

The Fundamental Importance of the State Share of the Base Cost

Ohio Education Policy Institute

October 2026

A recent article released by the Thomas B. Fordham Institute referred to the state average share of the base cost of funding for Ohio's K-12 school districts as "an obscure mechanism inside the funding formula". This offhand and dismissive characterization is wildly inaccurate. Rather than an "obscure mechanism", the state share calculation is, along with the base cost calculation itself and the additional funding required to transport students to school and adequately serve students with additional needs (commonly referred to as "categorical funding"), one of three foundational components of Ohio's school funding formula and has been since at least 1985. This OEPI brief, which has been adapted from an August 28, 2026 Hannah News Service *On The Money* article written by Howard Fleeter, explains what the state share of the base cost measure is, why it is a critically important metric, and shows how it has changed from FY 1999 through FY 2027.

I. Three Different Ways to Analyze the State Share of K-12 Education

There are multiple ways of examining the state share of K-12 education and which is most appropriate depends on the type of insight one is looking to find. The three measures have been used most frequently in OEPI analysis of K-12 education in Ohio are the following:

1. Local vs. State vs. Federal Funding – The U.S. Census Bureau compiles data annually which shows both state, local and federal K-12 education revenue per pupil in each state and also computes the percentage of each of the 3 revenue sources. This perspective is useful for comparing states with another and tracking state trends over time. For example, this data shows that in FY02 Ohio ranked 35th nationally in the share of state K-12 education funding provided from state sources at 44.8%, but by FY23 Ohio has fallen to 45th nationally at 33.5% state funding.

2. Overall State vs. Local Funding – This measure looks at total local and state funding, typically only for operating purposes. Total local revenues include total property tax and school district income tax revenues. Total state revenue typically includes foundation formula funding including guarantees and supplements (such as performance bonuses and student wellness and success funding) plus additional state funding such as replacement payments for repealed local tangible personal property taxes, current hold harmless payments to districts for the retroactive impact of HB 186 and casino tax revenues. State lottery proceeds are included as they are part of the foundation funding formula while property tax reimbursements can be counted as either local revenue or state revenue depending on the type of question one is trying to answer. The primary reason to examine this measure instead of the "state vs. local vs. Federal" measure discussed above is that state and local policymakers can directly influence state and local revenue streams while Federal funding is outside their control and is typically for specific categorical purposes (such as Title I funding for low income students and IDEA funding for students with disabilities).

3. State vs. Local Share of the Base Cost – This third metric is a narrower way of examining state vs local funding than the measure discussed in #2 above as it just examines the state average level of funding of the “base cost” component of the Ohio’s foundation funding formula. Ohio’s funding formula has utilized a base cost per pupil figure in nearly every year dating back to 1985 and this measure is typically understood to reflect the cost of educating a “typical” student (i.e. one with no additional cost needs). From 1985 to 2019 a single base cost per pupil was applied to each school district, however, beginning in FY22 with the implementation of the Fair School Funding Plan each school district now has an individual base cost per pupil amount.

Over the years, Ohio has had several methods of determining how much of the base cost per pupil is the responsibility of the state and how much is the responsibility of each individual school district. Additionally, the state share of the base cost in each district is also typically used to determine the state share of many of the categorical funding components, including special education, career technical education, gifted and talented programs and funding for English learners. For these reasons **the state share of the base cost provides critical insight into how the state foundation formula is working over time**, even though it does not pertain to all state and local revenues as the measure #2 immediately above does.

II. Why the State Share of the Base Cost is a Fundamental Component of the Formula

The base cost per pupil in each district is multiplied times the number of students to get a total base cost amount and the cost of this base cost amount is then split between the state and each local school district. Ohio’s funding formula, like that of every other state, works to “equalize” funding by typically providing a higher state share of the base cost to low wealth districts and lower state share to higher wealth districts. **In this manner, the determination of the state vs. local share of the base cost (and by extension, many of the categorical funding components) is the foremost driver of equity in Ohio’s school funding formula.** This is why Fordham’s characterization the state share of the base cost as “an obscure mechanism inside the funding formula” is both inaccurate and profoundly misleading. Furthermore, since a decline in the state share of the base cost necessarily means an increase in the local share (and *vice versa*) the state share of the base cost is also a primary determinant of the extent to which Ohio’s school funding system is “over-reliant local property taxes” as cited in the Ohio Supreme Court’s *DeRolph I* ruling on March 24, 1997.

III. The State Average Share of The Base Cost from FY99-FY27

Table 1 below shows the statewide average state share of base cost funding from FY 1999 through FY 2027. The percentages shown reflect the calculated statewide total share of statewide total base cost funding. Note that from FY14 through FY19, the statewide average state share is shown for both computed and capped funding. Because actually state foundation formula funding increases were limited by the Gain Cap from FY14 through FY19, computed state aid is a higher percentage in those years than is actual capped state aid.

