

# SCHOOL FUNDING 101:

AN OVERVIEW OF STATE FUNDING FOR PUBLIC SCHOOLS

New Member Orientation

November 20, 2024



# AGENDA

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- Ohio's public education landscape
- Why is school funding complicated?
- School funding in a nutshell

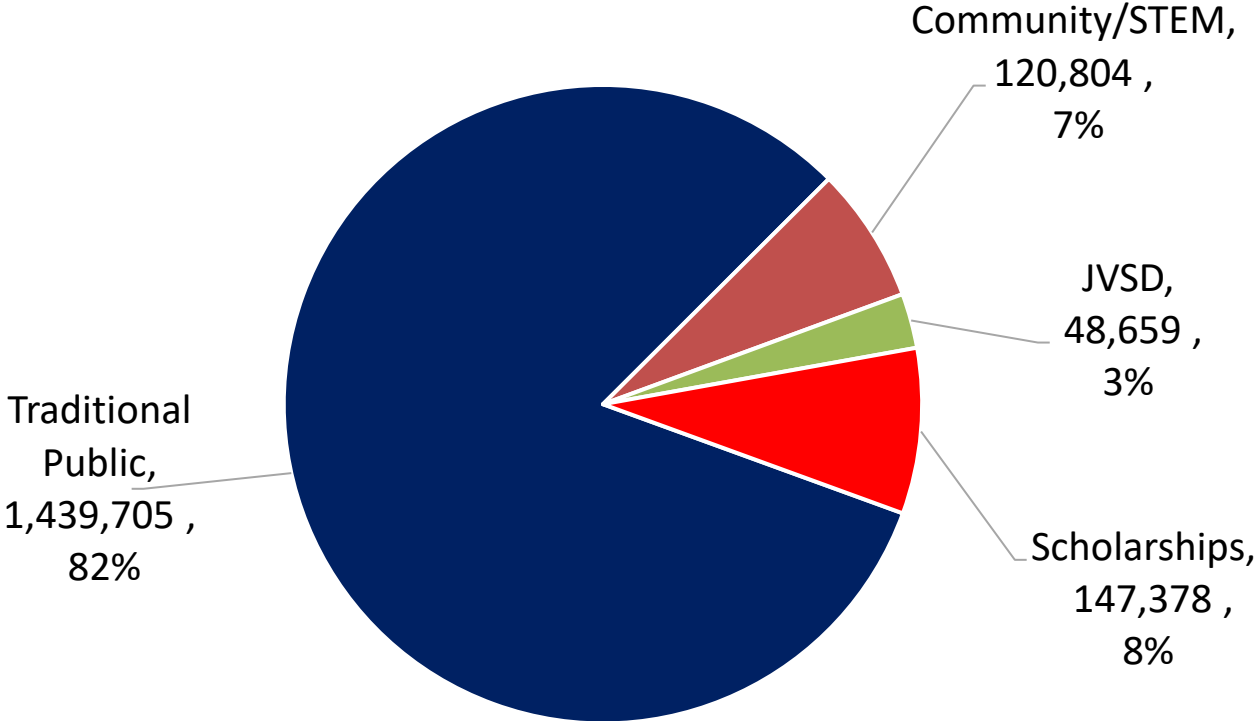
# OHIO'S PUBLIC EDUCATION LANDSCAPE

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- 611 traditional school districts
  - 49 joint vocational school districts
  - 350 community and independent STEM schools
  - 51 educational service centers
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- 1.8 million FTE students
  - 115,000 FTE teachers

