

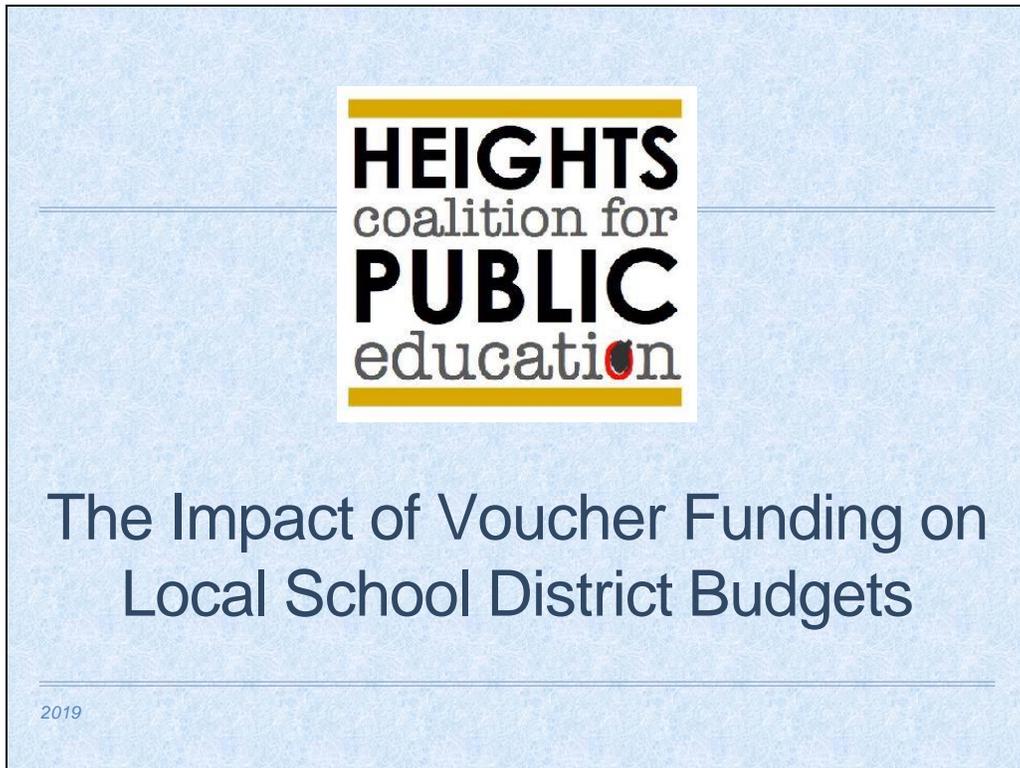
## Quiz True or False?



- ❖ 1. All public school districts receive the same amount of per pupil funding from the state.
- ❖ 2. The Ohio Legislature is constitutionally responsible for funding high quality private schools.
- ❖ 3. All students in Ohio can use EdChoice Vouchers.
- ❖ 4. Vouchers have no affect on local public school budgets.

Go over each question and ask if the answer is true or false. “Who thinks #1 is True – raise your hand” “Who thinks #1 is false?” Go over all answers.

- False. You will see in this slideshow there is a wide range of per pupil funding
- False. Required to fund public schools
- False Only EdChoice expansion vouchers based on income. The traditional EdChoice vouchers are based on labels given to your school
- False. In this presentation we will make the argument that local budgets are impacted, sometimes heavily.

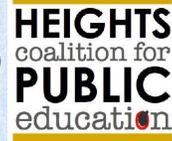


Vouchers are scholarships to private schools paid with public funds. There are many issues surrounding school vouchers, but the focus for this presentation will be on how school vouchers are funded in Ohio, and the impact this has on funds available to public school students.

Because local communities and the state share responsibility for funding public education, community members need to understand how this state-promoted privatization program is affecting public education funds in each district.

The short answer is: It varies widely, it is causing serious damage in hard hit districts, and it is growing exponentially. Vouchers are making it harder for communities to adequately fund their schools.

