April 2023

Education (K-12)

Funding Ohio's future

How Ohio funds K-12 education & how we can do better

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INTRODUCTION

School is a place where childhood happens. Ohio's public educators teach children of all races and backgrounds basic skills, but also challenge and inspire them to follow their dreams. For many students, school is a safe place to learn, develop and grow.

Ohio currently educates 1.6 million children attending school in our cities, suburbs and small towns. For years, almost no one was happy about how the state of Ohio funded public schools. The system pitted communities against each other and private and charter schools against public schools. We were living in the K-12 version of the "Hunger Games": The wealthier your district, the stronger your chances of success.

Most state lawmakers signed off on a system that relied too heavily on local property taxes,[1] so communities where many residents have low incomes struggled to pay for the basics like updated resources and teaching materials. The state capped the funding it sent to some districts, often leaving those districts feeling cheated. In others, state funding failed to keep up with changing costs and student needs. Since 2005, lawmakers have been systematically sending more resources to the wealthiest Ohioans by cutting the state income tax, which accounts for nearly one-third of the state's spending on schools. Meanwhile, lawmakers have diverted almost $1 billion a year from local levies to private and charter schools.[2]

These policy choices have taken a toll on Ohio's educational outcomes. Education Week ranks Ohio 46th in the nation for equitable distribution of funding.[3] The performance metrics included: (1) state spending by examining per-pupil expenditures adjusted for regional cost differences, the percent of students in districts with per-pupil spending at or above the national average, spending index, and percent of total taxable resources spent on education and (2) Equity, by examining the degree to which education funding is equitably distributed across the districts within the state.[4]

The pandemic has contributed to a decline in test scores, which could have an impact on our overall ranking, if we do not get students caught up.[5] Over nearly two decades, we can draw a straight line between the racial and economic achievement

[1] See, Tanisha Pruitt, "The Fair School Funding Plan: An End to Ohio's K-12 Hunger Games," Policy Matters Ohio, September 2021, https://bit.ly/3neUKNa.
[2] Id.
[3] EdWeek, State Grades on K-12 Achievement: 2021 Map and Rankings, https://bit.ly/EdFundEquity
[4] Quality Counts 2021: Grading the States, https://bit.ly/3TwSmh3
[5] Fordham Institute, "The post-pandemic education landscape in Ohio," https://bit.ly/42zm0pS

gaps and the lack of funding to provide Black, brown, economically disadvantaged students[6] and students with disabilities what they need to succeed in school.

Ohio's schools are becoming more racially and ethnically diverse; the Hispanic[7] population (a close proxy for Latinx) alone has more than doubled over the last 10 years.[8] Student poverty is also on the rise with 51% of students considered economically disadvantaged and the homeless student population doubling over the last decade.[9]

COVID-19 created unstable and even chaotic learning environments across Ohio. The elevated stress and social isolation caused by the move to virtual learning[10] exacerbated students' need for mental health services.[11] The pandemic continues to take a toll on educators as well. COVID and other outbreaks are making educators sick. Moreover, increased stress and low pay cause many educators to leave the profession. Districts across the state have grappled with unprecedented staff shortages. For example, Columbus City Schools (CCS) had 800 employees absent every day during the height of the pandemic.[12] Hamilton City School officials were forced to cancel classes when 170 staff members were out due to illness.[13]

COVID has especially hammered school districts in communities that can't raise enough money through local property taxes — especially in big cities, where Black, brown and economically disadvantaged students are more likely to live.[14] Schools in these communities often have fewer resources for COVID mitigation efforts like improving ventilation.[15]

Long before COVID, many policymakers neglected public schools, siphoning away their funding for tax giveaways[16] to corporations and undercutting them with schemes that send public money to charters and private schools. Combined with the effects of COVID, Ohio's legacy of inadequate and inequitable funding has weakened the role school plays as a foundational public service for families and communities. For our state to be a vibrant place where people want to live, we need fully and fairly

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[6] "Economically disadvantaged" refers to students who are either eligible for free or reduced-price school meals or live in households where another household member is eligible for free or reduced-price meals. Some of the increase in this class of students is due to changes in school meal programs to ensure more kids have access to food.
[7] "Hispanic" is the term used in Census surveys; it describes individuals who speak Spanish as their primary language, and largely overlaps with "Latinx" people, who are people from or descended from Latin American communities. "Latinx" is a gender-neutral term preferred by some because unlike "Latino/Latina," which assumes a gender binary, it includes people of all genders. Other gender-inclusive terms, such as "Latine" are also used. Policy Matters consults with stakeholders on preferred terminology, which evolves over time.
[8] Ohio Dept. of Education, "Each Child Our Future," https://files.eric.ed.gov/fulltext/ED594758.pdf
[9] Ibid.
[10] Vestal, Christine, "COVID harmed kids' mental health—and schools are feeling it." Ohio Capital Journal, https://ohiocapitaljournal.com/2021/11/09/covid-harmed-kids-mental-health-and-schools-are-feeling-it/
[11] Randi, Olivia, "American Rescue Plan Act Presents Opportunities for States to Support School Mental Health Systems," National Academy for State Health Policy, https://bit.ly/3TwSRaV
[12] Henry, Megan, "'Warehoused': Students affected as staff shortages impact Columbus City Schools" Columbus Dispatch, Feb. 20, 2022, https://bit.ly/3mhH9ov
[13] "LIST: Cincinnati-area schools close, going remote amid COVID-19 surge," WWLT-TV 5, Jan. 21, 2022, https://bit.ly/3nZgUUi
[14] See note 1.
[15] "Officials should direct funds to Ohio schools lacking reliable air conditioning," Akron Beacon Journal, Aug. 31, 2021, https://bit.ly/3zJm3T0
[16] Schiller, Zach and Wendy Patton, "Senate tax cuts would go mostly to the affluent," Policy Matters Ohio, June 3, 2021, https://bit.ly/3q0vxn6

funded schools in all districts, no matter what students look like, or how much money their families have.

This report describes how the state funds public K-12 education and some key investments proposed in the 2024-25 Executive Budget, the legacy of unconstitutional funding, the role private school vouchers play in harming public schools, and how the Fair School Funding Plan — when fully funded and fully implemented, including weights and cost corrections — can provide districts with more resources to prepare Ohio's children to succeed.

