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Public Attitudes on K-12 School Funding in Ohio: *The System is Broken and Needs to be Fixed*

IN BRIEF

A statewide survey of Ohio voters shows that the public supports most K-12 school funding proposals made by Governor Ted Strickland, believing that the state system of funding public schools is broken and needs to be fixed. Voters surveyed handed this problem to state leaders as their highest priority. That contrasts to opinions held by some state leaders over the years who believed that the state has largely fixed the school funding system. In the survey, the public supported the governor's proposal to give additional property tax breaks to elderly and disabled homeowners, to direct more state aid to low-property-wealth school districts and programs that help economically disadvantaged students, and

to use money from a tobacco settlement fund to help pay for more school facilities construction. The public, however, did not support the governor's elimination of the statewide school voucher program. Voters also did not indicate that tax breaks for the elderly and disabled would make them more likely to vote for local school levies – a supposition forwarded by the Strickland administration. The public knew little about alternative school funding strategies, such as a Constitutional Amendment that is proposed for the November ballot or a relatively unused earned income tax for local school districts, and they will need much more information about them to form an opinion.

For decades, Ohio has been in one crisis or another on primary and secondary public school funding. And the efforts by state leaders

to quell those crises have consumed the time, energy and political resources of Republican and Democratic governors, legislators from both

parties and state education leaders, leaving some embittered and frustrated at the state's lack of progress.

While the public has been largely outside of the commissions, studies, hearings and private meetings that led to several attempts at school funding reform, Ohioans have held definite and consistent opinions about public school funding and what Ohio leaders ought to be doing to address the issue – opinions that have not always been consulted. Indeed, nearly ten years ago, the public stopped education reform in its tracks with its lopsided vote against a statewide sales tax increase to fund schools.¹

Now, as Governor Ted Strickland and his new Democratic administration attempt to move forward several proposals on school funding reform in the Republican-led Ohio General Assembly, public opinion on the issue looms as a wild card that might again propel or derail funding reform efforts.

This report examines the current attitudes of registered voters in Ohio on K-12 school funding issues generally and on proposals pending before the Ohio General Assembly on specific school funding measures. The report relies on a phone survey of Ohio registered voters conducted May 6-9 on behalf of KnowledgeWorks Foundation by Fallon Research & Communications of Columbus.²

1 Issue I called for a 1 cent increase in the state sales tax to be used for property tax relief and various education reform initiatives. The proposal on the November 1998 ballot was defeated by 80% of the voters.

2 The public opinion research was conducted through telephone surveys of 804 randomly selected registered voters in Ohio who voted in recent municipal elections, or are new registrants, and have valid telephone numbers. The interviews were performed May 6-9, 2007. The overall estimated margin of sampling errors is plus or minus 3.45%, based on a confidence level of 95%, although it varies for each individual question. This means that if this survey was repeated, 95 times out of 100 the results would be within plus or minus 3.45% of those provided herein. The results were adjusted to proportionately weight the results toward the demographic and geographic characteristics of the state.

The public believes the state system to fund K-12 public education is broken and needs to be fixed, and has handed this problem to state leaders as their highest priority as elected officials.

Since the final decision of the Ohio Supreme Court in the longstanding case of *DeRolph v. Ohio*³, many state leaders have moved on to other education issues, declaring that the public school funding system is largely working well and any changes, if needed, would be minor.

The public, however, sees it differently.

Survey respondents were advised, "Since some court cases in the late nineties, the Ohio legislature has attempted to provide more money for school construction, dedicate more of the state budget to public education and change the way state money is distributed, so that economically disadvantaged school districts receive larger allocations." Then the respondents were asked which of the following statements they agreed with: that the system has been fixed and only minor changes are needed, the system has not been fixed and more money is needed to solve the problems, or the system has not been fixed and a different way of spending existing money is needed.

Most Ohioans surveyed (48%) agreed that "the school funding system has not been fixed" and a different way of spending the existing money is needed to solve the problems. Compare that to only 32% who agreed that the system has not been fixed and more money is needed to solve the problems.

