

Berkshire Local School District

Funding Story

Fiscal Year 2024



To the Berkshire Community and Stakeholders,

As part of our District's commitment to transparency and accountability, we are proud to present our funding story. Each school district in Ohio has a unique funding story. Some districts rely mostly on local sources of funding from their taxpayers, others on state funding formulas, and others through federal grants. No matter the source of funding, decisions made at the state and federal level have a major impact on our school districts' ability to raise revenue to support our vital mission to provide a well-rounded education to our students. It is our goal to present this information to our stakeholders so they can understand where our funding comes from and the impact non-local decisions have on our revenues.

In 2025 our state legislators and leaders will be debating the next two-year (biennium) budget for the state of Ohio. One of the largest expenses in the state's budget is funding for local school districts. Our hope is that this report can help our representatives understand the impact of the decisions they will soon make regarding the new biennium budget. Our community is also encouraged to use this information to voice their thoughts to our legislators.

School funding in Ohio is complicated, and this report is not intended to be an exhaustive overview of our funding. If you have any questions or wish to follow up on the contents of this report, please do not hesitate to contact us at beth.mccaffrey@berkshireschools.org or john.stoddard@berkshireschools.org

Thank you and go Badgers!

Mrs. Beth McCaffrey
Treasurer

Dr. John Stoddard
Superintendent



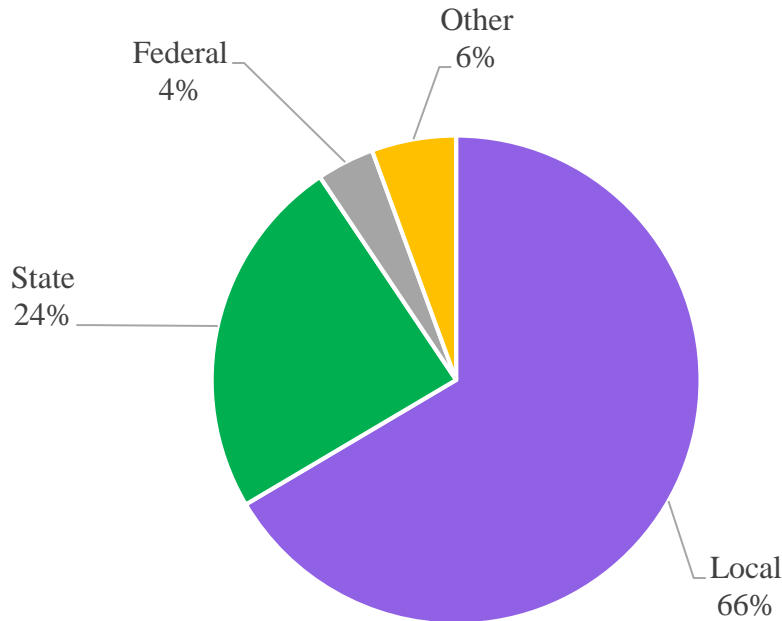
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Funding Overview

Berkshire is funded through a mix of local, state, and federal funding sources. In fiscal year¹ (FY) 2024, our sources of funding broke down as follows:

