



**Testimony Prepared for the
Ohio Senate Insurance, Commerce and Labor Committee**

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Chairman Bacon and members of the Senate Insurance, Commerce, and Labor Committee, I appreciate this opportunity to talk with you today. Thank you for your leadership.

My name is Terry Ryan and I am vice president of the Thomas B. Fordham Institute. Based in Washington DC, Dayton, and Columbus, the Institute is a nonprofit organization that works to improve the nation's schools through quality research, analysis, and commentary, as well as on-the-ground action and advocacy in our home state of Ohio.

The Institute is affiliated with the Thomas B. Fordham Foundation, which was approved as a charter (community) school sponsor by the Ohio Department of Education in 2004. We currently sponsor seven schools – two in Dayton, three in Columbus, one in Springfield, and one in Cincinnati.

Despite more than a decade of constant school reform efforts and tens of millions of dollars in new spending, far too many children in the Buckeye State are still ill-prepared for success in college or the workplace. In the recently released 2009 National Assessment of Education Progress (commonly referred to as the nation's report card), just 36 percent of Ohio eighth graders scored proficient or better in mathematics. The most recent

reading results were similar. That means thousands of young Ohioans, reaching the threshold of high school, haven't mastered the ability to do basic computations or read critically, let alone grasp the essentials of science, history, or civics. The results are even bleaker for our neediest children in cities like Cleveland, Youngstown, and Dayton.

From all of our work over the years, we've come to appreciate the fact that nothing matters more to student learning than teacher quality. The fact is that highly effective teachers routinely propel students from below grade level to advanced levels in a single year. The significance of this finding can't be understated. Many people still believe either that "these kids can't learn" or that school can only do so much with kids like this until society fixes their families and communities.

Ohioans, for the most part, understand that strong teachers and good schools are a critical investment in our children's and our state's future. Consider that in 2010, the state invested more than \$18.3 billion in K-12 public education – roughly \$2,078 for every adult living in the Buckeye State. In fact, school funding in Ohio has steadily increased over the past three decades. Just since 1991, when the first DeRolph lawsuit was filed, per-pupil revenue for Ohio's public schools has risen 60 percent (even accounting for inflation).

This increase in spending has mostly gone toward adding staff positions and increasing benefits while educators' salaries have largely remained flat in real dollars. Since 1991, the number of K-12 public school employees statewide has grown 35 percent (from about 181,000 to 245,250), while K-12 public school enrollment over that same period of time declined about 1.5 percent (from 1,771,089 to 1,744,969). After decades of steady growth in spending on its schools Ohio now faces a funding cliff.

For the last two years Ohio has been able to maintain spending on K-12 education because of \$5 billion in one-time federal stimulus dollars from the American Recovery and Reinvestment Act and the Ed Jobs bill. These funds are rapidly drying up. Harder still, public dollars for education are increasingly in competition with other public programs. Consider that as enrollment in K-12 public education has remained largely flat for the last decade the number of needy Ohioans enrolled in Medicaid has grown from about 1.3 million recipients to almost 2 million.

These are not just short-term problems. By 2030, for the first time in its history, according to US Census Bureau, the state will have virtually as many citizens age 65 or older as it does school-age children. The state also faces mounting long-term liabilities in its public pension systems with the State Teachers Retirement System alone facing a \$38.8 billion unfunded liability. These are hard times, but they create a rare opportunity to make things better by challenging the status quo; reshaping priorities and reallocating funds; and replacing existing policies with bold reforms rather than layering them on top of systems that aren't working well enough for kids, educators, and taxpayers. Such changes are immensely difficult. But for the sake of Ohio, its youngest citizens, its voters, and its economy, these are precisely the kinds of changes that our state desperately needs.

It is for this reason that I am here today to testify in support of Senate Bill 5. While I can't speak to the merits of all provisions of the bill, I can say that changing state law to offer school districts more flexibility over personnel during times of funding cuts is critical for helping them maintain their academic performance. Further, this flexibility to make smart cuts is critical if our schools and students are to emerge out of this crisis stronger than ever.