Of note is that only 17% agreed that "the school funding system in Ohio has been fixed

3 In 2003, the Ohio Supreme Court in *DeRolph V* reverted to earlier rulings, saying that the state system of public school funding is unconstitutional in that it does not meet the "thorough and efficient" standards spelled out in the constitution. The court, however, removed itself from the case, which largely had the effect of taking pressure off state leaders to correct the deficiencies in the funding system outlined in *DeRolph I* and *II* beginning in 1997.

and only minor changes are needed.” In other words, 80% of the public thinks the system is broken – they just differ about the means to fix it.

That finding, consistent with numerous survey findings over the past decade⁴, places public support behind current efforts to change the way public schools are funded, including proposals by the Strickland administration⁵, recommendations by the State Board of Education and the Achieve report,⁶ and the proposed change

4 For several years, the Ohio public has registered its dissatisfaction with the K-12 public school funding system. In 2005 and 2006, 62% and 63% of Ohio adults surveyed said they thought that state funding for Ohio’s public schools was less than adequate (*Ohio’s Education Matters* polls, 2005 and 2006, KnowledgeWorks Foundation.) In those same surveys, 80% of the public said the state should spend more money on education – a higher amount than the percentages who supported any other spending category.

5 The Strickland administration in March 2007 proposed \$257 million in annual property tax relief through an enhanced homestead exemption for 775,000 Ohioans over age 65 and homeowners with a permanent total disability. The property tax relief will be paid for from debt service savings over 20 years, the savings the result of using tobacco settlement receipts to reduce the need for state bonds to support school construction. In addition, the Strickland administration proposed an increase in support for all-day kindergarten, increased per pupil funding, increased targeted aid to lower-wealth districts, targeted aid to special needs students and students from families living below poverty; and additional funds to support teacher certification and professional development, post-secondary enrollment for high school students, and accelerated funding of school construction projects. (Testimony of J. Pari Sabety, Director, Office of Budget and Management, to the House Finance and Appropriations Committee, March 20, 2007.)

6 The State Board of Education issued a report in January 2007 (*A New Direction for Ohio’s School Funding: Designing a System that Relates Resources to Results, Report of the School Funding Subcommittee of the Ohio State Board of Education*) that called for a funding system that is student centered, results oriented, and reality based and identified seven key principles to guide that idea. Additionally, the Ohio Department of Education has been working with the School Finance Redesign Project, a national effort centered at the University of Washington and funded by the Bill & Melinda Gates Foundation, to develop tools that better connect resources to academic results (Education Policy and Finance Project for Ohio: Investments to Improve Student Performance, Human Services Policy Center, University

of Washington, February 25, 2007). Finally, the State Board commissioned a study by Achieve, Inc., to help Ohio create a world-class education system. (*Creating a World-Class Education System in Ohio*, 2007, Achieve, Inc.) in which the authors call for Ohio to encourage efficiency by local school districts and weight student funding so that an optimal amount of dollars follows students to the public school buildings where they are educated. Additionally, the report calls for a simplified funding formula to account for efficiencies and a reform tax system to deliver resources – and more of them from the state – on a predictable and stable basis.

for the Ohio Constitution contained in a ballot initiative being circulated to voters for this fall.⁷

For state leaders, the direction from the public is that changing the school funding system should be among the highest priorities.

When asked to name a priority among a series of issues, a plurality of Ohio voters said they thought Gov. Strickland made the first and highest priority for his administration “changing the system of school funding” (30%) and “attracting more businesses and jobs to the state” (26%). Considerably fewer Ohioans thought the top priorities were reducing taxes for seniors and homeowners (12%), providing health care for children and the poor (9%), revitalizing the major cities (3%) and protecting the environment (2%).

In a separate question that focused only on education issues, the public indicated the top priority for both the governor and the state legislature for the next two years should be changing the system of school funding (31%), far surpassing other issues, such as improving basics, like science and math education (16%), improving the performance of struggling schools (12%), making sure students are prepared for college

7 Ohio education stakeholders are circulating petitions to place on the November 2007 ballot a proposed amendment to the Ohio Constitution that would establish education as a fundamental right for students and would shift funding decisions to the State Board of Education, which would appoint a commission to determine and cost out the components to a high-quality education system. The Ohio General Assembly would be required to provide funding for that system. (Getting it Right for Ohio’s Future coalition, 2007.)