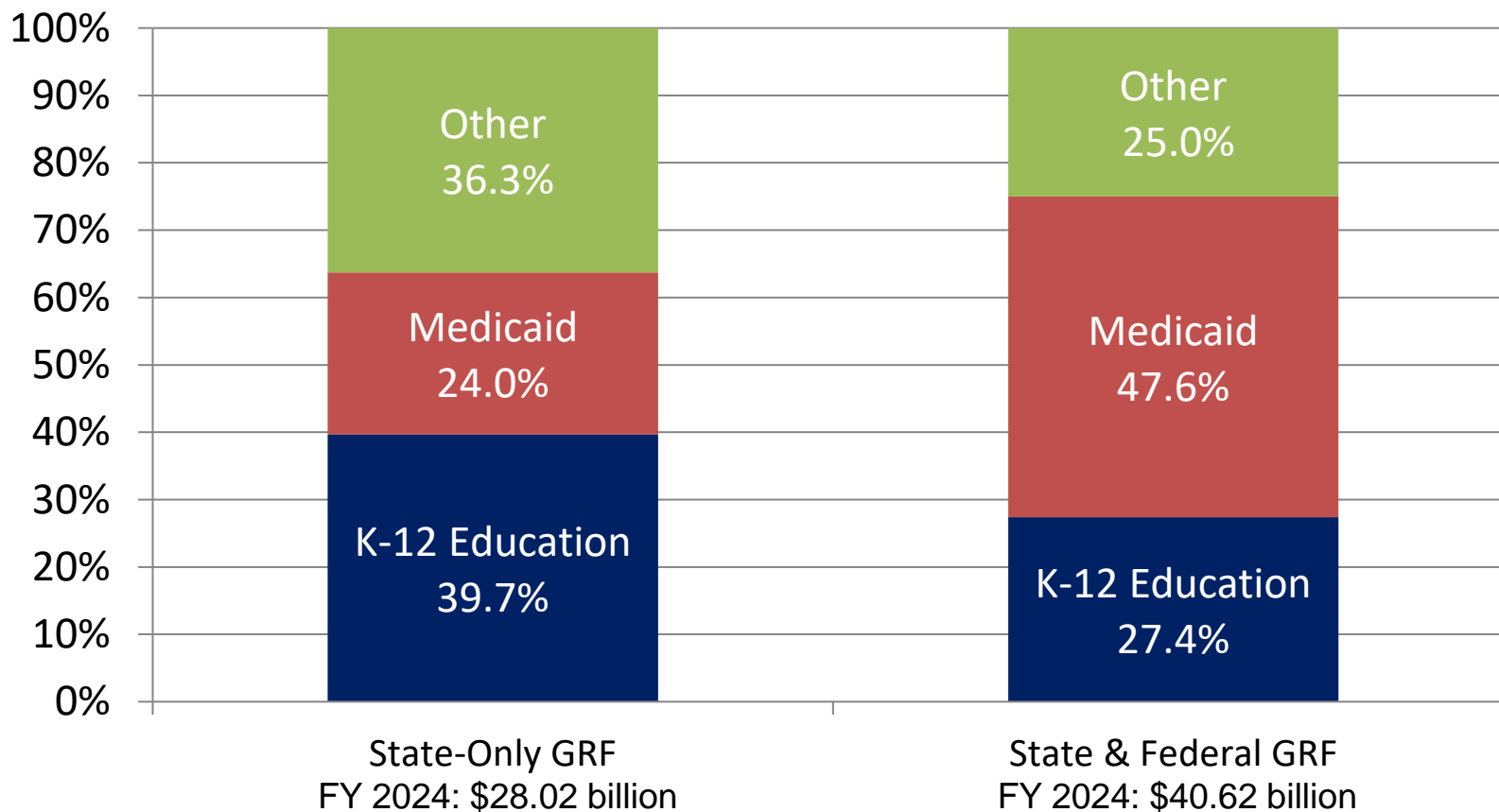
# WHERE ARE PUBLIC STUDENTS EDUCATED?

**Public Students by School Type, FY 2024**



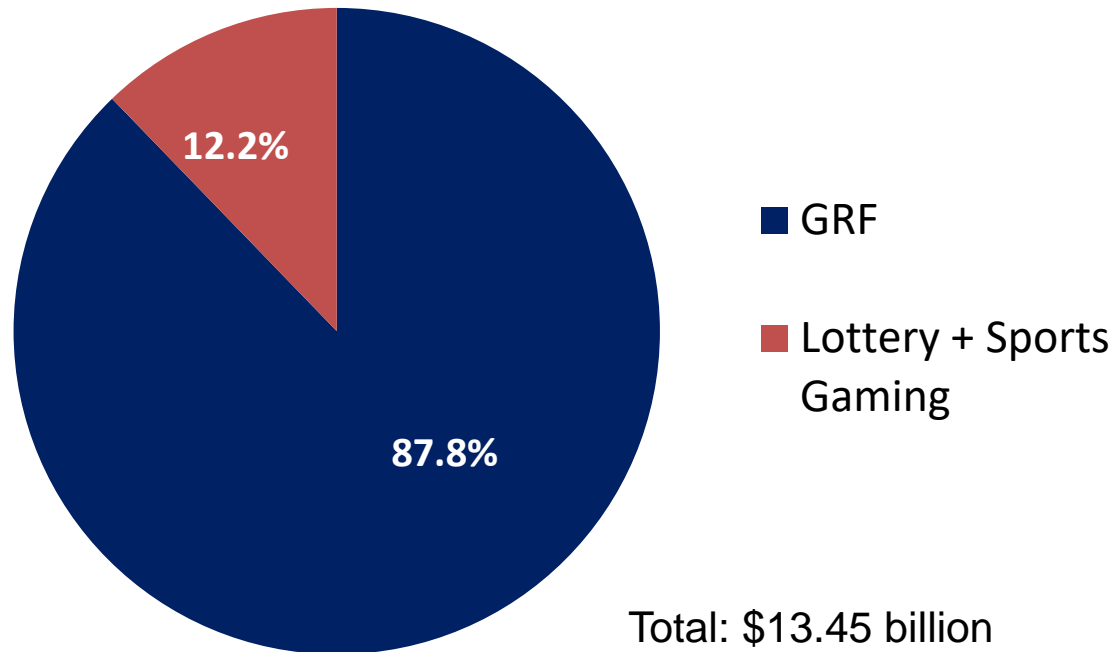
# IMPORTANCE OF K-12 EDUCATION TO STATE BUDGET