A brief history of Ohio school funding

The framers of Ohio's constitution obligated the state to provide a "thorough and efficient system of common schools" for all students.[17] In 1991, the Ohio Coalition for Equity & Adequacy of School Funding, representing more than 500 school districts in Ohio, filed suit in the Perry County courts against the State of Ohio for failing to uphold this constitutional requirement.[18] In *DeRolph vs. The State of Ohio* — named for Perry County school district student Nathan DeRolph — plaintiffs argued the state was failing to live up to its obligation due to over-reliance on local property taxes for school funding: In wealthy communities, high property values generated revenues needed to provide students with more resources for cutting-edge technology, advanced classes, and extracurricular activities; the opposite was true in poor communities. This left schools in cities, rural areas and many low-income communities severely under-resourced, significantly harming outcomes for their students.

The litigation dragged on until 1994 when Perry County Court Judge Linton Lewis, Jr. ruled that "public education is a fundamental right in the state of Ohio" and that the state legislature must provide a better and more equitable means of financing education.

The DeRolph case was the start of a foundational shift in the school funding system in Ohio, but the fight for constitutional and equitable funding continued for decades following the ruling. By failing to keep up with inflation and by diverting public funds to charter schools[19] and vouchers (i.e., scholarships to private schools), lawmakers in fact cut state aid to traditional public schools over time.[20] As a result, public schools have increasingly relied even more on local resources, which exacerbates the problem of unequal funding and quality across districts,[21] a problem that persists today.

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[17] Id. "The General Assembly shall make such provisions, by taxation, or otherwise, as, with the income arising from the school trust fund, will secure a thorough and efficient system of common schools throughout the state; but no religious or other sect, or sects, shall ever have any exclusive right to, or control of, any part of the school funds of this state." Oh. Const. art. VI § 2.
[18] https://ohiohistorycentral.org/w/DeRolph_v._State_of_Ohio
[19] Charters are sometimes branded as "community schools" in Ohio law.
[20] Ibid.
[21] Ibid.

K-12 education in the state budget

In the state budget, K-12 education accounts for the largest share of spending funded by state-only sources, such as the income tax and the sales tax.[22] Figure 1 shows the overall sources of funding for K-12 education in the 2022-23 state budget. Lawmakers appropriate General Revenue Funds (GRF), as well as lottery funds, federal funds, and several dedicated funds, for primary and secondary education.

Figure 1
Sources for K-12 funding in the 2022-23 budget (in millions)

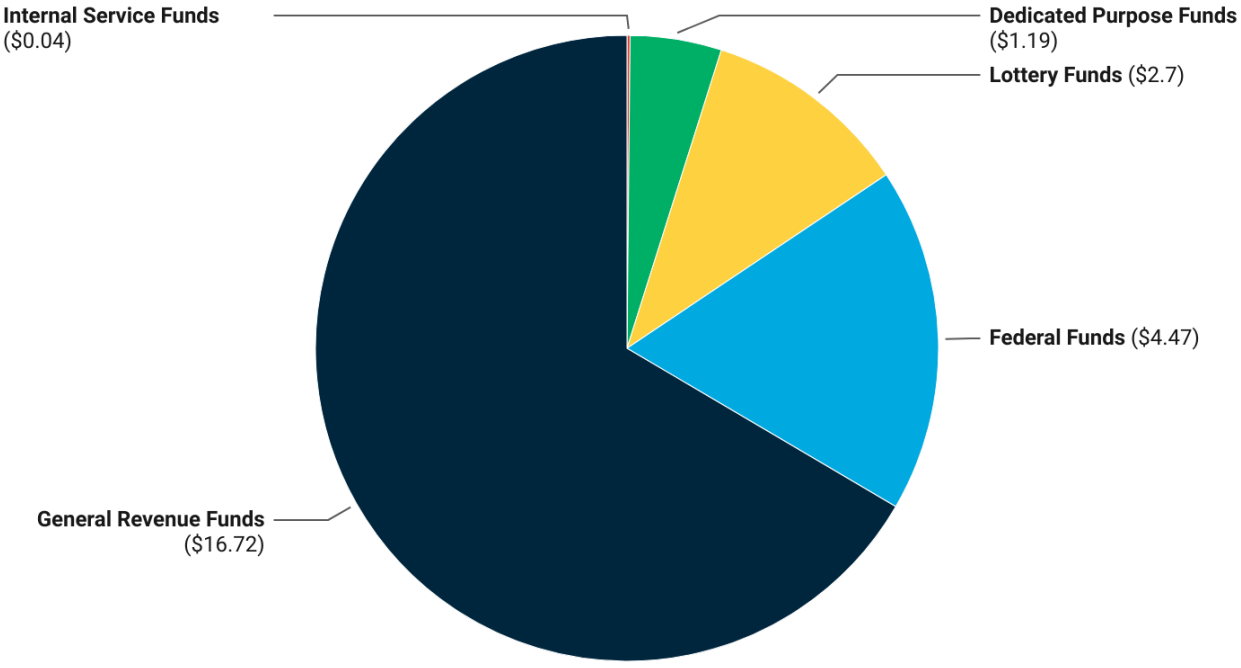

Chart: Policy Matters Ohio • Source: Ohio Legislative Service Commission • Created with Datawrapper

The school funding system covers 611 public school districts, 49 joint vocational school districts, 51 Education Service Centers (ESC), and around 334 charter schools and Science, Technology, Engineering, and Mathematics (STEM) schools. An estimated 1.7 million students attend Ohio's schools.[23] The vast majority of them are educated in the public school system.[24]

In fiscal year (FY) 2022 the total actual budget for K-12 education in Ohio was $14.52 billion.[25] In 2023, the budget is estimated to grow to $16.02 billion, for a two-year total of $30.54 billion to support education in Ohio. The proposed budget shrinks

[22] Ohio Dept. Of Education, "Overview of School Funding," accessed April 10, 2023, https://bit.ly/3KLxjV4
[23] Redmond, D., Ciolli, N., & Darnell, S. (2021). Greenbook LBO Analysis of Enacted Budget. Legislative Service Commission.
[24] Ohio Dept of Education at http://education.ohio.gov/Topics/Data/Frequently-Requested-Data/Enrollment-Data
[25] The total ODE education budget includes funding actual and proposed from all sources in Figure 1.

this total biennial investment to $28.69 billion, a drop of $1.85 billion (16%), primarily due to a federal funding decrease that is not made up for by state investments.

Of that total budget, state investment is about 78%. Three funding sources — the General Revenue Fund, the State Lottery Fund (SLF), and the Foundation Funding All-Students Fund (Fund 5VS0) — make up the bulk of state investment in education. The executive budget invests $22.34 billion over FY 2024-25, an increase of $1.86 billion (about 12%). Figure 2 shows GRF, SLF, and Fund 5VS0 over time, adjusted to 2007 dollars. Even with the proposed increases in the governor's budget, the value of those investments is less than they were in 2007.

