Ohio Public School Funding 101

An overview of Ohio's public school funding mechanisms, including levies, calculations, and legislative impacts.



Introduction to Ohio Public School Funding



Introduction to Ohio Public School Funding

This presentation delivers an overview of public school funding in Ohio, highlighting crucial elements that impact the Fairport Harbor School District and its stakeholders. It addresses various types of funding mechanisms, legislative measures, and the implications for local education.





Inside Millage O.R.C. 5705.02

Inside millage" refers to the unvoted portion of property taxes, up to 10 mills (1%), levied by local governments in Ohio without a direct voter vote, used for general operating expenses like schools, townships, and first responders. Fairport schools has 5.24 mills of inside millage which generates approx. $455,000 annually.



Outside Millage - Voted

Types of Levies (Operating, Bond, Permanent Improvement/ Capital Maintenance) and Their Purpose

Operating Levies

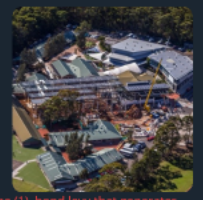
Operating levies provide funding for day-to-day expenses such as teacher salaries, utilities, and classroom supplies. They are essential for maintaining the basic functions of a school district.



Fairport has seven (7) operating levies that generate approx. $2,934,000 annually (Line 1.010 & 1.020 of forecast)

Bond Levies

Bond levies are used to raise funds for significant capital projects, such as building new schools or renovating existing facilities. This type of levy is crucial for long-term investment in educational infrastructure.



Fairport has one (1) bond levy that generates approx. $280,000 annually. This levy was approved to build the new school building and library.

Permanent Improvement / capital maintenance Levies

Permanent improvement/Capital Maintenance levies are designated for ongoing maintenance and improvement of school facilities. This includes upgrades to technology, safety enhancements, and energy efficiency measures.



Fairport has one (1) capital maintenance levy that generates approx. $28,000 annually. This levy was approved at the same time as the bond levy (same ballot language). A one-half mill (.5 mill) maintenance levy is a requirement of the OFCC. Without it, the state will not approve the commencement of the project. These funds will be used for future repairs and maintenance needs of our school building.

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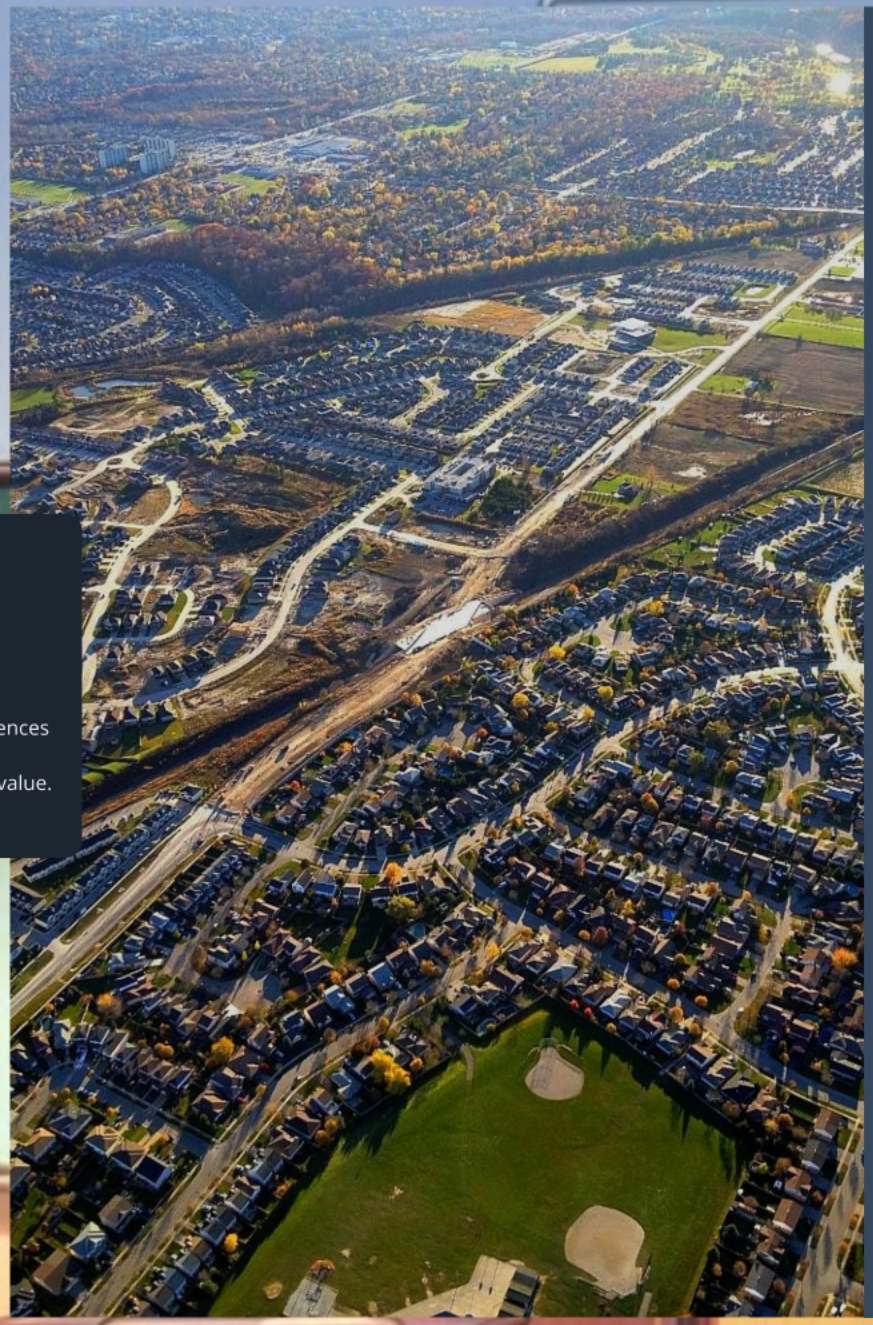
Understanding Millage



