



The state budget and Ohio's schools Big cuts, hard choices, local impacts

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The state budget, House Bill 153, will provide \$1.8 billion less in funding for Ohio's elementary and secondary schools this school year and next, compared to the prior two years. Respondents to a 2011 Policy Matters Ohio survey to Ohio's school districts anticipate rough times ahead. However, they are not going to the community for local resources: 73 percent did not plan to go to the polls through November 2012. Instead, survey respondents said they are cutting teachers and programs, boosting class size, and requiring students to pay to participate in extracurricular activities. More than a quarter of respondents anticipate being in official fiscal distress in the coming year.

The share of districts that said they faced a budget gap rose from less than half last year (45 percent) to almost two-thirds (65 percent) this year. Of those districts anticipating a shortfall, the number expecting a gap of between 5 and 10 percent almost tripled, from 7 percent to 20 percent. Survey responses indicate that this year, fiscal distress is far more widely distributed than in the past. Districts with budget shortfalls in excess of 5 percent are no longer concentrated in poor rural areas but are now found in urban areas and suburban areas too, some with median or high income.

Most respondents said they will manage budget shortfalls through labor cost containment. Slightly more than two thirds plan to reduce the workforce through attrition while 60 percent reported they would institute pay freezes and 8 percent said they will use pay cuts. Forty-six percent reported that they will reduce the costs of benefits; 45 percent said they plan to institute reductions in force.

Reductions in teaching staff impact both students and staff, affecting daily operations and student learning. With fewer teachers in the classroom, administrators are forced to consolidate, leading to larger class sizes. This can make it more difficult to provide strong classroom management, high-quality teaching and individual attention. This year, almost a quarter of school districts said they anticipate reducing teaching staff by 2.5 to 5 percent, more than double last year's share. The share of districts planning a reduction of between 5 and 7.5 percent quadrupled between last year and this. In fact, respondents reported that they have already reduced staff, through attrition or layoff, by 700 positions, more than twice as many as the 331 RIF's they reported for the last school year. If this rate of personnel reduction occurs across other districts that did not respond

Key findings

- 65 percent of respondents to a survey of Ohio school districts face budget shortfalls this year;
- Fiscal problems this year extend beyond high-poverty districts;
- Significant numbers of districts of most types face budget gaps higher than 5 percent of operating costs;
- 27 percent expect to be in fiscal caution status next year; 3 percent in fiscal watch; 4 percent anticipate fiscal emergency.

to the survey, then up to 2,500 teaching jobs may already have been eliminated in Ohio's schools in the current year.

Students will feel a direct impact. For example, 44 percent of respondents said they plan to reduce expenditures on materials, supplies and equipment; 38 percent reported that they will allow class size to grow; 15 percent reported that they plan to reduce course offerings (double the share last year) and 12 percent plan to reduce instruction in the arts. Almost 19 percent said that they will employ pay-to-play strategies in extracurricular activities such as athletics. This means that some or all students who can't afford the new fees will be excluded from activities. Across all school districts, a 19 percent rate of 'pay-to-play' means 116 districts would charge students to participate in athletics.

School districts are not seeking local relief. At the time of the survey, almost three quarters of respondents had no plans to float a levy before November 2012 elections; 62 percent had not gone to the ballot since 2008. Survey responses indicate that going to the polls is risky: Levies often pass on the first try but the odds get worse with subsequent attempts. Weighing the mood of the voters is an important consideration. Local election results in 2011 may be reflective of this. Despite the historic reduction in state aid to schools, there were fewer school issues on local ballots in 2011 than in 2005.

Slightly more than a quarter (27 percent) of the districts participating in the survey indicated that they anticipate being in some level of fiscal distress in school year 2011-12: either fiscal caution, fiscal watch or fiscal emergency. If these results are extrapolated across Ohio's 613 school districts, it would mean that almost 20 percent – about 120 – would be in the status of 'fiscal caution,' compared to the 21 districts identified by the Ohio Department of Education as of January 2012. Seven percent – 43 schools if survey results are extrapolated across all districts – could be in fiscal watch or fiscal emergency, compared to 14 districts listed that way on the ODE website.

Recommendations

Long-term investment in education remains the best way to build opportunity for Ohioans. Ohio can restore investment in schools by reducing tax expenditures, restoring top income tax levels and restoring taxes on corporations. In addition, emerging and growing parts of our economy should be taxed appropriately so that they contribute their fair share to Ohio's infrastructure. These include oil and gas production as well the collection of taxes on internet sales by out-of-state retailers.

It's time to restore investment in our children's education and other services that support Ohio's people, families and communities.