

Equity & Adequacy

Of School Funding

William L. Phillis, Executive Director, 100 S. Third St., Columbus, Ohio 43215 (614) 228-6540, (614) 228-6542 fax, e-mail ohioeanda@sbcglobal.net
Dr. T. Richard Murray, Chair, 205 N. 7th Street, Zanesville, OH 43701 (740) 452-4518, (740) 455-6702, e-mail richard.murray@mvesc.org

Testimony before the Primary and Secondary Subcommittee of the House Finance Committee, Representative Robert R. Cupp, Chair

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My name is William L. Phillis, Executive Director of the Ohio Coalition for Equity & Adequacy of School Funding (E & A Coalition). On June 30, I will have completed 59 years in Ohio public education as a teacher, principal, superintendent, assistant superintendent of public instruction, adjunct assistant professor of school administration and finance, and in my current position.

I will leave it to others to get into the weeds of the HB 49 school funding arrangement. My testimony, with few exceptions, will be general in nature.

My career-long interest has been improving educational opportunities for all students. Over the years, in various roles, I have observed and experienced extreme inadequacies and inequities in the public school system. Frustration regarding these flaws within the system led me to leave the state assistant superintendency in 1992 to work with the E & A Coalition.

When I joined the Ohio Department of Education (ODE) in 1976, the Cincinnati City School District was in the process of challenging the school funding system in Court, the equal yield formula was being phased in and ODE was engaged in a federally-funded school finance equity study.

In addition, a committee of business executives—the Committee of 20—had been commissioned to study school funding, particularly in regard to urban school districts.

By 1980, the Equal Yield Formula, which replaced a foundation program, had died inasmuch as most of the districts were on the guarantee; the Ohio Supreme Court had ruled against the plaintiff Cincinnati School District; the Committee of 20 recommended and the legislature enacted an additional appropriation in the range of \$100 million for the education of disadvantaged pupils; and ODE had concluded the federally-funded equity study.

After the Equal Yield Formula lost its usefulness, ODE developed a foundation program in the early 1980s. This foundation formula served Ohio for several years.

School finance studies

From 1976 through the early 1990s, more than a dozen school finance studies were commissioned by the State Board of Education, Governor, legislative leaders and private organizations. Most of the studies found that school funding was neither adequate nor equitable. See Appendix A for a discussion of the studies.

First determine the cost of the educational program

One of the last school finance studies prior to the *DeRolph* court case was conducted by a bipartisan, bicameral legislative study committee. This committee issued a report on January 22, 1991 that provides useful guidance for a solution to the school funding problem in 2017 and beyond. This January 22, 1991 Final Report of the Joint Select Committee to Study Ohio's School Foundation Programs and The Distribution of State Funds to School Districts (Committee co-chaired by then-Senator Robert R. Cupp and then-Representative Dwight A. Wise), stated on page six, "The foundation per pupil level should have some reasonable relationship to the cost of a quality basic program efficiently provided and some objective method of determining it should be developed. The per pupil funding level is now set during deliberations on the biennial budget and is widely considered to represent a level determined almost solely by money available after deductions for other education and non educational program costs. Development of the mechanisms could be a proper assignment for the Legislative Office of Education Oversight."

The admonition given in this 26-year old report is still a gold standard for the process of developing a school funding system. The process is not rocket science. It is simple in concept and can be accomplished. A determination of the components of high quality education is the first step. Costing out the components is the next essential step. A determination of the cost must precede the development of the distribution system. In other words, the education program should drive the school funding system. Historically the school funding arrangement has driven the educational opportunities a school district can offer.

In July 1998, the National Conference of State Legislators published, *Educational Adequacy: Building an Adequate School Finance System*, which suggested a similar approach to the advice in the 1991 report.

In February 2013, the Equity and Excellence Commission, a federal advisory committee chartered by Congress, issued the report, For Each and Every Child—A Strategy For Education Equity and Excellence. On pages 14 and 15 of the report is posed the question, "How can we have an education reform strategy that doesn't demand an equitable allocation of resources tied to student needs?"

