



*K-12 Funding: The Formulas Used by States and
Potential Legislative-Led Reforms*

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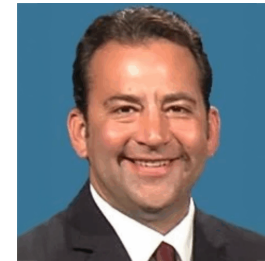


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State Policy Actions: Property Tax Reforms

Ohio HB 186 (2025)

- For properties located in a district on the 20-mil floor.
- 20 mils = \$20 for every \$1,000 in taxable value.
- Creates a new Inflation Cap Credit preventing increases in school district property taxes from exceeding the rate of inflation.
- Includes an appropriation from tax holiday fund to ensure districts not up for re-appraisal would not lose revenue compared to 2024.

South Dakota HB 1051 (2026)

- Sets maximum mill levy to \$4.87 per \$1000 of taxable valuation and a special levy for special education capped at \$1.44.
- Special rates for agricultural land (\$1.05), and owner-occupied single-family dwellings (\$.66)
- Revises state aid definitions and calculations to general and special education formulas.

Indiana SB 1 (2025)

- Amends the calculation and methodology to determine the state's Maximum Levy Growth Quotient (MGLQ).
- Phased-in MGLQ structure between 2026 – 2028, with new calculation methods starting in 2029.
- Beginning in 2029, the ad valorem property tax levy for a local government unit above that of a previous budget generally requires affirmative action by the local fiscal body.
- Requires certain school corporation tax levy referendums may not be placed on a ballot in consecutive years.



Midwestern Policy Actions – Funding Updates

Iowa SF 2201 (2026)

- Establishes a 2% State Supplemental Aid rate, providing per-pupil funding.
- Results in roughly a \$160 increase from the previous fiscal year in state spending per student, up to a total cost of \$8,148 per pupil.
- Modifies property tax replacement payments to school districts, with a base of \$153 per pupil.
- Appropriates \$7 million from the state general fund for 2026-2027 fiscal year to supplement compensation for non-salaried education support staff.

North Dakota HB 1214 (2025)

- Restructures state funding and calculations for school transportation aid.
- Shifts the state away from fixed blocked grants to a weighted, per-pupil system.
- Calculations accounts for large and small bus miles, the number of eligible bus runs, student utilization, and overall square miles of a school district.



Midwestern Policy Actions – Initiatives & Studies

Kansas Education Funding Task Force

- The state's current school financing formula is set to expire in 2027.
- The task force is charged with submitting a report and recommendations to the legislature and governor for a new school finance formula.
- The task force is made up of both legislative and non-legislative members.

Minnesota Constitutional Amendment

- MN HF 3900 will place a constitutional amendment on the 2026 ballot.
- Would amend the Minnesota Constitution to change how the Permanent School Fund is invested and managed.
- Rather than a set 2.5%, proposes to allow a larger annual payment to school districts and charter schools, statutorily setting the distribution amount at 4.5% of the three-year average value of the fund.



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