In education, about 85 percent of district costs are in personnel salaries and benefits – and many provisions related to teaching personnel are protected

by union contracts and/or state law and all would be addressed by Senate Bill

5. Examples include:

- Last hired/first fired rules for teacher layoffs;
- Master's degree pay bump – Ohio spend more than \$460 million annually on these; and
- Automatic salary step increases based on longevity rather than performance.

Consider the state law that requires school districts to reduce teaching staff solely on the basis of seniority. This law from 1941 is damaging in several ways. First, recent research has illustrated that relying on seniority-based layoffs to close fiscal gaps has the effect of lowering student learning by 2.5 to 3 months when compared with layoffs driven by teacher effectiveness.¹ As chronicled by my colleague Mike Petrilli and Marguerite Roza of the Bill and Melinda Gates Foundation, using seniority as the basis of layoffs disproportionately hurts high-poverty schools since they typically have more junior teachers. As noted by many in Cleveland and elsewhere, last hired/first fired also hurts some of the state's most innovative schools – like STEM schools – because these are new schools staffed largely with younger teachers. Where districts must reduce staff, layoff decisions should be based primarily on teacher effectiveness.

But, it is not only researchers, academics, and pundits who recognize the need to provide flexibility to district leaders in these tough fiscal times. Ohio's district superintendents themselves understand the challenges and they want the responsibility to make the tough calls. They understand that there are two compelling arguments for managerial autonomy, especially regarding personnel and budget. One is to be free to manage schools and school systems in ways that make them more effective. The other is to manage in ways that make them more efficient.

¹ See, for example, <http://cedr.us/papers/working/CEDR%20WP%202010-%20Teacher%20Layoffs%2012-22-10.pdf>

In January, we enlisted the expert help of the nonpartisan FDR Group, a respected survey research firm led by veteran public opinion analysts Steve Farkas and Ann Duffett, to survey the state's superintendents on some of these issues.

The research team received on-line survey results from 246 district superintendents across Ohio (out of a total of just over 600). Full survey findings and the survey methodology will be made public on March 9th and if any member would like to meet with the lead researcher at that time I'd gladly set up such a meeting.

The survey results are relevant to the debate around Senate Bill 5 and so I now share some of the key ones with you now. The big picture takeaway: superintendents often believe that enhancing their authority to manage staff is more important than funding issues. Superintendents say if you want to see academic achievement rise give us more autonomy.

Right now they say they're at a disadvantage when collective bargaining comes around -- and state law is part of the problem. They'd like to see changes.

Here are just a few of the most important, specific changes they'd like to see.

On state measures that affect collective bargaining:

- Get rid of the provision of state law that mandates automatic step increases in teacher salaries – about 7 in 10 say this would be very important.
- Get rid of the provision that “requires a last-in, first-out approach to layoffs” – this is very important to two-thirds.
- Give superintendents law that make it “easier to terminate unmotivated or incompetent teachers – even if they are tenured” – about 8 in 10 point to this as very important.

On state mandates:

- Combine state revenue streams while giving us more flexibility over how the money is spent -- about 8 in 10 point to this as very important.
- Create a state-mandated health insurance plan that would serve all of Ohio's K-12 system -- about 3 in 4 point to this as very important.

Let me close by quoting a former superintendent from Chicago and the now current U.S. Secretary of Education Arne Duncan.

“Rethinking policies around seat-time requirements, class size, compensating teachers based on their educational credentials, the use of technology in the classroom, inequitable school financing, the over placement of students in special education—almost all of these potentially transformative productivity gains are primarily state and local issues that have to be grappled with.

These are tough issues. Rethinking the status quo, by definition, can be unsettling. But I know that these discussions will be taking place in the coming year in schools, in districts, in union headquarters, in statehouses, and the governor's mansion. The alternative is to simply end up doing less with less. That is fundamentally unacceptable.

Thank you Mr. Chairman, and members of the committee, for your leadership and for offering strong solutions in tough times. I look forward to your questions and comments.