On page 18 of the report, the Commission recommends that all states:

- “Identify and publicly report the leading staff, programs and services needed to provide a meaningful educational opportunity to all students of every race and income level, English language learners and students with disabilities, based on evidence of education practices. They should also determine and report actual costs of resources identified as needed to provide all students a meaningful educational opportunity based on the efficient and cost-effective use of resources.”
- Adopt and implement a school finance system that will provide equitable and sufficient funding for all students to achieve state content and performance standards.”

Any process for calculating the actual cost of a quality basic (high quality) education is imperfect but a concerted effort to determine the cost of educating regular students and the additional costs for disadvantaged, special education, gifted, English as a second language and other types of students should be pursued with all due diligence.

Questions that should be asked

A question this committee should ask is what is the premise of the current and proposed foundation level of \$6,000 per pupil and the funding levels for the various special student populations? If the \$6,000 per pupil figure does not have a rational basis, then why not use \$5,000 or \$8,000? One might suspect that the \$6,000 figure is based on residual budgeting—a fundamental flaw identified in the 26 year-old 1991 report referenced earlier. Caps and guarantees will continue to be a nightmare until a funding level that matches the actual cost of a quality basic education is established. Additional questions should be asked regarding the level of funding assigned to all subsidy and special purpose line items. For example, why is there not a line item to help school districts purchase school buses?

What is the state’s responsibility for public K-12 education?

Before continuing a discussion of a process to determine the funding level, it is useful to step back to view a snapshot of the state’s responsibility for public education.

In terms of services that the state must provide, public education, the common school system, holds a special position, a unique place. The constitutional responsibility of the state is to secure a thorough and efficient system.

VI.02 Schools funds

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. (Adopted 1851)

The state also has been given the constitutional obligation to enact legislation for the “organization, administration and control of the public school system supported by public funds...”

VI.03 Public school system, boards of education

Provision shall be made by law for the organization, administration and control of the public school system of the state supported by public funds: provided, that each school district embraced wholly or in part within any city shall have the power by referendum vote to determine for itself the number of members and the organization of the district board of education, and provision shall be made by law for the exercise of this power by such school districts. (Adopted September 3, 1912.)

Guidance from the Ohio Supreme Court

The Ohio Supreme Court, in the March 24, 1997 *DeRolph* decision, opined that, “All the facts documented in the record lead to one inescapable conclusion—Ohio’s elementary and secondary public schools are neither thorough nor efficient.” Further the Court stated: “In fact, the formula amount is established after the legislature determines the total dollars to be allocated to primary and secondary education in each biennial budget. Consequently, the present school financing system contravenes the clear wording of our Constitution and the framers’ intent.” (Maybe the justices read the January 22, 1991 report.)

Again it would seem appropriate for legislators to question the rationale for the per pupil foundation level of \$6,000 in each year of the next biennium.

The Court ordered a “complete systematic overhaul” of the school funding scheme and identified four factors that contributed to the unworkability of the system and must be eliminated. Two of those factors that have been nibbled on but not addressed are: “(1) the operation of the School Foundation program, (2) the emphasis of Ohio’s school funding system on local property tax,...”.

After three weak attempts by the state to satisfy the 1997 Court order, the Court on December 11, 2002 stated, in Paragraph 5: “To date, the principal legislative response to *DeRolph I* and *DeRolph II* has been to increase funding, which has benefited many schoolchildren. However, the General Assembly has not focused on the core constitutional directive of *DeRolph I*; ‘a complete systematic overhaul’ of the school funding system, *Id*, 78 Ohio St. 3d 733. Today we reiterate that that is what is needed, not further nibbling at the edges. Accordingly, we direct the General Assembly to enact a school-funding scheme that is thorough and efficient, as explained in *DeRolph 1*, *DeRolph II*, and the accompanying concurrences.”

