



The OEA will lead the way for continuous improvement of public education while advocating for members and the learners they serve.

**OHIO EDUCATION ASSOCIATION
HOUSE BILL 153 TESTIMONY
HOUSE FINANCE PRIMARY AND SECONDARY SUBCOMMITTEE
APRIL 7, 2011**

Chairman Carey, Ranking Minority Member Lundy, and members of the committee, thank you for the opportunity to speak to you today with regard to House Bill 153. I am Matthew Dotson with the Ohio Education Association’s Governmental Services Division. On behalf of our 128,000 members, we look forward to working with you on this important legislation. The following are some key issues we would like to address:

K-12 SCHOOL FUNDING:

In a tough economy, with Ohio facing a major budget deficit, we must focus on the essentials. Nothing is more essential than funding a high quality education that prepares our children for good jobs and careers.

Since the state budget proposal does not include a new school funding formula per se, which we are told to expect in FY 13, it is fairly easy to describe the overall impact of the Governor’s plan. Just over \$3.1 billion “all funds” dollars will be cut from public education over the biennium. All but a handful of districts will lose significant dollars relative to their FY 2011 funding. With \$3.1 billion less, local communities will find it extremely difficult to avoid larger class sizes, reduced course choices and less individual attention for students in nearly every district in Ohio. Interestingly, current state revenues are \$3 billion short of where the estimates on the impact of HB 66 had forecast them to be. That tax reform, coupled with the impact of a national recession, has left the state far short of the necessary resources to support basic state services that the state currently receives.

The most significant aspect of the school funding budget proposal is that it could force almost every school district in the state to raise local property taxes if the community wants to maintain anything like the current level of educational programs and opportunities for its children. The school funding system from the 1990’s was found to be unconstitutional for this very reason – it relied too heavily on local taxes to support educational programs. Rural districts particularly suffered from this inequity. It should be noted that the General Assembly made many meaningful improvements to the school funding system subsequent to those Supreme Court decisions and we believe the Ohio Evidence Based Model funding system was a major step forward. However, we urge the legislature to continue moving towards a funding system whereby the quality of the educational program is not tied to the value of the local tax base.

Around 200 school districts receive a significant portion of their state aid in the form of replacement revenues for the loss of business tangible personal property taxes. Of particular concern in the proposed budget is the accelerated reduction of these payments in the second year, which represents a major blow to the financial stability of these districts. Originally, 70 percent of the Commercial Activity Tax was earmarked to fund the replacement revenues for the loss of business tangible personal property taxes. This



budget proposal seeks to remove the dedicated revenue and divert the monies to the state's general fund. We believe Ohio must avoid the diversion of funding from public schools in this manner. We are also concerned about significant line-item cuts to gifted education, which will exert more pressure on available state foundation aid.

In totality, the end result of the proposed budget is significant funding cuts for school districts, which represent education opportunities that face potential elimination without further local taxation. While we recognize that the funding allocated to public schools under this proposal is a "bridge formula," we urge that the promised updated formula for the second year of the budget be linked to an analysis of the resources required to provide a high quality education program for every student. The OEA stands ready to serve as a partner in that assessment.

VOUCHER EXPANSION:

The Governor's budget proposal calls for increasing the number of available Ed Choice vouchers for next school year from 14,000 to 30,000 and then 60,000 the following year and expanding eligibility requirements. OEA opposes the expansion of the Ed Choice voucher program. There is a lack of compelling evidence that the Ed Choice program improves student performance. In addition, vouchers divert funding from the public schools where the vast majority of Ohio's students are educated. The budget significantly reduces aid for Ohio's public schools and the expansion of vouchers would serve to compound this problem. The proposed quadrupling of vouchers is estimated to equal a transfer of over \$320 million a fiscal year from public to private schools if fully used.

The OEA would also urge adoption of some changes to the Ed Choice voucher program:

- A thorough study of the performance of the program.
- Making renewal of a voucher grade level/building specific. Currently they are automatically renewable through 12th grade regardless of whether a school has improved performance or the student would attend a new school based on grade level.
- Require students to be enrolled in public school for a full school year prior to eligibility.
- Require income caps in order to receive a voucher.