FY 2024 Sources of Funding



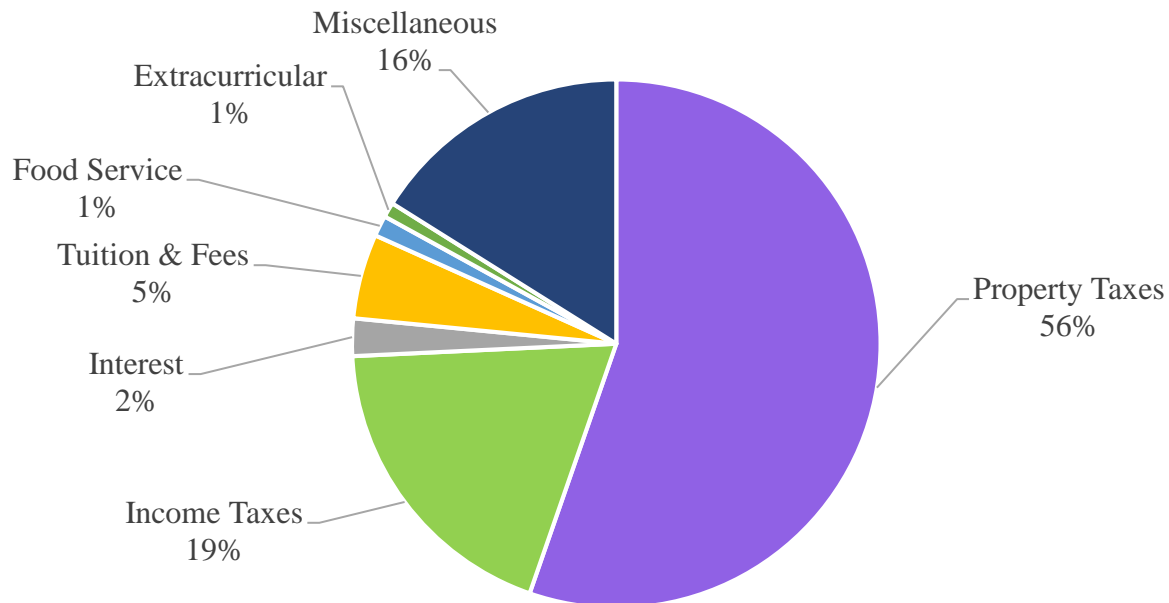
As shown above, two-thirds of our funding came from local sources, including property and income taxes. We are grateful for the support our local community has shown to our school district. State sources of funding include our foundation payments associated with the funding formula and tax credit reimbursements. The state reimburses the district for 12.5% of the payments owed due to tax levies passed prior to September 2013. As a result, our tax payers see tax relief while the district is kept whole. Our federal sources of revenue are a small but important part of our funding picture. We receive several Federal grants, including Title 1, Title II, IDEA, Title IV.

¹ The fiscal year runs from July 1 through June 30. FY 2024 refers to the fiscal year ended June 30, 2024

Local Funding

The breakdown of our local funding for FY 2024 is shown below.

FY 2024 Local Funding Sources



Property and income tax make up the vast majority of our local revenues, totaling nearly 75% of our local revenue. Of this amount, property taxes represent over half of our total revenues, indicating the level of support that we receive from our local community. We receive payments from property taxes twice a year. Our income tax payments are distributed on a quarterly basis by the state. Miscellaneous revenue is the next highest source in FY 2024 and it is made up of interest income and lease proceeds used to build the preschool modular.

Property Taxes

Property taxes in Ohio are governed by Article XII of the Ohio Constitution and decades of legislation. In short, property taxes are calculated taking the appraised value of a property as determined by the county auditor and applying the effective tax rate to the property's taxable value, which is 35% of the appraised value. Tax rates are reduced by state law so each levy brings in approximately the same amount of revenue it raised in its first year of collection. A school district can collect additional revenue on those levies due to new construction within its borders. The tax rates can be legally reduced to a minimum of 20 mills².

The table below shows the tax levies that are currently being collected by the school district in 2025. It shows the voted millage, the effective (or reduced) millage for residential/agricultural tax payers³, and the year each levy was originally passed as well as the expiration date if applicable.