The state has continued to nibble at the edges of the court order regarding the operation of the school foundation program and the emphasis on property tax. Since the court released jurisdiction of the *DeRolph* case in the December 11, 2002 ruling, there has been some but not much urgency to fully comply with the constitutional standard of “thorough and efficient.”

Principles of law from *DeRolph*

Several principles of law have emerged from the Court decision in *DeRolph*. See Appendix B. Three such principles that have significant implications for this committee are:

- The state has full responsibility to establish and maintain one thorough and efficient system of common schools (*DeRolph I* at 213)
- Because of its importance, education should be placed high in the state's budgetary priority (*DeRolph I* at 213)
- Overreliance on property tax renders the funding system deficient. (*DeRolph* at 8,26,28, 210)

In view of state responsibility, we now go back to the level of funding questions and a discussion of the process to determine that level.

Methodologies for determining the costs

There are four methods that are commonly used by school finance experts to compute the per pupil cost of public education—professional judgment, successful schools, evidence-based model and econometric.

Some of these methodologies have been used in Ohio in the past. In the early 1990s, the Alliance for Adequate School Funding engaged school finance expert Dr. John Augenblick to determine what the per pupil level of the foundation program should be. Augenblick essentially used the successful schools approach.

Subsequent to the July 1, 1994 Trial Court decision in *DeRolph*, a panel of three school finance experts and two tax experts issued the report Proposals for the Elimination of Wealth Based Disparities in Public Education. This panel used the successful schools approach.

In 1997, the state engaged Augenblick to determine a cost figure. Again, Augenblick used the successful schools model.

Some post-*DeRolph* decision attempts to determine the cost

A brief record of some efforts to determine a cost figure after the 1997 *DeRolph* decision follows:

- October 1999—Basket of Essential Learning Resources for the 21st Century, The Ohio Coalition for Equity & Adequacy of School Funding
- December 31, 2000-Final Report of the Joint Committee to Re-Examine the Cost of an Adequate Education- considered both inputs and outputs as a basis for a per pupil funding level. This effort was in response to *DeRolph II*.
- 2001--HB 94 was based somewhat on the work of this Joint Committee.

- In the 2001 *DeRolph III* decision, the Court opined that if the legislature had actually followed its own costing methodology, the system would have been ruled constitutional. But *DeRolph III* was vacated.
- In *DeRolph IV*, the Court ordered the state to follow the dictates of *DeRolph I* and II to give the school funding system a complete systematic overhaul.
- Governor Taft's Governor's Blue Ribbon Task Force on Financing Student Success in the State of Ohio was a partial response to the *DeRolph IV* decision. Among the recommendations of the Task Force was, "School funding levels should be based on 'inputs'—the 'evidence-based' strategies, services and programs that are proven effective in enhancing student success." The Building Blocks approach was initiated in partial response to the Taft Task Force report.
- Governor Strickland used the evidence-based model in his second budget proposal but the Kasich administration abandoned that effort. Essentially, the state has not established a process to study the cost of education since the evidence-based model was eliminated.

Recommendations

The constraints placed on this committee, in terms of time and proposed funding levels in HB 49, may preclude any significant movement toward a constitutional system of school funding. But what the committee could do is to recommend an amendment for a commission or commissions to identify the components of high quality educational opportunities, cost out those components and develop a non-complex formula to distribute the funds. The Joint Education Oversight Committee (JEOC), most likely, will have so many other education issues with which to deal, that it will have neither the time nor capacity to accomplish these tasks. If the idea of adding a commission or commissions is not acceptable, at least the committee should recommend that the State Board of Education or another state agency be assigned to perform these tasks.

The charter industry and school vouchers are negatively affecting the financing of the public common school system. Table 1 displays the amount of funds deducted from school districts for charters and vouchers since fiscal year 1999.