## Funding in Ohio Continues To Be Unconstitutional



- ❖ In 2020, at least \$330 million of public funds will be diverted to private schools through vouchers.
- ❖ \$47 million more than the previous year  
(Steve Dyer – Innovation Ohio)

The Ohio Supreme Court has ruled 4 times (starting in 1997) that Ohio's school funding system is unconstitutional because it does not provide adequate resources to local school systems, and it has not effectively closed the gap in opportunity from one district to the next. At this time the state pays for about 48% of the cost of public schools across the state. The rest is on the shoulders of local communities. While the Ohio constitution requires that public funds be used to fund a system of common schools (public schools), funding private education is not required. It is a relatively new expense that puts more pressure on scarce public funds.

The legislature has been willing to spend money on vouchers, but has not been willing to solve the crucial problem: inadequate and unequal funding of local districts.

Vouchers undermine the capacity of the state and local communities to fund their schools.

## How does Ohio fund public schools?



- ❖ The legislature establishes a bare bones dollar figure.
- ❖ They use a formula to decide how much the state will contribute.
- ❖ Local school districts raise local property taxes to fund services to meet local needs.

Our concern is narrow: the effect of vouchers on local school district budgets. To start, we need a quick review of how districts are funded in Ohio.

Schools are funded by a combination of state aid that is allocated from the General Fund and local funds raised through property taxes. School levies.

The traditional approach has been for the legislature to define an amount that provides a basic foundation that local districts build on with local funds. While it attempts to cover a basic cost, it really represents the amount of money the legislature is willing to spend. It does not even cover many of the state mandated expenses such as transportation and many ancillary services.

How does the formula work?



- ❖ The formula is based on property values, income of residents, students identified with special needs and English Language Learners.
- ❖ The wealthier the district, the less state funding it receives.
- ❖ State funding per district ranged between \$550 and **\$9,600** per student.

The state sets a basic funding level for all districts – currently \$6,020. Both funds raised locally and funds appropriated in the state budget are used to provide the foundation amount. The state contribution is determined by the formula which attempts to equalize education opportunity depending on the capacity of local communities to fund their schools. Their capacity is measured by the value of local property. Higher wealth districts receive less state aid, while those where the tax base is limited receive more.

Aid is calculated on a per pupil basis. Some additional resources are added for each student who may have higher cost needs such as special education, ELL, or poverty. State per pupil aid can range between a low of around \$550 and a high of more than \$9,600 once all the additions are included.

The total amount of state funding for a district is the per pupil amount times the number of students receiving state support in that district. This includes public school students, voucher students, charter school students, and those using an inter-district transfer

Do you know the per pupil aid in your district?

An important note, state aid is not based on the income level of the students, but the property wealth of the community. There are 9 high wealth and high poverty districts in Ohio. This combination can result in underfunding related to need.

For information about your districts funding ask your treasurer or visit the ODE website.

(There is a chart from the Coalition whitepaper that lists this amount for the hardest hit districts. *(We will be posting a chart on our slideshow resources page as well)* Otherwise this information is available online through the ODE or just ask your local treasurer)

## Per Pupil Aid for Select Districts in Cuyahoga County – 2018-19

Beachwood	\$688	North Royalton	\$1,477
Brecksville- Broadview Heights	\$1,289	Orange	\$784
Chagrin Falls	\$959	Richmond Heights	\$1,889
Cleveland Heights – University Heights	\$3,239	Rocky River	\$551
Cuyahoga Heights	\$713	Shaker Heights	\$3,487
Euclid	\$5,880	Solon	\$789
Independence	\$592	South Euclid- Lyndhurst	\$2,345
Mayfield	\$688	Westlake	\$745

## What are vouchers and How much do they cost?



- ❖ Vouchers are scholarships to private/religious schools paid with public dollars
- ❖ EdChoice
 

K-8.....	\$4,650
9-12.....	\$6,000
- ❖ Autism .....\$7,500 to \$27,000
- ❖ Jon Peterson.....\$7,500 to \$27,000

Let's focus the voucher programs in Ohio. The numbers on this slide represent the cost of each type of voucher. It is set by the legislature and guaranteed to each student who uses a voucher.

