low levels of budgetary commitment to education, the percentage of state to local funding is at its lowest state share level in about a decade.



As can be seen in the chart, the only time on record that more state than local money went for public education was the 2010-2011 school year – the year before Gov. Kasich took office.<sup>27, 28</sup> Since then, Kasich has overseen one of the state’s largest and quickest increases in state-local revenue disparity.

3. Under the Leadership of Ohio Republicans, Ohio’s Property Taxpayers Have Seen Huge Property Tax Increases to Pay for the State’s Waning Commitment to Education

As a result of this historic de-commitment by the state, both the number and cost of local property tax levies are up significantly under Gov. Kasich’s watch, forcing local taxpayers to approve about 34% more new money than the equivalent time under Strickland.<sup>29</sup>

New Operating Money Enacted	
May 2011-August 2014	\$ 670,356,099
May 2007-August 2010	\$ 501,903,960
Increase 2011-2014 vs 2007-2010	\$ 168,452,139
<b>% Incr.</b>	<b>33.6%</b>

<sup>27</sup> Data from the Ohio Department of Education located here: <http://bireports.education.ohio.gov/PublicDW/asp/Main.aspx?server=edumstrisp02&project=ReportCard&evt=3002&uid=guestILRC&pwd=&persist-mode=8>

<sup>28</sup> For the 12-13 school year, the Department added a new revenue category called “other, non-tax”, which it considered local revenue all previous years. So that amount was added to the local revenue figure for 12-13 comparison.

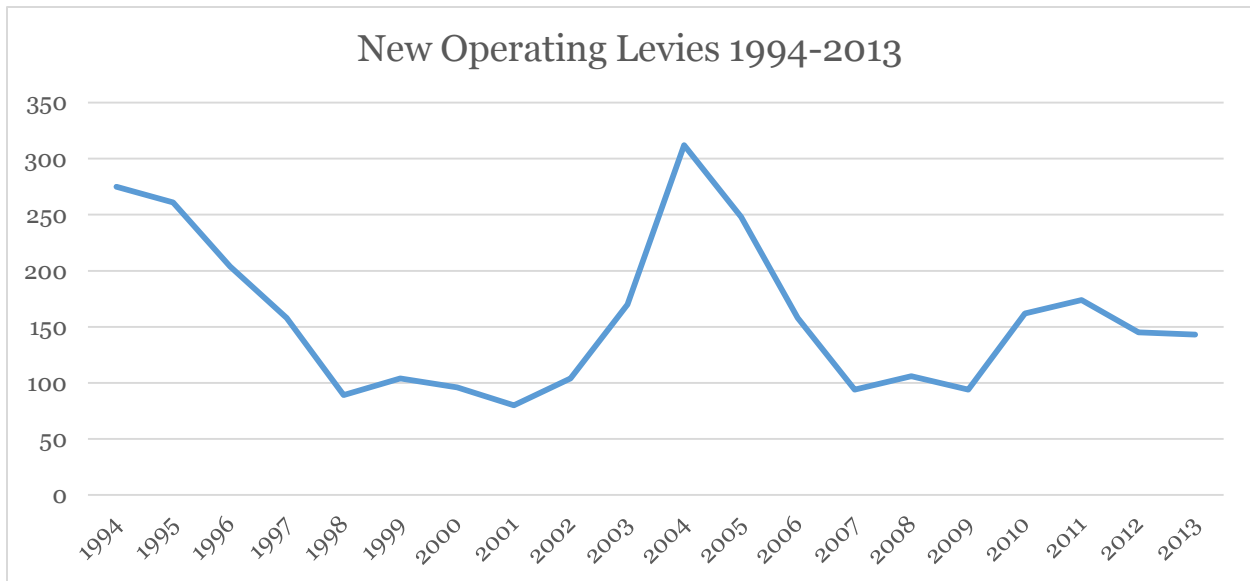
<sup>29</sup> Innovation Ohio. Local Taxes Up 34% under Kasich. <http://innovationohio.org/2014/06/04/local-taxes-up-34-under-kasich/>

Meanwhile, the numbers of new levies for operations have also jumped significantly under Kasich:

**New Operating Money Levies Considered**

May 2011-August 2014	502
May 2007-August 2010	453
Increase 2011-2014 vs. 2007-2010	49
<b>% Incr.</b>	<b>10.8%</b>

This is not only common sense, but plays out historically. Increases in local levies for new funding for operations have typically coincided with state revenue drops. Comparing the number of levies for new money in the chart below<sup>30</sup> with the historic state-local funding share chart above demonstrates this fact emphatically. As state support dwindles, levies to replace them rise. And vice versa.



In addition, Ohio Republicans led by Gov. Kasich eliminated state property tax reductions on new levies starting in November 2013. That has led to an increase of more than \$10 million in property taxes for homeowners<sup>31</sup>, with more expected in the coming months and years.

**BOTTOM LINE #3: Gov. John Kasich spoke of producing the country’s finest school funding system within a year, but two years later, produced a formula that didn’t**

<sup>30</sup> Pre-2007 data from the Education Tax Policy Institute’s Levy Analysis located here: <http://www.etpi-ohio.org/assets/School-Levy-Analysis-Jan.-2007.pdf>. Data from 2007 to 2013 obtained by Innovation Ohio through the Ohio Secretary of State’s office, the Ohio School Boards Association, news accounts and Ohio Department of Education data.

<sup>31</sup> Innovation Ohio. State Cuts Lead to More School Taxes. <http://innovationohio.org/wp-content/uploads/2014/06/IO-6.4.14-3-Year-Levy-Totals.pdf>



**deliver and was ditched by a legislature in which his party enjoys supermajorities. All while eliminating a national award-winning school funding plan – a plan that could have been paid for without a single tax increase in Kasich’s current, all-time-record-sized budget.<sup>32</sup>**

It was a bold prediction to be sure. Shortly after taking office, Gov. John Kasich declared<sup>33</sup> that he and his team would develop the best school funding system in the country. And he claimed it would be done by the end of the calendar year.