## GRF Program Spending by Program Area, FY 2024



# LOTTERY & SPORTS GAMING PROFITS COMPRISE SMALL SHARE OF EDUCATION FUNDING

## Lottery and Sports Gaming Profits as Share of Spending for K-12 Education, FY 2024



# WHY IS SCHOOL FUNDING COMPLICATED?

## A Balance

- Simplicity
- Uniform per-pupil funding



- Fairness
- Equal educational opportunity

# STUDENTS HAVE DIFFERENT NEEDS

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- “Regular” services
- Special education
- Economically disadvantaged
- Career-technical education
- Gifted education
- English learners



# DISTRICTS FACE DIFFERENT CHALLENGES

## ■ Students with disabilities

- Average – 15.1%
- Maximum – 27.2% (44 at or above 20%)
- Minimum – 5.0% (53 at or below 10%)

## ■ Economically disadvantaged

- Average – 52.5%
- Maximum – 100% (72 at or above 95%)
- Minimum – 1.9%, excluding island districts (20 at or below 10%)

## ■ English learners

- Average – 5.8%
- Maximum – 33.5% (39 at or above 10%)
- Minimum – 0% (106 at 0%)

# DISTRICTS FACE DIFFERENT CHALLENGES

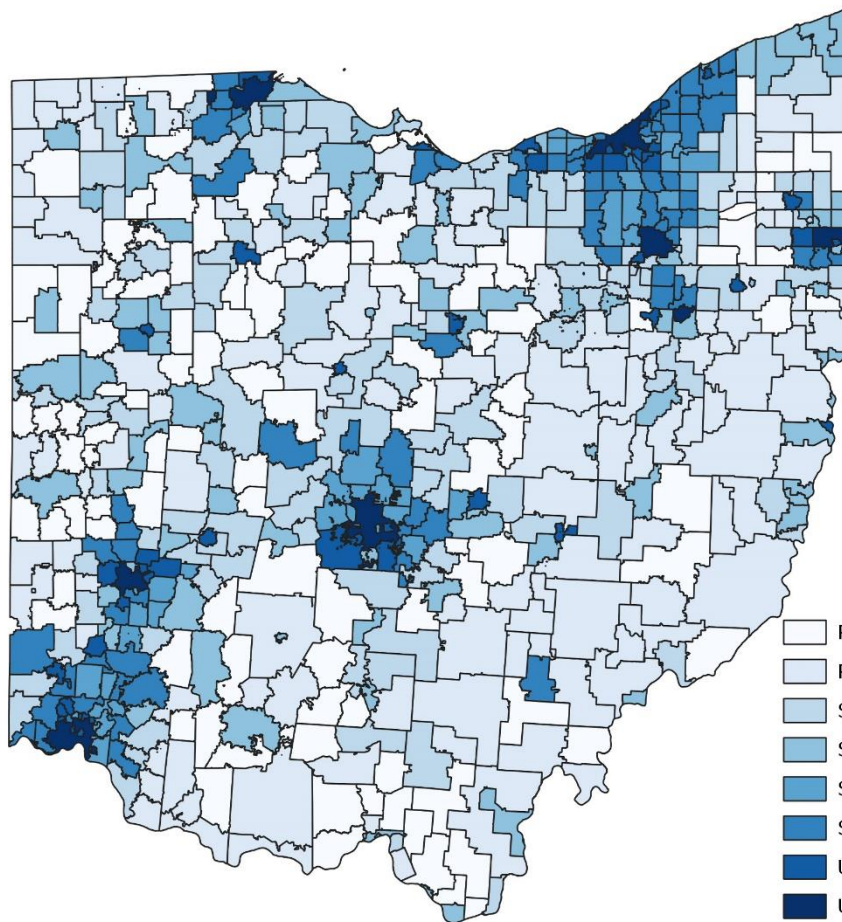
## ■ Enrollment

- Average – 2,400
- Maximum – 43,000 (5 above 20,000)
- Minimum – 150 (15 below 400)