2025 Property Tax Levies

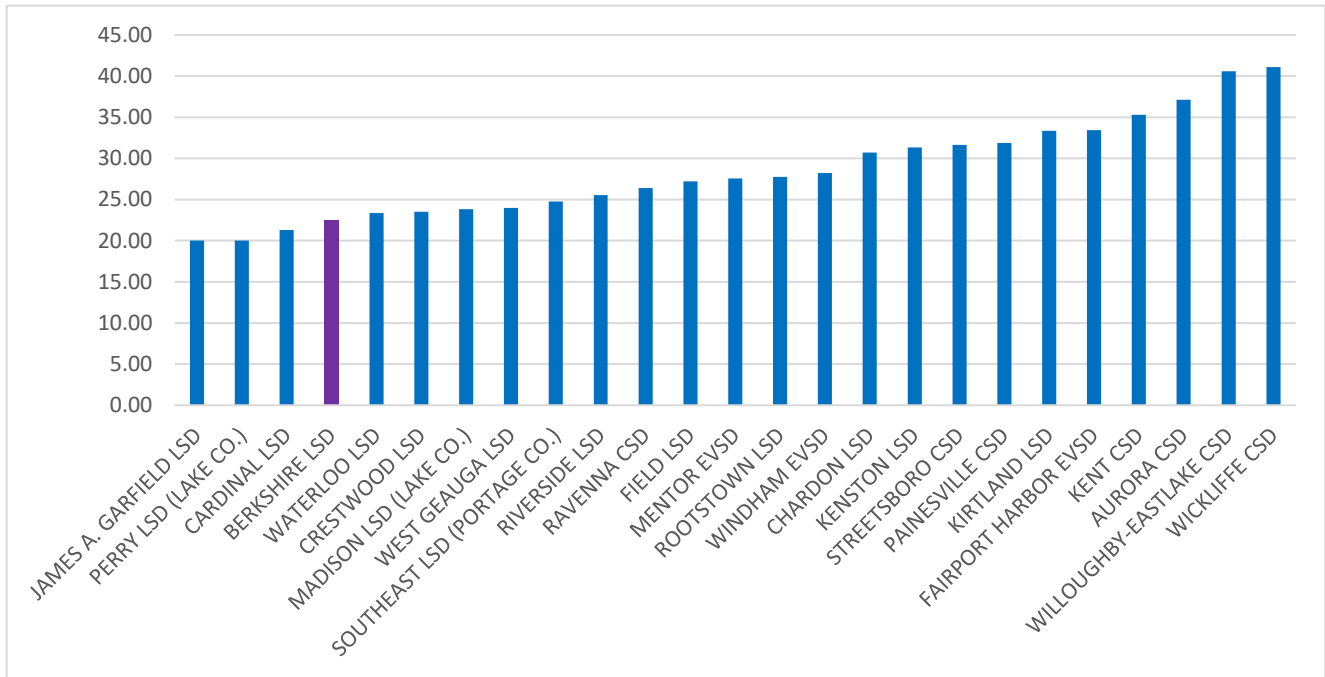
Levy	Passed	Expiration	Gross Millage	Effective Millage
Inside	N/A	N/A	4.50	4.50
Current Expense	1976	N/A	26.1	8.23
Current Expense	1977	N/A	5.00	1.58
Current Expense	1983	N/A	4.70	1.85
Current Expense	1985	N/A	4.50	1.77
Current Expense	1988	N/A	5.00	2.08
Bond	2018	2055	3.65	2.50
Total			52.30	22.51

As shown above, the last time an operating property tax levy was approved by our voters was in 1988. A permanent improvement levy was first approved in 1989 was not approved for renewal in November 2024. Our bond levy can only be used to service debt associated with the construction of the PreK – 12 campus. Our voters have authorized up to 52.30 mills of property tax, which has since been reduced to an effective rate of 22.51. The graph below compares our district's effective tax rate to our neighbors in Geauga, Portage, and Lake counties for tax year 2024, collected in 2025.

² A mill is a unit of taxation. Each mill of a tax levy equates to 1/1000 of a property's taxable value.

³ Property is separated into two classes for tax purposes: Class 1 is residential/agricultural and Class II is industrial/commercial. Tax reduction factors differ between the classes, resulting in different effective tax rates.

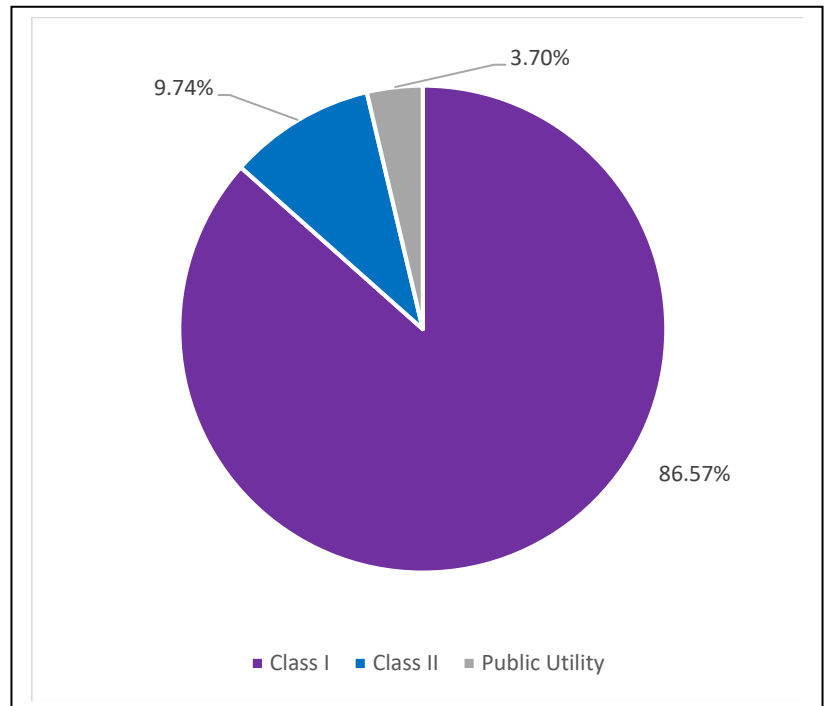
Effective Tax Rates Tax Year 2024/Collection Year 2025



Berkshire residents pay the fourth lowest effective tax rate in our tri-county area of Geauga, Portage and Lake Counties. Due to sound financial management we have been able to keep property taxes low while maintaining a high level of service to our students.