EdChoice has two parts: Expansion and Traditional. They cost the same.

EdChoice Expansion is available to students across the state based on income. Now set at 200% of poverty.

Traditional EdChoice is available to any student who lives in the attendance area of a public school that the state defines as low performing. This is based on test scores.

The other two programs are directed to special education students, they are available statewide, and the funding level is based on their diagnosis. They can be expensive!

Some basics:

- Edchoice Expansion vouchers are “direct” funded by the state – they are a line item in the budget. They do not require a cash transfer from local school district funds.
- Traditional EdChoice, Autism and Peterson are funded by the “Deduction” method – this means the state contributes aid to the local district for the voucher student, the same amount as a public school student in that district would receive, and then the district pays the full cost of each voucher. When state aid is

less than the cost of the voucher, public school students underwrite the difference.

- Private and religious schools must agree to accept voucher students, and a voucher student must be admitted by a private school to receive a voucher.
- The Ohio Department of Education awards vouchers.
- Parents apply for their children and are entitled to reapply and use a voucher until high school graduation.
- To be eligible, a student must first attend their public school for one year, unless they: move from out of state, are entering kindergarten, or are in high school (this was a last minute edition in the 2019 budget).

Slide 8

## What is the problem?



- ❖ **The state sets the voucher amount, but only funds a portion of it.**
- ❖ The school district where a private school student lives subsidizes the rest.
- ❖ Public school resources are depleted which worsens funding inequality among districts.

Here is the problem. The state creates a fixed cost for a voucher, but it does not pay the full cost. It only provides the amount that it would give to a public school student. As stated earlier, that amount can be any where between \$550 and \$9,600. If you live in a district with a small amount of aid per pupil, you will only receive a small amount of aid from the state for each voucher student that lives in that district. The rest comes out of local coffers.

Per pupil aid in most districts is substantially less than the cost of each voucher. That money has to come from somewhere. It comes out of the local school district's resources.

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- ❖ **Voucher students are guaranteed the full cost of a voucher, but public school students are not guaranteed the full benefit of their allocation of state aid.**

## Public school students lose public funding.



PER PUPIL	Richmond Heights	CH-UH	Cincinnati
State Aid	\$1,889	\$3,239	\$4,530
Cost of Each K-8 EdChoice Voucher	<u>-\$4,650</u>	<u>-\$4,650</u>	<u>-\$4,650</u>
<b>Cost to Community</b>	<b>(\$2,761)</b>	<b>(\$1,411)</b>	<b>(\$120)</b>

Let's look at the math of voucher funding. In this case we will only look at the cheapest vouchers – EdChoice for elementary school students. It will demonstrate the problem.

We are comparing three school districts – all are high poverty, but receive less per pupil aid than the cost of a voucher.

The first row of numbers is the per pupil aid that the state sends to each of the three districts for every child – voucher or public school student – who lives in that district. Remember some districts receive less and some receive more.

The second row is the cost of the voucher that must be funded by the district. It is the same, regardless of the school district's per pupil aid.

The third row is the part of the voucher cost that the district must pay. It is the gap between what the state contributed and the actual cost of the voucher. This is expressed as a negative because that

*(slide 10 continued)*

is the local cost and it comes out of the local budget. It is money the district would have had if no one used a voucher.

You can see: all three districts had to dig into local funds to pay for vouchers. But the amount varies significantly.

If only a few students use a voucher the cost to a district will be minimal and it is likely able to absorb the loss. But when many students use vouchers the loss can create a significant funding shortfall. Voucher use is not uniform across districts so some can be much harder hit than others – creating more funding inequality.

The deduction method creates a lot of financial problems.

1. State funds meant for public school students do not reach those students. It shrinks local budgets.
2. Using local funds to pay for students who do not attend the schools shortchanges those who do.
3. School districts are forced to ask voters to fill the hole by increasing property taxes.
4. Vouchers make it hard to budget because voucher use is unpredictable.
5. Voucher expenses increase funding inequality.

