

Education

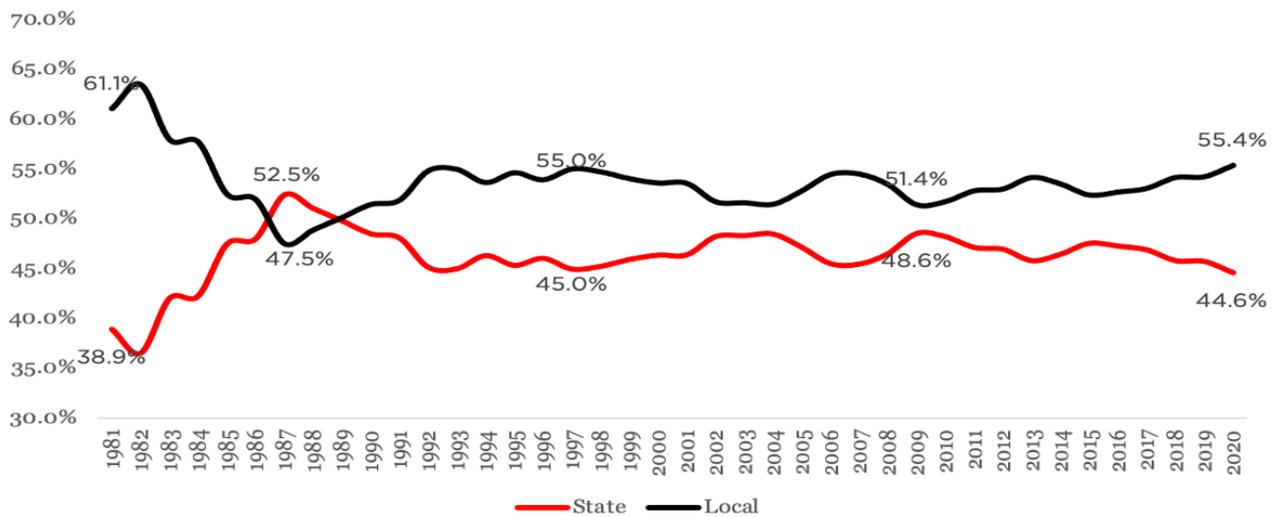
Testimony on the Fair School Funding Plan

Wendy Patton

Good afternoon President Kohler, Vice President McGuire and honorable members of the State Board of Education. Thank you for the opportunity to testify on the need for the Fair School Funding Plan. My comments focus on the long-term inequity in state funding for primary and secondary education in Ohio.

The Ohio Supreme Court found Ohio’s school funding system unconstitutional in 1997. Because school funding is based largely on local property tax, it advantages wealthier districts with higher property values. Most of the state’s hundreds of school districts joined a famous lawsuit, *DeRolf v. the State of Ohio*, filed in 1991; the inequitable funding has not been fixed yet.

State share of school funding over time
State share is greater than local share in late 1980s, then drops