Why would he do such a thing? Because one of the cornerstones of his 2010 gubernatorial campaign was his promise to eliminate the signature achievement of his predecessor, Ted Strickland. That signature achievement was the development of the Evidence-Based school funding model – a plan that received (along with other Strickland-era reforms) the Frank Newman Award for State Innovation from the Education Commission of the States (ECS) for being the country’s most “bold, courageous ... and bi-partisan” education reform of 2009.<sup>34</sup>

Ohio then spent two years without a funding formula<sup>35</sup> to equitably distribute resources to its 1.8 million school children as the administration took another year to produce something called “Achievement Everywhere.”

The plan, which was supposed to be Kasich’s signature achievement, received an enthusiastic reception<sup>36</sup> when Kasich introduced it at a campaign-like event with school superintendents in 2013. However, within a week, once Kasich released his funding projections, it was clear that the reality failed<sup>37</sup> to meet the rhetoric<sup>38</sup>. As 76% of the poorest districts in the state received zero increases during the first two years of the plan, the state’s richest districts got annual increases as large as 332%.<sup>39</sup>

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<sup>32</sup> Ohio Legislative Service Commission. Historical Expenditures-Revenue Table-3-EN.

<http://www.lsc.state.oh.us/fiscal/revenuehistory/historicalexpendituresrevenue/table-3-en.xlsx>

<sup>33</sup> Columbus Dispatch. Kasich’s School Funding Formula Delayed.

<http://www.dispatch.com/content/stories/local/2011/12/19/kasichs-new-school-funding-formula-delayed.html>

<sup>34</sup> Education Commission of the States. Past Recipients of Frank Newman Award.

<http://www.ecs.org/html/aboutecs/AwardsWinners.asp>

<sup>35</sup> Columbus Dispatch. Kasich’s School Funding Formula Delayed.

<http://www.dispatch.com/content/stories/local/2011/12/19/kasichs-new-school-funding-formula-delayed.html>

<sup>36</sup> USA Today. GOP Governors Propose New Spending with Surpluses.

<http://www.usatoday.com/story/news/nation/2013/02/03/with-state-surpluses-gop-governors-propose-new-spending/1888981/>

<sup>37</sup> Innovation Ohio. On Per Pupil Basis, Kasich School Funding Plan Falls Short for Property Poor Districts. Blog Post.

<http://innovationohio.org/2013/02/07/on-per-pupil-basis-kasich-school-funding-plan-falls-short-for-property-poor-dist>

<sup>38</sup> Columbus Dispatch. Kasich’s Funding Plans Draw Complaints from School Leaders.

<http://www.dispatch.com/content/stories/local/2013/02/08/this-is-not-what-we-were-told.html>

<sup>39</sup> Channel 10 News. Olentangy Local Schools to See Biggest Funding Increase under Kasich School Plan.

<http://www.10tv.com/content/stories/2013/02/07/lewis-center-olentangy-local-schools-to-see-biggest-funding-increase-under-kasich-school-plan.html>



Yet, Kasich said he knew<sup>40</sup> that would happen, even though he told the assembled school leaders a week earlier the *opposite* would happen. So he either didn't know how his formula would work and tried to cover his ignorance by lying to the press, or he lied to hundreds of superintendents.

Regardless, Kasich, flailing for an explanation of how his formula could operate so differently from his claims, actually argued that the numbers didn't matter because "it's the philosophy that matters."<sup>41</sup> That didn't sit well with Ohioans, as Kasich's legislative allies soon found out. The Ohio House cut about \$200 million<sup>42</sup> from Kasich's budget by rolling in funding streams that traditionally had been funded outside the state's formula, and ditched Kasich's convoluted<sup>43</sup> formula, essentially replacing it with the one that preceded Strickland's – even using the same base funding<sup>44</sup> amount the previous formula established<sup>45</sup> in 2007 for children in 2009.

By the time the plan passed the Ohio Senate and Conference Committee, Ohio's poorer districts did marginally better than under Kasich's original plan, but Ohio's school children still were set to receive \$515 million less<sup>46</sup> than they did in the budget prior to Kasich taking office – a budget developed during a major recession.

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<sup>40</sup> Columbus Dispatch. Kasich's Team Knew Rich Districts Would Get Bigger Boosts.

<http://www.dispatch.com/content/stories/local/2013/02/16/kasichs-team-knew-differences.html>

<sup>41</sup> Ibid.

<sup>42</sup> Innovation Ohio. House Budget Provides Less Money for Schools than Kasich Plan.

<http://innovationohio.org/2013/04/11/house-budget-provides-less-money-for-schools-than-kasich-plan/>

<sup>43</sup> 10<sup>th</sup> Period. Further Exploring Kasich Plan's Fatal Flaw. <http://10thperiod.blogspot.com/2013/02/further-exploring-kasich-plans-fatal.html>

<sup>44</sup> Ohio Legislative Service Commission. House Bill 130 Comparison Document.

<http://www.lsc.state.oh.us/fiscal/comparedoc130/housepassed/edu.pdf>

<sup>45</sup> Innovation Ohio. Short-Changed: How Poor Performing Charter Schools Hurt Ohio Kids.

<http://innovationohio.org/wp-content/uploads/2014/04/IO-Report-Short-Changed.pdf>

<sup>46</sup> Innovation Ohio. 4-Year Cut Spreadsheet. <http://innovationohio.org/wp-content/uploads/2014/01/IO-Four-Year-Cut-Spreadsheet-Conference.pdf>