



## Fulfilling Ohio's Promise to Students. Everywhere.

In March 1997, the Ohio Supreme Court ruled in *DeRolph v. State* that Ohio did not “provide for a thorough and efficient system of common schools” as required by the Ohio Constitution. The Court ordered “a complete systematic overhaul” to remedy the state’s unconstitutional funding system. The Ohio General Assembly responded with several changes, but the Court ruled in May 2000 that further work was needed, and it gave the General Assembly an additional year to address deficiencies.

The “complete systematic overhaul” ordered in *DeRolph I* and *II* was supposed to include but was not limited to: 1) determining a base level of per-pupil funding predicated on the resources required and outcomes expected of a thorough and efficient system; 2) adequate funding for education in every school district; 3) reduction in reliance on property taxes; 4) elimination of forced borrowing to meet ordinary school district expenses; 5) adequate funding for school facilities; 6) elimination of unfunded mandates; 7) elimination of phantom revenue; 8) provisions for a statewide school facilities assessment; and 9) provisions for strict statewide academic standards, including input and output standards.

Two subsequent Ohio Supreme Court decisions upheld the *DeRolph I* and *II* decisions and found that the state’s school funding system remained unconstitutional. On May 19, 2003, the Court released the case from its jurisdiction, essentially ending further litigation, but it reiterated its earlier findings when it directed the General Assembly “to enact a school-financing scheme that is thorough and efficient, as explained in *DeRolph I*, *DeRolph II*, and the accompanying concurrences.”

For decades, Ohio lawmakers failed to agree upon and implement a school funding system that met the needs of all of Ohio’s students and the requirements of those court decisions. That changed in 2021, when the Ohio General Assembly adopted the Fair School Funding Plan in the biennial budget bill (HB 110). The Fair School Funding Plan provides a predictable student-centered formula that is based upon how much it actually costs to educate a child and how much a local community can afford to contribute toward these costs.

This groundbreaking plan – created with input from policy makers, finance experts, educators, and community members – was intended to be phased in and fully funded over six years.

However, when lawmakers adopted it in HB 110, they only agreed to fund it through the end of the current biennium (June 30, 2023). Therefore, the fight for full funding continues.

### Policy

It is essential that Ohio fully implement the Fair School Funding Plan and make the necessary modifications to update the formula components. The Plan’s formula is based on student need and provides enough state resources to reduce the reliance on local property taxes. Further, the funding

plan allows school districts to plan appropriately and invest resources where they're needed to help students succeed. Implementation of the Fair School Funding Plan puts Ohio on the path toward a constitutional funding system.

## Challenge

In the 134th General Assembly, there was increased legislative pressure to create a universal voucher program. These proposals (HB 290 and SB 368) would take needed resources from 90% of Ohio's children who are educated by our public schools, with little accountability for the taxpayer money. The Ohio Legislative Services Commission estimates the cost of the universal voucher program at \$1.2 billion extra per year in state revenue. This concept would drive a significant hole in the state budget while leading to worse student outcomes and a greater reliance on local property taxes to fund our public schools.

In addition, Ohio has seen a reduction in the state's income tax rates since 2005. In the previous Ohio General Assembly, there was a proposal (SB 327) to phase out the income tax over 10 years. Eliminating the state's income tax would result in a \$10.8 billion loss in revenue the first year. This loss would need to be absorbed by cutting state spending, raising other taxes, or a combination of both.

Ultimately, these proposals would jeopardize Ohio's ability to fully fund the Fair School Funding Plan and other critical state-supported services, resulting in a greater reliance on local property taxes to support public education.

## Opportunity

Ohio lawmakers have a tremendous opportunity to build upon the foundation of the Fair School Funding Plan enacted in the 134th General Assembly by ensuring it is fully funded into the future. This will finally achieve our state's constitutional promise to give all children, regardless of their race, zip code, or family income, the resources needed to thrive and succeed

## Support Child Well-Being: Budget Recommendation

Ohio must:

- Fulfill the promise of the Fair School Funding Plan by appropriating an additional \$1.99 billion in state aid for public education once fully implemented.
- Update the formula components with current data (i.e., property valuations, resident income, teacher salaries, etc.).
- Invest in comprehensive state studies to improve funding for students in poverty and other potential funding categories to ensure all students receive the world-class education they deserve, regardless of background or address.

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