



# HOUSE BILL (HB) 96

## STATE OPERATING BUDGET – SCHOOL FUNDING

Status: Currently before the House Finance Committee



**March 19, 2025**

### **The Fair School Funding Plan**

The Fair School Funding Plan represents years of work by legislators, local school leaders, and education finance experts to provide a predictable, student-centered formula based upon how much it costs to educate a child and how much a local community can afford to contribute toward these costs. The funding plan was intended to be fully implemented over six years, with several important components of the formula being updated over time.

The bipartisan funding plan was adopted in HB 110 from the 134th General Assembly (2021-2022) and was updated in years 3 and 4 in Ohio's last budget bill (HB 33 – 135th General Assembly, 2023-2024).

### **House Bill 96, State Operating Budget for Fiscal Years 2026 and 2027**

The Executive Budget proposal contained in House Bill 96 continues the phase-in (years 5 and 6) of the Fair School Funding Plan. However, the proposal continues to use base cost components from Fiscal Year (FY) 22 data while the property and income values (i.e. local capacity) are based on more current data. This results in a disparity of support with the local share of funding education increasing and the state's responsibility decreasing.

The Executive Budget also proposes changing the school funding guarantee by reducing the funding to 95% in FY 26 and 90% in FY 27. Under the as-introduced proposal, guarantee funding would still increase from \$285.1 million in FY 25 to \$564.7 million in FY 27.

Lastly, the proposal fails to begin to implement the cost study recommendations of students with disabilities and English learners released in December 2022. An economically disadvantaged cost study funded in House Bill 33 from the 135th General Assembly has yet to be released. We know that more significant resources and support will help increase the educational outcomes for these students. Unfortunately, if the state fails to start implementing these recommendations, they will soon be outdated (i.e. students with disabilities and English learners) and will need to be revisited.

**OEA Position:** OEA recommends that the Ohio Legislature make the necessary updates to the components of the funding model and fully implement the plan this biennium. OEA also recommends that the legislature not change the funding guarantee until the school funding formula is stabilized.



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### Talking Points:

- Full implementation and updates to the funding plan will ensure that all children are equipped with the resources and supports needed to succeed in our schools.
- Tell your story of what funding cuts mean to the students you educate.
- Without updating the base cost inputs, the funding formula does not keep up with the cost of educating students and shifts the burden of funding schools back to the local communities. The statewide average state share percentage decreases from 43.3% in FY 24 to 32.2% in FY 27, an 11.1 percentage point decrease in state responsibility to support education. In contrast, in 1995, during DeRolph, the state share was 42%.
- School districts must budget for current prices. For example, your grocery or utility bills differ from three years ago, and school expenses change over the years also.
- Traditional school district formula funding decreases over the biennium by approximately \$103 million compared to FY 25 funding. Approximately 343 school districts (56%) experienced a decrease in state formula funding from FY 25 to FY 26 and 360 districts (59%) in state formula funding from FY 26 to FY 27.
- Enrollment is held constant at FY 25 levels in FY 26 and FY 27 in the Legislative Services Commission (LSC) simulation. Thus, enrollment change is not a factor driving this proposal's increase in guarantee funding. Instead, the increase in guarantee funding can be attributed to the decrease in the state share index caused by not updating the base cost components and local capacity simultaneously.
- Around 90% of Ohio's students attend public schools. We ask you to focus state resources on these students. Ohio is spending over \$1 billion on vouchers—using taxpayer money to fund private school tuition. In the proposed budget, this figure is estimated to increase by \$176.8 million (or 16.5%) by FY 27. In contrast, formula funding for traditional public schools is reduced over the biennium.

**Retirement Security Impact:** Full implementation of the Fair School Funding Plan is needed to give our students what they need and to attract and retain highly qualified educators. Funding cuts for public schools and diverting taxpayer money to voucher programs undercut this goal. This has an impact on the economic security of retired educators. Teachers and other staff in private schools do not pay into the state pension plans. An erosion of funding for these plans puts the benefits of current and future retirees at risk.