Figure 2

State education budget allocations have not kept up with inflation

Ohio budget allocations for K-12 education, adjusted using 2007 dollars

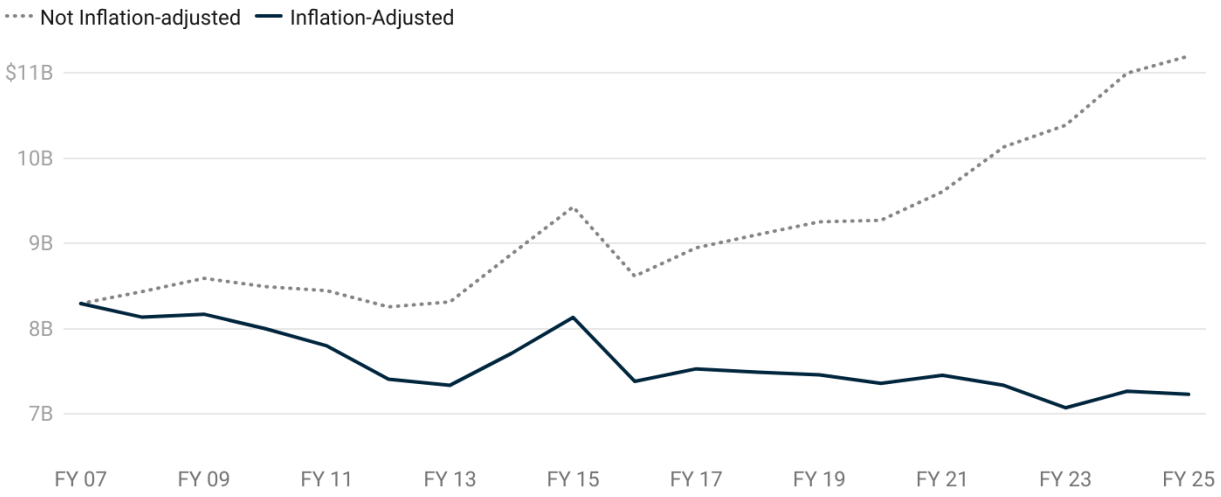

Chart: Policy Matters Ohio • Source: Ohio Legislative Service Commission Historical General Assembly EDU Greenbooks • Created with Datawrapper

The cost of education rises with inflation. Mandatory educational services, transportation, fair and competitive wages for educators and other support staff, and equitable education for our students most in need, all grow in cost year after year. Coming out of the pandemic, our students need resources and support in schools across the state like never before. They need more resources, not less.

Foundation funding

Foundation funding is the most important part of school funding in the state budget for Ohio's 611 public school districts. Foundation funding is primarily drawn from GRF and lottery profits.[26] In 2023 the state is estimated to send $7.40 billion in foundation funding to traditional districts. That grows in the proposed budget to $7.56 billion in FY 2024 and $7.66 billion in FY 2025.

[26] For a complete detailed listing of all items comprising foundation funding to school districts, community and STEM schools, and Joint Vocational School Districts see LSC, EDU Redbook, pg. 9, 19, available at https://bit.ly/3MENKnL

When adjusted for inflation, the net aid in Gov. DeWine's proposal would remain nearly 3% below spending in the FY 2020-21 biennium. In the next budget and beyond, lawmakers must prioritize foundation funding and commit to allocations that keep up with projected inflation, so we can provide a quality education that all students need. Figure 3 illustrates how, after adjusting for inflation, foundation funding is decreasing over time.

Figure 3

Foundation funding is decreasing when adjusted for inflation

Foundation funding for Ohio's K-12 schools, adjusted using 2007 dollars

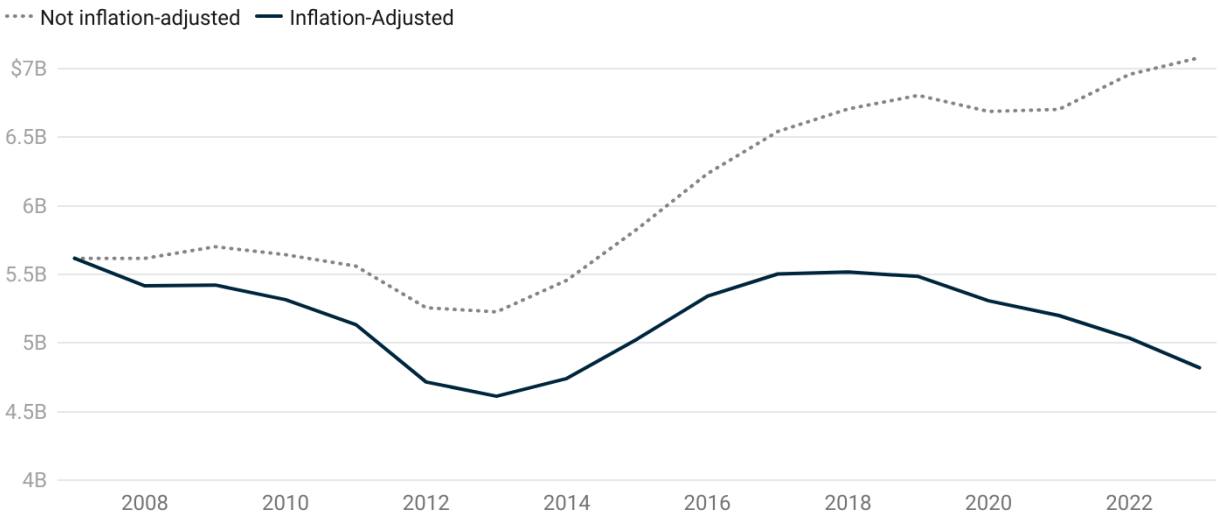

Chart: Policy Matters Ohio • Source: Ohio Department of Education Foundation Payment Reports • Created with Datawrapper

The Fair School Funding Plan

The Fair School Funding Plan (FSFP) was a hard-won policy victory that — if fully funded — will go a long way toward giving Ohio's public schools enough resources to provide Ohio's children with the best possible education. Under the bipartisan leadership of State Representative Jon Patterson (D-Ashtabula) and Speaker Robert Cupp (R-Lima), parents, teachers, school officials and community leaders joined a three-year conversation to improve school funding in Ohio. Together, they developed the FSFP[27] and convinced lawmakers to pass it. They succeeded: Ohio's leaders enacted the FSFP in the 2022-23 state budget with the promise of providing full and fair funding to our schools and giving kids what they need to thrive.

In the last budget, lawmakers appropriated funding for only the first two years of the six-year plan. The governor's proposal would continue this piecemeal pattern, phasing in funding for another two years, delaying the promise of a state formula that is truly based on what it costs to educate a child.