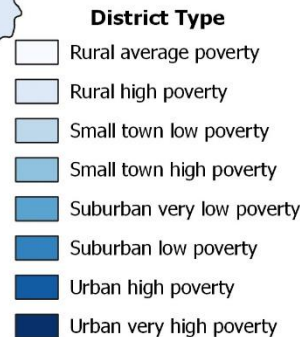
## ■ Geographic size

- Average – 68 square miles
- Maximum – 546 (9 above 300)
- Minimum – 1 (9 provide no yellow bus transportation)

# DISTRICTS FACE DIFFERENT CHALLENGES

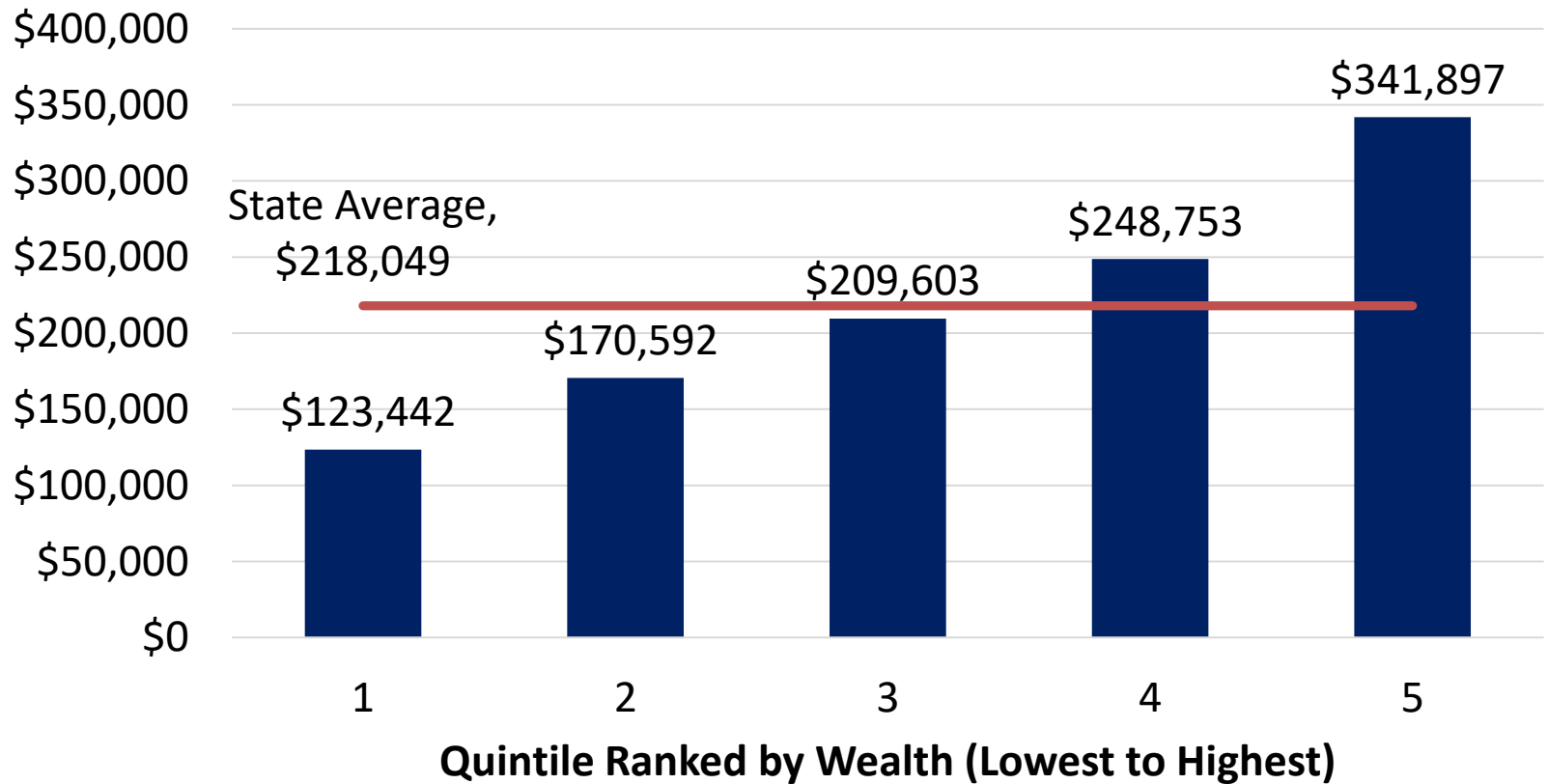


- 229 rural districts (37%)
- 199 small town districts (33%)
- 123 suburban districts (20%)
- 55 urban districts (9%)
  - 8 very large urban districts
- 5 island or small outlier districts (1%)



# DISTRICTS FACE DIFFERENT CHALLENGES

**Average Per-Pupil Valuation by Wealth Quintile, FY 2024**



# DISTRICTS FACE DIFFERENT CHALLENGES

- Impact of varying valuations – the same tax effort results in very different levels of local revenue
  - A 20 mill (2.0%) property tax levy generates:
    - An average \$2,500 per pupil for the lowest wealth districts (districts in quintile 1)
    - An average \$6,800 per pupil for the highest wealth districts (districts in quintile 5)

# SCHOOL FUNDING OVERVIEW

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# SCHOOL FUNDING IN A NUTSHELL

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- Funding the education of students enrolled in school districts is a partnership between the state and the school district
- A major goal of the state's school funding formula is to neutralize the effect of local property wealth disparities on students' access to a basic education
- Main drivers of a school district's funding:
  - Per-pupil property and income wealth
  - Enrollment and student characteristics
  - District-based funding guarantees

# SCHOOL FUNDING IN A NUTSHELL

- The formula funds students where educated
- Most funding is distributed based on a per-pupil “base cost” that is equalized according to district wealth
  - Seen as the cost of educating a “typical” student
  - Generally, the base cost is comprised of teacher and staff costs using various staff-to-student ratios and staff compensation amounts
  - Per-pupil base cost varies by district
    - Statewide average base cost per pupil in FY24 and FY25: \$8,242
  - The state makes up the difference between a district’s per-pupil base cost and a per-pupil local contribution based on a mix of property value and income measures