Table 1

	TOTAL FOUNDATION FUNDING	COMMUNITY SCHOOL DEDUCTION	VOUCHERS	TOTAL FOUNDATION FUNDING AFTER COMMUNITY SCHOOLS & VOUCHERS DEDUCTIONS
FY 99	\$ 4,291,780,779.95	(\$10,985,022)		\$ 4,280,795,758.02
FY 00	\$ 4,549,657,503.29	(\$51,658,903)		\$ 4,497,998,600.15
FY 01	\$ 4,898,374,512.49	(\$91,199,488)		\$ 4,807,175,024.42
FY 02	\$ 5,220,455,380.41	(\$138,941,700)		\$ 5,081,513,680.41
FY 03	\$ 5,682,350,214.32	(\$203,733,492)		\$ 5,478,616,722.73
FY 04	\$ 5,800,908,755.70	(\$301,139,480)		\$ 5,499,769,275.79

FY 05	\$ 5,963,931,642.83	(\$421,736,138)		\$ 5,542,195,504.83
FY 06	\$ 6,272,235,124.09	(\$481,559,416)		\$ 5,790,675,707.61
FY 07	\$ 6,355,941,832.37	(\$530,582,459)	\$ (13,031,830.00)	\$ 5,812,327,543.64
FY 08	\$ 6,457,640,481.02	(\$584,929,196)	\$ (42,355,791.56)	\$ 5,830,355,493.13
FY 09	\$ 6,642,929,666.10	(\$585,238,080)	\$ (56,769,142.01)	\$ 6,000,922,444.12
FY 10	\$ 6,536,792,132.37	(\$679,872,827)	\$ (69,648,850.12)	\$ 5,787,270,455.15
FY 11	\$ 6,514,716,125.53	(\$721,951,120)	\$ (78,849,287.31)	\$ 5,659,336,372.17
FY 12	\$ 6,268,418,458.61	(\$774,404,507)	\$ (71,728,696.82)	\$ 5,422,285,254.30
FY 13	\$ 6,322,863,047.83	(\$824,049,484)	\$(133,428,633.53)	\$ 5,365,384,930.30
FY 14	\$ 6,604,002,785.43	(\$901,656,421)	\$(153,871,203.11)	\$ 5,548,475,161.32
FY 15	\$ 7,030,888,945.00	(\$931,259,030)	\$(176,999,488.18)	\$ 5,922,630,426.82
FY 16	\$ 7,455,642,113.58	(\$922,956,418)	\$(198,248,225.69)	\$ 6,334,437,470.04
FY 17	\$ 7,766,534,865.13	(\$912,201,929)	\$(240,651,199.80)	\$ 6,613,681,736.32

This committee is reminded that the Constitution requires the state to establish and maintain one thorough and efficient system of common schools—a system that was declared unconstitutional and has never been remediated.

The charter school industry in Ohio has a record of gross corruption in fiscal matters and on average, low academic performance; yet has removed over \$10 billion from school districts since the inception of the program. Over \$1.2 billion have been deducted for voucher programs since fiscal year 2007. The state’s first responsibility is to demonstrate that its common school system is thorough and efficient—and not allow funds to be drained from the system for an array of privately-operated education entities not required by the Constitution. Charter and voucher schools are not common schools.

At the least, a moratorium on the expansion of charters and vouchers should be established until further studies are conducted. This committee could recommend such moratorium.

Appendix A

School Finance Studies from late 1970s to early 1990s

At the end of the 1970s, a group of business leaders, dubbed the Committee of 20, conducted a study of the school funding system that resulted in the legislature increasing the appropriation that was directed toward the increased cost of educating disadvantaged pupils. It was probably not coincidental that the timing of the appropriation was just prior to the time that the Ohio Supreme Court ruled in the *Cincinnati v. Walter* case.

Also a federally-supported school finance study was conducted by the Ohio Department of Education in the late 1970s which investigated the equity of the system. Subsequent to the 1973 U.S. Supreme Court's decision in favor of the defendants in the *Rodriguez* case, Congress passed legislation that merely acknowledged the school funding equity issue. In *Rodriguez*, the Court ruled that education was not a fundamental right, as claimed by the plaintiffs, and that school funding was a state level issue. The federal grants provided to states to study school funding equity issues appeared to be related to the Court's ruling in *Rodriguez*.

