

Changes in Ohio School Funding & TPP Replacement Since the FY10-11 Biennium

Bottom Line: State Funding for Schools from FY11-FY19 — The table on the following page of this analysis summarizes changes in Ohio K-12 public school foundation formula funding and Tangible Personal Property (TPP) replacement payments from FY10 through FY19 (note that FY17 figures are based on ODE January #1 SFPR payment and FY18 & FY19 figures are from OBM). Foundation formula and TPP replacement payments are the two primary forms of general purpose state funding provided to Ohio's 610 K-12 school districts.

State Foundation formula funding has increased in the aggregate each year from FY13 onward. However, reductions in TPP replacement payments to school districts have undercut the impact of these formula funding increases. The following three points summarize the main findings from reviewing this data:

- It was not until FY16 that formula funding had increased enough to offset the loss in TPP at the aggregate state level over the time period.
- Even though total formula + TPP funding is now higher than it was in FY11, the net increase (5.7%) has only been slightly more than half that of inflation (10.1%) over the same time frame. This trend continues in FY18 and FY19.
- Even though aggregate state formula + TPP funding is now higher than in FY11, that does not necessarily mean that every school district now has more total state aid now than they did in FY11.

Explanation of Table — The table shows foundation formula funding from FY10-FY19 for Ohio's 610 K-12 school districts as well as for Ohio's 49 Joint Vocational Districts and Career Technical Centers (JVSDs). The table also shows general business and public utility Tangible Personal property (TPP) tax replacement payments made to Ohio school districts to offset the repeal and reduction of these local taxes in previous years. The TPP replacement payment amounts in FY16 & FY17 include the TPP Supplement. The bottom three rows of the table show total formula + TPP funding for each year and the changes in total state funding from one year to the next and in comparison to FY11.

The table shows that formula funding increased in both FY12 and FY13. However, because TPP replacement payments decreased by an even larger amount, total state funding decreased from FY11 to FY12 and again from FY12 to FY13. From FY14 and onward total state formula + TPP funding has increased.

The table also shows that total foundation formula + TPP replacement funding in FY12, FY13, FY14, and FY15 are below the FY11 total state funding level. FY16 formula + TPP funding was \$252.2 million (3.0%) higher than in FY11 while FY17 total formula + TPP funding is \$453.3 million (5.7%) higher than in FY11. Inflation (as measured by the CPI) was 10.1% from calendar year 2010 through 2016 indicating that the 5.7% increase in state funding was slightly more than half that necessary to keep pace with inflation.

Using the 2.4% annual inflation rate cited by LSC in their February 1, 2017 testimony to the House Finance Committee, the gap between the increase in school funding and inflation only widens in FY18 and FY19.

FY10-FY19 School District Formula Aid & Tangible Personal Property (TPP) Tax Replacement Payments (\$ in Millions)

	FY10	FY11	FY12	FY13	FY14	FY15	FY16 Final	FY17 ODE	Est. FY18 Governor	Est. FY19 Governor
School District Foundation Aid	\$6,536.8	\$6,514.7	\$6,266.1	\$6,325.6	\$6,599.5	\$7,028.8	\$7,473.5	\$7,778.7	\$7,925.3	\$8,054.0
JVSD Foundation Aid	\$261.0	\$263.0	\$263.0	\$263.0	\$267.2	\$271.1	\$280.7	\$293.0	\$292.4	\$292.4
Total K-12 Foundation Aid*	\$6,797.8	\$6,777.7	\$6,529.1	\$6,588.6	\$6,866.7	\$7,299.9	\$7,754.2	\$8,071.7	\$8,217.7	\$8,346.4
Business TPP Tax Replacement*	\$1,041.4	\$1,052.3	\$728.3	\$482.0	\$482.0	\$482.0	\$357.8	\$245.0	\$201.9	\$162.7
Public Utility TPP Tax Replacement*	\$79.9	\$76.8	\$31.6	\$28.0	\$28.0	\$28.0				
TPP Supplement							\$47.0	\$43.4	\$0.0	\$0.0
Total TPP Replacement	\$1,121.3	\$1,129.1	\$759.9	\$510.0	\$510.0	\$510.0	\$404.8	\$288.4	\$201.9	\$162.7
Total Foundation Aid & TPP Replacement	\$7,919.0	\$7,906.8	\$7,289.1	\$7,098.6	\$7,376.7	\$7,809.9	\$8,159.0	\$8,360.1	\$8,419.6	\$8,509.1
Change vs Previous Yr.		(\$12.2)	(\$617.7)	(\$190.5)	\$278.1	\$433.2	\$349.1	\$201.0	\$59.6	\$89.5
Change vs. FY11			(\$617.7)	(\$808.2)	(\$530.1)	(\$96.9)	\$252.2	\$453.3	\$512.8	\$602.3

* Foundation Aid figures include Federal Stimulus funds of \$417.6 million in FY10 and \$515.5 million in FY11

All data are from the Ohio Legislative Service Commission with the exception of the FY14-FY17 Foundation Aid and FY16 & FY17 TPP amounts that are from ODE. FY17 Foundation figures are from most recent SFPR Reports as of Jan. 13, 2017. The FY18 and FY19 figures are from OBM. The FY18 and FY19 inflation rate of 2.4% annually is from LSC.

FY17-19 School Funding Increases vs. Inflation

	FY17	FY18 (Est.)	FY19 (Est.)
Funding Increase in \$ vs. FY11	\$453.3	\$512.8	\$602.3
% Funding Increase vs. FY11	5.7%	6.5%	7.6%
CPI Inflation Rate since FY11	10.1%	12.5%	14.9%