

Public schools in a state are financed, in large part, by revenue derived from real estate taxes imposed by each school district on the taxable real property located in that district. Public schools also receive other revenue from private gifts, federal grants, student fees, and local sales taxes. For many years, the state has distributed additional funds, which come from the state treasury, to local school districts in order to equalize the funds available on a per-student basis for each public school district. These additional funds are distributed on the basis of a state statutory formula that considers only the number of students in each public school district and the real estate tax revenue raised by that district. The formula does not consider other revenue received by a school district from different sources.

The school boards of two school districts, together with parents and schoolchildren in those districts, bring suit in federal court to enjoin the state from allocating the additional funds from the state treasury to individual districts pursuant to this formula. They allege that the failure of the state, in allocating this additional money, to take into account a school district's sources of revenue other than revenue derived from taxes levied on real estate located there violates the equal protection clause of the Fourteenth Amendment. The complaint does not allege that the allocation of the additional state funds based on the current statutory formula has resulted in a failure to provide minimally adequate education to any child.

Which of the following best describes the appropriate standard by which the court should review the constitutionality of the state statutory funding formula?

- A. Because classifications based on wealth are inherently suspect, the state must demonstrate that the statutory formula is necessary to vindicate a compelling state interest.
- B. Because no fundamental right or suspect or quasi-suspect classification is implicated in this case, the plaintiffs must demonstrate that the funding allocation formula bears no rational relationship to any legitimate state interest.
- C. Because the funding formula inevitably leads to disparities among the school districts in their levels of total funding, the plaintiffs must only demonstrate that the funding formula is not substantially related to the furtherance of an important state interest.
- D. Because the statutory funding formula burdens the fundamental right to education, the state must demonstrate that the formula is necessary to vindicate a compelling state interest.

### Explanation:

Laws that unevenly distribute benefits can be challenged on **equal protection** grounds. These challenges are generally subject to **rational basis** review, where the challenger must show that the law is not rationally related to any legitimate state interest. But **intermediate scrutiny** is used for laws that substantially impact a **quasi-suspect class**. And **strict scrutiny** is used for laws that substantially impact a **suspect class** or **fundamental right**.

Here, a state statute calculates the distribution of funds from the state treasury based on the number of students in each public school district and the real estate tax revenue raised by that district. This formula has a disparate impact on school districts because it fails to account for other sources of revenue. But since this law does not affect a fundamental right, suspect class, or quasi-suspect class, rational basis review will apply.

**(Choices A & D)** The state must show that its law is necessary to vindicate a compelling state interest (ie, strict scrutiny) when the law substantially impacts a suspect class or fundamental right. In *San Antonio Indep. Sch. Dist. v. Rodriguez*, the Supreme Court held that (1) wealth-based classifications do not impact suspect or quasi-suspect classes and (2) education is not a fundamental right. Therefore, rational basis scrutiny will apply here.

**(Choice C)** The *state* would have had to demonstrate that its statutory funding formula *is* substantially related to an important state interest (ie, intermediate scrutiny) had the formula impacted a quasi-suspect class (ie, gender, legitimacy). But the statute does not do so.

### Educational objective:

Under the equal protection clause, a discriminatory law that does not substantially impact a fundamental right, suspect class, or quasi-suspect class will be reviewed under the rational basis test—ie, the challenging party must show that the law is not rationally related to any legitimate state interest.

### References

- U.S. Const. amend. XIV, § 1 (equal protection clause).
- *San Antonio Indep. Sch. Dist. v. Rodriguez*, 411 U.S. 1, 28, 37 (1973) (explaining that education is not a fundamental right and wealth is not a quasi-suspect or suspect class).

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