CHARTER SCHOOL EXPANSION:

The budget removes caps on charter schools in "challenged" school districts. With limited resources, the OEA believes that Ohio should focus on funding and improving the traditional public schools that 90 percent of Ohio's students attend. While there certainly are examples of good charter schools, the fact remains that, based on a September 2010 OEA analysis of ODE data, 45% of graded charter schools remain in academic emergency or academic watch. 56% of charter schools operated by for-profit management companies remain in academic emergency or watch. In other words, over \$266 million in state aid payments flowed to low performing charter schools in the 2009-10 school year. This is a significant concern, especially in a time of extremely tight budgets. That being said, the accountability standards for charter school sponsors and operators proposed in the budget are encouraging and are supported by the OEA. We believe these accountability provisions will help limit wasteful spending and exert more quality control in the interest of students and taxpayers.

PARENTAL TAKEOVER OF SCHOOLS:

Without a doubt, engaged and continuous parental involvement is critical to the success of students and the schools they attend. We believe there are many methods to enhance parental involvement that do not raise

the concerns that exist with the takeover proposal in the budget. We urge caution on this measure, as there is virtually no precedent in the nation demonstrating that this would be a successful reform process. The one example we are aware of, in Southern California, has been embroiled in public controversy and lawsuits. Further, we believe the voice of parents and the community can be effectively expressed through elected local school boards, as well as Parent Teacher Associations.

12/12 PERCENTAGE SPLIT IN PENSION CONTRIBUTIONS:

A proposal in the budget bill would increase public employees' contributions to their pension plan by 2% of salary while simultaneously decreasing the employer contribution by the same amount. The result is a 12/12 split of employee and employer contributions to STRS, SERS and OPERS. The OEA opposes this proposal. This is essentially a 2% pay cut for public employees. This is a blunt instrument for dealing with budget shortfalls and would be particularly onerous for low wage earners such as school support personnel. Further, both STRS and OPERS have noted that this would have a negative effect on funding periods of their pension plans.

HEALTH CARE POOLING:

The rising cost of health care continues to put financial pressure on public education employees and school district budgets. Regional pooling of health care benefits may offer an opportunity to reduce overall costs, including administrative and procurement costs, while promoting quality health care. In fact, the majority of school districts currently participate in a pooling arrangement. However, we do have concerns about the language in HB 153 and the powers granted to DAS to establish health plans for school districts, higher education institutions and political subdivisions. OEA believes that any pooling arrangement should offer a choice of plans; retain collective bargaining rights around health care plans and premiums; and formally involve employee representation in the development, evaluation and oversight of health plans.

TEACHER SALARIES REMOVED FROM COLLECTIVE BARGAINING:

The budget proposes to remove teacher salaries from collective bargaining and allow local school boards to unilaterally declare individual teacher salaries. This vast elimination of collective bargaining rights for teachers ventures far beyond even Senate Bill 5. Specifically, every local school board would be mandated to annually adopt a teacher's salary schedule with a minimum and maximum salary for each category of licensure (e.g. resident, professional, senior and lead) and designate salary placement for each teacher based on yet to be determined evaluations, "highly qualified" status, and any other relevant factors, such as class size or assignment to hard-to-staff districts, subjects or at risk students. These requirements supersede conflicting provisions of collective bargaining agreements entered into on or after the effective date of the bill. (ORC 3317.14)

The OEA fundamentally opposes this profound elimination of basic collective bargaining rights for the individuals who have dedicated their professional lives to teaching our state's children. Stripping teachers of the ability and opportunity to make their case through collective bargaining for fair compensation, fair assessment and impartial treatment would greatly undermine the ability to recruit and retain high quality professionals to enter the highly challenging field of education. Further, allowing local school boards to unilaterally declare individual teacher salaries, especially when based on evaluation methods that are often experimental, opens the door to favoritism, nepotism and arbitrary and capricious treatment. This is likely to raise numerous legal concerns and challenges that will drain critical human and financial resources from school districts.

The research is clear that having a high quality teacher is the most important factor in a student's education. Despite this evidence, this provision in the budget would contribute to the elimination of the voice of teachers in the education process. Ohio risks disempowering and undermining its teachers by dismissing their professional expertise. Such an approach does not serve the interests of students, families and local communities. We urge the subcommittee to recommend the elimination of this provision from HB 153 as an unnecessary and counterproductive distraction from the meaningful work of maintaining and enriching the educational opportunities in Ohio's schools.

In conclusion, we recognize the varied challenges faced by Ohio in providing every student the tools and capacity to have a bright future. We stand ready to work with the legislature and all interested parties to find the best ways to meet this universal objective. Thank you for this opportunity to speak today. I am available for any questions.