## How much money did school districts lose in 2019?



- ❖ In 18 of Ohio's 612 districts, the local contribution to vouchers took more than 10% of the district's state funds.
- ❖ Of these 18 districts, funds for public school students were reduced by between \$150,000 (Kirtland) and \$4.3 million (CH-UH) because of unfunded voucher costs.

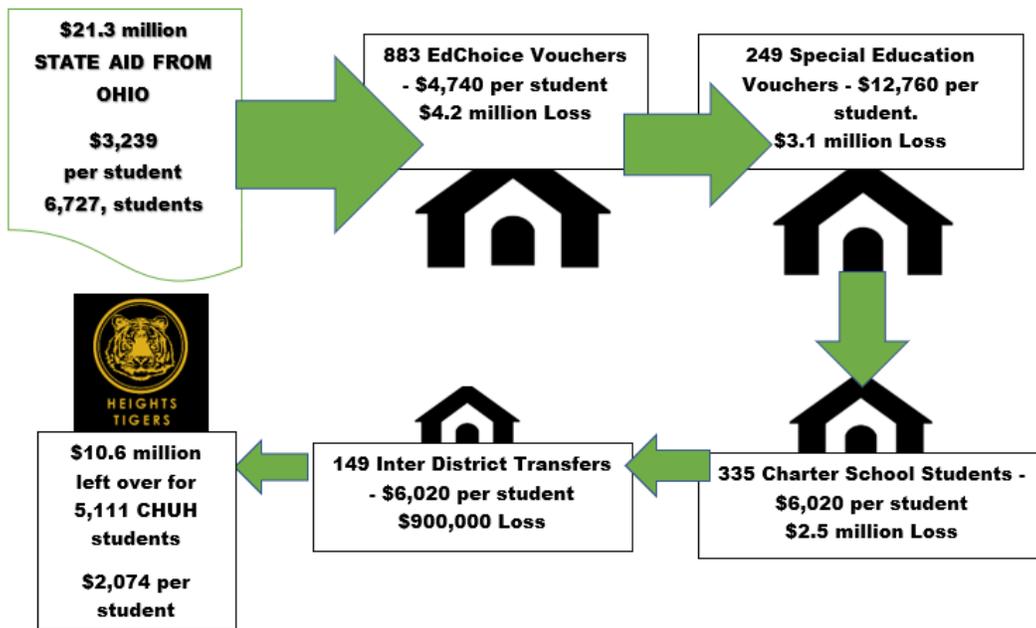
What Happened In the Hardest Hit Districts in 2019? – replace slide headline with this?

- In 18 of Ohio's 612 districts, voucher costs were so high that more than 10% of the state aid appropriate for public school students didn't reach them.
- Funds for public school students were reduced by between \$150,000 in Kirtland and \$4.3 million (CH-UH) because of vouchers.

We learned that in 2019 the hardest hit districts lost more than 10% of their state aid because they had to close the gap between the state contribution and the total cost of the voucher. The increased burden on local taxpayers was enormous.

18 districts fell into this category and 11 of them are in Cuyahoga County,

No district can simply swallow that kind of loss. It's a serious threat to education quality.



**CHUH would have \$16.6 Million instead of \$10.6 Million without these programs**

This is a dramatic representation of the effects of deduction funding on local school funding on one school district: Cleveland Heights – University Heights. Top left is the total amount of state aid that was allocated in 2018-19 to CHUH. Follow the arrows to see how each kind of voucher shrank local funds. You can see that charter schools are funded the same way, as is open enrollment – that is when a student from one district attends public school in another. Whenever the cost exceeds the per pupil aid for students not educated in the district, it comes out of funds for students the district does educate. CHUH started with \$21.3 million and ended up with \$10.6 Million.

*So, CHUH was funded based on 6,727 students, but only 5,111 attended its schools.*

*If CHUH had been funded for the 5,111 students educated in the district, with NO deductions, then the district would have had \$16.6 million (5,111 students x \$3,239)*

By the way, district enrollment did not decrease. The vast majority of students using vouchers were not being educated in the public schools. *What are your choices to make up for a \$6 million shortfall? Cut your budget or raise taxes.*

## The Results

HEIGHTS  
coalition for  
**PUBLIC**  
education

- ❖ Local property taxes pay the unfunded costs for each voucher.
- ❖ School Districts are forced to either make cuts or raise more local funds through shortened levy cycles.
- ❖ Public School Students are shortchanged.

