Members Brief

An informational brief prepared by the LSC staff for members and staff of the Ohio General Assembly

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Public School Federal Operating Revenue

In FY 2024, federal operating revenue for public schools in Ohio totaled $3.18 billion, or 11.6% of public school revenue.

The largest category of ongoing federal support for public schools in Ohio was from Title I, Part A (Title I) of the Elementary and Secondary Education Act (ESEA), comprising $651.1 million. Title I is the federal government's main program for economically disadvantaged students with a purpose of ensuring that all children have an opportunity to obtain a high-quality education and reach proficiency on state academic achievement standards and assessments.

The second largest category of ongoing funding was from the Individuals with Disabilities Education Act, Part B (IDEA), comprising $490.5 million. IDEA funding is directed toward students with disabilities to assist districts in complying with federal requirements to provide a free appropriate public education in the least restrictive environment for children with disabilities, ages 3 through 21.

In FY 2024, public schools also received $1.84 billion in federal coronavirus relief funds to assist with expenditures necessary to address the pandemic.

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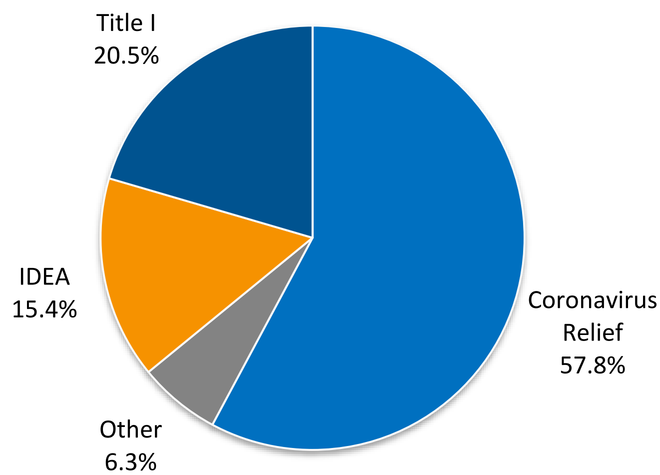
Federal dollars accounted for 11.6% of public school revenue in FY 2024. The federal revenue counted for purposes of this analysis includes the main formula-based funding that flows to schools through the state budget. It does not include competitive grants that either flow through the state budget or that flow directly to grant recipients. It also excludes reimbursements for federal child nutrition programs, such as those that provide reduced-price or free school meals. In FY 2024, this federal revenue totaled $3.18 billion. It is mainly directed toward economically disadvantaged and special education students and school coronavirus relief initiatives. Spending of federal revenue is generally restricted to purposes allowed by each grant.

Public School Federal Operating Revenue in Ohio, FY 2024



The chart above illustrates that federal coronavirus relief funds accounted for most of the federal dollars that public schools received in FY 2024, at 57.8%. However, these funds are temporary; in general, districts and schools must claim the funds by September 30, 2024 or earlier, depending on the grant. Recipients generally have had additional time after the period of availability ends to close out coronavirus relief grants. The majority of ongoing federal funding for local education agencies (LEAs) in Ohio comes from Title I, Part A (Title I) of the Elementary and Secondary Education Act (ESEA) and Individuals with Disabilities Education Act, Part B (IDEA). Title I comprised 20.5% of federal funding for Ohio schools and IDEA comprised 15.4%. This brief focuses on these three major sources. The “Other” category, comprising 6.3%, includes funding for improving teacher quality, career-technical education, student support and enrichment, early childhood education, English language acquisition, and rural and low-income education. Title I represented 48.6% of total federal funds excluding coronavirus relief, followed by IDEA at 36.6% and the other funds at 14.8%.

Title I funding for economically disadvantaged students

The federal government’s main program for economically disadvantaged students is authorized by Title I. The purpose of Title I is to ensure that all children have an opportunity to obtain a high-quality education and reach proficiency on state academic achievement standards and assessments.

FY 2024 funding

In FY 2024, $651.1 million in Title I funds were distributed to public schools in Ohio. Table 1 below shows the distribution of federal Title I funding by district typology. Federal funding through Title I is based primarily on U.S. Census data of low-income students. Ohio's Title I funding is concentrated in districts with high percentages of student poverty, as illustrated in the table below. Average Title I funding per pupil in FY 2024 ranges from a high of $1,119 for urban districts with very high poverty to a low of $82 for suburban districts with very low poverty. Services are provided to students identified as having the greatest need for assistance and being most at risk of failing state academic achievement standards.

Title I funding formulas

Title I funds are currently allocated through four statutory formulas based primarily on U.S. Census poverty estimates and the cost of education in each state. According to the U.S. Department of Education (USDOE), the four statutory formulas are used to distribute:

1. **Basic Grants**, which provide funds to LEAs in which the number of children counted in the formula (formula children) is at least ten and exceeds 2% of an LEA's school-age population.