During the mid-1980s the State Board of Education commissioned a school finance study by resolution dated September 9, 1985. This study was conducted by persons representing education, business, the legislature, unions and the general public. "The responsibility of the Commission is to analyze the adequacy of current elementary and secondary funding levels, the equity of the distribution system, tax policies, and how efficiently funds are being utilized."

Each member was assigned to one of four subcommittees-Adequacy, Accountability, Equity or Programmatic. The Commission began work on December 11, 1985 and met the second Wednesday of each month through May 1986. Public hearings were held on April 23, 24 and 25 in 1986 in Columbus, Cleveland and Cincinnati. Sixty-four persons presented oral or written testimony.

The Commission agreed on a final set of recommendations on May 14, 1986. The very first recommendation was, "The basic aid foundation level should be high enough, in combination with minimum required local money, to provide an adequate education as well as equalization. There should be a significant narrowing of the gap between the foundation level and the average expenditure per pupil." Among the more than fifty other recommendations was, "A plan should be developed to meet the capital needs of schools districts. Capital improvements allocations for public schools should be a part of the biennial capital improvements budget."

The Blue Ribbon Committee on Secondary Vocational Education was appointed by State Superintendent Franklin B. Walter in March 1983 to "review secondary vocational education in the context of shifting economic, social, and political forces and to make recommendations to enhance vocational education's efficiency and effectiveness in Ohio. The Committee issued a report in September 1984 of the review and set forth 37 recommendations, including 11 on finance.

The select committee to study and review Ohio's education system was appointed by then-Speaker Vernal G. Riffe, Jr. on April 23, 1987. The 18-member House Committee was assigned the responsibility of determining the value Ohio citizens are getting for their substantial investment in public education. A second charge was to establish priorities for the Ohio Legislature to improve education in our state.

A series of seventeen hearings in various parts of the state were held between June 22, 1987 and December 14, 1987. A preliminary report was issued December 31, 1988. More hearings were anticipated by the chairman, Representative Michael Shoemaker, but not conducted. Among the 36 recommendations was a five percent annual increase in state funds from FY 1989 through FY 200__.

The Gillmor-Cupp Commission on school funding was created via Am. Sub. HB 171 of the 117th General Assembly and was charged with studying and analyzing "the adequacy and equity of the school funding distribution system and other education funding issues." Senator Robert R. Cupp was appointed by Senate President Paul Gillmor to chair the Commission. The Commission held 13 meetings over a period of 12 months. Public hearings were held in Columbus, Lima, Medina, Middletown and Lancaster. Seven Senators comprised the Commission. The Commission adopted 16 recommendations as reported in a report issued February 1989. In addition, Chairman Cupp added three recommendations. The 16th recommendation was "a Legislative Task Force should be established during the 118th General Assembly to continue work on the several unresolved funding issues noted throughout this report." A joint House and Senate Legislative Committee was established later and issued a report in 1991.

Three Senators, Robert J. Boggs, William F. Bowne and Richard C. Pfeiffer, Jr. wrote an addendum to the report stating that there was general agreement with the recommendations of the Cupp panel; but they registered "strong disagreement with the Commission majority on the issue of adequacy of state funding for our public schools. Specifically, we believe the report is seriously flawed by its failure to include a strong statement concerning the inadequacy of state funding for Ohio primary and secondary education." Other members of the majority on the Commission were Senators Stanley Aronoff, Richard Finan and Cooper Snyder.

The Gillmor-Schaftrath Panel on School Expenditures, Gillmor Commission on School Funding and Expenditures, appointed by the Ohio Senate was comprised of four Senators, three state board members, two superintendents, one principal, two board members, one treasurer, one parent, three labor leaders and six business leaders.

"The mission of the panel was to try to find ways to improve the way elementary and secondary public schools in Ohio spend their money; while a companion panel (Gillmor-Cupp Commission) worked to try to find ways to improve the way public schools get their money." ⁱ

This panel recommended "that the Ohio legislature should not require either the combining or breaking up of local school districts, not require statewide purchasing, and require a more rigorous curriculum.