Millage represents the taxation rate applied to property values, determining the amount of property tax owed per $1,000 of assessed value. This metric is foundational in calculating property taxes and funds public services, including education.

Assessed Value Determines Taxes

In Ohio, the assessed value of a property directly influences the calculation of property taxes, as it determines the taxable amount based on a percentage of the market value.



Assessed Value in Ohio 35%

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How to calculate property tax ($100,000 market value)

Understanding the formula for calculating property tax is crucial for homeowners to manage their finances effectively.

Assessed Value

The assessed value of the home with a $100,000 market value is determined to be $35,000, which represents 35% of the market value.

Millage Rate

When a millage rate of 1 mill is used, which equates to $1 per $1,000 of assessed value.

Tax Calculation

The property tax is calculated by multiplying the assessed value ($35,000) by the millage rate 1 mill (.001), resulting in a total tax of $35.

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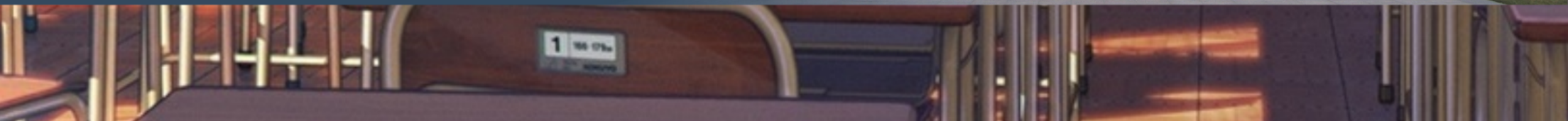
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Enactment and Purpose of HB920

Enacted in 1976, HB920 aims to protect homeowners by capping property tax increases, aligning them with inflation rates. This legislative measure addresses concerns about affordability and financial stability for property owners in Ohio.