2. **Concentration Grants**, which provide funds to LEAs that are eligible for Basic Grants and in which the number of formula children exceeds 6,500 or 15% of an LEA's total school-age population.

3. **Targeted Grants**, which are based on the same data used for Basic and Concentration Grants except that the data are weighted so that LEAs with higher numbers or higher percentages of children receive more funds. Targeted Grants provide funds to LEAs in which the number of formula children (without application of the formula weights) is at least ten and at least 5% of the LEA's school-age population.

4. **Education Finance Incentive Grants** (EFIG), which distribute funds to states based on factors that measure (a) a state's effort to provide financial support for education compared to its relative wealth as measured by its per-capita income, and (b) the degree to which education expenditures among LEAs within the state are equalized. Once a state's EFIG allocation is determined, funds are allocated to LEAs in which the number of children from low-income families is at least ten and at least 5% of the LEA's school-age population.

   The Title I formula includes children ages 5-17 that meet any of the following criteria:

- Below the federal poverty level, as determined by the U.S. Census Bureau;
- Above the federal poverty level but receiving Temporary Assistance for Needy Families (TANF) payments; or
- Children in institutions for neglected or delinquent children or those in foster homes.

An LEA's initial Title I allocation is the sum of the amount that the LEA receives under each formula.[1]

Allocations to LEAs

The Department of Education and Workforce (DEW) receives predetermined allocations from the federal government for traditional districts based on the federal formula. DEW makes adjustments to the traditional school district allocations to account for funds it reserves for state administration (up to 1%), school improvement (7% generally), direct student services (up to 3%), and neglected and delinquent youth (based on funds generated by those youth), and to provide funds for community (charter) and STEM schools, which are not included in the statutory formula calculations. The community and STEM school allocations are determined based on enrollment data. Title I funds also provide equitable services to eligible children enrolled in private schools.

LEAs target the Title I funds they receive to schools with the highest percentages of children from low-income families by implementing targeted assistance programs and school wide programs. Targeted assistance programs focus Title I services on children who are failing, or most at risk of failing, to meet state academic standards. Schools in which children from low-income families make up at least 40% of enrollment are eligible to use Title I funds to operate school wide programs that serve all children in the school in order to raise the achievement of the lowest-achieving students.

Allowable use of Title I funds

Title I funds are allowed to be used for employee salaries and benefits, educational materials (DEW recommends districts spend no more than 10% of allocation on supplies and equipment), and operational needs (e.g., school maintenance and cleaning and Title I conferences).[2] Title I funds are subject to federal maintenance of effort (MOE) provisions that generally prohibit LEA spending from state and local sources from falling below a certain level and "supplement, not supplant" requirements aimed at preventing federal funds from being used to replace state and local funds.

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[1] For additional details concerning the calculation of Title I, Part A allocations, see the Congressional Research Services' (CRS) report entitled ESEA Title I-A Formulas: A Primer (PDF) which is accessible by conducting a keyword "Title I-A Primer" search on the CRS website: crsreports.congress.gov.

[2] See DEW's Office of Federal Programs Resource Guide: Basics of the Elementary and Secondary Education Act Programs (PDF), which is accessible by conducting a keyword "ESEA resource guide" search on the DEW website: education.ohio.gov.

Table 1. Title I and IDEA Funding Per Pupil by District Type, FY 2024							
Comparison Group – Description		Number of Districts	Student Poverty %	Title I Per Pupil	% Special Education	IDEA Per Pupil
Rural	High poverty, small population	123	59.0%	$364	17.2%	$281
Rural	Average poverty, very small population	106	45.2%	$250	15.1%	$222
Small town	Low poverty, small population	110	38.8%	$181	14.6%	$250
Small town	High poverty, average population	89	64.0%	$391	17.4%	$277
Suburban	Low poverty, average population	77	41.0%	$177	15.6%	$268
Suburban	Very low poverty, large population	46	22.5%	$82	13.7%	$242
Urban	High poverty, average population	47	81.8%	$604	19.8%	$313
Urban	Very high poverty, very large population	8	96.3%	$1,119	21.2%	$371
		Average	**54.0%**	**$376**	**16.7%**	**$279**

Individuals with Disabilities Education Act

The second largest source of ongoing federal operating revenues for public schools is authorized by IDEA. This funding is directed toward students with disabilities to assist districts in complying with federal requirements to provide a free appropriate public education (FAPE) in the least restrictive environment for children with disabilities, ages 3 through 21.[3]

FY 2024 funding

In FY 2024, $490.5 million in IDEA funds were distributed to public schools in Ohio. Table 1 above shows the distribution of federal IDEA funding by district typology. Although special education students are more evenly distributed among districts than economically disadvantaged students, they are more heavily concentrated in urban districts. Average IDEA funding per pupil in FY 2024 ranges from a high of $371 for very large urban districts, which have

[3] 34 Code of Federal Regulations (C.F.R.) § 300 *et. seq*. and Ohio Administrative Code § 3301-51-02.

an average of 21.2% of enrollment receiving special education, to a low of $222 for very small rural districts, which have an average of 15.1% of enrollment receiving special education.

