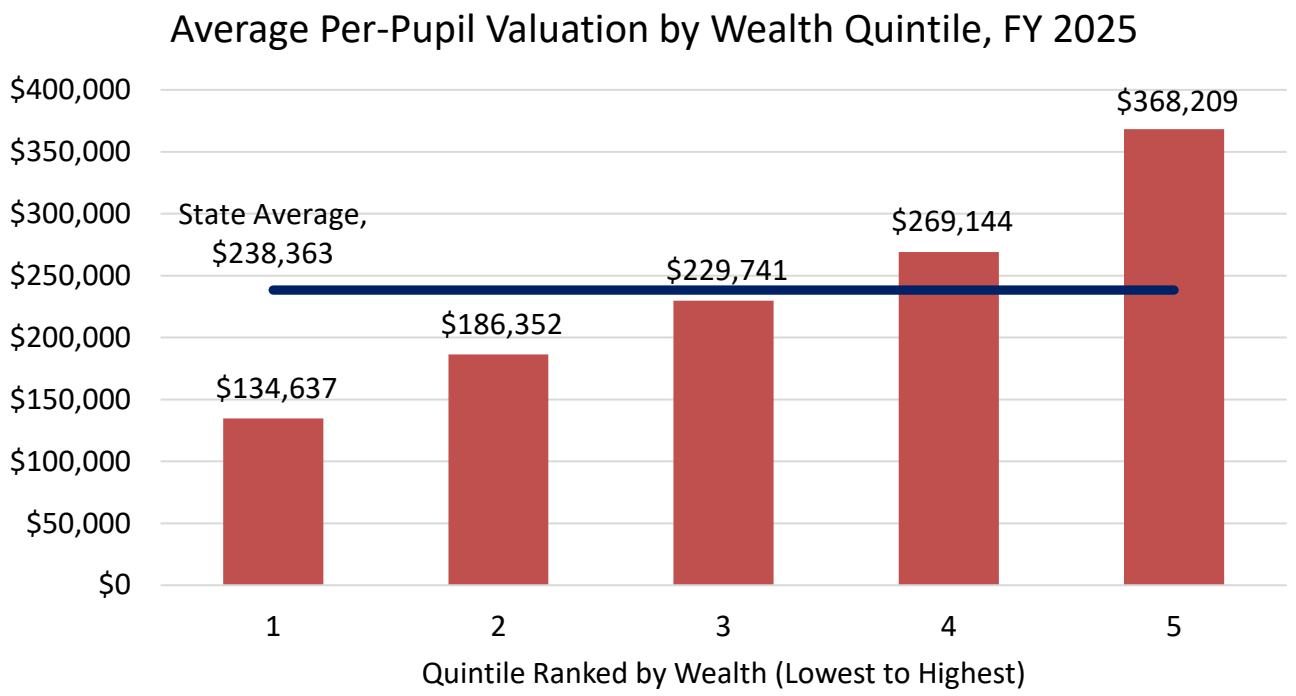
# Local Wealth Disparities and State Foundation Aid