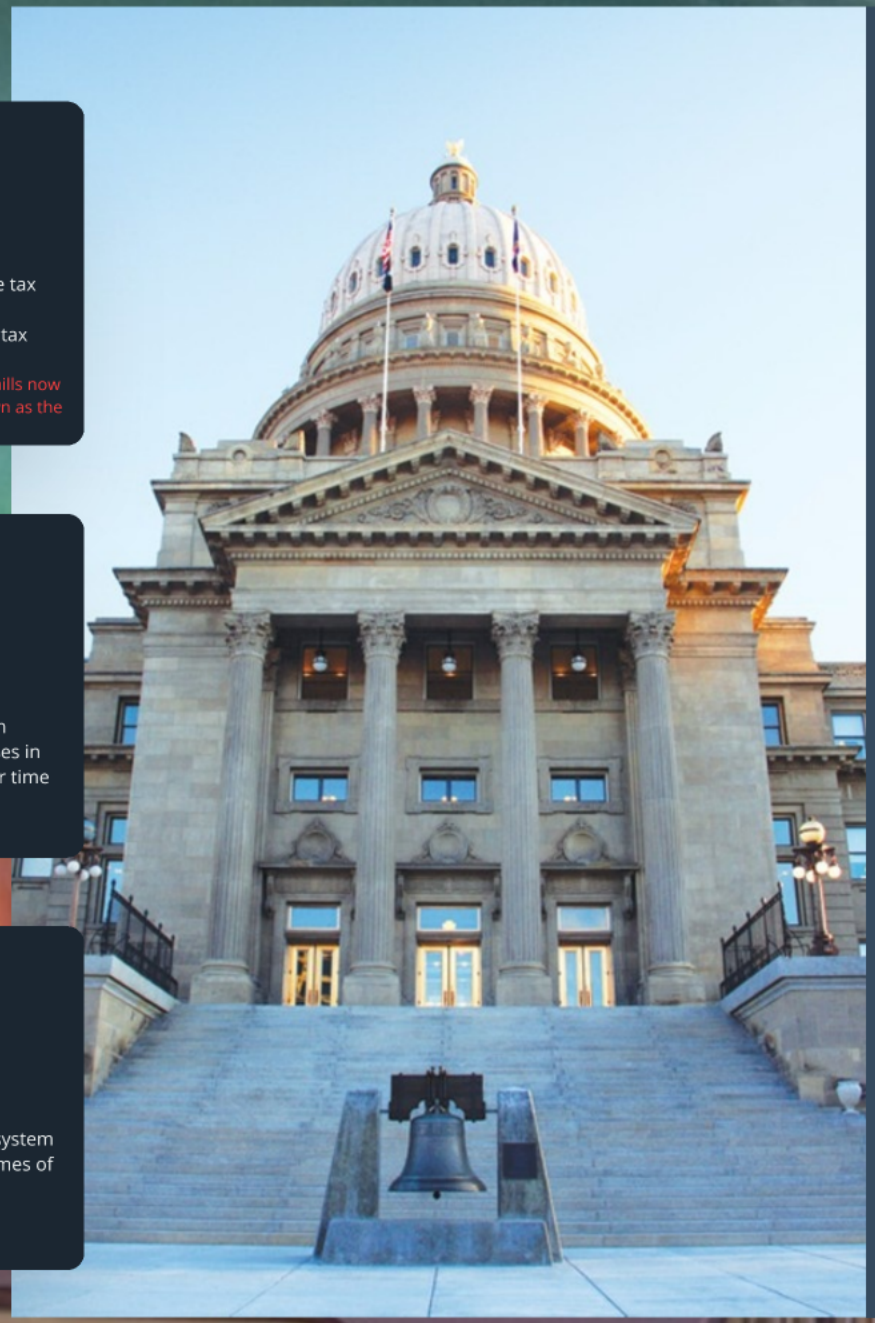


How HB920 Works

Adjusts Tax Rates to Protect Homeowners

HB920 ensures that when property values rise, the effective tax rate is adjusted downward to prevent disproportionate tax increases on homeowners. This mechanism serves to align tax growth with inflation and keep housing affordable.

Due to HB 920, Fairport's 83.26 voted mills now are collecting at 30.6 mills. This is known as the effective rate.



Stabilizes Tax Liabilities

The legislation creates a protective measure against sudden spikes in property taxes that can occur due to rapid increases in market value, ensuring that tax liabilities remain stable over time for residents.

Promotes Fair Taxation

By rolling back tax rates, HB920 aims to create a fairer tax system that does not disproportionately burden homeowners in times of economic change, fostering a more equitable approach to property taxation.