[27] Fair School Funding Plan, https://bit.ly/3mkSuUz

Changes under the Fair School Funding Plan:

1. **Per-pupil estimates based on the actual cost of education in each district:** Administrators base the amount each district receives on the per-pupil cost of instruction (60%), including costs of teacher salaries and benefits and related classroom expenses; student support (such as nurses, social workers and related costs); and other costs of running the school district. The per-pupil funding base for economically disadvantaged students increased from $272 to $422 in the first two years of the FSFP.[28] Per-pupil expenditures are estimated to be $7,352 for FY 2024 and $8,891 for FY 2025.[29]
2. **Improved calculation of districts' capacity to pay:** Each district's ability to pay for the cost of education is measured differently. Under the FSFP, the local share is evaluated based on both property values and income — a more equitable evaluation of need.[30] This should help ensure that more dollars go to schools serving high-need students.
3. **Decreased reliance on local property taxes:** Before the FSFP, charter schools and private tuition vouchers were funded in part by redirecting local levy funds that had been approved by voters for use in their public schools. Under the FSFP, the state pays the full cost of charters and vouchers, keeping local levy dollars in the public schools they were meant for. If fully funded in FY 2024 and FY 2025, the FSFP would continue to do so.
4. **Elimination of caps and guarantees:** Before the FSFP, the state capped the amount of state aid certain districts could receive and guaranteed a minimum amount of aid to others. If fully implemented, the FSFP will over time eliminate this practice, so each district gets what it needs each year.[31]

[28] Churchill, Aaron, "Ohio's budget bill makes major changes to K-12 education policy," The Fordham Institute, July 6, 2021, https://fordhaminstitute.org/ohio/commentary/ohios-budget-bill-makes-major-changes-k-12-education-policy
[29] Ohio Legislative Service Commission EDU Redbook, https://bit.ly/3MENKnL
[30] Pruitt, Tanisha, "2022-23 budget review: K-12 education," Policy Matters Ohio, https://bit.ly/3zPwPac
[31] Ibid.

The Fair School Funding Plan in the budget

Gov. DeWine's proposal would continue phasing in the FSFP over the course of two more years, each year making up a greater share of the difference between Ohio's unconstitutional funding formula and the FSFP's formula.

The shift began in FY 2022, when the state made up 16.67% of the difference between the unconstitutional formula and the full funding our schools need.

For example: In 2022, if a district would have received $5 million under the previous formula, and $8 million under the fully phased-in FSFP, the state would have made up just 16.67% of the $3 million difference: $500,100. In year two of the phase-in, the state would make up a larger share of the difference: 33.33%. And so on for a total of six years, when Ohio's school funding formula would finally be fully aligned with our constitution.

Gov. DeWine's current proposal, however, only funds two more years of the phase-in, leaving off at just 66.67% of the full value. Ohio's schools would have to wait for another two-year budget cycle to be made whole, with full constitutionality delayed until FY 2027 at the earliest, and by no means guaranteed even then. Worse still, Gov. DeWine has not increased the amount of funding available to continue phasing in the FSFP. In other words, the governor's plan says it will do more to fix school funding but doesn't make any more funding available to do it.

Figure 4 shows the annual school funding in Ohio's pre-FSFP budget, the amounts allocated in the current budget, and the amounts Gov. DeWine has proposed for the next two years.

Figure 4

Gov. DeWine proposes continuing the phase-in approach

Proposed amount of annual funding for public schools in Gov. DeWine's budget

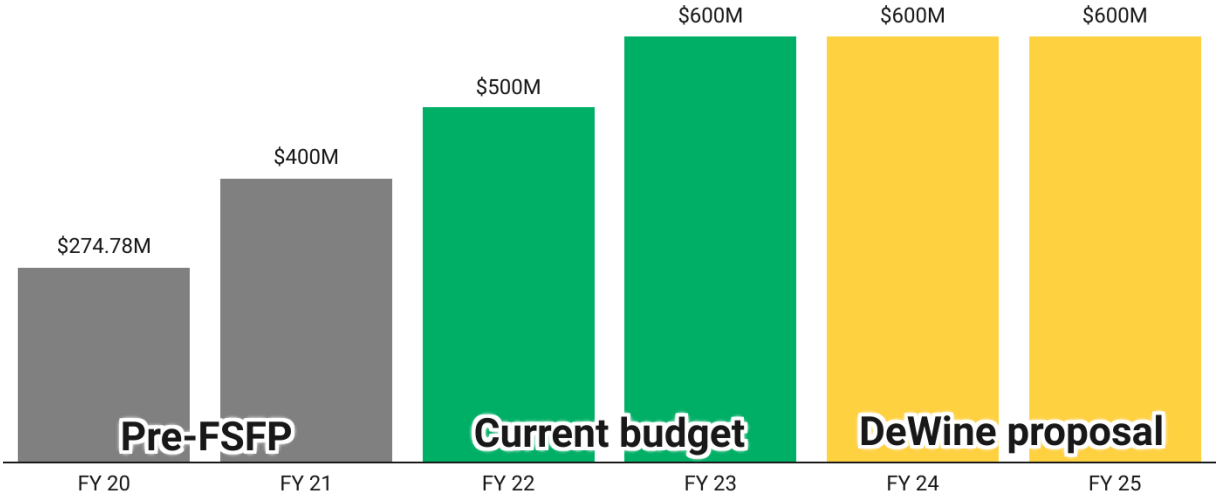

Chart: Policy Matters Ohio • Source: Ohio Office of Budget and Management Executive Budget Recommendations FY 2024-2025 • Created with Datawrapper

Continuing the FSFP in the next budget is a win for Ohio students, but there is still work to be done to ensure Ohio fulfills its promise to provide full and fair funding. The state underestimates how much it costs to educate our children by calculating base costs — including classroom instructional materials and teacher salaries — using data from FY 2018. Base cost estimates should be updated to reflect FY 2022 numbers. Correcting the math will provide a better balance between state and local funding and create funding conditions that could support teacher hiring and recruitment.

If we fail to update this base cost calculation, we will deepen the disparity between state and local contributions, putting more pressure on districts to raise local funds for their schools. Updating the base cost components should also include updating and adjusting the weights for English learners and students with special needs, by using the studies conducted by the Ohio Department of Education.[32]

Ohio also needs a state-commissioned study on students who are experiencing poverty. Although we do not have an evidenced-based study of the cost of educating economically disadvantaged students, the state has funding appropriated for them through disadvantaged pupil impact aid and Title 1A funds. Without fully understanding the cost of educating this student population, we cannot determine if we are providing them with the funding necessary to succeed in school. In a recent report for the Ohio Economic Policy Institute (OEPI), Howard Fleeter, Ph.D, recommended that in addition to a cost study for economically disadvantaged students, the state should also change how we classify economically disadvantaged students. Currently, students are classified mainly based on their qualification for free and reduced lunch; Fleeter recommends instead using either Medicaid enrollment or eligibility, which is 206% of the federal poverty level for children under 18, and a more accurate way to determine income status.[33]

Making these changes can ensure that we have an adequate funding formula in our budget and continue our progress toward fulfilling the promise of the FSFP for our kids and for our future.

