

State Share of Ohio K-12 Education Revenue

Ohio Education Policy Institute

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There are multiple ways of examining the state share of K-12 education and which is most appropriate depends on the type of issue one is analyzing and the insight one is looking to find. OEPI's companion analysis to this article examined measure #3, the state share of the base cost from FY99-FY27, providing a detailed explanation of how the state share of the base cost metric reveals fundamental information regarding the degree to which the state is supporting the school foundation formula over time. This article follows up this topic by examining metric #2 below which is a more comprehensive measure of the extent to which state and local dollars have been used to support Ohio's 600+ K-12 public school districts over time. This OEPI brief has been adapted from a September 25, 2026 Hannah News Service *On The Money* article written by Howard Fleeter.

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

The three measures which 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 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 one 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bonuses and student wellness and success funding) plus additional state funding such as replacement payments for repealed local tangible personal property taxes, current hold harmless payments to districts for the retroactive impact of HB 186 and casino tax revenues.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* (this issue will be discussed in detail below). The primary reason to choose 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 is a narrower measure of state vs local funding than the measure discussed in #2 above as it just measures the state average level of funding of the “base cost” component of the Ohio’s foundation funding formula. While this measure does not pertain to all state and local revenues as metric #2 above does, the state share of the base cost provides critical insight into how the state foundation formula is working overtime. As mentioned above, this is the topic of a companion OEPI article on state vs. local share.

II. A More Comprehensive Measure of Ohio’s State and Local Share of School Operating Revenue

The Ohio Department of Education and Workforce (DEW) District Profile report (commonly known as the “Cupp Report”, after former Ohio Senator, Supreme Court Justice, and Speaker of the House Robert Cupp who first requested that this data be assembled in the early 1990s) annually provides a wealth of information about Ohio’s public schools. The report can be found here: <https://education.ohio.gov/Topics/Finance-and-Funding/School-Payment-Reports/District-Profile-Reports>

The Cupp report shows both the amount of state aid per pupil and local revenue per pupil as well as Federal revenue per pupil and non-tax revenue per pupil. The per pupil amounts can be multiplied by district enrollment to create totals for each school district. The Cupp Report data is currently available from FY10 through FY25 on the DEW website, however, OEPI research consultant Howard Fleeter also has earlier versions of the Cupp report data from FY06 through FY09. As a result, analysis here covers the 20 year time frame from FY06 through FY25.

Again, as mentioned above, the Cupp report data is more comprehensive measure of the share of district funding between state and local revenue sources than the share of the base cost because state revenue includes all components of the funding formula as well as tangible personal property tax replacement payments to districts still receiving them and local revenue includes all property tax revenues for operating purposes as well school district income taxes in the roughly 230 districts which have those in place.

Table 1 on the following page shows state and local school operating revenues from FY06 through FY25.

Table 1 shows that the state share of K-12 operating revenue in Ohio increased from FY07 through FY09, declined in FY11, and increased again from FY12 through FY15 where it reached a high point of 51.5%. The state share then remained above 50% through FY19. The state share has since declined each year with the exception of a slight increase in FY24. **The 44.0% figure in FY25 is the lowest in the past 20 years.** Note that FY24 was the year that the base cost inputs in the school foundation formula were fully updated which resulted in a significant increase in state funding.

