

# EDISON CHARGERS

## How Changes in Ohio Public Education Funding Affect Edison Local Schools

### The Shift from State to Local School Funding

Ohio's school funding system has changed significantly over time — particularly since the 1997 DeRolph decision, which ruled that the state's heavy reliance on local property taxes to fund public education was unconstitutional. Despite that ruling, the state's share of education funding has declined.

- In 1999, the State of Ohio covered 45.7% of total school funding.
- By 2023, the state share had dropped to 32.2%.

Over that same period, Ohio's national ranking fell from 35th to 45th in state share of K–12 education funding.

As the state contribution decreased, the responsibility for funding public schools shifted increasingly to local communities. Local property taxes now play a larger role in supporting schools than they did two decades ago.

At the same time, Ohio has risen to 8th highest in the nation for property tax rates.

While Ohio ranks 20th nationally in per-pupil spending, the structure behind that spending differs from many other states. Nationally, states fund approximately 45% of public education costs. In Ohio, the state share is significantly lower, increasing reliance on locally generated revenue.

Together, these trends reflect a funding model that depends more heavily on local taxpayers to sustain public education.

### Who Pays for Schools in Ohio

Over the past several decades, the balance of who contributes to public school funding in Ohio has shifted significantly.

In 1975:

- Residential and agricultural property owners paid 46.1%
- Business and commercial property owners paid 53.9%

By 2023:

- Homeowners and farmers pay 67.5%
- Businesses pay 32.5%

Compared to 50 years ago, homeowners now carry a substantially larger share of the responsibility for funding public schools.

### Property Reappraisal and What It Means for School Revenue

During the most recent reappraisal cycle:

- Residential property values in Erie County increased by 29%
- Residential property values in Huron County increased by 28%
- Residential property values within Edison Local School District increased by approximately 56% between 2018 and 2024

Although rising property values may impact individual tax bills, increased valuations do not automatically result in increased school revenue.

Under House Bill 920 (1976), most school levies are fixed-dollar levies. When property values increase, the county auditor reduces the effective tax rate so that the levy generates approximately the same total revenue originally approved by voters.

There are two primary exceptions:

- New construction, which adds new property to the tax base
- Inside millage, a limited portion of constitutionally permitted millage that can generate additional revenue when values increase

### Understanding the 20-Mill Floor

Another important component of Ohio school funding is the 20-mill floor. Once a district's operating millage reaches 20 mills, rates can no longer be reduced under House Bill 920. At that point, revenue may begin to grow as property values increase.

Of those 20 mills:

- 10 mills are constitutionally permitted inside mills
- Edison Local Schools currently receives approximately 4.6 inside mills

This funding structure plays a significant role in how property value growth affects district revenue.

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### New State Property Tax Laws

In late 2025, Ohio lawmakers passed additional property tax reforms intended to provide relief to homeowners. These changes will first appear on July 2026 tax bills.

#### House Bill 186

- Limits school property tax revenue growth by tying increases to inflation rather than property value growth.
- Expands the owner-occupancy tax credit.

#### House Bill 335

- Requires counties to reduce certain inside millage when property values grow faster than inflation.

While these laws are intended to provide tax relief, they also restrict how much revenue school districts can generate locally — even as costs continue to rise.

### Inflation and Rising Operational Costs

School districts face rising costs each year for staffing, utilities, transportation, facilities maintenance, instructional materials, technology, safety, and student services.

Since 1975, inflation has increased 66.5%, while state education funding has grown 48.3%.

Because most levies are fixed in dollar amount and funding does not automatically adjust for inflation, districts must carefully manage expenditures within available resources.

### County-Level Property Tax Credits and Their Impact on Edison Local Schools

In October 2025, the Erie County Commissioners approved two new property tax credits — the Homestead Piggyback Credit and the Owner-Occupied Credit — made possible through House Bill 96.

While these credits will reduce property taxes for qualifying homeowners, the State of Ohio will not reimburse local governments or school districts for the lost revenue. As a result, the reduction in property tax collections will directly decrease funding available to support local services, including public education.

Beginning in Tax Year 2026, Edison Local Schools is projected to lose \$243,248.74 annually due to the Erie County credits.

### Private School Vouchers and State Funding Distribution

Ohio's expansion of private school voucher programs also affects how state education funding is distributed.

When state dollars are redirected to cover private school tuition, fewer state resources remain available for public school districts. Public schools — including Edison Local Schools — are required to serve all students regardless of background, ability, or need.

Private and parochial school funding is projected to increase by more than 15% between FY26 and FY27.

### Managing a Changing Funding Landscape

Ohio's current funding landscape reflects several overlapping factors: a declining state share of education funding, increased reliance on local property taxes, county-level tax credits that are not reimbursed by the state, revenue growth limitations under House Bill 920, inflation outpacing state funding growth, and expanding voucher funding.

Edison Local School District remains committed to careful long-term financial planning, transparent communication with families and taxpayers, maximizing every dollar invested by the community, following board-adopted fiscal policies, maintaining responsible reserves, and planning conservatively for inflation and unforeseen expenses.

Our goal is to ensure that community investment directly supports student learning, safety, and opportunity while maintaining long-term district stability.