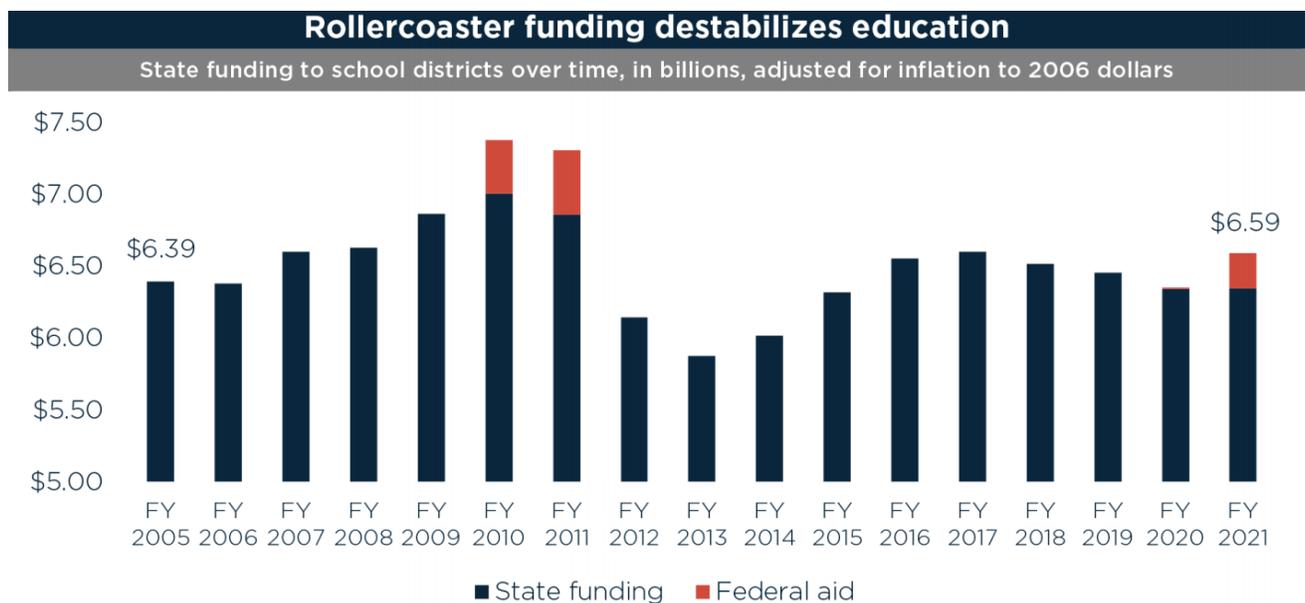


Source: Policy Matters Ohio, from Ohio Education Association, based on data from the Ohio Department of Education, "Statewide Revenue By Source Information For City, Exempted Village And Local School Districts, 1981-2020." All federal money excluded.

The chart above shows that the state provided slightly more than half of the funding for Ohio schools, on average, in 1987, but since then local dollars have paid for the greater part of funding. The gap narrowed after 1997 and as the school funding issue was debated in appeals court but

progress was halted by House Bill 66, the budget bill for 2006-07, which eliminated major business taxes and started phasing in big state income tax cuts. Gov. Ted Strickland narrowed the gap over his 4 year term (and used federal stimulus funds – not shown on this chart, to close the gap). But Gov. John Kasich promptly reversed that effort with a \$1.8B cut to school funding imposed over the two-year budget of 2012-13. School funding has lagged ever since. By 2020, the state share of school funding had fallen to its lowest point since 1985.

Lawmakers have allowed state funding for Ohio’s public schools to rise and fall over time, adjusted for inflation. They also changed the formula for granting state aid four times over the past dozen years.¹ Uncertainty in state aid made planning and staffing hard for districts. A Policy Matters Ohio survey of school districts in 2015 found districts boosted budget reserves instead of restoring services even when economic conditions improved. One survey respondent stated: “*The inability to provide a sound forecast past the current biennium budget is a very poor way to conduct business, yet that is the way we must operate in public schools.*”²



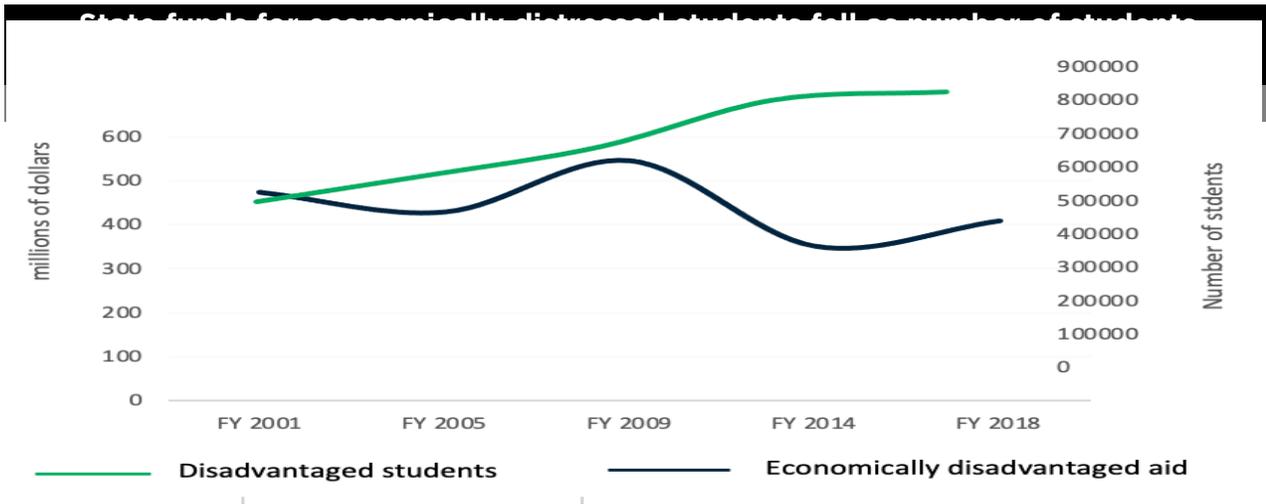
Source: Policy Matters Ohio, based on Ohio Legislative Service Commission analysis which includes school district formula aid, JVS formula aid, Student Wellness and Success funds, Enrollment Growth Supplement, TTP reimbursements, TPP supplement, Federal stimulus funds and federal CARES Act funds.

