

## WBNS Article Erroneously Confuses State Aid Formula Amounts with Sports Betting Revenues

A recently released story on sports betting in Ohio has confused sports betting tax revenues with state foundation aid. In 2023, the first year of legalized sports betting, Ohioans made nearly \$7.7 billion in legal sports wagers. These wagers resulted in \$936.9 million in taxable net profits for gambling enterprises in calendar year 2023 and an estimated \$130.6 million in sports betting tax revenue for the state according to OEPI.

However, unlike casino taxes which are allocated to individual school districts on a per pupil basis, sports betting tax revenues are placed in a separate fund which can be used for "*public and nonpublic education purposes*" at the discretion of the legislature. While these revenues certainly improve the bottom line of the state, even if they are directed to public schools through the state foundation formula in FY24 this will not result in any additional funding for Ohio school districts as the state is obligated to make these payments regardless. This is because, much like lottery profits, any direction of sports betting tax revenue to the formula simply works to free up an equal amount of money from the state General Revenue Fund (GRF) that the state can then use in any manner that they see fit. Neither the lottery nor sports betting will result in a net increase in revenue for Ohio's public schools.

Furthermore, the article includes figures for a handful of school districts in Ohio that readers are likely to think are from sports betting. However, these revenue figures appear to be the state foundation formula amounts for these school districts. The \$130.6 million in sports betting tax revenues that have been collected thus far by the state only amount to 1.64% of the \$7.99 billion in foundation funding that the state provides to 600+ school districts to support their operating needs. On a per pupil basis, 2023 sports betting tax revenue is only \$75 per pupil if were to be distributed in the same manner in which casino taxes are distributed.

The Ohio Legislative Service Commission (LSC) estimates that sports betting will generate \$193.6 million in tax revenue for public and nonpublic education use in FY24. However, unless the legislature chooses to explicitly allocate this funding to school districts on top of the foundation funding formula amounts that each district is already slated to receive, sports betting will not provide a single additional cent to Ohio school district coffers.