

# FundEd: Ohio Report

## A Detailed Look at Ohio's Funding Policies



## Ohio



### Funding Basics

#### Formula Type

Ohio has a primarily student-based funding formula. It assigns a cost to the education of a student with no special needs or services, called a base amount. It then accounts for the additional cost of educating specific categories of students both through program-specific allocations and by adding supplemental, flat dollar amounts to the base amount for certain students.

The categories of students generating supplemental funding in Ohio are students in certain grade levels, English-language learners, low-income students, and students with disabilities. Services for students identified as gifted, students enrolled in career and technical education programs, and students in sparsely populated districts are funded through program-specific allocations.

The state also provides bonus funding to districts with high graduation rates and high rates of third-grade reading proficiency.

#### Base Amount

Ohio has a fixed base funding amount per student. For FY2018, the per-student base amount was \$6,010.

This means that an average student with no special needs or disadvantages would be funded at that level. Moreover, no district may receive less in FY2018 than it did in FY2017, excluding funding for career and technical education programs.

### Local Revenue

## Expected Local Share

Ohio expects school districts to contribute revenue to their public schools. The amount each district is expected to raise is based on a combination of its property values and its residents' income.

Once the state calculates the total amount of funding necessary to educate students within a district, it calculates the share of the amount that will be covered by state aid. This is accomplished through a multi-step formula that considers local property valuation per pupil compared to statewide property value per pupil, as well as local income levels, and statewide income levels. However, the state may not contribute less than 5% or more than 90% of each district's necessary funding, regardless of its local wealth.

The rest of the district's necessary funding is expected to be covered by local tax revenue. Certain program-based allocations are covered entirely by the state. Additionally, the state provides separate aid, called Capacity Aid, to property-poor districts. The amount of this aid is calculated using the value that would be produced by a tax rate of \$1.00 for every \$1,000 of assessed local property wealth in the district; the value that would be produced by such a tax rate statewide; and the value that would be produced by such a tax in all districts with below-median property values.

## Property Tax Floors and Ceilings

Ohio sets a level above which local property tax rates require voter approval. Localities, including school districts, counties, and cities and townships, may impose, in total, \$10.00 for every \$1,000 of assessed local property wealth without voter approval. School districts may impose further property taxes with voter approval.

Of the \$10.00 for every \$1,000 of assessed local property wealth that localities may levy without voter approval, school districts impose, on average, \$4.40 for every \$1,000 of assessed local property wealth. In addition, school districts may impose several other levies for operating costs, permanent improvement, and debt service with voter approval.

Some of these additional levies are increased or reduced to compensate for increasing or decreasing property values. However, the impact of this policy on school district tax rates is limited: a school district's combined tax rate from the nonvoted levy and one of the voted operating levies may not drop below \$20.00 for every \$1,000 of assessed local property wealth as a result of this limitation.

## Other Local Taxes for Education

School districts in Ohio may receive local revenue from property taxes, income taxes, sales taxes, and a tax on casino revenues.

In addition to property taxes, school districts in Ohio may impose income taxes and a countywide joint sales tax. School districts may impose an income tax in increments of 0.25%. As of January 2017, approximately 190 districts levied an income tax between 0.25% and 2%. In addition, school districts may impose a joint sales tax with other districts in the county for permanent improvement. However, only one county has done so.

School districts also receive funding from a tax on casino revenues. Thirty-four percent of the revenue from this tax is distributed to counties, which is then distributed to schools based on student count.

## District Characteristics

## Grade Level

Ohio provides different levels of funding for students in different grade levels. It does so by providing specific funding for students in grades K-3 to support early additional educational investment.

The funding is calculated for the pupils in grades K-3 based on a formula that takes into account enrollment in these grades and a measure of local wealth.

Specifically, the state multiplies the number of K-3 pupils in the district (excluding those enrolled in online public schools) by \$127, and separately multiplies that same K-3 enrollment by \$193 and then by the State Share Index, which is a measure of how much of the education funding burden should be shouldered by the state given the district's property tax base and its residents' income levels. These two products are added together to produce the total amount of early education funding that the state provides to each district.

## English-Language Learner

Ohio provides increased funding for English-language learners (ELLs). It does so in the form of a dollar allocation for each ELL that varies depending on the student's education history.

ELLs are divided into three categories for the purposes of this supplemental allocation. Students who have been enrolled in United States schools for no more than 180 days and have not previously been excused from testing in English Language Arts generate \$1,515 in supplemental funding. Students who have been enrolled in United States schools for over 180 days and have previously been excused from testing in English Language Arts generate \$1,136 in supplemental funding. Students who have been enrolled in regular education programs on a trial basis and are not included in either of the first two categories generate \$758 in supplemental funding.