[32] Ohio English Learner Cost Study, December 2022, https://bit.ly/3o2cWKr and Special Education in Ohio, November 2022, https://bit.ly/40WKTLd

[33] Supplemental Services for Economically Disadvantaged Students in Ohio, December 2022, https://bit.ly/3MzBmVP

Other education investments in the executive budget

Per-pupil cost of transportation is increasing

Ohio is experiencing a school transportation crisis resulting from a shortage of buses and qualified drivers.[34] In the next budget school transportation funding is expected to increase by 8.7% in FY 2024 and an additional 7.4% in FY 2025.

Figure 5

Transportation funding continues to rise

School transportation funding

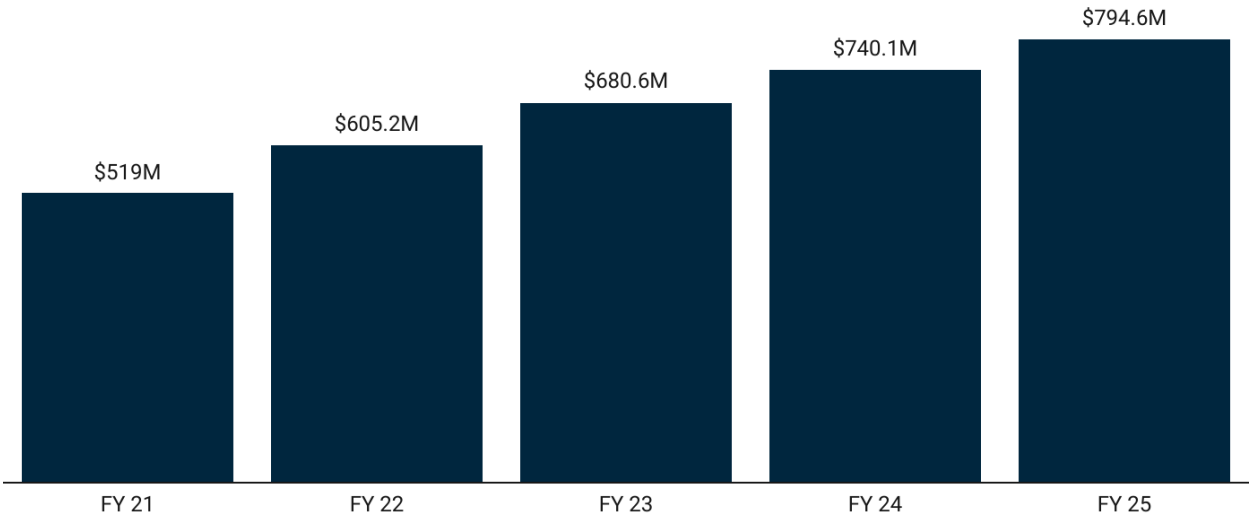

Chart: Policy Matters Ohio • Source: Ohio Office of Budget and Management Executive Budget FY 24 and FY 25 • Created with Datawrapper

Districts and schools need the additional money for transportation costs in the next budget as the costs of ridership and mileage, while not substantial, continue to increase, especially as charter schools continue to expand.

Per-rider cost has increased since 2020. The cost per mile has also increased by a small percentage and is expected to continue to increase in the coming years as the number of students continues to grow and as we continue to expand charters and other non-traditional schools in the state, which also use the public-school bussing system. We need to evaluate transportation funding in the next budget to determine whether it is sufficient to keep up with the rising cost of ridership and mileage.

[34] "Parents frustrated over bussing delays and no shows, more districts could face penalties," March 4, 2022, https://bit.ly/403Zcfw

School-based health care

The proposed budget for FY 2024-25 includes $15 million for school-based health care and the building of school-based health care centers across the state.[35] We previously found that school-based health centers help more children in underserved communities get the physical and mental health services they need. In 2020, nearly 1 in 8 Ohio children received a diagnosis of anxiety, depression, or both — up 42%, the 10th highest increase nationwide.[36] Health care in schools helps ensure that children are healthy and ready to learn.[37] It also can improve public safety by addressing a young person's issues before they become ensnared in the criminal legal system.

School Resource Officers (SROs)

The governor proposes to allocate $338 million to place School Resource Officers (SROs) in every school in the state.[38] Every community should prioritize school safety. However, because of a lack of transparency and accountability in the SRO program, it is very difficult to determine beyond anecdotes whether SROs contribute to safer schools. Considering how little data is available to assess its efficacy, the program's high price tag is cause for concern. Research does not find a correlation between police presence and safer schools, and SRO programs often lead to harsher discipline for minor infractions, especially for Black students and students with disabilities.[39] In 2021, Black students in Cincinnati alone were five times more likely to face discipline and law enforcement referrals than their white peers in schools with SROs present.[40]

There is limited data on the number of SROs operating in Ohio's schools and a lack of reporting on behavioral incidents, attitudes and effectiveness of SROs. The state needs to collect this basic data to determine what funding levels would be needed for SROs, and to establish a system of accountability.[41] The proposed funding should also be more flexible to encompass all measures of safety in schools, including improvements in mental and behavioral health supports. Many schools would be better served by using this funding to hire more counselors and provide more mental health services to students in need.

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[35] "2022 Kids Count Data Book," Annie E. Casey Foundation, https://bit.ly/3zLHMd3
[36] Executive Budget FY 2024-25, https://bit.ly/3MA3Kap
[37] "School-Based Health Care is Critical to Supporting Children," Ohio Children's Budget, https://bit.ly/3MBhbH8
[38] See note 36.
[39] Patterson, James, "Making Schools Safe and Just," National Education Association, Apr. 28, 2022, https://www.nea.org/advocating-for-change/new-from-nea/making-schools-safe-and-just
[40] Thompson, Elena, "School Resource Officers Exacerbate the School-to-Prison Pipeline for Students of Color," Feb. 18, 2021, https://www.acluohio.org/en/news/school-resource-officers-exacerbate-school-prison-pipeline-students-color
[41] The Brookings Institution and AEI Working Group on Criminal Justice Reform creates a range of policy reforms needed broadly in SRO programs across the nation. See, Ryan King and Marc Schindler, "A better path forward for criminal justice: Reconsidering police in schools," Brookings Institution, April 2021, https://bit.ly/3KwfVCo.