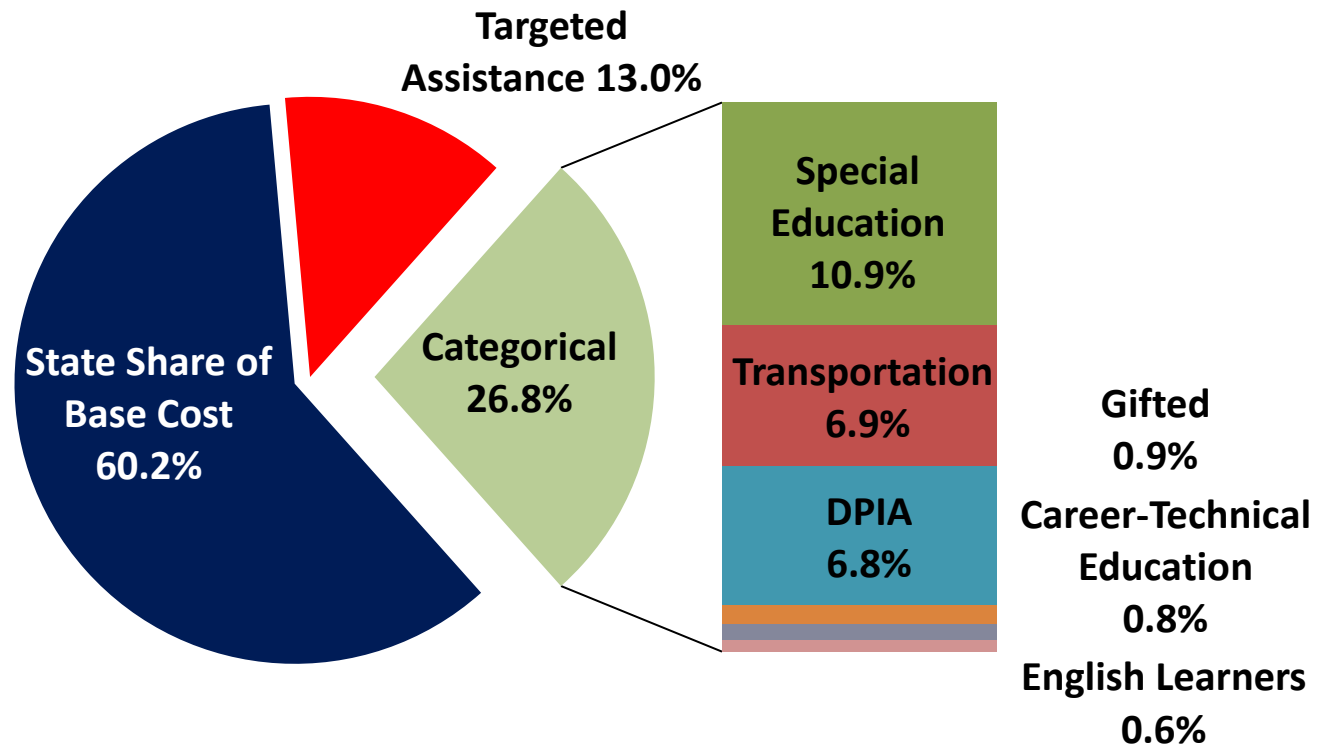


# SCHOOL FUNDING IN A NUTSHELL

- The formula also accounts for the unique circumstances of students and districts through “categorical” add-ons
  - Generally, the formula provides an additional weighted per pupil amount for students in each funding category and the funding is equalized through a measure called the state share percentage
  - DPIA takes poverty concentration into account but does not apply the state share percentage
