Prepared Notes for Ohio House Commerce and Labor Committee
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Chairman Uecker, Ranking Member Yuko, thank you for allowing public participation in this process. My name is Marc Schare and I am the President of the Worthington City Schools Board of Education. At the outset, I want to be clear that the views I express today are mine as an individual Board member and that I am not representing the views of my colleagues on the Board or any employee of the district. Also, these comments pertain only to the education component of SB5.

Education in the United States is failing to keep up with the rest of the world. Nationally, we are turning out a below-average[1] product despite ever increasing public investment and many attempts at reform. In Ohio, we have a flawed state report card system that allows some districts that fail to exceed 50% of academic standards to be rated "Excellent"[2] and our new high stakes value-add component has raised questions as to its accuracy[3]. Ohio's remediation rates for high school students entering college would horrify our constituents if they knew[4]. It's time to try something new.

Let us start with the financial perspective. Even if there was evidence that more money would improve education in the state, the status quo simply cannot be maintained given the declining income levels of Ohio taxpayers. It doesn't matter what funding formula this legislature employs, the money simply does not exist to support the contracts that are already in place. The Buckeye Institute studied the 5 year financial projections of 612 school districts and concluded that by 2015, the aggregate deficit for these districts as determined by their ending cash balance would be 7.6 Billion Dollars[5]. The assumptions in those forecasts vary, but many include double digit increases in health care expenses, continuation of step increases and usually, an increase in base salary as well. Year over year increases for starting teachers can easily exceed 6% for the first 10 years in many districts. Please note that I am not making a value judgment on the worth of a teacher, I am merely making an observation that if the five year forecast projections play out, we

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[1] http://www.all4ed.org/files/IntlComp_FactSheet.pdf

[2] http://www.thisweeknews.com/live/content/grovecity/stories/2010/08/18/School-district-gets-excellent-rating.html

[3] http://www.edexcellence.net/gadfly/index.cfm?issue=549&edition=O#a5835

[4] http://www.dispatch.com/live/content/local_news/stories/2010/08/22/numbers-arent-adding-up-to-success.html?sid=101

[5] http://buckeyeinstitute.org/reports/school-districts

will either have to increase taxes by 7.6 Billion dollars in the aggregate, cut expenses by that much or a combination of the two.

So how do school districts generally respond to such deficits? Members of the committee, when you get a chance, run a Google search and pull up newspaper headlines about local levy issues. District after district will tout how much they have cut from budgets in an effort to be fiscally responsible and how much they promise to cut even if their levy is successful. Just in the last week, Hamilton City Schools announced reductions in gifted services and electives[6], Huber Heights is promising to cut 3 million dollars even if their levy passes[7], Nordonia Hills will lay off 10 teachers and eliminate some foreign language programs if their levy passes[8] and Sylvania City Schools will cut 50 positions if their levy passes and despite significant concessions on the part of their unions[9]. Remember, this is all in the past week and the cuts would be worse if the levys don't pass. Given the anticipated cuts in state revenue, if we maintain the bargaining status quo, the accumulated cuts to academic programs statewide over the next decade will be incalculable and Ohio's death spiral will continue. We must change that dynamic.

In my home district of Worthington, we are anticipating that by 2015, we will be deficit spending to the tune of 23 million dollars every year and that was before Governor Kasich's decision to accelerate the phase out of tangible tax reimbursements. The primary cost drivers for us and most districts are health care increases, base salary increases and step increases. The Worthington community supports their schools and my district has passed operating levys in 2001, 2004 and 2009 along with a bond issue in 2006. In 2006 and 2009, we attempted to pass larger operating levys whose amounts were derived by a mathematical calculation of what is required according to our contracts and other assumptions in the five year forecast. Both times, voters turned us down and so we passed smaller levys and implemented program/staff/administrative cuts to make up the difference.

How will Senate Bill 5 help? The short answer is that it won't, at least not right away, but it, along with other common sense reforms like pooled health care might give us the tools we need to begin to match expenditures and programs with anticipated revenues over time. Let me clear on this point. I am not talking about reductions in employee salaries. The conversation I think we need to have with our employees is to jointly figure out how to best align future employee compensation increases to anticipated revenues so I don't have to continue making programmatic cuts or returning to the ballot every 2 or 3 years. I fear that without SB5, that discussion will never take place.

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6 http://www.ohio-share.coxnewsweb.com/News-share/Local_News-share/hamilton-school-board-will-seek-operating-levy-1105270.html

7 http://www.wdtn.com/dpp/news/huber-heights-schools-face-cuts

8 http://www.the-news-leader.com/news/article/4994858

9 http://www.sylvania.k12.oh.us/images/stories/District/Budget_Reducction_Plan_Revision.pdf

Over time, we need to revamp the way that teachers are compensated and we need to treat them like the professionals they are. SB5 says that teacher pay will be based on merit without really defining what that means, so let me offer an opinion. Market forces must be allowed to work in the education sector. Teachers who are excellent at what they do or who are scarce should be additionally compensated for those talents. In our last hiring cycle, my school district had hundreds of applications for teaching positions in elementary education, but only a handful for high school chemistry and high school physics. We need to differentiate compensation to attract quality educators in hard to fill positions. We need legislation that will allow us to reward excellence and also deal with teachers who have not demonstrated competency in the classroom. We need legislation that will allow us to define a real career path for teachers that does not necessarily lead to administration. We also need to expand the definition of “compensation”. A significant number of teachers, perhaps a majority, will tell you that they are not and would not be motivated by money which is perhaps why they are content to allow professionals to negotiate a wage for them. We need to allow the law to be as flexible as possible in determining and providing whatever motivates top performing professionals on an individual basis.

We need to revamp the way that teachers are evaluated. Once compensation systems are partially determined by subjective and/or objective evaluations, the industry must find ways to evaluate teachers that are fair, just like they do in the private sector. This process, make no mistake, must be collaborative, just like it is in the private sector. I am concerned that SB5 does not offer districts enough time to plan for this change.

It had been my hope that with initiatives like Race to the Top, these reforms could have been negotiated under existing law but the reality is that there is little evidence of any movement on these issues despite Ohio’s winning of “Race to the Top” funds. I reluctantly conclude that collective bargaining reform is a necessary first step if we are ever to see the changes necessary to make our education system competitive in the 21st century.

I thank you for your time.