



VIEWPOINT

ON PUBLIC ISSUES

August 13, 2007 • No. 92 • ISSN 1936-1491

Facts About School Finance in Ohio

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Summary

In response to the recent emphasis on school finance reform by policymakers and the media, Matthew Carr puts forth some concrete facts to inform the debate.

Main text word count: 701

Governor Ted Strickland has indicated that reforming school finance is a high priority for his administration. Editorial boards at several major state newspapers have applauded this initiative and lobbyists for the education establishment have no doubt been polishing their presentations. Given the importance of the issue, both for the state's one million plus students and the taxpayers who finance the system, it is critical that the coming debate be grounded in the facts. Some of the most important to keep in mind:

- Over the last 25 years, state spending on K-12 education has increased 67 percent, adjusting for inflation. In 1980, the state appropriated roughly \$5 billion (in 2006 adjusted dollars). By 2006 that figure had risen to over \$8.3 billion.
- This increase in state funding does not appear to have had much impact on local demands for revenue from the property tax. During the same time period, revenue raised locally increased by 43 percent, inflation adjusted. In 1980, roughly \$5.6 billion was raised locally (in 2006 dollars). By 2006, local revenue funds were raising just over \$8 billion.
 - Combined state and local spending for Ohio's K-12 school system has increased 50 percent since 1980, to over \$16 billion per year.
 - The state share of total school funding has remained unchanged. In 1980, the state paid roughly 43 cents of every education dollar spent in K-12 schools. Last year, that proportion was 42 cents of every education dollar.
 - The total number of students enrolled in the state's 600 plus school districts has remained essentially unchanged since 1980.
 - Equity, the ideal of providing more resources for disadvantaged students, is high and continues to increase. School districts with more than half of their student population labeled as disadvantaged spent, on average, roughly \$1,500 more per pupil than districts with lower levels of disadvantaged students. In fact, of the 10 highest spending districts, not counting the islands, two are high poverty, inner city school systems – Dayton and Youngstown. The average spending per pupil in the big eight city school systems is close to \$12,000 per pupil,



Injecting facts into the discussion is the first step toward implementing sound school finance reform.

significantly higher than the state average of \$8,750.

- Local property wealth continues to play a significant role in determining the resources available to schools, but the situation is improving. In 1998, the earliest year data is accessible, the correlation between property wealth and spending per pupil was 0.72. By 2005, the relationship had weakened slightly, to 0.62.
- The previous two findings, while counterintuitive, are not contradictory. Property wealth and the economic status of residents within a school district are not strongly correlated. Many urban and exurban areas contain large populations of disadvantaged students along with heavy industrial or corporate tax bases. Policymakers must be careful to take these situations into consideration when presented with traditional equity statistics which assume property wealth is synonymous with resident wealth.
- Equity and equality are two very different concepts. Equality means that every school system would receive the same funding level, perhaps adjusted for the local cost of doing business. Equity, on the other hand, refers to providing additional resources to disadvantaged students. When debating the goals of the school funding system, knowing the difference is critical.
- Despite the substantial increases in funding and the improvements in funding equity between districts, there has been little improvement in overall student performance and no change in the achievement gap. Results on the National Assessment of Education Progress, commonly referred to as the nation's report card, show negligible gains. Only 36 percent of eighth grade students are proficient or better in reading, and only math 30 percent are proficient or better in math.

There are plenty of ideas floating around about the best way to improve the school funding system in Ohio. Some will advocate for increased funding, some for more accountability and still others for a total overhaul of the system – perhaps a weighted student funding model or building-based management. Whatever the direction of these discussions, the facts laid out above should provide a solid foundation upon which to build a better way to finance schools. It is critical that the current debate on improving the school funding system in Ohio be grounded in facts.

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(Matthew Carr is the Education Policy Director with the Buckeye Institute for Public Policy Solutions, a research and educational institute located in Columbus, Ohio. More information is available at www.buckeyeinstitute.org. Permission to reprint in whole or in part is hereby granted, provided the author and his affiliation are cited.

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