  - Gifted funding is allocated mostly based on inputs. A certain number of units are funded for coordinators and intervention specialists based on the school’s student count
  - Transportation funding is based on statewide average costs per rider and per mile and district’s current year ridership and mileage

# SCHOOL FUNDING IN A NUTSHELL

## Shares of Foundation Aid by Component Before Phase-in and Guarantees, FY 2024



# SCHOOL FUNDING IN A NUTSHELL

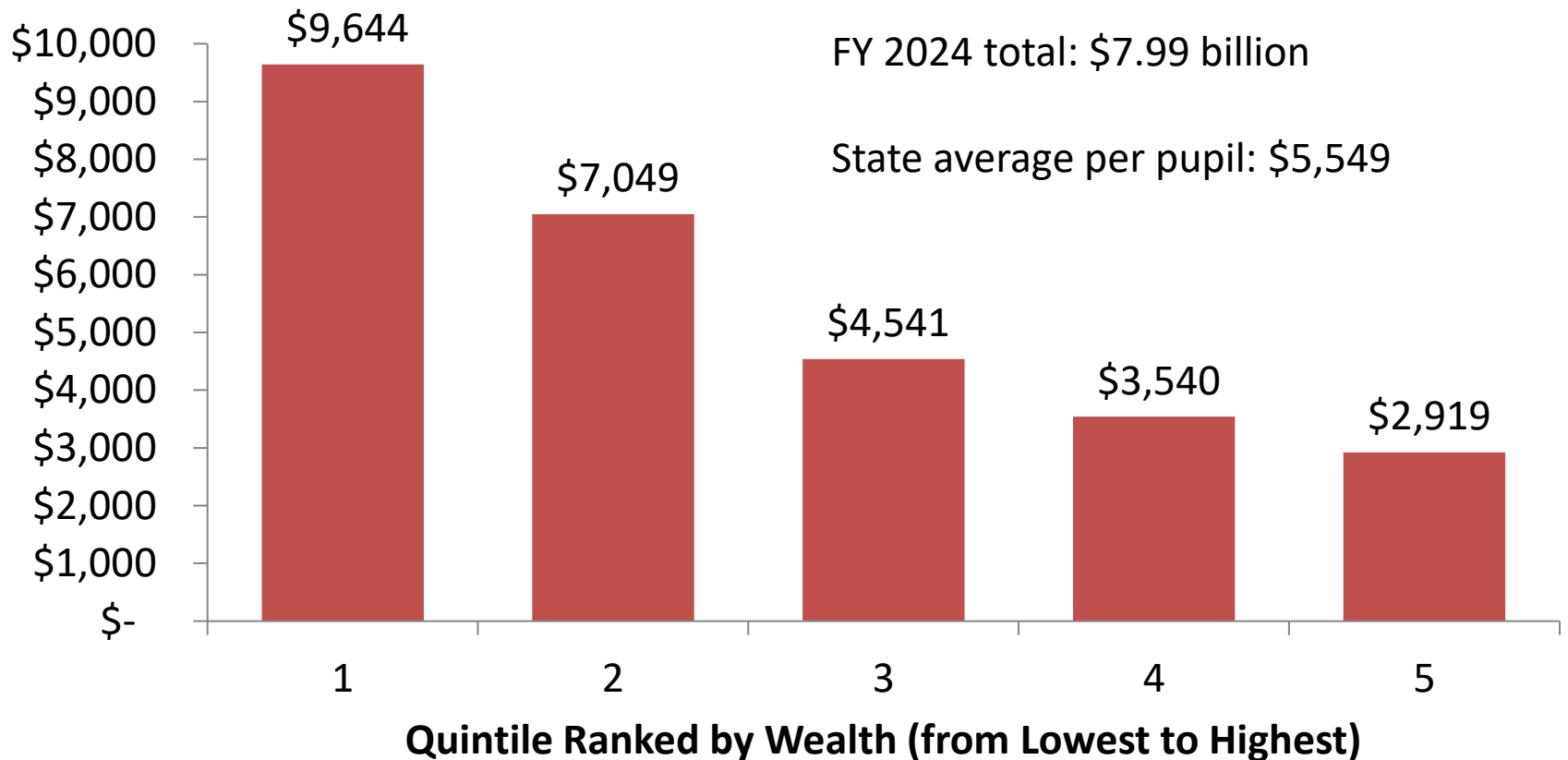
- Other features of the current formula:
  - Phased-in

