



**Testimony Prepared for the
Ohio House Commerce and Labor Committee**

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Chairman Uecker and members of the House Commerce, and Labor Committee, I appreciate this opportunity to talk with you today. Thank you for your leadership during these unsettled and troubled times.

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.

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.

As you all know, 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.

That is why 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.

As you all know, 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 in/first out rules for teacher layoffs;
- Master's degree pay bump – Ohio spends 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. 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 Using seniority as the basis of layoffs disproportionately hurts high-poverty schools since they typically have more junior teachers. Last in/first out also hurts some of the state's most innovative schools – like STEM schools – because these are new schools staffed largely with younger teachers. We saw this in Dayton in 2007 after the district levy failed. The high-flying Dayton Early College Academy had to become a charter school in order to avoid the dismantling of its high-performing staff of relatively new 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.

Earlier in March, we released a survey on the attitudes of Ohio's superintendents towards these issues. The nonpartisan research team received on-line survey results from 246 district superintendents across Ohio (out of a total of just over 600).

The survey results are relevant to the debate around Senate Bill 5. The big picture takeaway: by an overwhelming 72 to 14 percent margin, Ohio's superintendents say increased authority would result in measurable improvements in achievement, not just efficiency. Moreover, they are so confident that they can deliver better student achievement that nearly eight

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

in ten (78 percent) favor linking their own pay to improved outcomes – in exchange for greater authority over staff.

Further, about two-thirds (65 percent) of district superintendents say the collective bargaining process needs fundamental overhaul, while another 32 percent would press for some modification. Only two percent say it should be left alone.

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.
- Repeal 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.

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