# School district property values vary widely across Ohio

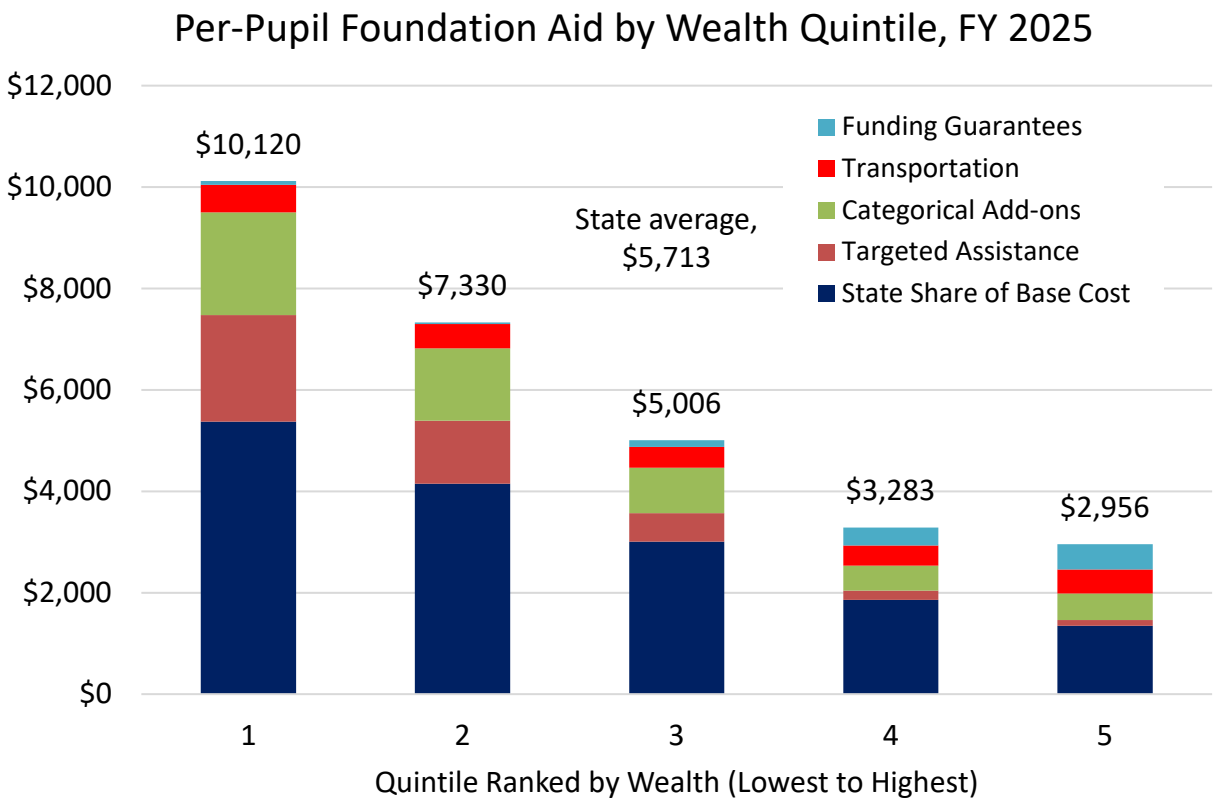



Sources: Ohio Department of Taxation; Department of Education and Workforce

Note: To create the quintiles used on this and the following three slides, school districts are first ranked from lowest to highest in property value per pupil. They are then divided into five groups, each of which contains about 20% of the statewide traditional district student population. Districts in quintile 1 have the lowest property wealth and districts in quintile 5 have the highest property wealth.

- Taxable property is distributed unevenly throughout the state, impacting districts' ability to raise local revenues.
- Valuations in the lowest wealth districts (quintile 1) average $135,000 per pupil, compared to $368,000 per pupil in the highest wealth districts (quintile 5).
- A 20-mill (2%) property tax levy generates:
  - An average of $2,693 per pupil for districts in quintile 1
  - An average of $7,364 per pupil for districts in quintile 5
- Property taxes make up about 94% of school districts' local revenues, meaning that a district's per-pupil property wealth indicates its capacity to raise local funds.
- A major goal of the state's school funding formula is to mitigate the effect of local property wealth on access to basic educational opportunities.
  - To achieve this, the formula uses a mix of property value and income to calculate a local contribution toward a per-pupil base cost amount that varies by district. State funding then provides the rest.