Poverty affects children’s ability to learn, and concentrated poverty makes it worse.³ In the first years following the Supreme Court finding, educators persuaded the legislature to provide extra funding for students experiencing poverty. But over time the number of “economically disadvantaged” students in Ohio rose but funding did not keep pace.

¹ A school funding formula in place in 2007 was replaced by the Strickland Administration with the “Evidence Based Model,” which was dropped for a new formula under the next governor, John Kasich. Governor DeWine has simply frozen school funding at 2019 levels, not using any formula at all.

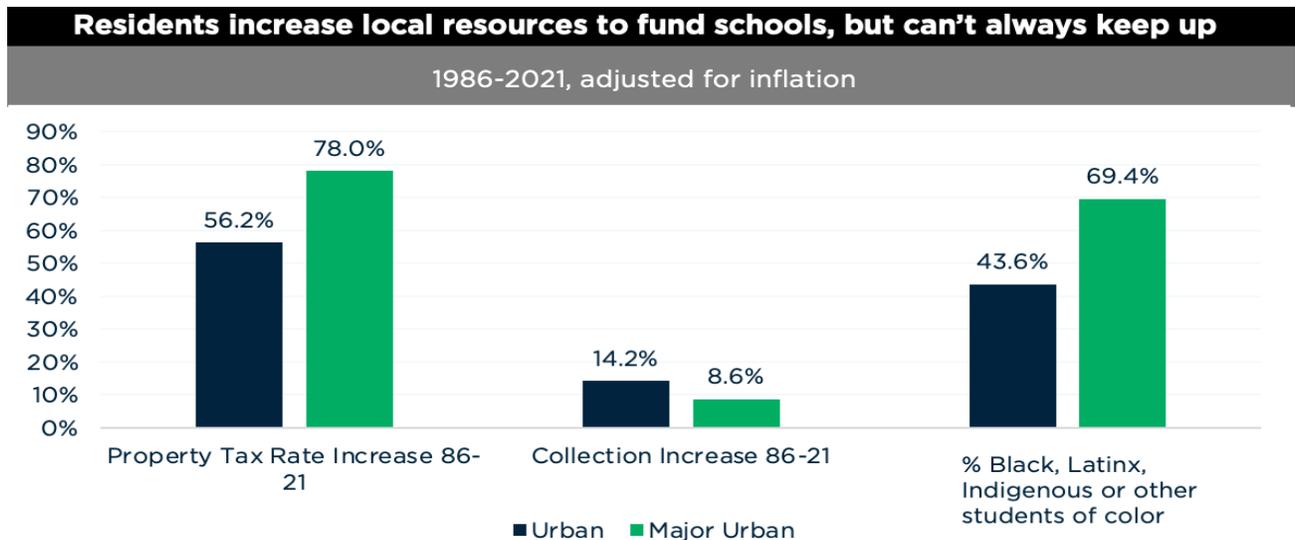
² Patton, Wendy, *Ohio’s Schools Cautiously Rebuild*,” Policy Matters Ohio, April 28, 2015 at <https://bit.ly/3cqBXph>

³ Duncombe, Chris, see also Ferguson, H.B., S. Boviard and M.P. Mueller, also Taylor, Kelly, *Op.Cit.*