The majority of our taxable property values are residential/agricultural land, also known as Class I. We have a small industrial /commercial sector that makes up the majority of the rest of our taxable values.

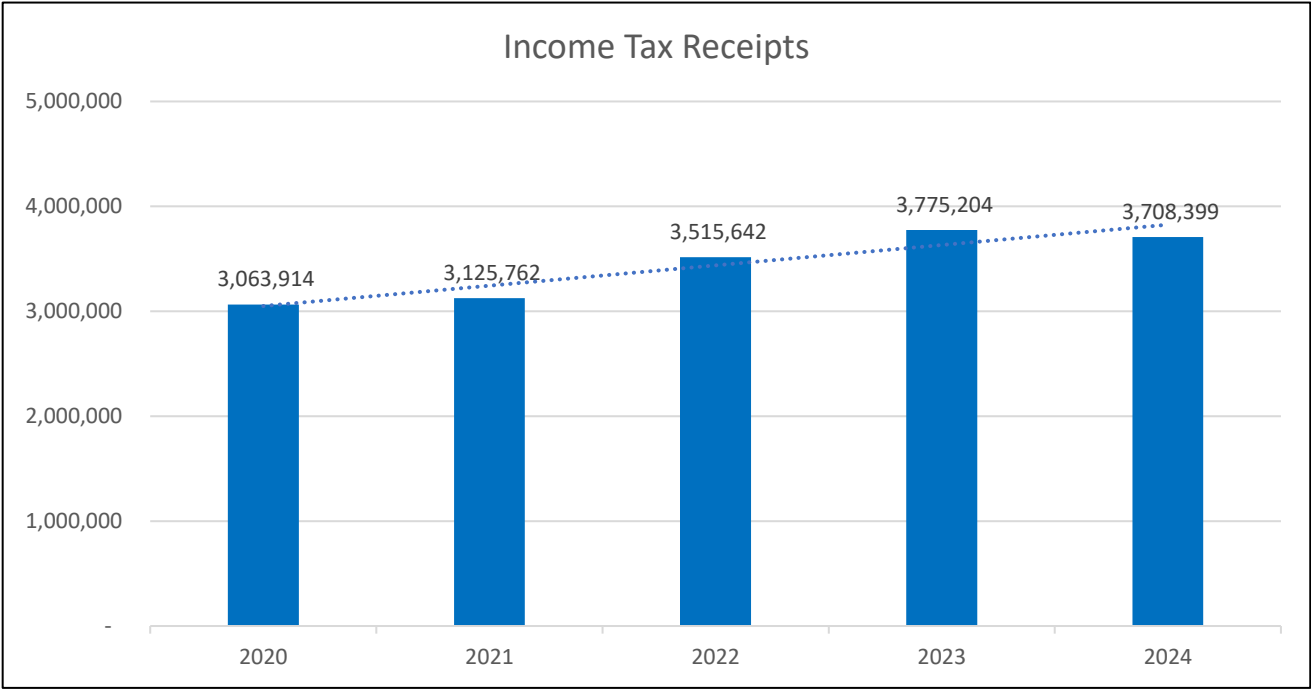
Finally, public utilities represent the remainder of our taxable values, as shown in the graph.



Income Taxes

Berkshire residents pay a 1.00% income tax on their earned income. What this means is that only income that is derived from work is subject to taxation. Income from pensions, social security, unemployment, and other sources of fixed income are not subject to the income tax. Having an income tax helps diversify our revenue sources and provides relief to our residents in times of economic hardship and also relief to our senior community on fixed incomes.

The graph illustrates the annual income tax receipts for the district from 2020 through 2024. Over this five-year span, the data reveals a consistent upward trend in collections, reflecting both economic growth and stable taxpayer contributions within the community. The dotted trend line underscores the ongoing increase in revenue, providing a strong fiscal foundation to support educational operations and long-term planning. These receipts are a key component of the district’s funding structure, helping to ensure consistent support for instructional programs and student services. It is a major source of our revenue and one we are grateful to our residents for providing us with.