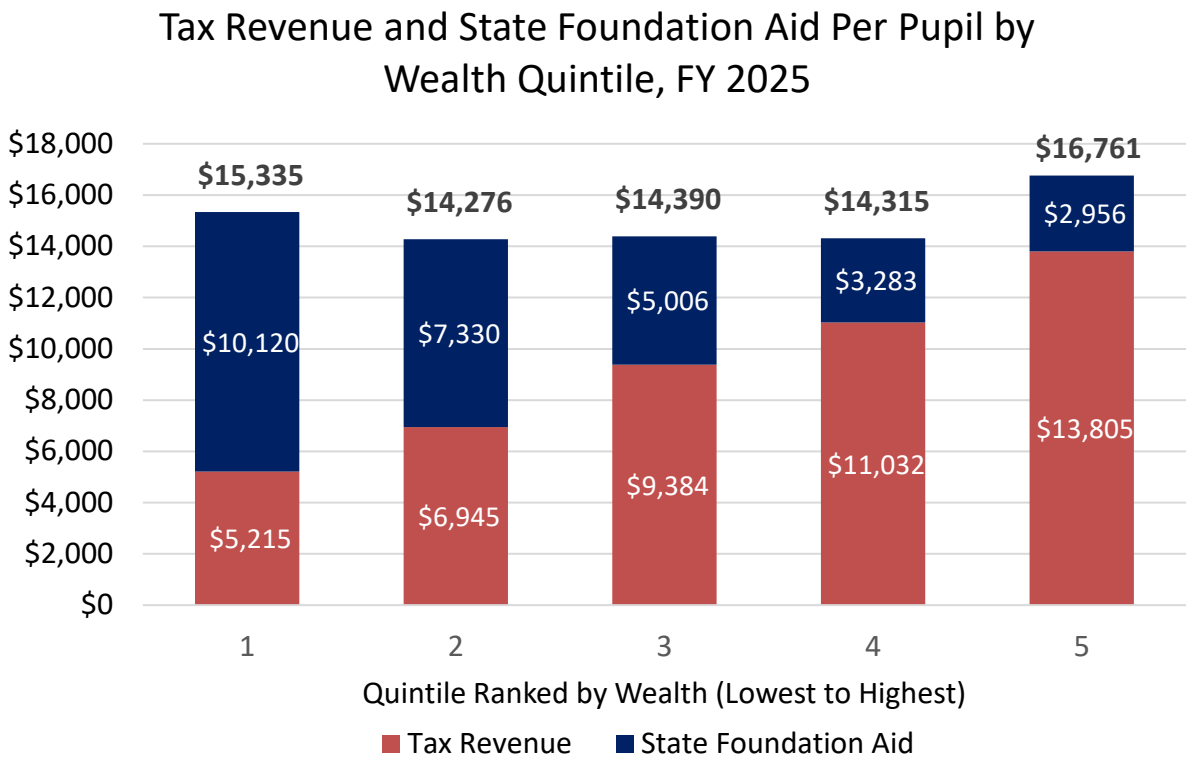
# School funding formula distributes more state aid to lower wealth districts




Source: Department of Education and Workforce

- In general, lower wealth districts receive more state foundation aid per pupil than higher wealth districts.
  - For FY 2025, the least wealthy districts averaged $10,120 per pupil
  - The wealthiest districts averaged $2,956, or about 29% of what the least wealthy districts received.
- The funding formula allocated 54.8% of state aid through the state share of the base cost, which supports the cost of regular education and varies based on local capacity.
- Targeted assistance (14.6%) generally provides additional funds to districts with low per-pupil or total wealth.
- Categorical add-ons (18.7%) support:
  - Special education (9.8%)
  - Economically disadvantaged students (6.8%)
  - Gifted student programs (0.9%)
  - Career-technical education (0.7%)
  - English learners (0.5%)
- Transportation aid (8.1%) is based on mileage and the number of students transported.
- Funding guarantees (3.8%) ensure a district's state aid does not fall below certain historical funding levels.