Source: Policy Matters Ohio based on data from Fleeter, Howard, "Analysis of FY17 Ohio School District Report Card Data and Related Issues," Ohio Education Policy Institute, Presentation to the Task Force on Education and Poverty, September 28, 2017 (<https://bit.ly/3uyqaNV>)

As lawmakers failed to boost investment in public schools, residents in many places tried to maintain school quality by voting for property tax increases, but local collections faltered. The problem was especially prevalent in schools with a majority of Black and brown students — a consequence of the insidious effect of racism, embedded in housing and lending policies, employment practices and many other public policies that forced many people of color into under-resourced, segregated communities.

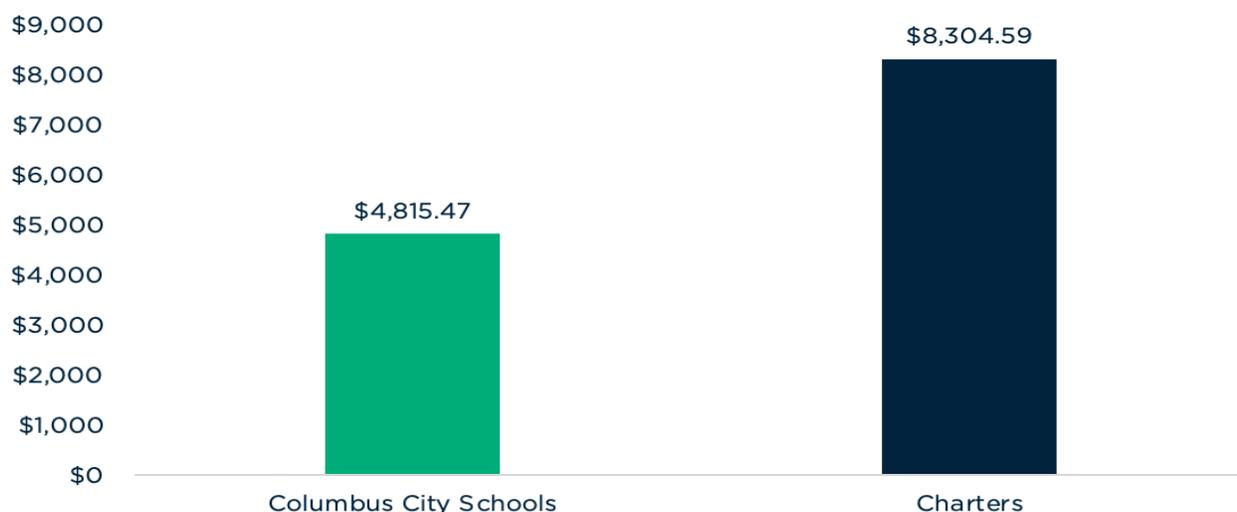


Source: Ohio Education Association, based on Ohio Department of Taxation, Taxable Property Values by School District, Taxes Levied and Tax Rates for Current Expenses, and Average Property Values per Pupil.

In some communities, both state and local dollars go to charter schools, called community schools under Ohio law. The figure below shows how much charters cost the Columbus city school district. Columbus received \$4,815 per student in the 2018-19 school year in state formula funding, but the district had to provide an average of \$8,305 per student in the 2018-19 school year to students at charter schools. In other words, for every charter student, Columbus must provide \$3,489 more than it receives from the state. The state dollars do not cover those extra funds.

State dollars do not always cover the cost of students attending charter schools

Local tax levy dollars end up filling the resulting gaps



Source: Source: Policy Matters Ohio, based on data provided by the Ohio Education Association (Ohio Department of Education, FY2019 Final #2 Payment, Data as of 12/13/2019 at <https://bit.ly/3ubczew>)

A plan to fix the system is on the horizon. Teachers, education administrators and school board officials worked over the past three years to develop a fix for Ohio’s broken system of school funding. Together, they developed the “Fair School Funding Plan,” now under consideration as House Bill 1 in the Ohio General Assembly.