The panel recommended that school districts be required to allow parents to choose schools within a district and establish a pilot program to investigate the feasibility of choice between schools districts and establish a pilot program that investigates the feasibility of choice of post-secondary public institutions before a student graduates from high school.

Interesting to note that Diane Ravitch testified on July 25, 1988 on Statewide Curriculum outcomes and Chester E. Finn (on tape) testified on Parental Choice of Public Schools on September 26, 1988.

An OEA representative, Richard W. Hinman, in a minority view statement, expressed opposition to the Panel's recommendations on choice, contending that access to an appropriate education is a fundamental right of every Ohio citizen.

Governor Richard Celeste's Education 2000 Commission

Education 2000 was announced by Governor Celeste in his 1988 "State of the State" address and was formally created by executive order on February 3, 1988. The Commission was composed of appointees from the Ohio House and Senate, teachers, the Board of Regents, the State BOE, the business community and the public. The 27-member Commission was chaired by Owen B. (Brad) Butler, former Chairman of Procter and Gamble Company (Cincinnati) and Vice chair was Steven A. Minter, Director of The Cleveland Foundation, Cleveland. The Commission, at the outset of its deliberations, acknowledged the past reform accomplishments. "Excellence in Ohio public education, both general and vocational, has not been ignored up to know. The SBOE, ODE and the legislature have been moving aggressively toward this objective for years." (A Game Plan for a National Championship for Ohio's Public Schools—a report to Governor Richard F. Celeste by Ohio Education 2000 Commission, December 1988, page 2).

The 118th General Assembly in 1989 mandated the Ohio Department of Education to prepare an inventory of all public school facilities, summarize the facility needs according to assessment criteria and account for the needed funds to bring buildings into compliance with state provisions for a minimum of cleanliness and safety. The report, 1990 Ohio Public School Facility Survey, projected a need for \$10.2 billion to bring buildings into compliance with Ohio cleanliness and safety codes.

None of the studies discussed above even hinted that the system was either adequate or equitable. An indication of the reason why the school funding system was repeatedly considered flawed is apparent from another major school finance study conducted by joint House and Senate Legislative Committee, chaired by Senator Robert Cupp and Vice Chaired by Representative Dwight Wise. The Committee's Final Report of the Joint Select Committee to Study Ohio's School Foundation Program and the District Distribution of State Funds to School Districts issued January 22, 1991, stated: "The foundation's per pupil level should have some reasonable relationship to the cost of a quality basic program efficiently provided and some objective method of determining how it should be developed. The per pupil funding level is now set during deliberations on the biennial budget and is widely considered to represent a level determined almost solely by money available after deducting from other educational and non educational program costs. Recommendation two of the Report states: "An objective mechanism to determine the cost of a basic, quality, educational program efficiently delivered should be established during the 1992-93 biennium. The basic program cost should not simply be a function of averaging actual school expenditures." The state, however, did not embrace this critical recommendation in its school funding policy. Not surprisingly, the Ohio Supreme Court, in its March 24, 1997 decision, found the operation of the school foundation program to be one of the factors that contributed to the unconstitutionality of the system.

Coincidentally, the report is dated January 22, 1991, the same year the Coalitions' Thompson and *DeRolph* school funding cases were filed.

Appendix B

Principles of Law That Have Emerged From the DeRolph Decisions

1. One State System

The Ohio Constitution establishes one state system of common schools throughout the state. The system is clearly and explicitly of state and not of localities.

However, we admonish the General Assembly that it must create an entirely new school financing system. In establishing such a system, the General Assembly shall recognize that there is but one system of public education in Ohio. It is a statewide system, expressly created by the state's highest governing document, the Constitution. (DeRolph I at 213)

The attainment of efficiency and thoroughness in that system, of common schools, is thus expressly made a purpose, not local, not municipal, but state-wide. (DeRolph II at 1)

State government has established, under the platitude of partnership and local control, not one, but as many systems as there are school districts. Under this arrangement each district must attempt to define and achieve "thorough and efficient" because there is no state standard or definition of such at the state level. Additionally, the state has created a second system of education in the form of charter schools without fulfilling the constitutional responsibility of establishing the one required statewide system.