When state aid for a voucher is insufficient to cover the full cost, local districts must pay the difference. This makes the school funding system unfair.

- Public school children are shortchanged
- Public school districts can't budget in a reliable way
- Inequality increases
- Local tax payers pay more

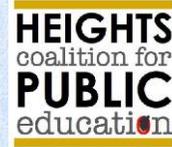
## But wait, things get worse



- ❖ State aid for all public school districts is now frozen at the 2019 level for the next two years.

The formula is supposed to create a fair system for distributing state aid based in part on enrollment numbers. But the state budget for next two years is frozen at the 2019 level. When there is any increase in voucher use or enrollment, there will be no additional money.

## Frozen Budget Impact



- ❖ For every new student enrolled in school the district gets \$0
- ❖ For every new voucher student the district pays the ENTIRE amount of the voucher (\$4,650 to \$27,000)
- ❖ 600 more students in the CH-UH district are using EdChoice vouchers. Only 25 of them left the public schools.

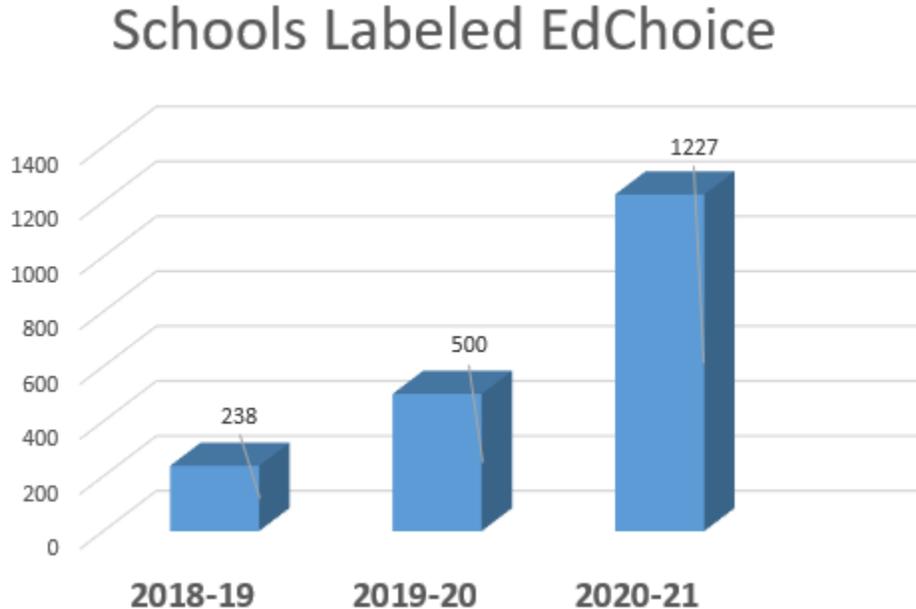
Unless the state legislature fixes it, the full cost of every new voucher awarded during this biennium – will come out of local funds.

Remember, most new vouchers now go to students who have never attended a public school. In the CH-UH district, there were 600 new vouchers awarded for this school year and only 25 of them went to students who attended the public schools before using the voucher.

The legislature justified using public funds for private schools so children could escape failing public schools. That is not who is using vouchers.