Literacy improvement

Instructional loss is one of the top concerns among educators, parents and advocates coming out of the pandemic. Legislators must fund effective efforts to improve declining test scores and widening gaps in kindergarten readiness.

Based on recommendations from the Ohio Budget and Management Office, the state will invest $174.1 million to improve the literacy proficiency of Ohio's students in the FY 2024-25 budget. Governor DeWine recently signed executive order 2023-07D — also known as the Governor's Literacy Challenge — to push out the funding for his literacy improvement plans ahead of the legislature making their budget recommendations.[42] The executive order included funding for strategies to get parents and families involved in literacy development, improving literacy among inmates, a one-time $64 million investment in high quality instructional material, $18 million for literacy coaches in districts with low reading and proficiency scores, and $48 million in stipends for teachers to attend professional trainings on the science of reading.[43]

The Department of Education will create professional development coursework rooted in evidence-based strategies for effective literacy instruction and provide funds to schools and districts to incorporate the training in their classrooms. The department will also provide support for 100 additional literacy coaches in schools and districts with the lowest reading proficiency, and ensure all schools have access to high quality instructional material.[44] The proposed budget provides an additional $15 million in FY 2025 to continue high dosage tutoring programs in partnership with colleges, universities, and educational service centers across the state to ensure students recover from the impacts of the pandemic.[45]

These proposed allocations are a step toward improving literacy in the state, but a great deal of these funds will come from one-time federal dollars, which may not be available in future budgets. Lawmakers should figure out how to continue our commitment to literacy development in future budgets.

Educators

Governor DeWine's proposed budget for FY 2024-25 also includes increased funding to make teacher certification and licensing more affordable and accessible, increasing from $12.2 billion in FY 2022 to a proposed $14.7 billion in FY 2025. There will also be a modest increase for improving teacher quality with a proposed $77 million allocated in both FY 2024 and FY 2025, which is slightly up from the $70 million that was spent in FY 2022. Educator preparation funding will receive the

[42] "Governor DeWine Signs Executive Order" March 23, 2023, https://bit.ly/3UrOs9v
[43] LePard, Clay, "Gov. DeWine signs executive order urging support to improve literacy among children," News 5 Cleveland, https://bit.ly/3ZW2RvP
[44] See note 36.
[45] Ibid.

greatest increase, going from $4.7 million in FY 2022 to $13.4 million for FY 2024 and FY 2025 — a 285% increase.[46]

The FY 2024-25 budget will also provide $15 million in federal funds to increase access to College Credit Plus by ensuring high school teachers receive additional training and education to instruct college courses on high school campuses.

These changes are a step toward improving educator quality and boosting retention. However, educator shortages are likely to persist until districts raise salaries. Teaching is essential work; Ohio must use competitive wages and long-term career paths to attract and retain skilled educators. In the last budget, base salaries were still determined using FY 18 estimates; the governor's proposed budget would do the same for FY 2024- 25, using data that is now even more outdated. In the next budget lawmakers should calculate base salaries based on FY 22 cost estimates. Lawmakers who are serious about addressing the teaching shortage would go beyond this adjustment to ensure enough support is in the system to keep teachers at work.[47]

Public dollars, private benefits

Two smaller education systems run alongside Ohio's traditional public schools: charters and private schools. When legislators redirect funding from traditional public schools to pay for charters and vouchers (which pass public dollars through parents and into private schools), the vast majority of Ohio students who attend traditional public schools have to make do with less.

In Ohio charter schools have been branded "community schools" and are considered "public" because they cannot charge tuition and they are supposed to accept all students. However, charter schools do not necessarily serve the public good. Charter school sponsors may contract with for-profit companies to operate the schools. In 2020, Ohio had 313 charter schools serving 102,645 students and 178 (57%) of them were operated by for-profit entities.[48] These "operators" have been the source of much scandal in Ohio. Simply put: The charter system in Ohio has lots of loopholes for private, profit-seeking companies to siphon off public dollars.

In FY 2022 the state sent $1.45 billion to charter schools — up from nearly $620 million in 2007.[49] During that time, Ohio's legislators earned our state a reputation as "the wild west of charter schools" by failing to hold charters and their operators accountable.[50] Problems with Ohio's charter school system came to a head with the ECOT scandal: A for-profit online charter school, the Electronic Classroom of

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[46] Ibid.
[47] The Ohio Education Association recommends an increase in Ohio's minimum teacher salary from $30,000 to $50,000: https://bit.ly/3nZ1qYR
[48] Patton, Wendy, "All in for Ohio Kids," Policy Matters Ohio, April 2021, https://bit.ly/3monyCS
[49] Maloney, Larry, "Charter School Funding: Inequity Persists," https://bit.ly/3zMGb6L
[50] "Ohio – STILL the Wild Wild West of Charter Schools," Public Education Charters, Feb. 25, 2019, https://bit.ly/3MHUYae

Tomorrow squandered millions in public money by inflating enrollment numbers.[51] Other charter scandals have prompted rounds of legislative reform to reduce self-dealing, prevent the state from paying for students who were not actually attending school, and stop attempts at double-dipping by selling state-purchased materials back to the state for even more public dollars.[52]

The Ohio Charter School Accountability Project, a joint effort of the Ohio Education Association (OEA) and Innovation Ohio, using data primarily from the Ohio Department of Education (ODE), created a tool to help Ohioans know the state of publicly funded charters and private schools that accept public vouchers, and how they compare to traditional school districts. Analysis includes state report card rankings, classroom expenditures, and state aid deductions to charter schools. This system is intended to provide transparency so that parents, teachers, students and advocates can hold charter schools accountable.[53]

Based on the recent Annual Community Schools report conducted by the Ohio Department of Education (ODE),[54] community schools in Ohio are receiving more funding through the Quality Community School Support Grant (QCSS). Eligibility requirements for these grants are based on performance standards and overall academic achievement. In the current budget lawmakers increased funding to QCSS to $54 million for FY 2022, a $24 million increase from 2021. This increase includes a per-pupil increase of $1,750 for economically disadvantaged students and a $1,000 per-pupil increase for all other students.[55]

Vouchers eat up state funding for K-12 schools

As problematic as under-regulated charter schools can be, the proliferation of private school vouchers has had the most serious consequences for public schools and the vast majority of Ohio students who attend them. Since the Cleveland Voucher Program for low-income students in Cleveland City Schools launched in 1996, policymakers have expanded voucher programs across the state. Ohio currently has four main school voucher programs: the Educational Choice (EdChoice) Scholarship Program, the Cleveland Scholarship and Tutoring Program (CSTP), the Autism Scholarship Program, and the Jon Peterson Special Needs (JPSN) Scholarship Program. The EdChoice program is split into two types: the Traditional EdChoice Scholarship, also known as performance-based EdChoice, and the EdChoice Expansion Scholarship, also known as income-based EdChoice.