State Funding

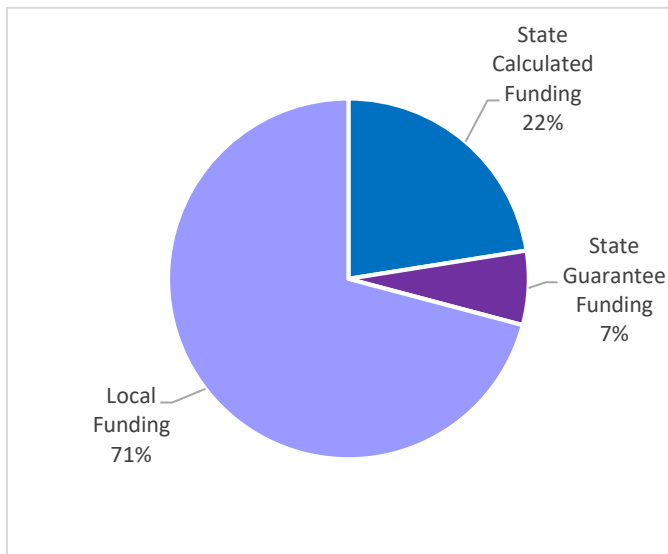
The state provides funding to school districts using a formula known as the Fair School Funding Plan (FSFP). The FSFP was first adopted in 2021 for fiscal year 2022 and is scheduled to be phased in over a period of six years, which covers three state budgets and was designed to prevent large year-over-year increases in state spending. The phase-in percentages by fiscal year are shown below.

FSFP Phase-In Percentages by Fiscal Year

2022	16.67%
2023	33.33%
2024	50.00%
2025	66.67%
2026*	83.34%
2027*	100.00%

* Proposed for the next state budget. Not yet approved by the legislature

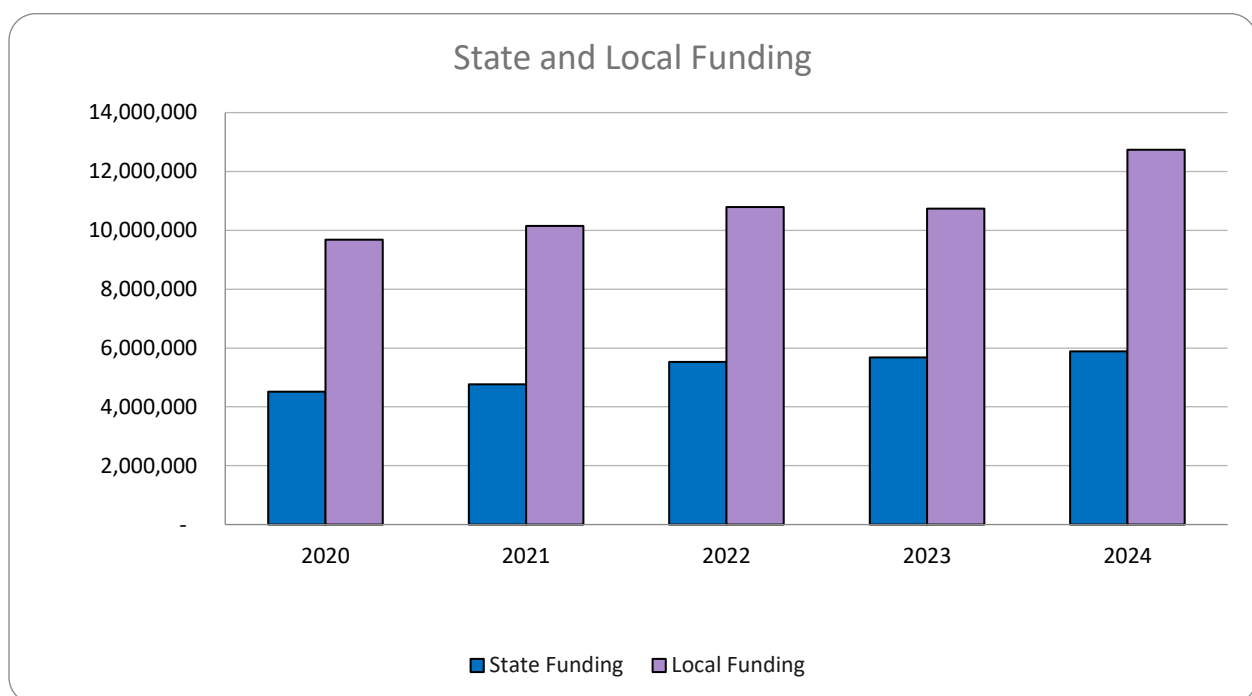
The formula calculates a unique base cost per student for each school district in Ohio. The base cost is determined by applying statewide cost-factors, such as the average salary for superintendents, teachers, and support staff as well as funding for academic and athletic extracurriculars, technology support, building security and safety, supplies, and building operations. Statewide base costs are based on fiscal year 2022 data and were not updated for the current fiscal year. The funding formula then applies ratios to our enrollment and applies the specific base cost per pupil amounts for each category to arrive at our base cost per student amount. For fiscal year 2024 our base cost per student per the funding formula is \$8,241.61