*Public school families are not fleeing their public schools. They are generally satisfied with their local public schools*

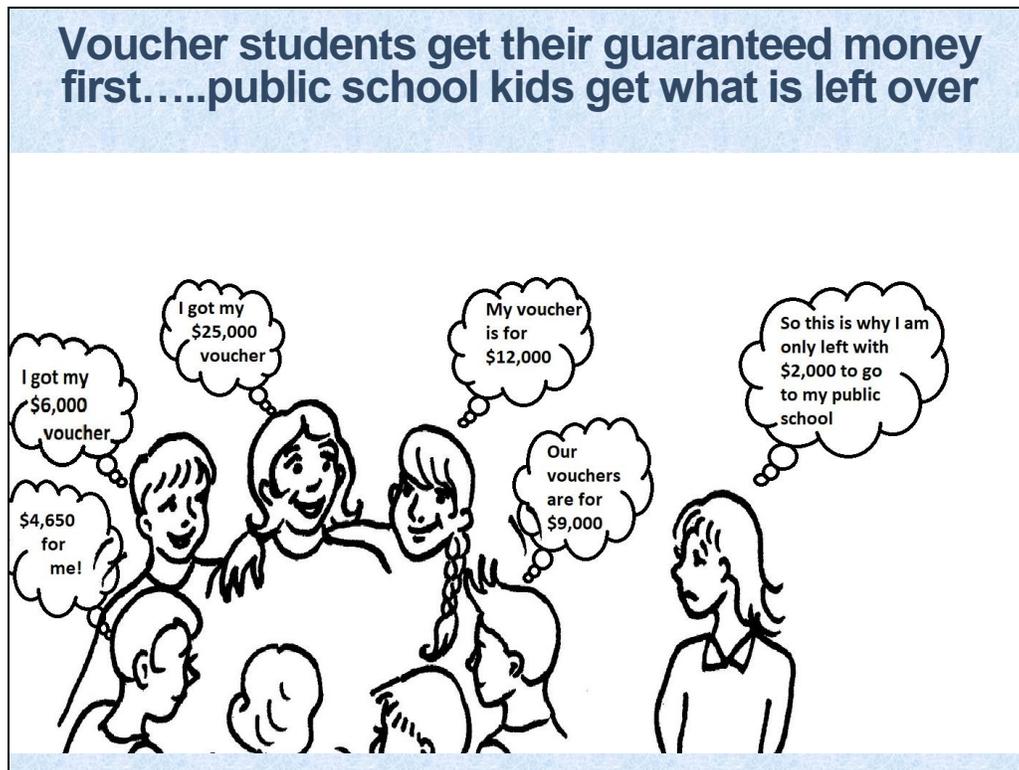
- ❖ Freezing a budget while encouraging voucher growth is like a family of 4 suddenly being required to feed 3 additional people every day who eat at a fancy restaurant.



You can see on this slide that the number of schools defined as EdChoice just grew exponentially. It is not because education quality suddenly plummeted.

Lawmakers changed the rules.

This is a manufactured crisis by the state of Ohio to divert public investment in our common schools. With this kind of growth in labeling schools the state is demonstrating its preference for private education over its responsibility to educate the children attending public schools. In the same time period there were 39 school districts with at least 1 EdChoice school in 2018-19, and next year there will be over 400 districts out of 612 in the state. The legislature keeps changing the rules so that more schools will be identified as failing.



*Read slide if you don't have a good projection. Point out the public school is being left out of the circle of kids.*

Public school kids are at the end of the line when it comes to prioritizing the use of public funds. Because of vouchers and other publicly funded options for leaving the public schools, the full amount of money allocated by the state for each public school student does not benefit them. It benefits students not educated in our public schools.

## What should the legislature do?



- ❖ Reimburse unfairly burdened school districts for the unfunded cost of vouchers. Prioritize high poverty districts.
- ❖ Cap the amount of funding a district can lose to vouchers.
- ❖ Fund all vouchers directly from the state budget.

A long term solution is needed to make sure public school students are properly served. In the short term the legislature can minimize the negative effects of its policies. Here are some of them.

## Call to Action



- ❖ Be informed. Spread the word. Be a change agent.
- ❖ Share this presentation with another group.
- ❖ Demand that your elected officials correct these injustices.
- ❖ Endorse the Heights Coalition for Public Education position on high-stakes testing and privatization.

We can make a difference.

Questions?



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Help us advocate for public education

Endorse the Coalition's Position  
Statements and find this slideshow  
and other resources at

<http://chuh.net/coalition>

Hand out the 2 page Slideshow Handout that summarizes much of this information.