IDEA funding formula

IDEA grants for states are allocated through a federal funding formula. The formula starts with each state's IDEA allocation for FY 1999 (the "base year"). If the IDEA appropriation to states remains the same or increases from one year to the next, 85% of the funds above the base year are allocated based on the relative population of children who are in the age range for which the state ensures the availability of FAPE to children with disabilities. Ohio provides FAPE to children ages 3 to 21. The remaining 15% of funds above the base year are allocated based on the relative population of children ages 3 to 21 living in poverty. Once a state's initial grant is determined based on these factors, it is subject to certain minimum and maximum amounts that are calculated based on various formulas. If the amount available for allocation to states decreases from the prior year, any amount available for allocation to states above the FY 1999 level is allocated based on the relative share of increased funding that the states received between FY 1999 and the prior year. If there is a decrease below the amount allocated for FY 1999, each state's allocation is reduced from the FY 1999 level in proportion to the reduction in overall funding. Since 1999, IDEA funding has not decreased below FY 1999 levels.[4]

Allocations to LEAs

DEW provides most of the state's IDEA allocation as subgrants to LEAs. However, it may reserve certain amounts for state administration and state-level activities. After these reservations are taken into account, DEW distributes IDEA funding to LEAs using a formula similar to the one used for determining each state's allocation. Specifically, after DEW determines each LEA's base amount based on its FY 1999 allocation, it distributes 85% of the remaining amount according to each LEA's share of the current population of children in both public and private schools and 15% of the remaining amount according to each LEA's share of current students living in poverty. In the LEA distribution formula, however, the LEA base amounts are adjusted for new LEAs that have been established since FY 1999 and other circumstances and no minimum or maximum amounts are calculated.

Allowable use of IDEA funds

The federal government requires that IDEA funds are used for the education and services of students with a disability, to strengthen education, drive reforms, and improve results for students. IDEA funds may be used for teachers and support staff (salaries, benefits, and training), instruction supplies and equipment (including assistive technology), intervention services, and administrative expenses (related to program implementation, evaluation, student transportation, and facility improvements benefiting students with disabilities). IDEA funding cannot be used for general expenditures that generally benefit all students in a building or

[4] For additional details concerning the calculation of IDEA allocations, please see the Congressional Research Services' report entitled The Individuals with Disabilities Education Act (IDEA) Funding: A Primer which is accessible by conducting a keyword "IDEA funding" search on the CRS website: crsreports.congress.gov.

district.[5] In addition, IDEA funds are subject to federal MOE and "supplement, not supplant" requirements.

Coronavirus relief funds for education

In addition to the ongoing federal funding described above, school districts and other public schools have received a substantial infusion of federal funds to respond to the COVID-19 pandemic and its impacts on primary and secondary education. The federal Coronavirus Aid Relief, and Economic Security (CARES) Act, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, 2021, enacted as part of the federal Consolidated Appropriations Act, 2021, and the American Rescue Plan (ARP) Act provide Ohio with a total of $6.96 billion in Elementary and Secondary School Emergency Relief (ESSER) funds, by far the largest source of coronavirus school relief funds. The vast majority of these funds (90%) flow as formula grants to LEAs, with the remainder used for state-level activities and administration. In addition, public schools received supplemental federal coronavirus relief funds from the ARP Act for students with disabilities or who are homeless. Public educational entities that did not qualify for ESSER funds received portions of Ohio's flexible allocations from the Governor's Emergency Education Relief (GEER) Fund.

Like other federal education funds, DEW generally distributes coronavirus relief funds to districts and schools through reimbursements for the eligible expenses they incur. The Department's payments in a given year, therefore, depend in part on the timing of district and school claims for reimbursement. Overall, DEW distributed $1.84 billion of coronavirus school relief funds to public schools in FY 2024. Table 2 below breaks out this amount by funding source. Additional details for each program follow the table.

