INNOVATION OHIO

BUDGET BRIEFING:

EDUCATION CHANGES IN THE HOUSE SUB-BILL

THE BASICS

The House changes in Substitute House Bill 64, the state's two-year budget plan, take positive steps toward funding by adding resources to schools, so fewer districts will see funding cuts in this budget compared to six years ago, and does so without giving additional resources to charters, all of which received increases in the Governor's plan. The plan falls short by allowing for the Governor's increases to vouchers and charters, and does not separately account for transportation needs of large districts.

5 SIGNIFICANT POLICY CHANGES IN THE HOUSE SUB-BILL

1. *TAKES POSITIVE STEPS ON SCHOOL FUNDING…*

The sub bill increases overall funding by $179 million, primarily by creating a guarantee that no district gets cut compared with last school year. Most of that increase goes to poor, Appalachian districts. It doesn't increase the per pupil funding level, which would have given an additional across-the-board increase to charters, which already received increases in the Governor's proposal. It eliminates the Governor's opaque local share calculation and replaces it with the much more understandable 20-mill charge off. This means that the state will assume every district can come up with 20 mills in local property tax revenue. For districts that are at 20 mills, they will get inflationary growth on that 20 mills and the state will pick up the rest. This is much improved and was the ultimate goal of the Evidence-Based Model. The guarantee will help, and fairness dictates the institution of the per pupil funding guarantee based on private school funding. The bill establishes committees to look at transportation and other issues.

2. *… BUT STILL LEAVES OHIO WITHOUT A COMPREHENSIVE FUNDING SYSTEM*

Despite the positive steps, in both amount and formula, the effort remains lacking. There are 250 Ohio school districts that will receive less revenue than they got 6 years ago. The sub bill removes more than $65 million from big urban districts to pay for increases in rural areas. Robbing Peter to pay Paul means there's not enough money for either, and speaks to the fact that what remains missing is a rational formula based on something other than residual budgeting. The House kept the Governor's large increases to vouchers and didn't differentiate charter increases, so every charter gets an increase -- even the poorest performing ones. Transportation funding remains unchanged, which means it's included in the state funding level, which can effectively cut transportation funding in some districts. The private school guarantee would only apply to wealthy districts, which now may see large percentage increases, though the dollar amount won't be that large.

3. *GIVES E-SCHOOLS $25 PER PUPIL FOR FACILITIES FUNDING*

This bill adds nearly $900,000 to online charter schools for facilities, despite the fact these institutions don't have buildings to maintain. 97% of the kids in e-schools (and their taxpayer funding) come from higher performing public districts. E-Schools already receive enough state funding to provide 15:1 student-teacher ratios, $2,000 computers to every kid and still pocket 35% in profit. They barely spend 17% of their state revenue on teacher salaries, and certainly have enough money to afford modest rent for test administration, which is the reason given for this increase.

4.   *DENIES STATE PENSIONS TO CHARTER SCHOOL EMPLOYEES THAT TRY TO JOIN A UNION*

This is a clear effort to undermine the Cleveland Teachers' Union efforts to represent charter school teachers to pursue better benefits and working conditions.

5.   *FURTHER EXPANDS PRIVATE SCHOOL VOUCHERS*

Extends the Cleveland Scholarship program to any private secondary school located within 5 miles of Cleveland in a municipality with a population greater than 15,000. Vouchers are already a significant drain on school district revenue – approaching $200 million, and this year 466 school districts are slated to lose state revenue to private school vouchers. Five years ago, it was barely 30 districts.