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Strickland Statement on Bipartisan Education Budget Compromise

Columbus, OH – Ohio Governor Ted Strickland today issued the following statement after achieving a bipartisan agreement on H.B. 318 with House Speaker Armond Budish, Senate President Bill Harris and Senate Minority Leader Capri Cafaro:

“Across the country, some states have chosen to slash education budgets in an attempt to make it through the recession. Here in Ohio, investing in education is the cornerstone of our plan to rebuild Ohio’s economy from the ground up. We have again overcome political differences to achieve a bipartisan agreement to balance the budget and protect our schools from devastating cuts.

“This compromise will avoid thousands of teacher layoffs, school building closures and the elimination of athletic programs in our schools. And we can now refocus our efforts on competing for federal Race to the Top resources that, along with our education reform plan, will improve our students’ ability to compete with students anywhere in the world.

“Nearly three months ago, a state Supreme Court decision opened an \$851 million hole in education funding. We were faced with three options to fill the budget hole. One option was to raise taxes. A second option was to cut \$851 million budgeted for Ohio schools. A third option was to freeze state income tax rates at the 2008 level, postponing the final 4.2 percent reduction while leaving in place the rate cuts made to date.

“I deeply appreciate the business and education communities, as well as libraries and human service organizations, for their vocal support of the common sense solution to temporarily postpone the last phase of income tax reductions. Ohio families and businesses will continue to receive a \$1.8 billion tax cut this fiscal year because of the broad-based tax reforms we shepherded through the most difficult economic environment in 80 years.

“This compromise also advances several important initiatives. After we brought construction reform to the forefront, it will be undertaken in a demonstration capacity at three University System of Ohio institutions. We are also meeting our commitment to ensure needed mental health services continue to support Ohio’s most vulnerable citizens.

“With bipartisan cooperation, we are making steady progress toward a new, more competitive Ohio.”

Framework of the Bipartisan Compromise

Temporary Postponement of Tax Rate Reduction to Protect Ohio Schools

The legislature will postpone the last part of the scheduled income tax reduction by freezing income tax rates so they remain exactly the same as last year. Ohio taxpayers will continue to pay a tax rate 16.8 percent less than in 2004. Ohio's schools will receive approximately \$844 million in resources for the biennium.

Construction Reform Demonstration Projects

The Chancellor of the Board of Regents will establish criteria to determine three capital projects at University System of Ohio institutions to utilize alternative construction management methods, to serve as a demonstration of construction reform.

All-Day Kindergarten

All-day kindergarten remains a requirement for every Ohio school district beginning in the 2010-11 school year. To support districts that may have fiscal or other challenges to successfully implement all-day kindergarten next year, a new requirement in law will permit districts to request and receive a waiver, but only if a resolution from the local School Board of the district provides a justification for a delay.

Evidence suggests all-day kindergarten benefits students, especially the most vulnerable and at-risk. In a recent Ohio Department of Education survey of Ohio's school districts, only 150 respondents indicated that they would request a waiver to delay implementing all-day kindergarten.

Potential Additional Resources for Non-public, Chartered Schools

Non-public, chartered schools may benefit, up to FY 2009 spending levels, from lapses in the state budget. While the lapses may come from anywhere in the budget, the transfers to non-public schools cannot total more than the amounts lapsed in the GRF line items of the Ohio Department of Education's budget.

Corrections from HB 1:

Mental Health Services Fix

The compromise will correct a legislative drafting error from HB 1, ensuring that \$14.7 million in mental health funds are directed to the correct fund for community mental health services.

The Ohio State Employment Relations Board

In HB 1, the Ohio State Employment Relations Board (SERB) and the Personnel Board of Review (PBR) merged backroom offices without adequate funds to successfully complete the merger. The compromise will provide \$2 million to SERB from the state administrative fund at the Ohio Department of Job and Family Services.