(12%), improving teacher performance (12%) and upgrading school safety and security (8%).⁸

Public is not confident things are going in the right direction.

Overall, the public is concerned generally that the state is heading in the wrong direction and is not confident that local school districts – while providing a good education – are spending money in an effective and responsible manner.

Nearly half of all Ohioans surveyed (47%) said they thought Ohio has gotten off on the wrong track, compared with only 37% who said they thought the state is going in the right direction.

On the issue of public school spending, the public thinks the state is not spending enough to support the K-12 education system. Of Ohio registered voters surveyed, 57% said they thought Ohio spent too little on public education, compared to 22% who said they thought the state spent about the right amount and 11% who said they thought the state spent too much.

On the local level, the public did not express confidence that local school districts were spending tax money in an effective and responsible manner. Only 12% rated their districts excellent on spending tax money effectively and responsibly, and 33% rated them good. Thirty-one percent rated their districts fair on spending effectively and responsibly, while nearly 21% rated their districts poor. Hence, a majority (52%) rated their districts fair or poor on spending tax money in an effective and responsible manner.

Most of those who rated their districts poor

on spending tax money said that they based their opinion on things they have seen, heard or read specifically about their local school district (69%). Only 22% said they held their opinion because they generally felt that the system of public education makes school districts inefficient structures for using and managing tax dollars.

The public, however, is more generous in its opinion of the quality of education provided by local school districts. When asked to rate the quality of their own districts, 27% said they thought it was excellent, and 39% said they thought it was good. Only 18% said they thought it was fair and 11% said they thought it was poor.

The public approval rating of Gov. Strickland remains high five months into his administration. Of Ohio registered voters surveyed, 59% said they approved of the work that Gov. Strickland is doing as governor, and only 14% said they disapproved. Twenty-seven percent indicated they were not sure or did not provide an answer.⁹

On the school funding issues, 71% said they had no opinion or were not informed about what Gov. Strickland was doing to address school funding, while only 15% approved and 11% disapproved.

Most school funding proposals by the Strickland administration get public support.

Even while the public has yet to learn about what Gov. Strickland is doing in school funding, voters generally react favorably when key features of his school funding proposal are described to them.

8 By contrast, African-American voters more often (32%) cited "improving the performance of struggling schools" as the top priority, surpassing the 24% who cited "changing the school funding system" and 18% who cited "making sure students are prepared for college." White voters identified changing school funding (32%) as the top priority, with an equal number citing improving teacher performance (12%), making sure students are prepared for college (12%) and improving the performance of struggling schools (10%).

9 Governor Strickland received an approval rating of 68% in the Ohio Poll issued by the Institute for Policy Research at the University of Cincinnati (825 adults surveyed between April 29-May 8), and he received an approval rating of 54% in the Quinipiac University Poll (939 voters surveyed between May 8-13). See Gongwer News Service, May 14 and May 15, 2007.

One of the key issues of Strickland's proposal is providing additional property tax breaks for elderly and disabled homeowners.

The Strickland administration in March proposed \$257 million in annual property tax relief by extending the homestead exemption to 775,000 Ohioans over age 65 and homeowners with a permanent disability. (The administration proposed that an income limitation now in place be removed.) Currently, about 220,000 homeowners qualify for and receive the exemption, which reduces their local property taxes by having the state in effect "subsidize" their local taxes.¹⁰ Thus, local school districts do not lose property tax revenue.

In fact, the Strickland administration sees the expansion of the homestead exemption as a vehicle through which the state can provide more state revenue and reduce the reliance of local school districts on local property tax.¹¹

Nearly 85% of Ohioans surveyed said they supported an expansion of the state's Homestead Exemption and eliminating the income requirements so that all senior citizens who own homes would receive reduced assessments on property taxes, saving them each an average of \$400 per year. Of those who favored it, nearly 65% said they strongly favored it. Only 13% said they were opposed.