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[51] Kasler, Karen, "Ohio Supreme Court rules "final" means just that in ECOT case," Statehouse News Bureau, Oct. 5, 2021, https://bit.ly/3o2Ehw3

[52] See, Arianna Prothero, "Ohio must rethink how online charter schools are funded, says State's Auditor," Education Week, Aug. 11, 2016, https://www.edweek.org/policy-politics/ohio-must-rethink-how-online-charter-schools-are-funded-says-states-auditor/2016/08

[53] https://knowyourcharter.com

[54] "Study of Ohio's Funding Approach for Community Schools," Augenblick, Palaich and Associates, Inc., December 28, 2022, https://bit.ly/3ZW7qPn

[55] Tebben, Susan, "In annual report, community charter schools show growth," https://bit.ly/3Kl8Api

Policymakers introduced the Traditional EdChoice scholarship program in 2005 and continue to expand it. The EdChoice Expansion program was introduced in 2014 and has also expanded in scope. The performance-based EdChoice program is available to students in underperforming school districts, while the income-based EdChoice program is available to low-income students. The Cleveland Scholarship is for all K-12 students in the Cleveland Metropolitan School District. The other two scholarships, Autism and JPSN, are for autistic students and students with any disability, respectively.

What started as a program to provide alternative education options for students in what the state perceived to be underachieving schools has now expanded to include students from public schools with high achievement grades. According to a brief by the Northwest Local School District, 47.7% of the buildings on the current list of Ohio schools eligible for vouchers have overall grades of "A," "B," or "C" under the state's report card system. The number of eligible schools has also grown rapidly. During the 2018-19 school year Ohio had fewer than 300 school buildings that were considered eligible; by 2020-21, 1,200 school buildings were eligible: a 300% increase in just two years.[56] Similarly, income-based vouchers are now being proposed for families earning up to 400% of the federal poverty level. This expansion would be a costly and needless expansion, subsidizing private education for families that need no help. A family of four could earn up to $120,000 and be considered income eligible. This expansion will make vouchers nearly universal, by providing an additional handout to upper-middle-class families at the expense of public schools.

Vouchers in the state budget

After years of tax cuts for the wealthy and corporations that have drained resources from public schools, and as COVID has created new pressures, the state further undercuts public schools by pumping hundreds of millions of public dollars into private schools.[57]

The 2022-23 biennial budget expanded funding of private schools, especially through EdChoice and other voucher programs. Traditional, performance-based EdChoice received $212.5 million, and the income-based EdChoice Expansion program received close to $103 million, a combined 61.4% of voucher payments statewide in FY 2022. The Autism and JPSN scholarships received $116.5 million and $76.6 million, respectively, making up 17% and 12.4% of distributed scholarship funds. The Cleveland Scholarship program received $46 million and only makes up 9.1% of distributed scholarship funds.[58]

[56] https://www.nwlsd.org/Downloads/EdChoice%20Talking%20Points.pdf
[57] Poiner, Jessica, "Voucher critics are at it again," Fordham Institute, Sept. 23, 2021, https://bit.ly/3zSZ8ol
[58] "Greenbook LBO Analysis of Enacted Budget: Ohio Department of Education," Legislative Service Commission, Sept. 2021, https://bit.ly/41jhNVT

Legislators have increased voucher payments from state funds since 2014, as illustrated in Figure 6.[59]

Figure 6

Ohio lawmakers have poured money into vouchers

Voucher payments, 2014 vs. 2022, adjusted using 2014 dollars

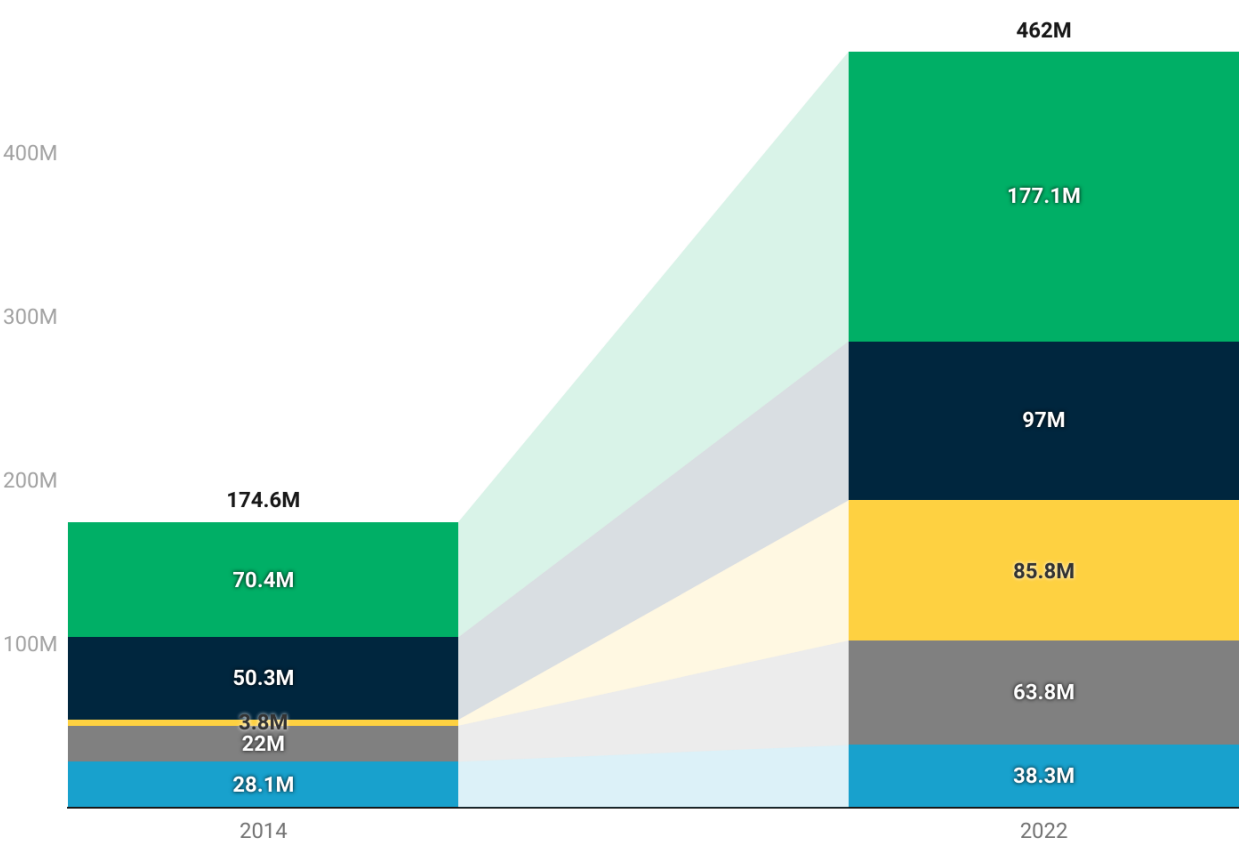

Chart: Policy Matters Ohio • Source: Ohio Department of Education • Created with Datawrapper

