


**Ohio Youth Voices presents**

**The Crisis**  
**in State Funding**  
**of Education**



## What is the latest problem about state funding of education?

## Why is this budget gap only a problem for education . . .

## What would happen if this budget gap continued?

# 1.

**THE OHIO GENERAL ASSEMBLY PASSED** and Governor Strickland signed a two-year budget in July 2009 that included a plan to place Video Lottery Terminals (slot machines) at 7 racetracks across Ohio. It was expected that these VLT's would raise up to \$933 million over the two-year budget. The Ohio Supreme Court ruled that citizens could challenge this budget item by collecting enough official signatures to let the voter decide whether they supported VLT's.

Because the vote will not take place until November 2010, the state cannot earn funds from the VLT's. This means that there is a big gap of \$933 million in the state budget.

# 2.

**. . . since the state spends money on many other items such as roads, state parks, health care and universities?**

**THE BUDGET LINKED THE VLT PROCEEDS TO EDUCATION** through the lottery system that can only be used for education spending.

# 3.

**THE STATE WOULD NEED TO CUT \$851 MILLION** from the state education budget. That would mean that every school district would receive a cut averaging of 10 percent this year and 15 percent in the next fiscal year, for a total budget shortfall of \$2.3 billion.

That would be the worst-case scenario if state and federal funds were lost.

This is more than the \$851 million because the state receives federal stimulus funds, and federal law requires states to maintain a certain amount of state spending on education to get these funds. Ohio would fall below that amount and lose some of the federal stimulus funds.

The "must-cut" figure is \$851 and not \$933 million because then there would be less state spending on the lottery.



**How much money would my school district lose if the funds were not replaced?**

**What would school districts need to do to make up for the reduction in state funds?**

**Who would lose their jobs and what programs would be cut?**

**4.**

**OVER TWO YEARS THE CLEVELAND SCHOOLS WOULD LOSE \$111.1 MILLION, COLUMBUS SCHOOLS \$60.3 MILLION, AND CINCINNATI SCHOOLS \$34.6 MILLION.**

Go to [Ohio's Education Reform Plan](#)

<http://www.ode.state.oh.us/GD/Templates/Pages/ODE/ODEDetail.aspx?page=523>

to find out how much state money your school district would lose. Look for the September 28 information.

**5.**

**MOST EDUCATION SPENDING** on the local level consists of what is called personnel costs. These costs include salaries of teachers, principals, and support staff. School districts would need to reduce the number of staff through layoffs or retirements to balance their budgets. That would mean fewer teachers, principals, support staff, and other school workers. It would also mean fewer programs, less extracurricular activities, and much larger class size as well as cutbacks in many other areas of education.

**6.**

**EACH SCHOOL DISTRICT WOULD NEED TO MAKE ITS OWN DECISIONS** though there are certain state and federal requirements. Every district has its own rules on who loses jobs when cutbacks are made. Many workers (including most teachers) are part of unions that have bargained with school districts to determine rules and procedures of what happens when workers are laid off. Often these rules require that the worker who has less working experience in that school district is the person who gets laid off first. Other workers (such as administrators) often do not have a union that has set up rules for layoff.

The state requires that certain courses such as English, math, social studies, and science be taught. In addition, there are rules that require the class size for teaching children with disabilities. Some collective bargaining contracts require class size levels at certain grades. All these rules are taken into account when decisions are made about what workers are laid off, what classes are ended, and what programs and extracurricular activities are cut or reduced.



**Why are the proposed budget cuts so different from school district to school district?**

**What has Gov. Strickland proposed to respond to the budget gap?**

**Why did Gov. Strickland propose to stop the income tax reduction?**

**7.**

**MOST SCHOOL DISTRICTS GET THEIR FUNDS FROM LOCAL PROPERTY TAXES, STATE FUNDS AND FEDERAL FUNDS.** State funds are allocated in general based on the number of students and the amount of property wealth that can be taxed. Federal funds are allocated in general based on the number of students who are low-income and the number of students who have disabilities.

Some school districts, such as Cleveland, with low property wealth receive a large percentage of their funds from the state. Districts with high property wealth, such as Beachwood, get most of their funds from local property taxes.

**8.**

**GOVERNOR STRICKLAND HAS PROPOSED A PLAN TO STOP THE 2009 REDUCTION IN THE STATE INCOME TAX.** In 2005 the Ohio General Assembly passed and then-Gov. Taft signed a 21% reduction in the state income tax that would be phased in at 4.2% a year over five years.

Thus far Ohio taxpayers have received a 16.8% reduction in their income taxes through 2008. Gov. Strickland has proposed stopping the last 4.2% income tax reduction.

**9.**

**THE GOVERNOR HAD THREE PRIMARY OPTIONS:**

- Raise state taxes which include the sales tax or taxes on businesses;
- Cut \$851 million from the state education budget in the next two years; or
- Stop the 4.2% reduction in the state income tax.

Since this reduction is for 2009, Ohio working taxpayers have already seen this 4.2% reduction withheld in their paychecks.

Gov. Strickland stated if that he did not raise more funds, then underfunding education would be devastating to Ohio schools in the short term and undermine the ability for economic recovery in the longer term.

**How much would stopping the 2009 income tax reduction of 4.2% increase the state budget?**

**How would stopping the tax cut affect different taxpayers?**

# 10.

**IT WOULD RAISE \$844 MILLION** with \$418 million this year and \$426 million the next. almost closing the budget gap caused by the halting of the VLT plan.