The Strickland administration had suggested that the additional tax breaks would help spur

local voters to approve local school district tax levies, with the reasoning that tax burdens for seniors on fixed incomes might be one of the issues that cause local levies to be defeated.¹²

It is difficult, however, to say whether strong support of the tax breaks for elderly homeowners would spur voters to approve more local school district levies. When asked whether they would be more or less likely to vote for a school levy in their community if all senior citizens received reduced assessments on property taxes, nearly 42% said they would be more likely to approve the school levy, compared to nearly 48% who said it would make no difference in how they voted. Only 8% said they would be less likely to vote for the school levy.

Notably, a higher percentage of African-American voters (63%) said they would be more likely to vote for a school levy with the additional tax breaks for senior and disabled homeowners than white voters (40%) and other races (32%).¹³

Responding to a separate question, the public indicated that the most common reason they vote against levies is they don't have confidence in the fiscal management of local school districts. Indeed, of the half of Ohio voters who said they either always vote against local school levies or vote against them some of the time, most (51%) said the biggest reason they voted

10 The current homestead exemption offers low-income senior and disabled homeowners a property tax exemption of \$1,130 to \$5,700 of taxable value. The proposal would remove existing income limitations and replace a system of tiered exemptions with a single market value of \$25,000, but it would have a greater impact on economically disadvantaged homeowners, according to Tax Commissioner Richard Levin (as quoted in Gongwer News Service, March 16, 2007, "Strickland budget plan offers increased school funding, property tax break for senior homeowners.")

11 Testimony of J. Pari Sabety, Director, Office of Budget and Management, to the House Finance and Appropriations Committee, March 20, 2007.

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13 A larger percentage of African-American voters also identified themselves as always or usually voting for local school levies in their communities (63%), as compared to white (49%) and other races (46%). African-Americans were also more likely to say that the reason they voted against levies was due to personal financial circumstances (43%), compared to 18% of white and 8% of other races who cited that as a reason to vote no on levies. Whites were more inclined to link their no vote to their feeling that there was not enough careful financial management in the school district (55%), as did voters of other races (52%), while blacks cited that reason less often (16%).

against school levies was they did not feel that there was enough careful financial management of taxes to earn their support. That compares to nearly 20% who said that personal financial circumstances prevented them from supporting levies, or the nearly 20% who had other reasons. Notably, only 7% said they voted against levies because they did not feel there was enough academic achievement to earn their support.

Other features of the Strickland school funding proposals garnered unqualified support.

The public overwhelmingly supports a proposal to pay for school construction and improvements by using existing money from the state's tobacco settlement fund in order to save the interest costs that would have to be paid if the work was financed with bonds. Nearly 74% said they favored that proposal, compared to 20% who opposed.

A large majority of the public favors distributing public education dollars based on a system that gives more money to districts that have larger numbers of students with special needs, learning disabilities or language barriers, or students whose families are in poverty. Nearly 66% said they favored that approach, compared to 29% who opposed.

The governor has proposed simplifying school funding to dedicate more resources to funding streams that help low-wealth districts and economically disadvantaged students. In addition, the Strickland administration proposed an increase in support for all-day kindergarten, increased per-pupil funding, increased targeted aid to lower-wealth districts and targeted aid to special needs students and students from families living below poverty.

In one other policy and funding area, the public appears to be at odds with the governor.

The Strickland administration has proposed the elimination of the Ohio Educational Choice Scholarship Pilot Program, known as Ohio EdChoice, which was enacted in 2005. This

legislation gave the Ohio Department of Education the authority to provide as many as 14,000 vouchers to students who attend or who are assigned to persistently under-performing schools statewide. For a student to receive a voucher, his or her school must have been in academic emergency for three consecutive years. Fewer than 3,000 students participated in the program.

The program is opposed by public education stakeholders, who maintain that the program does little to help improve existing public schools and merely privatizes public education. The Ohio General Assembly has opposed this elimination.

The public, however, wants to keep the voucher system that gives tax money to students to help them pay to attend private or parochial schools. When asked if they favored or opposed eliminating that system of vouchers, only 40% said they favored its elimination while 56% said they opposed a proposal to end that program.¹⁴

The public may be willing to look at other alternatives to school funding problems, but voters will need to know more about them to make a decision.