2. State Responsibility

The Constitution places full responsibility for securing the system of common schools on the General Assembly and this duty cannot be delegated away to school districts. The obligation rests solely upon the shoulders of state government.

The responsibility for maintaining a thorough and efficient school system falls upon the state. (DeRolph I at 210)

Our state Constitution makes the state responsible for educating our youth. (DeRolph I at 211)

When a district falls short of the constitutional requirement that the system be thorough and efficient, it is the state's obligation to rectify it. (DeRolph I at 210)

Ohio's system of public education is a "statewide system" (DeRolph II at 28)

The state is responsible for funding an adequate education for primary and secondary students who attend public schools. (DeRolph II at 28)

3. Thorough and Efficient

The Constitution mandates that the system of common schools, as established by the state, be throughout the state. The adjectives, thorough and efficient, prescribe a standard and level of quality to which the General Assembly must adhere in securing the system.

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Also, when we apply the tests of Miller and Walter as to what is meant by the words "thorough and efficient," the evidence is overwhelming that many districts are "starved for funds," and lack teachers, buildings, or equipment. These school districts, plagued with deteriorating buildings, insufficient supplies, inadequate curricula and technology, and large student-teacher ratios, desperately lack the resources necessary to provide students with a minimally adequate education. Thus, according to the tests of Miller and Walter, it is painfully obvious that the General Assembly, in structuring school financing, has failed in its constitutional obligation to ensure a thorough and efficient system of common schools. Clearly, the current school financing scheme is a far cry from thorough and efficient. Instead, the system has failed to educate our youth to their fullest potential. (DeRolph I at 210)

Because of its importance, education should be placed high in the state's budgetary priorities. A thorough and efficient system of common schools includes facilities in good repair and the supplies, materials, and funds necessary to maintain these facilities in a safe manner, in compliance with all local, state, and federal mandates. (DeRolph I at 213)

[T]he sovereign people made it mandatory upon the General Assembly to secure not merely a system of common schools, but rather a thorough and efficient system of common schools. (DeRolph II at 1)

The definition of "thorough and efficient" is not static; it depends on one's frame of reference. What was deemed thorough and efficient when the state Constitution was adopted certainly would not be considered thorough and efficient today. (DeRolph II at 9 & 10)

A thorough system means that each and every school district has enough funds to operate. An efficient system means one in which each and every school district in the state has an ample number of teachers, sound buildings that are in compliance with state building and fire codes, and equipment sufficient for all students to be afforded an educational opportunity. (DeRolph II at 1)

4. Deprivation due to wealth

As *DeRolph* has repeatedly underscored, it is the state's obligation to fund education; and thus, a child may not be deprived of a high quality education due to lack of property wealth in the community.

At the heart of the present controversy is the School Foundation Program (R.C. Chapter 3317) for allocation of state basic aid and the manner in which the allocation formula and other school funding factors have caused or permitted to continue vast wealth-based disparities among Ohio's schools, depriving many of Ohio's public school students of high quality educational opportunities. (DeRolph I at 198)

5. Decrease emphasis upon property taxes

The state's school funding system must not place dominant emphasis on the local property tax. The

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local school districts and thus great inadequacies in many districts. The Ohio Supreme Court in *DeRolph* observed that:

The evidence reveals that the wide disparities are caused by the funding system's overreliance on the tax base of individual school districts. (DeRolph I at 210)

By our decision today, we send a clear message to lawmakers: the time has come to fix the system. Let there be no misunderstanding. Ohio's public school financing scheme must undergo a complete systematic overhaul. (DeRolph I at 212)

The Court in *DeRolph I* listed four factors that contribute to the unworkability of the system and must be eliminated in the "overhaul". The first two of those factors are:

