Education

All in for Ohio kids: Fully and fairly funding Ohio's public schools
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Great public schools provide opportunity for children, their families, communities and the entire state. All children, regardless of ZIP code, race or family income deserve to be educated in a fully and fairly funded school. The framers of Ohio's constitution required the state to provide a "thorough and efficient education" for all students. Yet for many years Ohio lawmakers have fallen short. Even as policymakers have required public schools to do more, they allowed state aid to be eroded by inflation and diverted to charter schools and voucher programs for private schools. Public schools have increasingly relied on local resources, which causes unequal funding and quality across districts. This is because our state's school-funding system relies heavily on property taxes, which advantages wealthier districts where property values are higher.

The dependence on local resources affects communities in different ways. Educational costs may rise in one community with changing student needs, and local levies may not keep up. Caps on state aid may increase the need for local resources in other communities. Charter schools may divert both state and local resources from meeting the needs of the public school district. The Ohio Supreme Court found this system unconstitutional a quarter century ago, but state lawmakers have failed to correct the problem.

But a solution may be at hand. The Fair School Funding Plan, moving forward in the Ohio General Assembly as House Bill 1 and proposed for inclusion in the House budget bill for 2022-23, would increase state aid, enhance equity in distribution and create predictability in funding across the hundreds of public school districts in the state.

Ohio's system hurts different districts in different ways
The current state school-funding system fails students in different school districts for different reasons, depending on the unique circumstances of each community. Four major problems with the current system include:

✓ **Dwindling state share**: To equalize educational quality across districts, the state must provide the majority of funding for public schools. Today the state pays a smaller share of overall school funding — 44.6% — than at any point since 1985.

✓ **Insufficient funding**: Ohio's upside-down tax code doesn't generate enough resources to fully and fairly fund education, forcing local governments to step in. The cost of education may rise in a district — say, if the district is doing a better job of addressing needs that were previously unmet, or if the needs of students changed. Often residents vote for levy dollars to meet those needs. In some communities, increasing

local property tax rates does not create the revenue necessary to provide a quality education because of declines in property values.

✓ **Band-Aids and patches:** The state's funding of schools is not based on the actual cost of educating students. Lawmakers froze school funding at 2018-19 levels that were based on arbitrary increases from a formula last calculated in 2007. The school funding system in place before the freeze was so broken that the majority of districts did not receive the level of funding that the formula called for. Some districts saw limits in the growth of state aid (their aid was capped) because state lawmakers prioritized tax cuts to wealthy individuals and corporations rather than fully funding all districts according to the formula. Other districts benefitted from a funding guarantee, which was an acknowledgement that the state's flawed funding formula did not provide sufficient funding needed in those districts. Because most districts never received the amount of funding that the formula called for, districts couldn't count on their state aid from year to year, which made planning difficult and hiring risky.

✓ **Diversion of funds:** Charter schools are funded directly by state dollars and indirectly by local dollars. A school district receives per-pupil funding from the state, but if that funding is less than what the district's charter school students take with them to a charter school, the district is forced to either make up the shortfall with its own local resources, or reduce services to students. This drains both state and local funds that public schools need. Likewise, private school voucher deductions remove even more state aid, further increasing the burden on local communities to fund their schools — a burden the Ohio Supreme Court ordered the legislature to reduce on four separate occasions.

The Fair School Funding Plan
The Fair School Funding Plan is based on the actual cost of education and ends what has been essentially a zero-sum game of winners and losers. It would help all public schools by raising average state per-pupil aid, but it would especially help districts that serve many students experiencing poverty. Increased aid will flow to public schools with predominantly Black and brown students, mitigating the harm of racial discrimination that caused racially segregated communities, many with low property values and struggling schools.

In addition, it would eliminate the charter and voucher deductions which increase a district's reliance on local revenue, thus reducing the need for local revenue to fund education — finally aligning Ohio's school funding system with four Ohio Supreme Court rulings starting a quarter century ago. A predictable formula would create stability and certainty in planning and hiring, allowing districts to really plan for the first time in decades.

All kids need an excellent public school, and all public school districts need a fair share of state aid to provide that. For too long, Ohio's school-funding system has failed to deliver this for our kids. This report details how the key faults in the state school-funding system put our kids behind the 8-ball and describes how state lawmakers can jump-start a new era of hope and prosperity.

Because it's time to go all in for Ohio's kids.