# State foundation aid helps equalize per-pupil operating revenues




Sources: Department of Education and Workforce; Ohio Department of Taxation

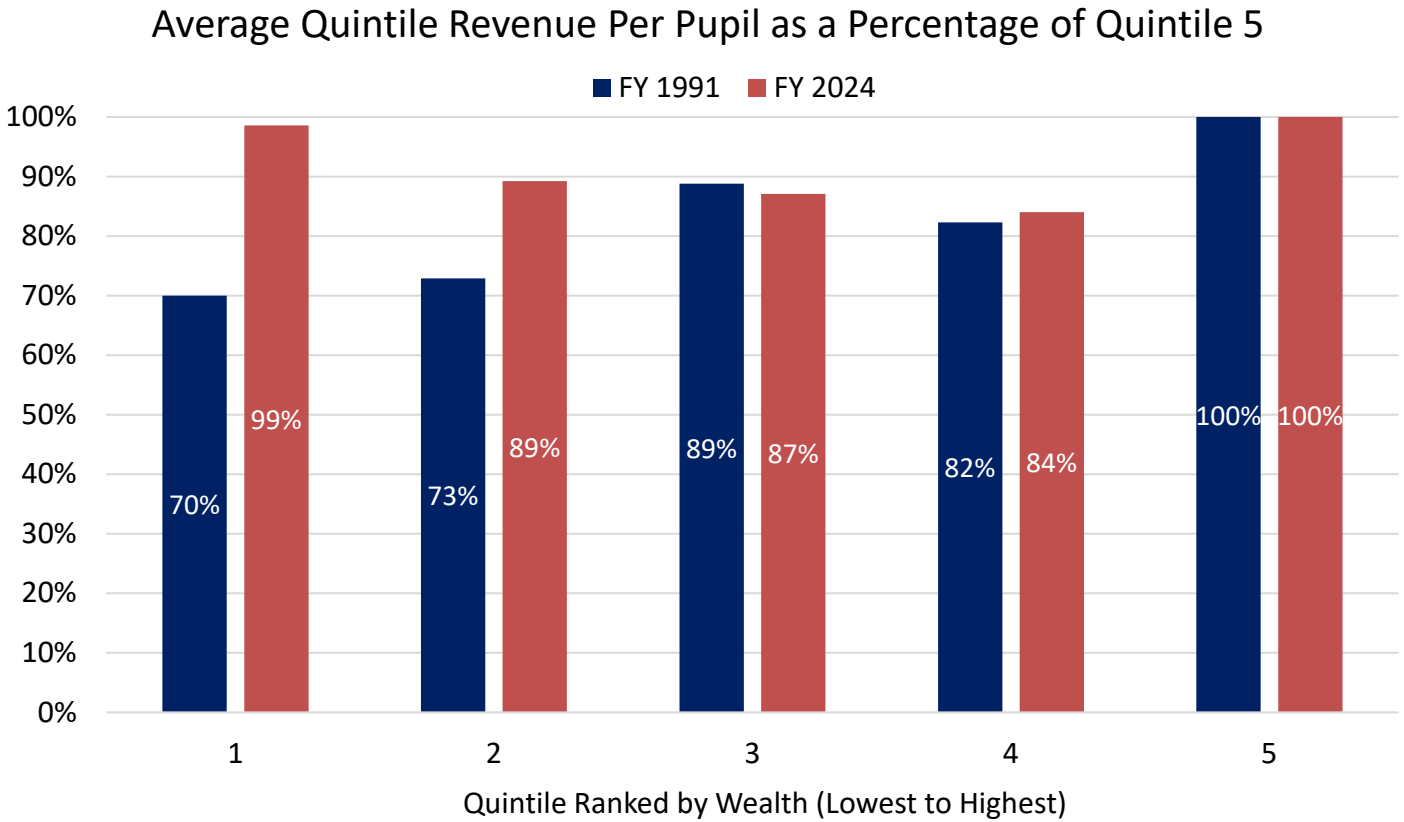
Note: In the chart, tax revenue includes locally paid property taxes, school district income taxes, and certain state-paid property tax rollbacks and reimbursements.

- State foundation aid helps to make up for differences in per-pupil revenues between school districts with less local tax revenue and those with more.
- The wealthiest districts, however, still have more resources.
- Tax revenues depend on a district's wealth and taxpayers' willingness and ability to approve tax levies. Ohio does not limit the amount of taxes local voters may approve for their schools.
- In FY 2025, five districts (excluding two island districts) raised over $25,000 per pupil from local taxes. By contrast, six districts raised less than $2,500 per pupil.

**State Foundation Aid Equalization of Operating Revenues, FY 2025**

| Quintile | % of Revenue per Pupil from State Aid | % of Revenue per Pupil from Local Taxes | Total Revenue per Pupil as % of Quintile 5 |
|---|---|---|---|
| 1 | 66.0% | 34.0% | 91.5% |
| 2 | 51.3% | 48.7% | 85.2% |
| 3 | 34.8% | 65.2% | 85.9% |
| 4 | 22.9% | 77.1% | 85.4% |
| 5 | 17.6% | 82.4% | 100.0% |

# Interdistrict equity improved since FY 1991




Source: Department of Education and Workforce.
Note: Revenue includes traditional school district operating revenue from all sources as reported by districts.

- Since FY 1991, average revenue per pupil in the lower wealth quintiles generally moved closer to that of districts in the highest wealth quintile.
- The biggest changes came in the two lowest wealth quintiles:
  - Quintile 1: +29 percentage points
  - Quintile 2: +16 percentage points
- District financial resources depend less on district wealth than in 1991:
  - Variation in per-pupil revenue explained by per-pupil property value:
    - FY 1991: 76%
    - FY 2024: 10%