

Equity & Adequacy

Of School Funding

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School Funding: State Responsibility or Local Responsibility With Some State Support?

School funding is unquestionably a state responsibility. Article VI, section 2 of the Ohio Constitution assigns the legislature the responsibility of securing a thorough and efficient system of common schools throughout the state. State responsibility for funding a thorough and efficient system is conclusively confirmed by the Ohio Supreme Court decisions in *DeRolph*. Legally, the state is not authorized to delegate the responsibility for funding a thorough and efficient system to local school communities.

Notwithstanding the clear edict of the Constitution, the common public perception and practice is that local communities have the responsibility to fund schools with local funds supplemented by state funds. This difference between current practice and the constitutional requirement is rooted in the tax system that was in place in the mid-1800s when the thorough and efficient clause was adopted. Property was the primary source of taxes at that time. The legislature decided in 1821 to allow school districts to tax property for school purposes. Local property taxes provided nearly all of the revenue for public schools until the mid-1930s when a three-cent state sales tax was enacted to support a newly created foundation program. Conceptually, the original foundation program provided that state funding would be added to local funds to achieve a legislatively-determined “foundation” level; hence, a locally funded system with state support provided in an inverse relationship to the property valuation of the school districts.

The foundation formula was replaced by an “equal yield” formula in the mid 1970s. The concept of this formula is to provide, in combination of local and state dollars, an equal amount of revenue per pupil per mill; likewise, a property tax-based system. In the early 1980s, the state abandoned the equal yield formula and returned to a foundation formula. These property tax-based finance mechanisms have the mathematical potential to deliver adequate levels of funding to school districts; however, no property tax-based school funding formula will produce desired results unless the foundation level is based on the actual cost of providing the essential learning resources inherent in a thorough and efficient system.

Governors and lawmakers resist basing the foundation level on actual costs for delivering high quality educational opportunities to all students. The ongoing practice of state officials is to compute the foundation level on the basis of a predetermined amount of funding established via political considerations rather than student needs. It is evident that the foundation level in Ohio has been and continues to be inadequate. The expenditure per pupil currently exceeds the foundation level by more than \$3500 per pupil, which confirms that the “local partners” must provide an inordinate share in an attempt to meet student needs. The situation is becoming more onerous as indicated by levy requests in record numbers this year.

As long as the “partnership” mentality prevails, state officials will never set the foundation level commensurate with the actual cost of an adequate education; hence, gross inadequacies and unconscionable inequities will continue. Some school communities have the income and property wealth capacity to overcome the inadequate foundation level established by the state, while others do not.

Since the current system causes no educational harm to part of Ohio's school children (but great harm to others), the education community is fragmented in lobbying state officials to fix the system. In other words, the consequences of the "partnership" funding arrangement precludes the education community coming together in a united effort to pressure the Governor and legislature to establish a foundation level that accommodates the cost of high quality educational opportunities for all students.

During the 1993 *DeRolph* trial in the Perry County Court of Common Pleas, State Defendants, in an attempt to avoid the doctrine of state responsibility, made a valiant attempt to convince the Court that school funding is a partnership. Neither the trial court nor the Ohio Supreme Court agreed with the State's argument. The Ohio Supreme Court has clarified that school funding is a state responsibility.

In the 1997 *DeRolph* I decision, the Ohio Supreme Court specified that emphasis on property tax is one of the four factors that contributes to the unworkability of the system and must be eliminated. The emphasis on property tax has not diminished in the intervening years and thus the gross inadequacies and unconscionable inequities continue.

The state's abdication of constitutional responsibility to maintain a thorough and efficient system of common schools in spite of multiple Ohio Supreme Court orders is unconscionable. Equally egregious to the rule of law is the Court's release of jurisdiction of the *DeRolph* case. The state is under no time line to fix the system and under no sanctions if the system is not fixed. The consequences of this irresponsible illegality are educational harm to school children, community strife and division over school tax issues and overburdened property tax payers.

School funding is a state responsibility. All Ohioans, in deference to the public good, must come together in a unified effort to insist that state officials fulfill their constitutional responsibility in perfecting a thorough and efficient system of common schools. An appropriate public investment is the first step to the revitalization of Ohio's economy and quality of life.

Ohio's unconstitutional, property tax-based school funding system assures that all districts will currently or eventually experience a fiscal crisis. It is just a matter of when.