- 1) *the operation of the School Foundation Program,*
- 2) *the emphasis of Ohio's school funding system on local property tax*

The inherent inequities of funding systems that rely too much on local property taxes not only are extremely difficult to rectify, but also run counter to our Constitution's explicit requirement for a statewide system of public schools. The valuation of local property has no connection whatsoever to the actual education needs of the locality, with the result that a system overreliant on local property taxes is by its very nature an arbitrary system that can never be totally thorough or efficient. In a very real sense, this problem underlies most of the other deficiencies in Ohio's school system, and is either the direct or indirect cause of them. The majority and all three separate concurring opinions in DeRolph I specifically recognized the inadequacies of a system that is overreliant on local property taxes. (DeRolph II at 8)

Overreliance on local property taxes was one of the factors that rendered the school-funding scheme deficient, yet this aspect of the former system persists in the state's current funding plan, wholly unchanged. (DeRolph II at 26)

Consequently, a revised funding scheme that increases reliance on local property taxes would not be "thorough and efficient." Thus, the General Assembly must avoid compounding the school-funding system's infirmities with new legislation that increases reliance on local property taxes. (DeRolph II at 28)

The state's failure to specifically address the school-funding system's overreliance on local property taxes is of paramount concern as we evaluate the state's attempts to craft a thorough and efficient system of funding. The state's argument that it can minimize this problem by addressing the other aspects identified in DeRolph I as contributing to the unworkability of the system in place at that time, see 78 Ohio St.3d at 212, 677 N.E.2d at 747, is unconvincing. (DeRolph II at 28)

The problem of overreliance on local property taxes must be independently addressed, and all potential solutions to this problem must be explored. (DeRolph II at 28)

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6. Fully Develop Human Potential

By the phrase “thorough and efficient” the Constitution places upon the state the “*duty to provide a system which allows its citizens to fully develop their human potential.*” (DeRolph I at 203)

The state must “*provide for the full education of all children within the state.*” (DeRolph I at 203)

The Constitution requires a system in which “*rich and poor people alike are given the opportunity to become educated so they may flourish and our society may progress.*” (DeRolph I at 203) To achieve this end, a full and complete education in which all children will have the opportunity to flourish with equal prospects in life the common school must provide the following as specified in the Trial Court decision:

- Sufficient oral and written communication skills to function socially and economically in Ohio and globally;
- Sufficient mathematics and scientific skills to function as a contributing citizen to the economy of Ohio and globally;
- Sufficient knowledge of economic, social and political system, generally, and of the history, policies, and social structure of Ohio and the nation and enable the student to make informed decisions;
- Sufficient understanding of governmental processes and of basic civic institutions to enable the student to understand and contribute to the issues that affect his or her community, state and nation;
- Sufficient self-knowledge and knowledge of principles of health and mental hygiene to enable the student to monitor and contribute to his or her own physical and mental well-being;
- Sufficient understanding of the arts to enable each student to appreciate his or her cultural heritage and the cultural heritages of others;
- Sufficient training, or preparation for advanced training, in academic or vocational skills, and sufficient guidance, to enable each child to choose and pursue life intelligently;
- Sufficient levels of academic or vocational skills to enable public school students to compete favorably with their counterparts in Ohio, in surrounding states, across the nation, and throughout the world, in academics or in the job market;
- Sufficient support and guidance so that every student feels a sense of self-worth and ability to achieve, and so that every student is encouraged to live up to his or her full potential;
- Sufficient facilities, equipment, supplies and instruction to enable both female and male students to compete equally within their own schools as well as schools across the State of Ohio and worldwide in both academic and extracurricular activities;
- Sufficient monitoring of the General Assembly to assure that this State’s common schools are being operated without there being mismanagement, waste or misuse of funds; and
- Sufficient facilities for each school district across the State that are adequate for instruction, safe, sanitary and conducive to providing a proper education as outlined by the above-mentioned criteria.

(DeRolph Trial Court Decision, July 1, 1994 pp 460-461)