Table 1: State and Local Share of K-12 School Operating Revenue, FY06-FY25

Year	Total State Revenue	Total Local Revenue	Total State + Local Revenue	% State Revenue	% Local Revenue
FY06	\$6,752,605,511	\$8,076,338,761	\$14,828,944,272	45.5%	54.5%
FY07	\$7,064,794,164	\$8,485,702,321	\$15,550,496,485	45.4%	54.6%
FY08	\$7,382,423,332	\$8,495,919,515	\$15,878,342,847	46.5%	53.5%
FY09	\$7,763,246,174	\$8,216,865,460	\$15,980,111,634	48.6%	51.4%
FY10	\$8,260,862,787	\$8,727,124,532	\$16,987,987,319	48.6%	51.4%
FY11	\$7,384,529,898	\$8,273,272,939	\$15,657,802,837	47.2%	52.8%
FY12	\$7,533,768,351	\$8,506,498,998	\$16,040,267,349	47.0%	53.0%
FY13	\$7,922,526,998	\$7,958,637,799	\$15,881,164,798	49.9%	50.1%
FY14	\$7,264,313,337	\$7,189,264,966	\$14,453,578,303	50.3%	49.7%
FY15	\$8,963,990,240	\$8,435,697,886	\$17,399,688,126	51.5%	48.5%
FY16	\$9,159,473,629	\$8,695,356,086	\$17,854,829,716	51.3%	48.7%
FY17	\$9,398,708,925	\$9,008,297,338	\$18,407,006,264	51.1%	48.9%
FY18	\$9,481,732,276	\$9,438,475,699	\$18,920,207,974	50.1%	49.9%
FY19	\$9,586,201,618	\$9,497,692,659	\$19,083,894,277	50.2%	49.8%
FY20	\$9,523,877,518	\$10,005,136,145	\$19,529,013,663	48.8%	51.2%
FY21	\$9,816,351,445	\$10,442,067,022	\$20,258,418,467	48.5%	51.5%
FY22	\$8,542,246,892	\$10,690,891,867	\$19,233,138,759	44.4%	55.6%
FY23	\$8,758,285,334	\$11,002,125,117	\$19,760,410,451	44.3%	55.7%
FY24	\$9,391,638,515	\$11,467,190,113	\$20,858,828,628	45.0%	55.0%
FY25	\$9,615,980,839	\$12,213,997,870	\$21,829,978,709	44.0%	56.0%

Source: Data from DEW District Profile (aka “Cupp”) Reports. State property tax rollback, 2.5% owner occupied credit and homestead exemption reimbursement payments are counted as state revenue in Table 1.

Table 2 on the following page shows another way to examine the Cupp Report state and local share of K-12 education revenue in Ohio. One aspect of Ohio’s property tax is that the state provides several types of direct tax relief to homeowners through the 10% rollback (since 1971), 2.5% owner occupied credit (1979) and the homestead exemption (1971). Each of these programs applies to all taxes, voted and unvoted (i.e. inside millage) for all types of local governments, not just schools. The rollback and homestead exemption were enacted as part of a tax “exchange” which coincided with the 1972 creation of the state personal income tax.

In this context, these 3 programs should properly be considered as state-funded tax relief to homeowners, not as a state subsidy to school districts. With this thought in mind, should the state tax relief payments be considered *state spending on K-12 education* or *local revenue for K-12 education*?

On the one hand, the state *is* paying roughly 10% of homeowners school property taxes (the 10% rollback was eliminated by the legislature on new and replacement levies in 2013 so it no longer

contributes a full 10% of tax relief) so crediting the state with that contribution as is done in the data shown in Table 1 is both defensible and sensible. However, looked at from another perspective, the rollback, owner occupied credit and homestead exemption state payment obligations are:

- a) entirely a function of local levies that have been enacted by schools and other local governments in Ohio meaning that the state's tax relief payment amount is determined by the behavior of local voters; and
- b) their elimination would serve to increase homeowners tax payments but not to reduce school and local government tax revenues because -again- it is a subsidy to taxpayers not a subsidy to Ohio schools and local governments.

From this perspective the case can clearly be made that *the 3 property tax relief programs should be considered as local revenue and not state revenue if the focus of the question being addressed is "what role do property taxes pay in school funding?"* or something similar. Thus, Table 2 shows a second valid way to account for state and local revenues.