All of these allocations are subject to Ohio's State Share Index, which is a measure of how much of the education funding burden should be shouldered by the state given the district's property tax base and the residents' income levels.

## Poverty

Ohio provides increased funding to students from low-income households and for districts with high concentrations of low-income students. It does so in the form of two allocations: one which provides funding for low-income students, adjusted for the concentration of low-income students in their district, and another, which provides increased funding for districts with high concentrations of low-income students and low levels of property wealth.

Ohio provides increased funding for low-income students through Economically Disadvantaged funding, which provides an amount to each district equal to \$272 for each economically disadvantaged student, multiplied by a poverty index. Economically disadvantaged students are those who are eligible for free or reduced price lunch under the National School Lunch Program; those who are known to be recipients of public assistance; and those meeting federal Title I income guidelines. The poverty index is the square of the ratio of the individual district's poverty percentage to the statewide poverty percentage.

Ohio also provides increased funding for districts with high concentrations of low-income students through Targeted Assistance, which is calculated using a multi-step formula. The formula first considers a per-student local wealth measure based equally on local property valuation and local household income. This figure is divided by a parallel statewide measure to produce a wealth index. The formula uses this information, along with information about general district enrollment and about the proportion of property in the district classified as agricultural real property, to provide supplementary funding to those districts with local wealth levels below a threshold level.

## Special Education

Ohio funds special education using a multiple student weights system, providing different levels of funding for different categories of students. Students are assigned to six different categories based on their specific disabilities.

Students are funded with category-specific flat allocations ranging from \$1,578 for each student in Category 1 (which includes those with speech and language impairments) to \$25,637 for each student in Category 6 (which includes those with autism, deaf-blindness, or traumatic brain injury). Catastrophic aid provides reimbursement of at least 50% of costs exceeding \$27,375 for children in Categories 2-5, or exceeding \$32,850 for children in Category 6. All of these allocations are subject to Ohio's State Share Index, which is a measure of how much of the education funding burden should be shouldered by the state given the district's property tax base and the residents' income levels.

The remainder of state special education funding is distributed through specific program-based allocations, including allocations for special education transportation and scholarships of up to \$20,000 apiece for children with autism to attend school outside their districts of residency.

## Gifted

Ohio provides increased funding for gifted and talented students. It does so through three program-based allocations that are calculated based on districts' total enrollment.

To provide for the identification of gifted students, the state provides \$5.05 per student in the district's total enrollment. Funding for Gifted Coordinator positions is allocated based on an assumed salary of \$37,370 for each coordinator, with funding for one coordinator provided for every 3,300 students in the district. Funding for Gifted Intervention Specialist positions is also allocated based on an assumed salary of \$37,370 for each specialist, with funding for one specialist provided for every 1,100 students in the district.

The state formula sets the minimum number of required coordinators at 0.5 per district and the maximum number at eight. It also sets the minimum number of required specialists at 0.3 per district.

## Career and Technical Education

Ohio provides increased funding for career and technical education (CTE) programs. It does so through a per-student allocation that varies depending on the particular career area that the student is studying, and a flat allocation of \$236 per student in any CTE program given to each lead district, which is a district providing primary CTE leadership and services for a consortium of districts.

Workforce development programs in Ohio are grouped into five categories for the purposes of this per-student funding. Per-pupil allocations range from \$1,308 to \$5,192. However, these per-pupil amounts are subject to Ohio's State Share Index, which is a measure of how much of the education funding burden should be shouldered by the state given the district's property tax base and the residents' income levels.

Category 1 programs, funded at \$5,192 per pupil, are those focusing on agriculture and environmental systems, construction technologies, engineering and science technologies, finance, health science, information technology, and manufacturing technology. Category 2 programs, funded at \$4,921 per pupil, are those focusing on business administration, hospitality and tourism, human services, law and public safety, transportation systems, and arts and communications. Category 3 programs, funded at \$1,795 per pupil, are career-based intervention programs. Category 4 programs, funded at \$1,525 per pupil, are those focusing on education and training, marketing, academics, public administration, and career development. Category 5 programs, funded at \$1,308 per pupil, are family and consumer science programs.

## Sparsity and/or Small Size

Ohio provides increased funding for sparse school districts. It does so through its transportation funding system.

As a part of a larger transportation funding system, the state provides supplemental transportation funding for districts with fewer than fifty students per square mile. The amount of the funding is equal to the difference between fifty and the district's actual number of students per square mile, multiplied by the state's regular rate of transportation funding per-mile, and then multiplied by 0.55.

For a complete list of primary sources, please see the appropriate state page at [funded.edbuild.org](http://funded.edbuild.org)

