

History of school funding in Ohio: 1935 Foundation Program to Ohio's income tax lottery

Prior to the 1935 School Foundation Program, Ohio schools were funded primarily by property tax. The Foundation Program obviously shifted that relationship. To fund the state share, Ohio enacted a 3% sales tax. Even so, from 1935 to the 1970's the state portion of the revenue for public K-12 education slipped from 50 percent to 30 percent by the 1970's. In fact, most government services were in dire need for a greater level of state funding.

Democrat Governor John Gilligan worked with a Republican legislature to enact a state income tax in the early 1970's. The state lottery came online via constitutional amendment in the early 1970's. Ohioans were encouraged to vote for the lottery by attaching lottery profits to the common school system. (The lottery was sold as a supplement to tax funding of schools but as it was administered, the lottery funds merely substituted for tax funding for public schools.)

In the mid 1970's a major school finance study was commissioned in Ohio. Subsequent to the study, the legislature enacted the Equal Yield school funding formula, which was where the next post will begin.

Along this school funding journey from 1935 to the mid 1970's, the people of Ohio amended the Constitution in 1953 to establish a State Board of Education with the Superintendent of Public Instruction attached to the State Board instead of the Governor's office. A previous attempt to establish a State Board of Education was defeated in 1939. It seems that Ohioans were becoming dissatisfied with the state-level governance of public education. The enabling legislation for the 1953 amendment detached the State Board of Education from the Governor. The sitting Governor in 1953 opposed the amendment. (Most of the governors since the passage of the amendment have been uneasy with the State Board as a separate branch of government.)

Fast forward to 2025, contrary to the 1953 amendment, the Ohio Department of Education is now back under control of the Governor!