Phase-in Percentages, FY 2022 – FY 2025			
FY 2022	FY 2023	FY 2024	FY 2025
16.67%	33.33%	50%	66.67%

- Per Revised Code, for FY26 and future years, components are calculated in a manner determined by the General Assembly

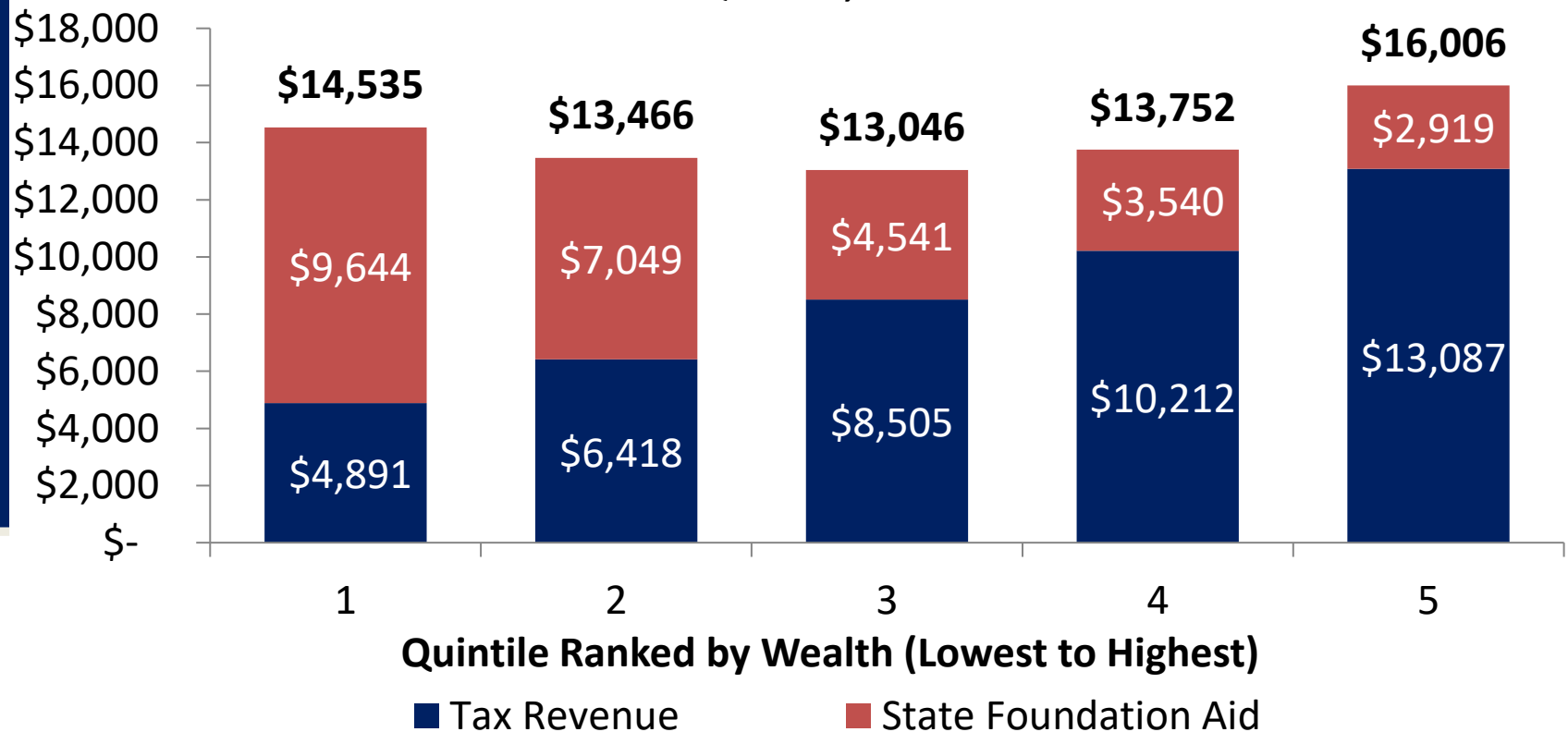
# LOWER WEALTH DISTRICTS RECEIVE MORE STATE AID PER PUPIL

