

# **A New Direction for Ohio's School Funding: Designing a System that Relates Resources to Results**

**Report of the School Funding Subcommittee of the Ohio State Board of Education  
January 2007**

## **Executive Summary**

The State Board of Education has increasingly recognized that its vision of “higher achievement for all students” requires systemic reform of the education enterprise. Unfortunately, ongoing concerns about school funding in Ohio have cast a shadow over the Board’s efforts to design and advocate for such systemic changes. In light of this, the Board determined that it should make it a priority to play a more active policy role in improving Ohio’s school funding system.

To this end, the Board designated a School Funding Subcommittee to make recommendations that would guide the Board’s work on school funding issues and that would align with the Board’s other policy initiatives.

After considering input from a series of School Funding Roundtable discussions conducted around the state and selected writings and research, the Subcommittee concluded that the funding debate would benefit from a new direction – a direction that focuses on the relationship of dollars to student academic achievement, and the role that money can play in promoting systemic change.

This new direction challenges us to ask the question “Are our education systems, including our funding system, designed to deliver the greatest impact from each dollar we spend?” It unites the desire for a quality education system for all students with the notion of cost-effectiveness. Quality and cost-effectiveness goals can best be promoted by pushing for greater integration and alignment of academic, operational and financial decisions. Additionally, greater transparency and accountability around financial decision-making and its relationship to academic improvement can foster such integration.

The Subcommittee recognizes that this is hard work, and that progress can only be made by tapping into the expertise and experience of the entire range of education practitioners, defining best practices and measures, and establishing mechanisms and tools to assist the state and school districts. This work should be informed by benchmarking from national and international education systems as well as from practices outside of education.

The Subcommittee affirms a fundamental idea that guides the work of the Board and the Department of Education relative to school finance, and that is:

**Ohio’s education financing system should be student-centered, results-oriented, and reality-based.**

This fundamental idea is amplified in the following seven key principles:

- 1. Financial decisions must be made based on what is best for children.*
- 2. Different students have different needs.*
- 3. Additional investments should first be targeted to the needs of students not meeting their potential.*

4. *Re-engineering education systems is necessary to maximize results, and is a precondition to substantial new investments.*
5. *Flexibility and innovation can be drivers of improved results.*
6. *Effective and efficient financial decision-making and practices are necessary and can be defined and measured.*
7. *There is great value in the stability and predictability of funding.*

These principles also serve as criteria that can be used by the State Board to evaluate other school funding improvement proposals that are developed and put forward.

The Subcommittee recognizes that these principles could lead to a wide variety of ideas and proposals worthy of future study and exploration. However, as part of its work, the Subcommittee has identified the following six proposals for future work that it believes can have a meaningful impact on provoking the systemic redesign it envisions. These are:

1. *Define and increase the prevalence of best practices for efficient school operations.*
2. *Define and increase the prevalence of best practices for the alignment of financial decisions with academic improvement efforts.*
3. *Develop and publish measures of resource effectiveness and efficiency.*
4. *Implement a more robust system of weighted student funding.*
5. *Move toward implementing building-based budgeting.*
6. *Target new investments where they can have the greatest impact based on need.*

The development and refinement of these ideas will require more work on the part of the School Funding Subcommittee, the State Board, and the Department of Education. It is recommended that the subcommittee be charged with the task of further developing these proposals and an appropriate implementation plan that would set forth a long-term road map to guide the Board's work as well as the work of the Department of Education.