

The History of Ohio School Funding

From Ohio's earliest days, paying for public education has been based on the idea that education is a state function and the state has a responsibility to fund its schools.

Until the 1930s, Ohio's funding for schools was straightforward: the state gave districts money based on the number of school-aged children. When the Depression squeezed schools' resources, the state began to assume more responsibility for funding schools.

The current school funding system began to take shape in the 1970s. Early in that decade, Ohio turned to an approach that would pro-rate state funding based on local tax effort. During this decade, the state's portion of schools' revenue support rose to more than 40% for the first time and, in 1979, surpassed the contributions of local governments. In 1971, Ohio enacted its first income tax, with a portion going to education. Three years later a state lottery game was authorized, and in 1983 the legislature earmarked lottery profits for education – though these profits actually supplanted state funds, which were diverted to other uses. Beginning in the late 1980s, state revenues began a downward trend until they again dipped below the amount from local governments.

The DeRolph Decisions

In 1991, the Ohio Coalition for Equity and Adequacy of School Funding, an alliance of more than 500 school districts, filed a lawsuit on behalf of Nathan DeRolph, a student in the Northern Local School District in Perry County. The lawsuit claimed that by relying so heavily on local property taxes to fund schools the state failed to provide a "thorough and efficient" educational system, as dictated by the Ohio Constitution.

In 1997, and in several rulings after, the Ohio Supreme Court declared Ohio's school funding system inequitable and ruled it unconstitutional, directing the legislature to enact a "complete, systemic overhaul." In 2002, the Supreme Court withdrew its jurisdiction on the case, letting its previous rulings stand but providing no mechanism to enforce them.

For a detailed timeline of the *DeRolph* court cases and rulings, please visit our website at www.SchoolFundingMatters.org.

(Turn over to see the impact of *DeRolph*)

DeRolph and the History of Ohio School Funding

The DeRolph Impact

In the years since the Supreme Court rulings in the *DeRolph* case, the Ohio General Assembly has enacted several pieces of legislation aimed at correcting problems identified by the court.

To address infrastructure... the Ohio School Facilities Commission was created in 1997, providing more than \$2.3 billion, primarily in tobacco settlement money, to fund a statewide effort to rebuild schools rated as the worst in the nation.

To address adequacy... The consulting firm Augenblick and Meyers completed a “costing out” study in 1997 to determine what would be adequate funding to educate a student in Ohio. While this study produced an increase in funding, rising 37.5% from 1997 to 2002, the model used has been deemed flawed by some, who argue that it does not accurately capture the costs of adequately educating a student.

To address equity... Parity aid, which provides additional funding to districts with low property values, was introduced in 2001 to help close the gap between rich and poor districts. The legislature also responded to the court decisions by favoring low wealth districts with equity aid.

To address funding... In 1999, House Bill 282 marked the first time the state created an education budget separate from its main operating budget, a move aimed at keeping education spending from being overlooked in the larger general fund budget.

In addition to legislation, ballot initiatives proposing solutions have been introduced.

Sales tax. In 1998, Ohio voters rejected 1 cent sales tax increase to raise \$1.1 billion a year, half for schools and half for property-tax relief.

Getting It Right Campaign After four failed attempts to revamp the school funding system through the courts, the Ohio Coalition for Equity and Adequacy of School Funding shifted its energies to placing a constitutional measure on the ballot. The group sought an amendment that would address the concerns of the *DeRolph* cases, a campaign called Getting It Right For Ohio's Future. The coalition has not been successful in obtaining the signatures needed to put it on the ballot.

Most observers agree that the legislature has taken positive steps to address the inadequacy and inequities in school funding but has much more work to do.