**FY 26-27 State Biennial Budget**

The next biennial budget will be introduced in early 2025. It is crucial that we begin advocating for Ohio’s public schools and the students they serve today. We must collectively stress the importance of prioritizing Ohio’s public school students with our communities and the legislature. Below are the priorities to share with your legislators for the upcoming budget.

**Complete the next two years of the six-year phase-in** (FY26 phase in at 83% and 100% phase in during FY27)

* Failure to fully phase-in the Fair School Funding Plan will result in a widening gap in educational equity across Ohio’s public schools and an increase in the number of schools on the guarantee.

**Update the base cost inputs**

* School funding is a state and local partnership. Without updating the inputs, the formula will become unbalanced and result in an overreliance on property taxes and a higher local share.
* Property valuation and income will be updated automatically because of Ohio law. Updating the inputs is required to balance the formula and ensure that public school students receive necessary support.
* Updating the statewide average base costs is needed. This figure helps determine the amount categorical funding provided to meet student needs.

**Adopt a permanent formula for educational service centers (ESCs)**

* ESCs play a critical role in providing essential services to districts and students statewide.
* Fund updated base funding and per pupil amounts reflective of true operating costs using FY24 data for the inputs.
* The updated, tiered model ensures ESCs of all sizes have an adequate base funding level to operate their organizations and provide statutorily required services while recognizing the economies of scale for larger ESCs.
* [Proposed funding levels](https://tinyurl.com/3tvs4nat) will provide stability and predictability in the delivery of services that support state priorities.

**Create a pupil transportation working group**

* Form a pupil transportation working group to review the current system and recommend changes to better meet the needs of all Ohio students. The working group should be formed by the Ohio Department of Education and Workforce (ODEW) and include representatives from public school districts, career tech centers, educational services centers, community schools and chartered non-public schools.

**Increase weights in the transportation formula for non-traditional riders**

* Ohio is one of the only states requiring public school districts to transport non-traditional riders, per [Section 3327.01](https://codes.ohio.gov/ohio-revised-code/section-3327.01) of the Ohio Revised Code. Data collected by ODEW consistently shows it costs more to transport community and private school riders, resulting in funding weights for non-traditional riders in the formula. We are requesting that those weights be increased more closely reflect actual costs. This should result in better, more efficient service for students.

**Information to Share with Legislators**

**Your local funding situation**.

* What is your breakdown of state and local revenue?
* What has been the impact of updated property tax valuations in your district and how has your state aid been affected?
* How will continued implementation of the Fair School Funding Formula with updated inputs increase student opportunities and outcomes?
* What is your district’s [cash balance](https://www.hannah.com/ShowDocument.aspx?ItemID=138084) policy, your cash balance this year, in three years, and in five years, and how do you plan to use those dollars?

**Specific student needs.**

Highlight the unique needs of your students, such as special education students, economically disadvantaged students, English learners, gifted students and transportation. Provide concrete examples of how current funding levels are meeting or failing to meet these needs. Remind policymakers that [cost studies](http://www.oepiohio.org/index.php/post-derolph-study-on-school-funding/fair-school-funding-cost-studies/) were conducted for each category of students, and that the recommendations from the studies still need to be implemented in future budgets.

**District spending on salaries.**

Concerns have been shared that increased funding to districts will lead to inflated salaries. These claims are not supported by current statistics. In the State Employment Relations Board (SERB) [2023 Wage Settlement Report](https://dam.assets.ohio.gov/image/upload/serb.ohio.gov/PDF/Wage_Settlement/Wage_Settlement_2023.pdf), school district salaries for the 2023-2025 school year rose at approximately 3% per year, a lower percentage than other public employees.

**Cost efficiencies.**

Concerns have been shared that districts do nothing to contain costs and that they just spend and ask for more money. Please share how your district has taken steps to control costs and/or find cost efficiencies resulting in savings for the district. Highlight the savings realized through ESC and district partnerships and the importance of those relationships.

**Property taxes - local share of funding.**

There are several misconceptions about property valuations. It is important to clarify the following points to ensure legislators understand the landscape as it relates to local funding:

* Historic increases we are currently seeing in property valuations are an [anomaly](http://www.oepiohio.org/index.php/newsroom/2024-newsletters/reappraisal/).
* These increases are happening due to a unique set of factors including Ohio’s strong economy, the lack of housing, and population growth in certain areas.
* Remind your legislator that increases in valuation do not lead directly to increases in property tax due to the [tax reduction factors](http://www.oepiohio.org/wp-content/uploads/2023/12/OEPI-HB-920-Explanation-Revised.FINAL-SG.pdf).

**Additional Resources**

[*LSC Member Brief on the FSF Base Cost Model*](https://www.lsc.ohio.gov/assets/organizations/legislative-service-commission/files/base-cost-model.pdf)*,* January 2023

[*LSC Member Brief on the FSF Base Cost – Distribution of State Funds*](https://www.lsc.ohio.gov/assets/organizations/legislative-service-commission/files/base-cost-distribution-of-state-funds.pdf)*,* January 2023

[*LSC Member Brief on the Ohio Pupil Transportation Formula*](https://www.lsc.ohio.gov/assets/organizations/legislative-service-commission/files/pupil-transportation-formula.pdf), January 2023

[*LSC Member Brief on the FSF Phase in and Guarantees*](https://www.lsc.ohio.gov/assets/organizations/legislative-service-commission/files/formula-funding-phase-in-and-guarantees.pdf), January 2023

[*Fair School Funding Cost Studies*](http://www.oepiohio.org/index.php/post-derolph-study-on-school-funding/fair-school-funding-cost-studies/)*,* November – December 2022

[*OASBO General Revenue Fund Cash Balances – Management, Guidance, and Best Practices*](https://ohioschoolboards-my.sharepoint.com/personal/mbirney_ohioschoolboards_org/Documents/Desktop/General%20Revenue%20Fund%20Cash%20Balances%20–%20Management,%20Guidance,%20and%20Best%20Practices), 2022

[*State Employment Relations Board Wage Settlement Report*](https://dam.assets.ohio.gov/image/upload/serb.ohio.gov/PDF/Wage_Settlement/Wage_Settlement_2023.pdf)*,* 2023

[*OEPI Ohio Property Tax Reappraisal Analysis*](http://www.oepiohio.org/index.php/newsroom/2024-newsletters/reappraisal/)*,* October 2024

[*OEPI House Bill 920 Explained*](http://www.oepiohio.org/wp-content/uploads/2023/12/OEPI-HB-920-Explanation-Revised.FINAL-SG.pdf)*,* December 2023

[*OESCA ESC Funding Proposal Simulations and Comparisons*](https://tinyurl.com/3tvs4nat), November 2024