The FSFP funds vouchers directly instead of allowing them siphon away districts' state funding. Lawmakers increased total voucher allocations from $395.4 million in FY 2020 to $635.1 million in FY 2022.[60] They also increased direct state aid to private schools, though not as dramatically. Policymakers increased funding for "auxiliary services" to private schools from $149.9 million in FY 2021 to $154.1 in FY 2022 and just under $156 million in FY 2023. Meanwhile, "nonpublic administrative cost reimbursement" aid — which reimburses charter schools for the cost of mandated

[59] This data was collected using data from the Ohio Department of Education Community School Funding Annual Reports https://education.ohio.gov/getattachment/About/Annual-Reports/20-21-Community-Schools.pdf.aspx?lang=en-US

[60] Ephlin, Andrew, "School Choice Program Funding," LSC Members Brief, Jan 26, 2023, https://bit.ly/3zRRwm6

administrative and clerical activities such as preparation, filing and records keeping[61] — increased from $68.9 in FY 2021 to $70.8 in FY 2022 and $71.6 in FY 2023.[62]

Lawmakers have increased spending on vouchers by increasing the amount families can receive. For income-based EdChoice Expansion vouchers for FY 2022-23 the state now awards qualifying K-8 students $5,500 per year and high school students $7,500 per year for tuition at non-public schools, up from previous award amounts in FY 2020-21 which provided $4,650 for K-8 students and $6,000 for students grades 9-12.[63]

The governor's budget proposal continues to fund vouchers using foundation funding and has allotted $660.8 million in FY 2024, and $61.6 million in FY 2025.

Voucher expansion threatens our public schools

Because of the General Assembly's continued expansion of voucher programs, more Ohio families are enrolling in them — up from 52,000 in 2019 to 69,991 in 2021. Even accounting for this growth, most voucher students were already attending private school before receiving vouchers.[64] Further, the number of vouchers is a fraction of the number of students served in public schools. When students use state-funded vouchers to attend private schools, even if they were never enrolled in traditional school districts, it means less money in the state budget that could otherwise be spent creating great public schools, which must serve all students.

The Ohio Coalition for Equity and Adequacy of School Funding, a coalition of over 100 school district and 20 education and community groups, took the state of Ohio to court, claiming that EdChoice Expansion violates the constitutional requirement that the state provide a "thorough and efficient system of common schools." Coalition advocates believe that state lawmakers' growing investment in vouchers could lead to a school funding system that privileges private education even more in years to come.[65]

Many proponents of voucher expansion have painted it as the state simply supporting parents' right to choose where their child will be educated, but choice is not the problem, priorities are. The state has not fulfilled its constitutionally mandated responsibility to fairly fund public schools. Key components of the FSFP are still outstanding. Allocating close to $1 billion in public funds for students to take vouchers to private schools is a huge disservice to the 90% of students who attend our public schools.

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[61] See note 58.
[62] Ibid.
[63] Ephlin, Andrew, "Fiscal Note & Local Impact Statement: H.B. 583, 134th General Assembly, https://bit.ly/3zQP4My
[64] van Lier, Piet, "The truth about 'school choice,'" Policy Matters Ohio, Jan 29, 2013, https://bit.ly/3KwBfrH)
[65] Tebben, Susan, "School district coalition files lawsuit challenging Ohio's private school voucher program," Ohio Capital Journal, Jan. 5, 2022, https://bit.ly/43rvHak

Ultimately, the way the executive budget proposes to distribute foundation aid over FY 2024-25 will further erode the share going to traditional public schools by allocating a greater share to charters. The proposed budget would send 77.9% of foundation funds to traditional schools, compared to 79.1% in the last budget. Charters would take 10.8%, up from 9.9%. Voucher programs stay at 7.1%, and joint vocational school districts increase to 4.2% from 3.8%.

Recommendations & conclusion

Ohio has underfunded public schools and other essential public services for years.[66] Ohio lawmakers have cut state income taxes since 2005, reducing our ability to provide an equitable education system for all our students, and giving huge windfalls to the wealthiest Ohioans and little or no benefit to people with middle or low incomes.

Policymakers have a constitutional duty to protect public schools. Ensuring a thorough and efficient system of common schools means correcting disparities generated from over-reliance on property taxes by fully implementing the FSFP, with accurate estimates of how much it really costs to educate our kids.

Lawmakers in Ohio need to invest in developing an educator workforce of qualified teachers who are paid fairly for their essential work and strongly supported while doing it. Other pressing issues include a bussing crisis,[67] fewer 5-year-olds prepared for kindergarten,[68] lowered reading and math proficiency scores,[69] chronic absenteeism,[70] and a persistent digital divide.[71]

The state has sufficient revenue meet these challenges, so long as legislators make public schools and kids a priority. Ohio has the money to fully commit to the FSFP in this budget. Instead of phasing in funding piece by piece, year after year, lawmakers should fully fund it right now. Ohioans must come together to demand lawmakers live up to the promise of the FSFP in the next biennium and beyond.

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[66] Patton, Wendy, "Our State. Our Community. Our Budget," Policy Matters Ohio, November 25, 2020, https://bit.ly/3dKcUPH
[67] Rantala, Lisa, "Ohio families fed up with school bus no-shows" ABC 6 News, Nov. 4, 2022. https://bit.ly/3mnFSMs
[68] Ohio Department of Education. State Kindergarten Readiness Assessment (Revised) Overview, 2022
[69] Ohio Department of Education, Test Results, Overview, https://bit.ly/43mKDGN
[70] Staver, Anna, "30% of Ohio students chronically absent from school in 2021-22 school year" Columbus Dispatch, Sept. 27, 2022, https://bit.ly/402KOnP
[71] Ohio Department of Education. "Data Insights: How the Pandemic is Affecting the 2020-2021 School Year." March 9, 2022.