



OHIO  
CHILDREN'S  
BUDGET  
2022-2023



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# ISSUE BRIEF

## School Funding Opportunity for Every Student. 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; 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 was still unconstitutional. On May 19, 2003 the Court released the case from its jurisdiction, essentially ending further litigation in the case, but it reiterated its earlier findings and 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.”

Despite numerous attempts to address Ohio’s school funding inadequacies, state leaders and legislators have failed to agree upon and implement a school funding system that meets the needs of all of Ohio’s students, except for two short years in 2009 and 2010, which is the only year on record that more state than local revenue funded Ohio’s public schools.

### Policy

It is essential that Ohio develop a school funding system that is based on student need and provides enough state resources to reduce the need for local property taxes.

Districts that rely the most on state funding are ones that include a disproportionately high number of poor, black and brown students. There is a bill currently moving through the legislature (H.B. 305 and S.B. 376) that would do at least one of those things – develop a real funding model – that would set Ohio on the path toward a constitutional funding system.

In 1975, 63.1% of Ohio’s non-human services state budget went to public school districts.  
In the 2020-2021 school year, that rate was 53.5%.



While it remains a bit short on funding, the fact that it is calling for an additional \$1.99 billion in state aid over 6 years – in large part going to our state’s most poor and minority communities is a good start. The other positive change proposed is directly funding charter schools and private school vouchers from state resources rather than diverting money meant for local school districts, forcing those districts to go for even more levy funding than usual. Again, the funding mechanism used to flow state dollars to these education options (which also perform worse than public schools overall) most directly harm school districts with larger populations of students experiencing poverty and students of color.

## Challenge

Ohio’s education policy landscape has been largely shaped by for-profit charter school operators since the late 1990s. As a result, nearly all the additional revenue sent to public schools since 1997 has gone instead to privately run charter schools or private schools through vouchers. In addition, the state budget – absent any federal stimulus or state rainy day funding – looks to be about \$2 billion short of projections. That could mean 20% cuts across the board, largely scuttling any attempt to begin implementing a new school funding model or increase school funding during the next budget cycle.

## Opportunity

The next several months gives us the opportunity to fight for federal and state stimulus funding, as well as committing to the implementation of H.B. 305’s additional revenue, along with carving out charter and voucher funding so they don’t divert property tax revenue from local public school districts. This is a unique time in our state’s history where the privatization forces have weakened enough that we can limit their influence all while historic school funding legislation can begin fulfilling our state’s constitutional promise to our children. With the recent federal election now settled, the likelihood of increased federal stimulus money has been greatly enhanced – potentially staving off the worst potential cuts to education.

## Support Child Well-Being: Budget Recommendation

Ohio must:

- Fulfill the promises in H.B. 305/S.B.376 to move the state towards an additional \$1.99 billion in state aid for public education over the next 6 years
- Fund privatization options with direct state funding rather than through deductions from school districts
- Create a Permanent School Fund to ensure funding stability over time
- Invest real authority in an independent school funding commission that will ensure necessary future changes are made to the school funding model base on the best evidence
- Invest in best remote learning practices to handle any immediate COVID-19 issues
- Invest in studies to improve funding for students in poverty, special needs students, gifted students, students whose second language is English and other potential funding categories to ensure all students receive the world-class educations they deserve, regardless of background or address

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