

Executive Summary

Ohio schools cautiously rebuild

Uncertainty of state and local funds affects quality

By Wendy Patton

Ohio's schools have seen a tough decade and although finances are looking better, it is not over yet. The current state budget restored much of the deep cut of FY 2012-13 and the executive budget proposal completes the job, yet on an inflation-adjusted basis, schools remain behind where they were a decade ago. Today many public school districts are cautiously rebuilding, but others continue to reduce staff, rely on pay-to-play in extracurricular activities and struggle with budget deficits. Strategies undertaken because of the fiscal roller coaster can hurt school culture and student achievement.

Policy Matters Ohio periodically surveys schools about fiscal conditions and operational strategies. The Ohio Association of School Business Officials provided a link to such a survey in their newsletter of December 2014 through February 2015. Fifty-three respondents, representing 8.6 percent of districts and including representatives from all types of districts filled out the survey.

The survey found more respondents added teachers than reduced teaching staff in the current year and more reported budget surpluses than deficits. However, many are still cutting teachers; non-teaching positions remain unfilled in many districts and many continue to institute pay-to-play, requiring payment to take part in sports and extracurricular activities. Ongoing uncertainty and risk shapes the budgeting process, including:

- Repeated change in the state funding formula with four different formulas since 2009.
- Phase-out of tax reimbursements proposed in the executive budget for FY 2016-17.
- Uncertainty about the “guarantee” or aid that protects school finances from big losses in short periods of time, and
- Damaged local property tax base in many areas; with recovery on a statewide basis not expected until 2017.

Significant risk in future state funding leads to caution in reinvestment and rebuilding. Weakness in the property tax base, the backbone of Ohio school finance, compounds the uncertainty. Restorations of K-12 funding in the budget for 2014-15 and in the proposed budget for 2016-17 bode well for recovery, but Ohio's schools need a period of stability with state aid that keeps up with inflation.

Fiscal roller coaster for schools

- In inflation-adjusted (2017) dollars, funding is less than in FY 2008-09.
- Half of schools now have some form of pay-to-play, costing students up to \$153 for sports.
- Schools kept up investment in equipment and technology during the past three lean budgets.
- Continued churn in teaching staff could hurt student achievement.