

School Taxes Up, Accountability Down

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Matt A. Mayer

As a new school year approaches, school districts across Ohio - including Toledo Public Schools - are demanding more money, despite the economic realities of homeowners.

The main reason is that school employees routinely get annual salary increases along with the "step" increases built into collective bargaining agreements. Last year, according to the Ohio Department of Education, staff salaries and benefits accounted for, on average, 78.6 percent of total operating expenses for school districts.

In most cases, property tax levies are the only local sources of operating revenue for school districts. In the current state budget, Gov. Ted Strickland and the General Assembly added a new type of tax - the conversion levy, which in essence converts existing school operating levies to a 20-mill floor. Districts across Ohio can try to pass conversion levies over the next five years.

There are three key reasons that such levies are bad for Ohioans:

- When home values increase, current law protects homeowners from being hit with large tax increases after county assessors raise the appraised value of their properties. If an assessor determines that your home is worth 10 percent more than at the last appraisal, resulting in a projected tax increase, you would have to pay only about 15 percent of that increase. The current system also protects local governments from losing tax revenue when property values decline.

This system keeps Ohio's property taxes relatively low. Given our weak job market and our status as the state with the seventh highest state and local tax burden, keeping property taxes down is one of the few advantages Ohio has.

The conversion levy dramatically alters this stable system. It would maintain local governments' protection from a loss of tax revenue in a declining market, but it would eliminate protection for homeowners in a rising market. In the earlier example, you would be hit with the entire tax increase, not just 15 percent of it.

- The conversion levy could be passed as a permanent levy - it would tax your property indefinitely. As the county assessor appraises your property every three years, your taxes could increase significantly each time. And because the tax increases don't kick in until after the first assessment, school districts will try to pass conversion levies as "revenue-neutral."

Property values in Ohio have declined over the past few years, but the norm over the past few decades has been annual increases in home values. Had Columbus City Schools, for example, passed a conversion levy in 1998, homeowners would have been subject to almost \$170 million in higher taxes over the next decade than under the existing levies.

- The conversion levy decreases school districts' accountability to parents. Because districts have failed to restrain operating costs, they must come back to voters periodically for more tax revenue.

A permanent conversion levy would give districts a constantly increasing amount of revenue. Since they would not have to restrain costs, homeowners could do little to ensure that districts were spending money efficiently and effectively.

Between 1998 and 2009, student enrollment in Toledo Public Schools fell by one-third. But spending per pupil jumped by 83 percent, to \$13,270. The average teacher salary in TPS rose from \$40,395 in 2000 to \$52,735 in 2009 - nearly 3.5 percent a year.

Toledo homeowners exercised their right to hold the school district accountable last May, when they rejected its request for an income tax. A conversion levy would have eliminated taxpayers' right to vote against that hike.

As they consider another TPS proposal for a property tax increase on the November ballot, Toledo homeowners know the most powerful tool they have is the right to reject levies when schools have failed to justify the need for more tax dollars.

Taxpayers across Ohio must preserve that tool by rejecting conversion levies when they come up.

Matt A. Mayer is president of the Buckeye Institute for Public Policy Solutions, a Columbus-based think tank that emphasizes economic freedom, job creation, and government accountability.

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