Average Per Pupil State Foundation Aid by Wealth Quintile, FY 2024



# STATE FOUNDATION AID HELPS EQUALIZE PER-PUPIL OPERATING REVENUES

Tax Revenue and State Foundation Aid Per Pupil by Wealth Quintile, FY 2024



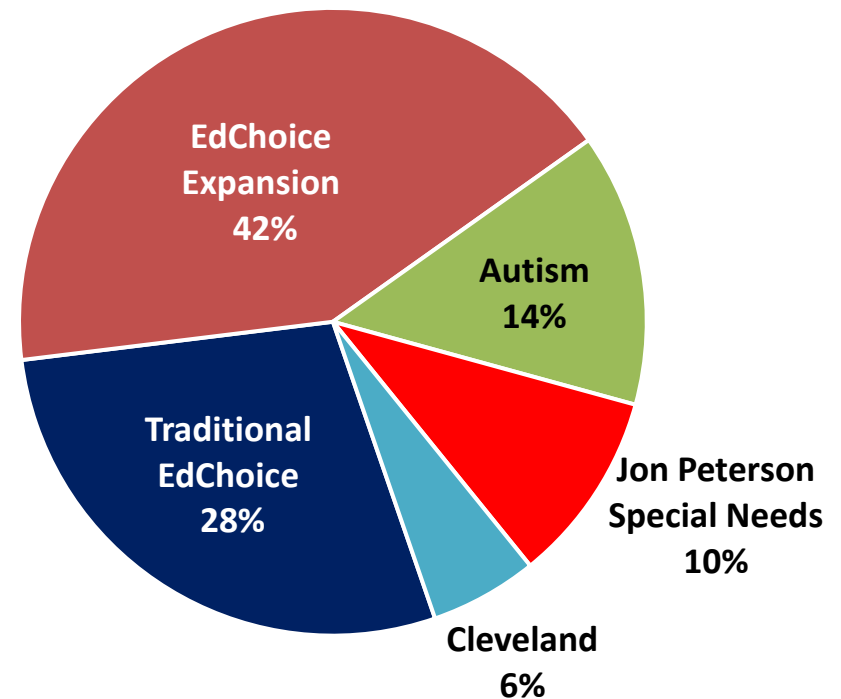
# COMMUNITY/STEM SCHOOLS AND JVSDs

- Formulas similar to traditional districts. However:
  - State share for community and STEM schools is, in effect, 100% since they do not have taxing authority
  - A JVSDs local share of the base cost is a uniform ½ mill (0.05%) multiplied by its valuation
- Community/STEM schools - \$1.19 billion in FY24
- JVSDs - \$445.9 million in FY24

# State Scholarship Programs

- Fund tuition for an approved education provider other than resident school district
- Universal eligibility for EdChoice Expansion but award means-tested above 450% FPL
- Other programs require a student to meet eligibility criteria to qualify
- Directly funded by the state
- Payment is generally lesser of:
  - Tuition
  - Max. amount (varies by program)
- FY24 total: \$961 million

Share of Scholarship Payments by Program, FY 2024



# ADDITIONAL RESOURCES

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- LSC website
  - LSC [Redbook](#) and [Greenbook](#) for DEW
  - LSC [Members Briefs](#)
  - [Ohio Facts](#)
  - [Infographics](#)
  - [Historical Revenues and Expenditures Tables](#)



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