# 11.

**THE STATE INCOME TAX IS WHAT IS CALLED A PROGRESSIVE TAX,** where the more money you earn the more you pay in taxes. The sales tax is called a regressive tax because it takes a larger percentage of income from low income families than from higher income families

State Department of Taxation records show that Ohioans earning more than \$200,000 a year would provide 40% of the funds. Ohioans earning between \$100,000 and \$200,000 a year would contribute another 20%.

The majority of Ohioans earning between \$20,000 and \$80,000 a year would lose an average of \$44 if the tax reduction is halted this year.

If the entire 21% income tax cut were rolled back, then Ohio would gain an extra \$2 billion based on 2008 figures. Because the decrease in the value of stocks, many Ohioans probably will not make as much money in 2009.

Ohio Policy Matters offers a detailed explanation of the tax issues at <http://www.policymattersohio.org/StepTowardFiscalBalance.htm>.

The Ohio state website has a more general explanation of Ohio income tax rates and different levels of income at

[http://tax.ohio.gov/divisions/communications/publications/brief\\_summaries/2009\\_brief\\_summary/documents/individual\\_income\\_tax.pdf](http://tax.ohio.gov/divisions/communications/publications/brief_summaries/2009_brief_summary/documents/individual_income_tax.pdf)

percentage of tax rollback that would be paid by families reporting over \$200,000 income	percentage paid by families with \$100-200,000 income	percentage of tax rollback that would be paid by families reporting under \$100,000 income
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**What happens now that Gov. Strickland has proposed stopping the income tax reduction?**

**What are the chances of passing this income tax change?**

## 12.

**THE GOVERNOR'S PROPOSAL WILL NOW GO TO THE OHIO GENERAL ASSEMBLY.** First, the Finance Committee of the Ohio House of Representatives will consider the proposal. If they support it, the whole Ohio House of 99 members will vote on it. A simple majority is needed for passage.

The proposal will then move through the Ohio Senate's Finance Committee before going to the whole Senate of 33 members for a vote.

If legislators make changes to the proposal through amendments, a Conference Committee of members of the Ohio House and Senate would work out their differences and then the House and Senate would vote on these changes. Then Gov. Strickland would need to sign the piece of legislation to make it law. He could also use a line-item veto on parts of the law he does not like.

## 13.

**ANY TAX CHANGE IS CONTROVERSIAL** because most elected officials are worried that they may not be elected if they raise taxes.

In 2005 the majority Republicans in the Ohio House and Senate and the Republican Gov. Taft passed a 21% income tax reduction. They argued that Ohio income taxes were too high. The Democrats, then in the minority, opposed the tax reductions because they argued that schools, libraries, mental hospitals, prisons, and universities that are funded by the state needed the money to work well. They also argued that most Ohioans would receive little money from these tax reductions while the wealthy would receive a lot.

Since 2005 Democrats have won the majority in the Ohio House and Democratic Gov. Ted Strickland has followed Republican Gov. Bob Taft. The Ohio Senate is still controlled by the Republicans.

Many members of the Democratic majority in the Ohio House still are worried that they may not continue as the majority if they stop the income tax reductions. Others are worried they may not be re-elected if schools suffer these major cutbacks.

At this point some members of the Republican minority in the House have opposed Gov. Strickland's plan while the Republican Senate president has not given a clear signal of his view as of this writing. When there are differences between the Democratic Governor and the Republican Senate, then there may be tradeoffs with certain policies to get the support of the Senate.

2010 is an election year for all members of the Ohio House who serve two-year terms, the Ohio Governor who serves a four-year term and half the Ohio Senate who serve four-year terms.

## What can you do to have your voice heard?

# 14.

**THERE ARE MANY WAYS TO RESPOND.** High school students from Ohio Youth Voices have created an Ohio Youth Agenda for educational change. They have communicated their Ohio Youth Agenda to lawmakers, candidates for office, their fellow students, and Gov. Strickland in many different ways over the last few years.

Ohio Youth Voices students will be participating in many of the following activities:

1. Researching the proposed cutbacks in their districts and then identifying the less senior teachers at their school in case the cutbacks actually happen,
2. Dramatizing the potential cutbacks through narrating personal stories about what the cutbacks would mean for their futures, and eventually speaking before lawmakers.
3. Developing a survey for the public to find out their views of these potential cutbacks and determine whether they would support stopping the income tax decrease.
4. Communicating to members of the Ohio General Assembly. You can find who represents you in the Ohio House by going to <http://www.house.state.oh.us/> and you can find out who represents you in the Ohio Senate by going to <http://www.senate.state.oh.us/>

# 15.

## What is Ohio Youth Voices?

**OHIO YOUTH VOICES IS A NON-PROFIT AND NON-PARTISAN GROUP** where high school students since 2007 have developed an Ohio Youth Agenda to improve education. They have communicated the Ohio Youth Agenda to lawmakers, candidates for office, their fellow students, and Gov. Strickland and his staff in many different ways over the last few years.

Now Ohio Youth Voices students are speaking before future teachers, monitoring aspects of state educational changes that are part of the Ohio Youth Agenda, getting involved and having their voices heard about how to replace the OGT, and improving race relations with school visits and in school strategies.

If you would like more information, visit <http://Ohioyouthvoices.org> or contact the director at [michaelctu@aol.com](mailto:michaelctu@aol.com) or at 216-548-4059.