The FSFP expects that local school districts pay a portion of the base cost. As a result, a separate Local Capacity figure is calculated that considers each district's property and income wealth using a 60/40 weighted ratio for each value. For fiscal year 2025 our local capacity, or what the state expects us to pay towards the base cost, is \$6,693.47, meaning the state pays \$1,548.14 of the base cost in FY 2024

As a result of the FSFP, Berkshire is on the guarantee meaning that the FY24 cannot fall below its FY21 funding level. Berkshire received 7% of its state funding as a guarantee. This guarantee is because Berkshire lost considerable funding due to the elimination of open enrollment dollars. The State made us whole for the lost funding that we had in 2021 however it did not account for the increased enrollment we had forecasted based upon the capacity of our new building. The loss of open enrollment funding has had a major negative effect to our business model.

Below represents Berkshire's Local Funding versus the State Funding:

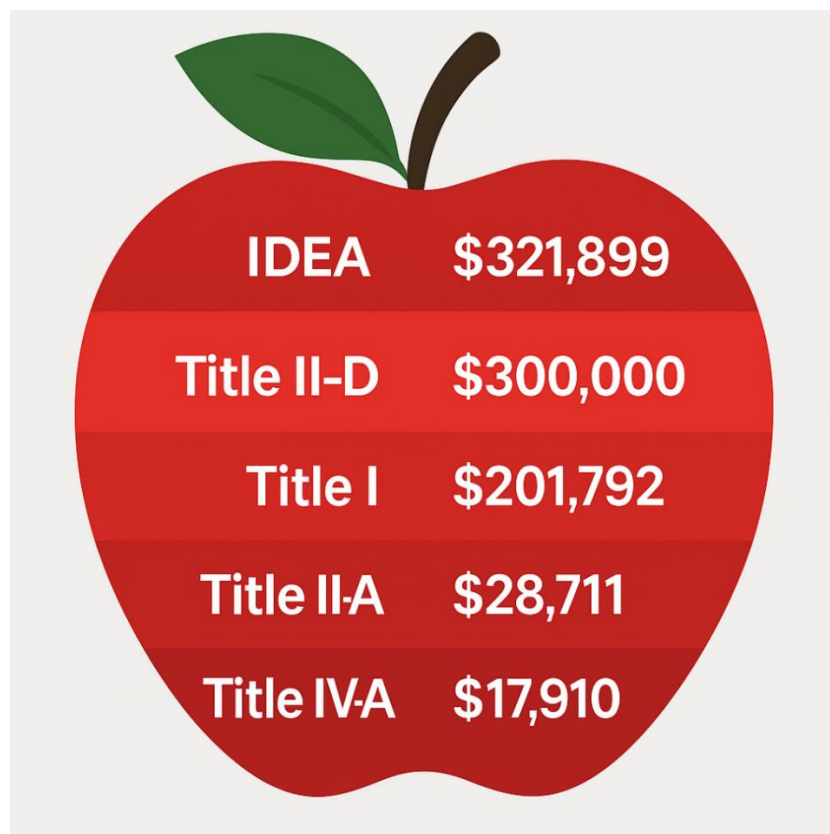


Due to the uncertainty regarding future state funding, the District is taking a conservative approach when it comes to forecasting this revenue source. We expect the state to at least keep us funded at fiscal year 2021 levels, even though our costs have not stayed the same. The Governor's proposed budget for fiscal years 2026 and 2027, introduced in the House of Representatives as HB96, proposes cutting that guarantee by 5% in each of the next two fiscal years. We are hopeful that the General Assembly will take a different approach to school funding so that we can maintain and elevate our level of service and not have to shift those costs to our local taxpayers. We hope to convince lawmakers that the current voucher funding available for private schools should be extended to public schools. We firmly believe that if state tax dollars are used to fund school choice, then public schools should absolutely be among the options available to families.