Table 1: State Share of Base Cost Funding, FY99-FY27

Year	Base Cost Per Pupil	Total (State + Local) Base Cost	State Share of Base Cost	State Avg. Base Cost State Share %	State Avg. Base Cost State Share % (Capped)
FY99	\$3,851	\$7,124.6 Million	\$3,345.3 Million	47.0%	
FY00	\$4,052	\$7,495.3 Million	\$3,535.7 Million	47.2%	
FY01	\$4,294	\$8,004.7 Million	\$3,850.4 Million	48.1%	
FY02	\$4,814	\$8,653.2 Million	\$4,199.6 Million	48.5%	
FY03	\$4,949	\$8,293.4 Million	\$4,302.0 Million	48.2%	
FY04	\$5,058	\$9,086.2 Million	\$4,260.2 Million	46.9%	
FY05	\$5,169	\$9,259.7 Million	\$4,262.3 Million	46.0%	
FY06	\$5,283	\$9,372.3 Million	\$4,264.2 Million	45.5%	
FY07	\$5,403	\$9,380.2 Million	\$4,198.4 Million	44.8%	
FY08	\$5,565	\$9,482.4 Million	\$3,919.6 Million	41.3%	
FY09	\$5,732	\$9,711.6 Million	\$4,055.7 Million	41.8%	
FY10	EBM*	\$9,672.8 Million	\$4,674.3 Million	48.3%	
FY11	EBM*	\$9,845.2 Million	\$4,671.7 Million	47.5%	
FY12	Bridge				
FY13	Bridge				
FY14	\$5,745	\$9,732.6 Million	<i>\$4,809.7 Million</i>	<i>49.4%</i>	42.4%
FY15	\$5,800	\$9,792.0 Million	<i>\$4,839.8 Million</i>	<i>49.4%</i>	44.4%
FY16	\$5,900	\$9,932.4 Million	<i>\$4,932.7 Million</i>	<i>49.7%</i>	44.7%
FY17	\$6,000	\$10,048.5 Million	<i>\$4,981.6 Million</i>	<i>49.6%</i>	45.7%
FY18	\$6,010	\$10,017.0 Million	<i>\$5,018.5 Million</i>	<i>50.1%</i>	45.7%
FY19	\$6,020	\$9,990.1 Million	<i>\$5,001.2 Million</i>	<i>50.1%</i>	46.3%
FY20	Formula Freeze				
FY21	Formula Freeze				
FY22	\$7,352*	\$11,031.9 Million	\$4,587.2 Million	41.6%	
FY23	\$7,352*	\$10,918.9 Million	\$4,431.5 Million	40.6%	
FY24	\$8,242*	\$12,102.3 Million	\$5,240.4 Million	43.3%	
FY25	\$8,242*	\$12,020.0 Million	\$4,726.7 Million	39.3%	
FY26	\$8,242*	\$11,916.9 Million	\$4,212.2 Million	35.3%	
FY27	\$8,242*	\$11,767.1 Million	\$3,709.4 Million	31.5%	

* In FY10 and FY11 the Evidence Based Model (EBM) did not have a single base cost per pupil figure. State average Base Cost Per pupil is shown in FY22-FY27 under the Fair School Funding Plan.

All state average base cost state share percentages computed by Howard Fleeter from ODE/DEW SF3, PASS and SFPR school finance payment report data files. FY25, FY26 and FY27 figures have been updated from prior versions of this analysis. FY27 figure is computed from DEW FY27 School Funding Detailed SFPR Estimator (LSC had previously estimated 32.2%).

The data in Table 1 show that the statewide average state share peaked at 48.5% in FY03 before declining to 41.3% in FY08. The state share increased under both the Evidence Based Model (EBM) in FY10 and FY11) and would also have increased under the funding formula in place from FY14 through FY19 had the Gain Cap not been in place. Even with the Gain Cap, in place, however, the state average state share percentage of the base cost increased from 42.4% in FY14 to 46.3% in FY19.

However, the statewide average state share of the base cost for traditional school districts has declined in 5 of the 6 years of the implementation of the Fair School Funding Plan.

FY22: 41.6% (FY18 inputs used in base cost)

FY23: 40.6% (inputs not updated – still FY18)

FY24: 43.3% (base cost inputs updated from FY18 to FY22 “current year”)

FY25: 39.3% (inputs not updated – still FY22, -11.3% decrease)

FY26: 35.3% (inputs not updated – still FY22, -8.9% decrease)

FY27: 31.5% (inputs not updated – still FY22, - 8.0% decrease)

The figures above clearly show that ***the one year that the base cost input data was updated (FY24) the state share increased, while each of the 4 years when the base cost input data was not updated (FY23, FY25, FY26 and FY27), the state share decreased.***

Furthermore, Table 1 shows that **from FY99 through FY24, the statewide average state share of the base cost has never been below 40%.** In FY19 it was 46.3% (and would have been 50.1% had the gain cap not been in place) and in FY99, the first year of the new formula in the aftermath of the *DeRolph* ruling, the state average base cost was 47.0%.

Again, while not a comprehensive measure of state and local K-12 funding in Ohio, the state share of the base cost does provide critical information regarding how the state foundation aid formula is functioning over time and the degree to which the state is apportioning both the base cost and the categorical funding components between itself and Ohio’s 609 local school districts. Clearly, it is anything but an obscure component of Ohio’s funding formula.