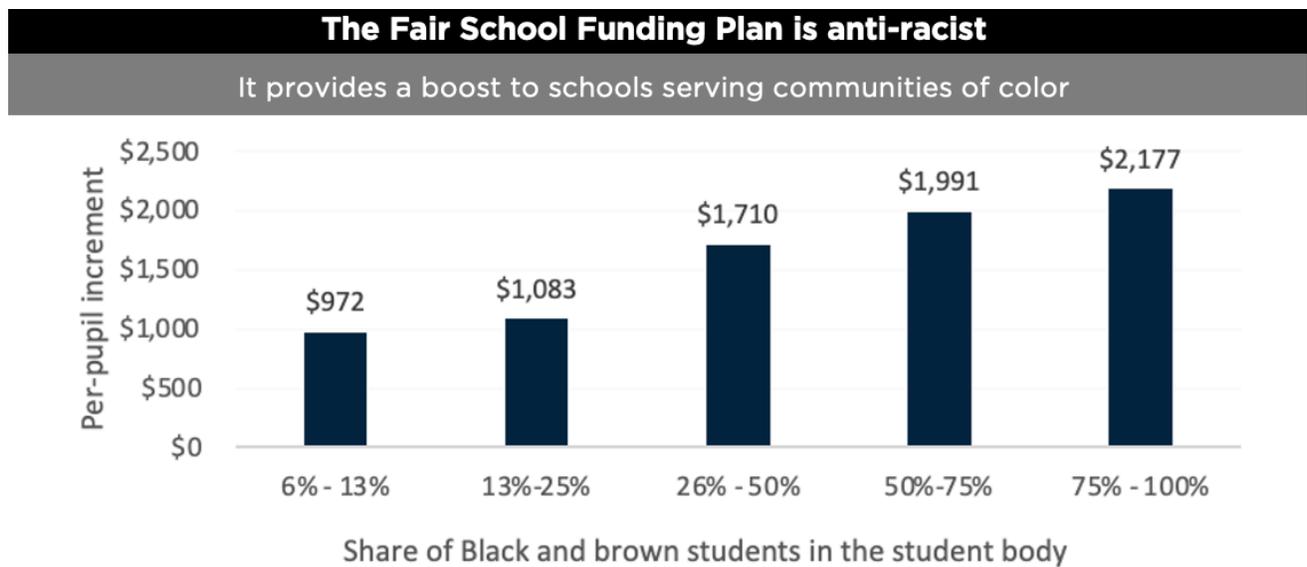
The Fair School Funding Plan would base state funding on the cost of educating a student in each district.⁴ It would separate charter and voucher funding from the state’s formula funding system. This will eliminate the diversion of local tax dollars from local school district budgets. Charter and voucher programs would continue to be funded through a separate line item in the state budget.

The Fair School Funding Plan is based on the actual cost of education and ends what has been essentially a zero-sum game. It would help all public schools by boosting the average state per-pupil aid from \$6,835 to \$8,459, and the amount of state funding any one district receives would no longer be connected to changing circumstances in other districts. A predictable formula would create stability and certainty in planning and hiring. The funding for economically disadvantaged students would increase from \$272 to \$422 per student, and a study would be done to calibrate

⁴ Fair School Funding Plan at <https://sites.google.com/view/ohiofairschoolfunding>

funding for students whose families have low incomes. This will help students experiencing poverty and give needed resources to schools that serve communities where poverty is concentrated. While all schools will get a boost in resources, the greatest increase in state aid will go to districts where poverty is high and the cost of educating students is the greatest.⁵

The Fair Schools Funding Plan would start to correct the structural racial discrimination in Ohio’s school funding policy. Schools with many Black, and brown students would receive a boost in per-pupil funding that can help build a better future for those students.



Source: Policy Matters Ohio, based on data from the Ohio Legislative Service Commission analysis of HB 305, the “Fair School Funding Plan” of the 133d General Assembly, and data from the Ohio Department of Education.

State legislators must pass and fund the Fair Schools Funding Plan with enough resources to sustain Ohio’s public schools. The Fair School Funding Plan may be phased in over time, but there is no time to be lost in getting a better state formula in place.

⁵ Ohio Legislative Service Commission data cited in Fleeter, Howard, Overview Of Hb 305 (Ohio Fair School Funding Plan,, Fall/Winter 2020 Newsletter)