Table 2: Adjusted State and Local Share of K-12 School Operating Revenue, FY10-FY25

Year	Property Tax Relief (LSC Data)	Adjusted State Revenue Without Tax Relief Payments	Adjusted Local Revenue Including Tax Relief Payments	Total State + Local Revenue	Adjusted % State Revenue	Adjusted % Local Revenue
FY06	\$839,440,095	\$5,913,165,416	\$8,915,778,856	\$14,828,944,272	39.9%	60.1%
FY07	\$769,528,121	\$6,295,266,043	\$9,255,230,442	\$15,550,496,485	40.5%	59.5%
FY09	\$879,709,237	\$6,502,714,095	\$9,375,628,751	\$15,878,342,847	41.0%	59.0%
FY09	\$950,286,975	\$6,812,959,199	\$9,167,152,435	\$15,980,111,634	42.6%	57.4%
FY10	\$1,057,127,330	\$7,203,735,457	\$9,784,251,862	\$16,987,987,319	42.4%	57.6%
FY11	\$1,048,097,426	\$6,336,432,472	\$9,321,370,365	\$15,657,802,837	40.5%	59.5%
FY12	\$1,074,778,419	\$6,458,989,931	\$9,581,277,417	\$16,040,267,349	40.3%	59.7%
FY13	\$1,110,399,461	\$6,812,127,537	\$9,069,037,260	\$15,881,164,798	42.9%	57.1%
FY14	\$1,142,318,445	\$6,121,994,892	\$8,331,583,411	\$14,453,578,303	42.4%	57.6%
FY15	\$1,156,206,504	\$7,807,783,736	\$9,591,904,390	\$17,399,688,126	44.9%	55.1%
FY16	\$1,153,889,717	\$8,005,583,912	\$9,849,245,803	\$17,854,829,716	44.8%	55.2%
FY17	\$1,151,777,062	\$8,246,931,863	\$10,160,074,400	\$18,407,006,264	44.8%	55.2%
FY18	\$1,163,167,088	\$8,318,565,188	\$10,601,642,786	\$18,920,207,974	44.0%	56.0%
FY19	\$1,161,678,777	\$8,424,522,841	\$10,659,371,436	\$19,083,894,277	44.1%	55.9%
FY20	\$1,161,179,901	\$8,362,697,616	\$11,166,316,047	\$19,529,013,663	42.8%	57.2%
FY21	\$1,166,614,764	\$8,649,736,681	\$11,608,681,786	\$20,258,418,467	42.7%	57.3%
FY22	\$1,179,838,254	\$7,362,408,638	\$11,870,730,121	\$19,233,138,759	38.3%	61.7%
FY23	\$1,184,023,976	\$7,574,261,358	\$12,186,149,093	\$19,760,410,451	38.3%	61.7%
FY24	\$1,223,040,646	\$8,168,597,868	\$12,690,230,760	\$20,858,828,628	39.2%	60.8%
FY25	\$1,283,535,224	\$8,332,445,614	\$13,497,533,094	\$21,829,978,709	38.2%	61.8%

Source: Property tax relief data from Ohio Legislative Service Commission Historical Expenditure History, 1975-2025. Property tax reimbursement payments to taxpayers are counted as local not state revenue in Table 2.

Table 2 shows the same data shown in Table 1 with the addition that the property tax relief payment amounts are separated out in Column 1, and Columns 2 and 3 show adjusted state and local revenue amounts which switch the property tax relief amounts from state to local revenue. Note that state plus local total revenue amount is exactly the same in Tables 1 and 2.

Switching the property tax relief amounts from the state revenue category to the local revenue category does not change the overall revenue patterns which were shown in Table 1. FY15 (44.9%) is still the year with the highest state share of K-12 operating revenue and FY25 (39.2%) is still the year with lowest state share of revenue.

Furthermore, *in Ohio's current environment where citizen-led petitions are still being circulated in attempt to place a referendum on the November 2027 ballot to entirely repeal Ohio's real property tax* (which generated \$22.6 billion in 2025), *it is Table 2 not Table 1 that shows the risk that this initiative poses to schools* (and other local governments) in Ohio.

While Table 1 seems to indicate that the state provided 44.0% of school operating revenues in 2025 while local sources provided 56.0%, **Table 2 shows that local taxes were in fact responsible for 61.8% of K-12 operating revenues last year.** With the exception of school district income taxes (\$740 million in FY25) and public utility tangible personal property tax revenue (\$1.6 billion in 2025) the remaining **\$11.2 billion of the \$13.5 in 2025 local school revenue shown in Table 2 would all be eliminated if the property tax repeal initiative were to pass, as the state's tax relief obligation would disappear along with real taxes.**