Federal Funding

The federal government distributes funding via grants that are managed by the State of Ohio. The majority of the grants from the federal government are reimbursable, in which the school district spends funds related to that grant and then requests reimbursement from the state. Each grant operates on the federal fiscal year, which runs October 1 through September 30. There are restrictions on how we can use these federal grants, specifically to supplement and not supplant our local funding. We have to maintain a level of local support in order to qualify for these grants.

The graph below shows the breakdown of grants in which the District received funding in fiscal year 2024. Note that in a few cases funds were received in fiscal year 2024 that may be associated with the previous fiscal year's grants.



The largest source of federal grant funding was from the Individuals with Educational Disabilities Act (IDEA). IDEA is used to pay for a portion of the salary and benefits of some of our special education staff members. Together, these staff members provide specialized services to our students who require additional support. Our second largest source in FY24 was from Title II-D which was awarded by the Ohio Facilities Construction Commission (OFCC). The OFCC designated these funds for improving safety in the school. The District was able to add additional security cameras and dedicated servers for those cameras, security strobes, fiber connectivity upgrades and various other safety enhancements.

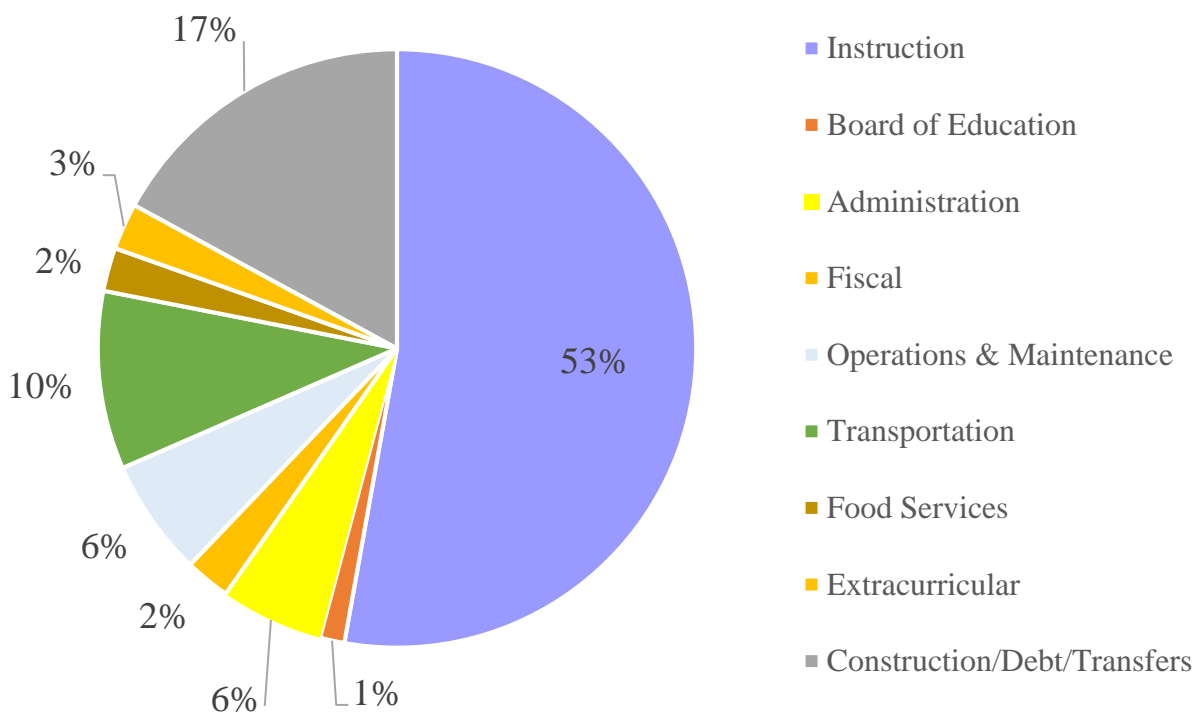
The remaining grant funds are associated with Title grants that are authorized by the Every Student Succeeds Act. These funds provide supplemental funding to help support our efforts to aid children experiencing poverty and to provide professional development to our teachers. The majority of the grant funds are devoted to paying for supplemental staff that provides quality services to our students and staff in accordance with grant requirements. The use of these grants helps free up our state and local funding for other priorities throughout the District. The table below summarizes the allowable uses of each Title grant:

Grant	Purpose
Title I	Serve students from low-income populations
Title II-A	Professional development for teachers
IDEA	Support students with disabilities
Title IV-A	Improve students' academic achievement
Title II-D	OFCC School Safety – This was a one-time grant through the OFCC to provide safety upgrades to facilities

Where Does the Money Go?