Table 2. DEW Federal Coronavirus School Relief Expenditures by Funding Source (in millions), Public Schools, FY 2024

Funding Source	Expenditures
ESSER Fund	$1,796.8
Supplemental funds for certain student populations	$36.5
GEER Fund	$5.4
Total	**$1,838.7**

Elementary and Secondary School Emergency Relief funds

In FY 2024, public schools received $1.80 billion in ESSER funds. Of this amount, $1.70 billion came through the federal formula for LEAs and the remaining $92.4 million was

[5] See DEW's IDEA Part B funds; Use of Funds Guidance, which is accessible by conducting a keyword "IDEA Part B funding" search on the DEW website: education.ohio.gov.

provided through various state-level activities. The federal acts require ESSER funding to be allocated to LEAs in proportion to each LEA's share of Title I, Part A funds for the most recent fiscal year. ESSER funds may cover a variety of expenses related to the impact of COVID-19 on education. Allowable uses of ESSER funds include maintaining continuity of services and employment of existing LEA staff; purchasing educational technology to aid in educational interactions between students and teachers; coordinating and improving COVID-19 preparedness and response efforts; training LEA staff on sanitation and purchasing supplies to sanitize school facilities; providing mental health services and supports; addressing learning loss though the implementation of evidence-based interventions, such as summer learning or school enrichment, extended day, comprehensive afterschool programs, or extended school year programs; addressing the needs of individual schools and the unique needs of low-income children, students with disabilities, and other vulnerable populations; and planning and implementing summer learning and supplemental afterschool programs.[6]

Through the end of FY 2024, LEAs have received a total of $5.78 billion (92%) of the $6.26 billion in ESSER funds allocated by federal formula across all three coronavirus relief acts. ESSER funds from the CARES Act (ESSER I), CRRSA Act (ESSER II), and ARP Act (ARP ESSER) were available to claim through September 30 of 2022, 2023, and 2024 respectively. However, recipients generally have additional time after the period of availability ends to close out (liquidate) their ESSER funds. According to DEW, ARP ESSER funds may be liquidated through March 2026.

Supplemental funds for certain student populations

In addition to ESSER funds, the ARP Act allocated supplemental federal funding for students with disabilities and students who are homeless. The ARP Act provided Ohio with $99.2 million to support the provision of special education and related services to school-age and preschool students with disabilities. These funds are distributed in proportion to the amount of federal IDEA funds each recipient receives. None of this funding may be used for state activities. DEW distributed reimbursements totaling $26.7 million to public schools in FY 2024. Through the end of FY 2024, public schools have received a total of $92.3 million (93%) of the state's allocation. Public schools were required to claim these funds by September 30, 2023.

Additionally, in the ARP Act, Congress provided funds to districts and schools to support the specific needs of homeless children and youth, including identification, facilitating student participation in school activities, and providing wraparound services. Ohio's allocation of these funds amounts to $29.3 million. At least 75% of Ohio's award provides supplemental allocations for (1) existing recipients of the federal McKinney-Vento homeless education grants, distributed competitively in equal shares, and (2) districts or schools that do not typically receive McKinney-Vento funds, based on the Title I formula and the number of enrolled homeless students in each district or school. Up to 25% of the state's award may be used for state-level activities. DEW is using a majority of the state-level funds to award homeless targeted support grants. DEW

[6] For additional details concerning ESSER funds, see the USDOE's Elementary and Secondary School Emergency Relief Fund website, which is accessible by conducting a keyword "Elementary and Secondary School Emergency Relief Fund" search on the USDOE website: oese.ed.gov.

awarded these grants on a competitive basis to support students experiencing homelessness in Head Start programs and JVSDs as well as traditional districts and community schools with fewer than ten students identified as homeless. Each of the 286 recipients received $16,500. Public schools received ARP Act homeless children and youth funding totaling $9.8 million in FY 2024 and $19.7 million overall including FY 2022 and FY 2023 payments. Public schools were required to claim these funds by September 30, 2024.

Governor's Emergency Education Relief Fund

Congress provided additional emergency support funding from the flexible Governor's Emergency Education Relief (GEER) Fund to assist states with responding to the COVID-19 pandemic and maintaining educational services. In general, GEER funds may be used to provide grants to LEAs, higher education institutions, and other education-related entities as well as to provide childcare, early childhood education, social and emotional support, and the protection of education-related jobs. GEER funds were provided in two rounds – the first came from the CARES Act (GEER I) and the second came from the CRRSA Act (GEER II). Ohio chose to allocate $45.7 million from its GEER I allocation and $22.7 million from its GEER II allocation, totaling $68.4 million, to support formula payments to public educational entities that did not receive subsidies through ESSER funds, such as county DD boards, ESCs, and JVSDs. In general, DEW distributed the funds to these entities on a per-pupil basis. The remaining GEER I and II funds were allocated for K-12 mental health, higher education, childcare, school-based health centers, and other initiatives.

In FY 2024, DEW paid $5.4 million in formula funds to public educational entities. From FY 2021 to FY 2024, payments of these funds totaled $67.6 million. GEER I and II funds were available for claiming until September 30 of 2022 and 2023, respectively.