EDISON CHARGERS

The Funding Shift

Over the past twenty years, the state share of K-12 education funding in Ohio has dropped significantly, placing a heavier financial burden on local property taxes.

The Great Cost Shift: How Ohio Left Homeowners to Foot the Bill for Public Schools

For nearly three decades, a shadow has hung over Ohio's public education system. In 1997, the Ohio Supreme Court ruled in its landmark DeRolph v. State decision that Ohio's heavy reliance on local property taxes to fund public schools was inequitable and unconstitutional. The court ordered the state to fix it.

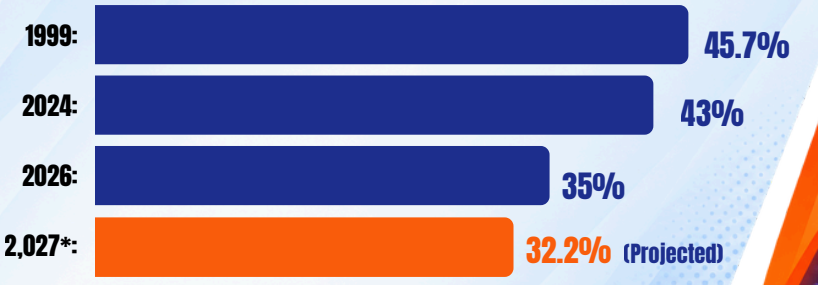
Instead, the opposite happened. Over the last 20 years, state leaders have systematically engineered a quiet, structural retreat from public education funding. By allowing state funding to fall vastly behind inflation and altering the state tax code, Columbus has effectively shifted the financial burden of running schools directly onto local residential homeowners.

Today, that shift has reached a breaking point, sparking a financial crisis for school districts and a tax crisis for the communities that support them.

The State's Incredible Shrinking Share

The most glaring evidence of this shift is found in the state's own math. According to data from the Ohio Department of Education and Workforce, Ohio's share of its public school funding formula has plummeted to historic lows.

Ohio State Share of School Funding Formula (Historical)



Source: Ohio Education Policy Institute / ODEW (August 2026)

In 1999, the state covered **45.7%** of the base cost calculated to educate an Ohio student. By fiscal year 2027, that share is projected to drop to just **32.2%** . This means the state now leaves more than two-thirds of the foundational funding equation to be resolved by local communities. As state dollars contract, local property taxes have to expand to fill the void.

Leaving School Budgets to Evaporate Under Inflation

While local operating costs have naturally risen, state funding has failed to keep pace with the real-world cost of goods, utilities, bus fuel, and labor.

Exacerbating the problem, the state's current school funding formula operates on outdated data, using baseline costs from 2022. Because it ignores the massive wave of inflation that hit school districts between 2023 and 2026, the state underfunds districts by hundreds of millions of dollars.

Furthermore, state lawmakers have continuously diverted a portion of the K-12 General Revenue Fund to heavily expand universal private school vouchers, reducing the state pool available to the public schools that educate nearly 90% of Ohio's children.

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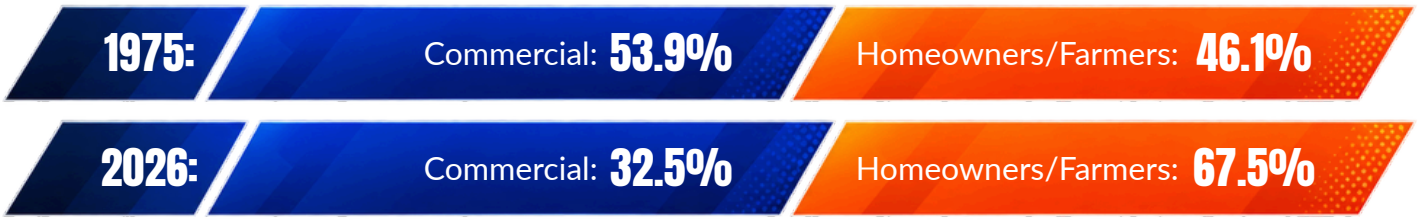
Shifting the Burden: From Businesses to Homeowners

It isn't just that the state is spending less; it has also rewritten the rules regarding who pays locally. Over the last two decades, Ohio phased out its landmark corporate tax protections—such as the General Business Tangible Personal Property (TPP) tax, which used to heavily tax business inventory and machinery to support local schools.

The state originally promised to reimburse school districts for this lost revenue, but those replacement payments have since been phased out, leaving massive holes in local school budgets.

The visual layout of who funds local education has turned completely upside down:

- **In 1975:** Business and commercial taxpayers paid **53.9%** of local school property taxes; residential homeowners and farmers paid **46.1%**.
- **By 2026:** Business taxpayers pay just **32.5%**; residential homeowners and farmers are saddled with a staggering **67.5%**.



The HB 920 Trap:
Forced to Vote for Levies

When residential property values surge—as they did across Ohio following recent reappraisals—many homeowners assume their schools are seeing a financial windfall. However, a 1976 state law known as **House Bill 920** prevents that.

HB 920 automatically freezes the dollar amount a school district can collect from an existing voted levy. If property values go up, the tax rate is automatically dialed down so the school collects the **exact same dollar amount** it did years prior.

Because school revenue stays completely flat while inflation drives operational costs up, school boards have only one mechanism to survive: they must repeatedly return to the ballot box to beg local homeowners for brand new, additional levies just to maintain basic, day-to-day operations.

A System at the Breaking Point

This structure has created an adversarial environment between schools and the communities that love them. Homeowners—already squeezed by inflation, higher grocery bills, and rising property valuations—are reacting with exhaustion.

Data from the Ohio School Boards Association shows a steep, alarming drop in voter support. In recent primary elections, school levy passage rates plummeted to just 36%, forcing roughly 595 districts across the state to project severe budget deficits. Districts like Cincinnati Public Schools and Hudson Local Schools are warning communities of impending cash reserve depletions and necessary budget overhauls.

The message from Ohio's communities is loud and clear: homeowners cannot continue to act as the primary safety net for a state government that refuses to fully fund its public school system. Until lawmakers in Columbus update the Fair School Funding Plan to match actual inflationary costs, the burden will keep crushing Ohio's neighborhoods, one property tax bill at a time.