Earned income tax: Since 2005, Ohio school districts can enact an income tax that applies only to earned income of residents in the district and exempts income like interest, dividends and Social Security benefits.¹⁵ Only eight school districts have received voter approval to levy the earned income tax on residents.

Ohio adults surveyed were more likely (58%)

14 The Quinnipiac University poll of 939 voters, surveyed May 8-13, 2007, found a voter opinion split even in support and opposition of the move to eliminate the voucher program. (Gongwer News Service, May 15, 2007.)

15 Since 1981, school districts could enact an income tax that would tax all residents' income, including unearned income like interest and dividends, but would provide for deductions similar to the federal and state income tax. Only 24 school districts received voter approval to enact that tax on residents in their districts. (Ohio Department of Taxation web site.)

to say they would vote for an earned income tax to fund school operating expenses when they were told that it would not tax Social Security, interest or other forms of unearned income.

Without hearing a definition of earned income and that the tax is not levied on Social Security, interest and other unearned income, voters were less likely to see it as an option to property taxes. When asked only whether they would support an earned income tax of 1%, instead of a property tax *renewal*, to pay for school operating expenses, only 53% were willing to vote for it. When asked if the 1% earned income tax were to replace a property tax *increase*, only 44% were willing to support it.

Constitutional Amendment: A coalition of education stakeholder groups called “Getting It Right for Ohio’s Future” unveiled in January plans to place on the November 2007 ballot a proposed constitutional amendment that would change the process through which Ohio’s K-12 public schools are funded.¹⁶

The education stakeholders are circulating petitions to place on the ballot a proposed amendment to the Ohio Constitution that would establish education as a fundamental right for students and would shift funding decisions to the State Board of Education, which would appoint a commission to determine and cost out the components to a high-quality education system. The Ohio General Assembly would be required to provide funding for that system.

Proponents say the amendment would take politics out of school funding, giving more authority to independent bodies to make funding decisions based on educational needs for a high-quality system. They maintain the changes would meet the test set out in *DeRolph* school funding

decisions by the Ohio Supreme Court, which declared the existing system unconstitutional.

Opponents say that amendment would inappropriately take budget decisions out of the hands of elected officials, like the governor and general assembly, and would potentially compromise other state needs.

While petitions are being circulated prior to the August filing deadline, most Ohioans surveyed have heard or read nothing (46%) or very little (39%) about the proposed state constitutional amendment on school funding. Thus, 34% of those surveyed were not sure how they would vote on the amendment if the election were held today, compared to 33% who would vote for it and 33% who would vote against it.

That split suggests that the public has yet to form a first impression about the initiative, leaving open the chance voters could support or reject it depending on what information is presented to them in the coming months.

Even with little information about the amendment, 47% of Ohioans surveyed said that the amendment this fall would make no difference in how they would vote on their local school levy if both were on the ballot at the same time.

Repeal of House Bill 920: The public was decidedly not interested in lifting a state-imposed cap on tax revenue that local school districts can receive from their growing property tax values. Restricted in 1976 by House Bill 920, local school districts do not have a growing source of property tax revenue to cover higher expenses without going back to the ballot to renew or replace existing tax levies.

Proponents of the cap maintain that property owners are protected from unvoted tax increases, thereby making local school districts more accountable to voters. Opponents argue that the cap places an unfair burden on local school districts as they cannot experience revenue growth to cover even inflation without going on the bal-

¹⁶ This was the culmination of preliminary work that began when the Ohio School Boards Association brought together education organizations in 2002 to outline a new school funding plan either through legislation or a constitutional amendment.

lot, creating fatigue from voters and educators.

Ohioans surveyed said they opposed changing state law to allow school districts to receive increases in the money they collect from homeowners in keeping with increases in local property values. Fifty-six percent said they opposed allowing school districts to keep more of their growing tax bases, with 42% saying they strongly opposed such a proposal. Only 40% said they favored that change, with only 17% of them saying they strongly favored it. ■

This Policy Report was prepared for KnowledgeWorks Foundation by Andrew Benson, the foundation's director of policy and communications, with research support from Julie Brinker, a foundation consultant. The public opinion research was conducted by Paul Fallon, of Fallon Research and Communications of Columbus. For more information, please visit www.kwfdn.org.