After a thorough discussion of revenue, it is natural to wonder how the District spends the money it is entrusted with. We take our responsibility to be good stewards of tax dollars seriously, and always with student outcomes in mind.

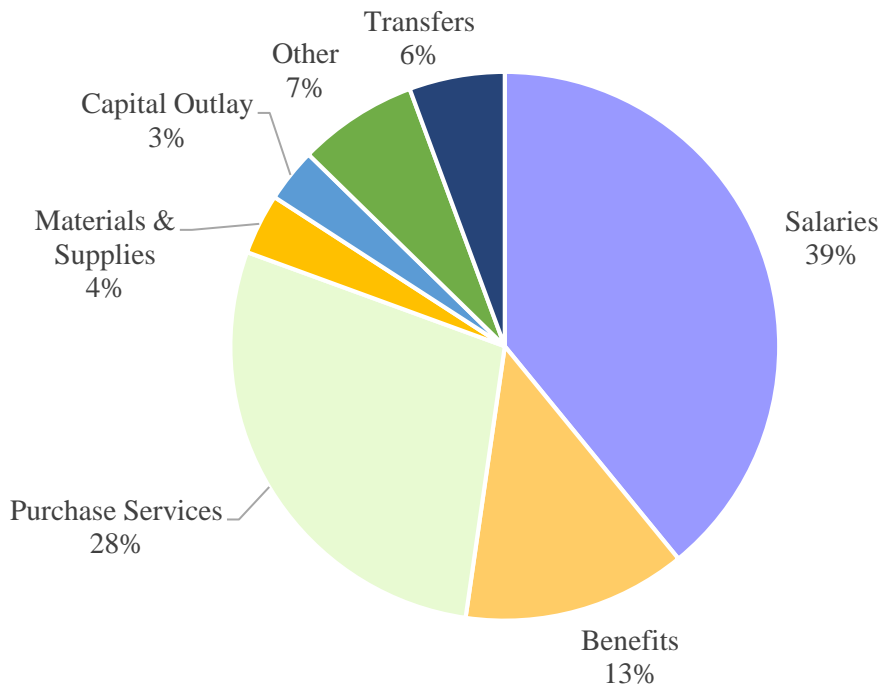
Expenditures by Function



Instruction is the largest category of our expenses. We spent 53% of all expenses on costs related to either regular instruction, special education or for support services for our students and staff. Facilities and transportation make up 16% of our costs, where we ensure our students have a safe way to get to school along with a safe facility conducive to learning. Administrative costs were 6% of our costs, as we devote the majority of our expenses in the classroom.

As shown above, we are focusing on our core mission of providing a quality education to all students. We are carefully managing the resources entrusted to us by our community to ensure we meet this mission.

Expenses by Object



In fiscal year 2024 the majority of our expenditures were to our staff. As a service organization, it only makes sense to spend the most on staff salary and benefits. The next highest expense area was in purchase services, which represents tuition for outside placement of student, support for our students provided by outside organizations, facility maintenance, bus repairs, and specialized training for our staff. The Salaries by category chart depicts how salaries are being spent. The largest category is in Instruction, followed by Support Services and Special instruction.



Conclusion

School district funding is complex and has a lot of moving parts. This document is intended to be a brief overview of our funding sources. Decisions made on the state and federal level can have a major impact on our ability to continue to provide a quality education to our students. We encourage all of our stakeholders to be involved in the school funding process, either at the local, state, or federal level.

We hope to convince lawmakers that the current voucher funding available for private schools should be extended to public schools. We firmly believe that if state tax dollars are used to fund school choice, then public schools should absolutely be among the options available to families. Please let us know if you have any questions or wish to discuss this topic further with District administrators.

As shown in this report, the District has done an excellent job in managing the resources it is entrusted with. The District has not asked for new money from taxpayers since 2018 when 3.65 mill bond levy was first approved. That bond levy has since been reduced and for 2025 tax bills is at 2.50 mills. There have not been any new operating monies from taxpayers since 2008 when the earned income tax of 1 percent was approved by voters. We are thankful for the continued support of our community and will continue to be good stewards of the dollars provided to our District.

Please let us know if you have any questions or wish to discuss this topic further with District Administrators.

Beth McCaffrey
Treasurer

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