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Homestead and Rollback Credits in Ohio and requirements for each (shown on Line 1.050 of forecast)



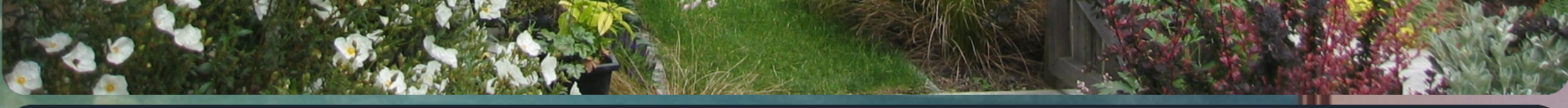


Homestead Exemption: Tax Relief for Eligible Homeowners

The Homestead exemption allows eligible homeowners, typically those over 65, permanently disabled or a disabled veteran, to reduce their property tax burden by shielding a portion of a homes market value from taxation. This program is designed to provide financial relief to the most vulnerable populations, helping them maintain homeownership. For tax year 2026, the standard exemption shields the first $29,000 of your home's market value. In October, 2025, the Lake County Commissioners voted to double the standard homestead exemption effectively shielding $58,000 for qualifying individuals. This decision (without any discussion with local governments resulted in a loss of $6 million in tax revenue to Lake County schools. Fairport Schools lost approximately $98,000.

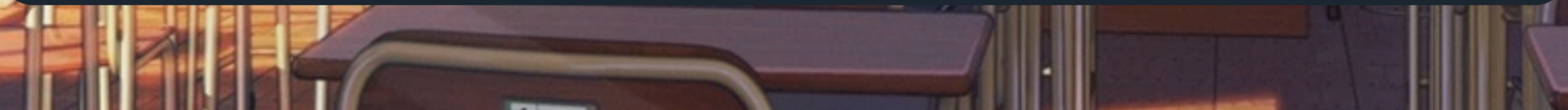
Rollback: Automatic Tax Reduction for All Homeowners

"Rollbacks" are property tax credits paid by the State of Ohio to local governments on behalf of the taxpayer, effectively reducing your tax bill. There are two types: Non-Business Credit (10% Rollback): This is a 10% reduction on property taxes for most residential and agricultural parcels, provided the property is not intended primarily for a business activity. Owner-Occupancy Credit (2.5% Rollback); An additional 2.5% reduction is available for homeowners who own and occupy their dwelling as their primary place of residence. This requires an application with your county auditor's office. Important Note: These rollbacks only apply to tax levies that were in existence or passed by voters prior to November 2013. New and replacements levies passed after this date do not receive these state-funded credits.



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Ohio School Funding

Ohio's school funding system was declared unconstitutional" by the Ohio Supreme Court 4 times! DeRolph v. State (1997-2002)



Facts about State Funding

- In 2002, Ohio ranked 35th in state support for K-12 education.
- By 2023, that ranking had dropped to 45th, one of the lowest in the nation.
- The state's share of education funding fell from 44.8% to 33.5%, while local property taxes now account for over half of school funding.

Federal Funding in Ohio Schools

Diverse Sources of Federal Funding

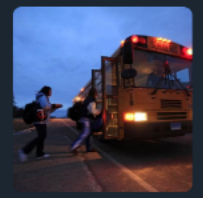
Federal funding in Ohio schools includes Title I funds aimed at assisting low-income students, special education funding under IDEA, and other grants for specific programs such as technology and nutrition. These funds help enhance educational opportunities and support various initiatives that benefit students and schools.



Fairport 2026 allocations:
$159,138 - Title I
$125,568 - IDEA

Bridging Funding Gaps

Federal funding helps bridge the gap in state and local funding, ensuring that all students, regardless of their background, have access to quality education and necessary resources. This financial support is crucial for maintaining and improving educational standards across various districts.



Impact of Federal Programs

The impact of federal funding can be seen in various programs, including after-school initiatives, mental health services, and professional development for teachers. These programs contribute significantly to the overall well-being and academic success of students in Ohio schools.



Diverse Sources of Federal Funding

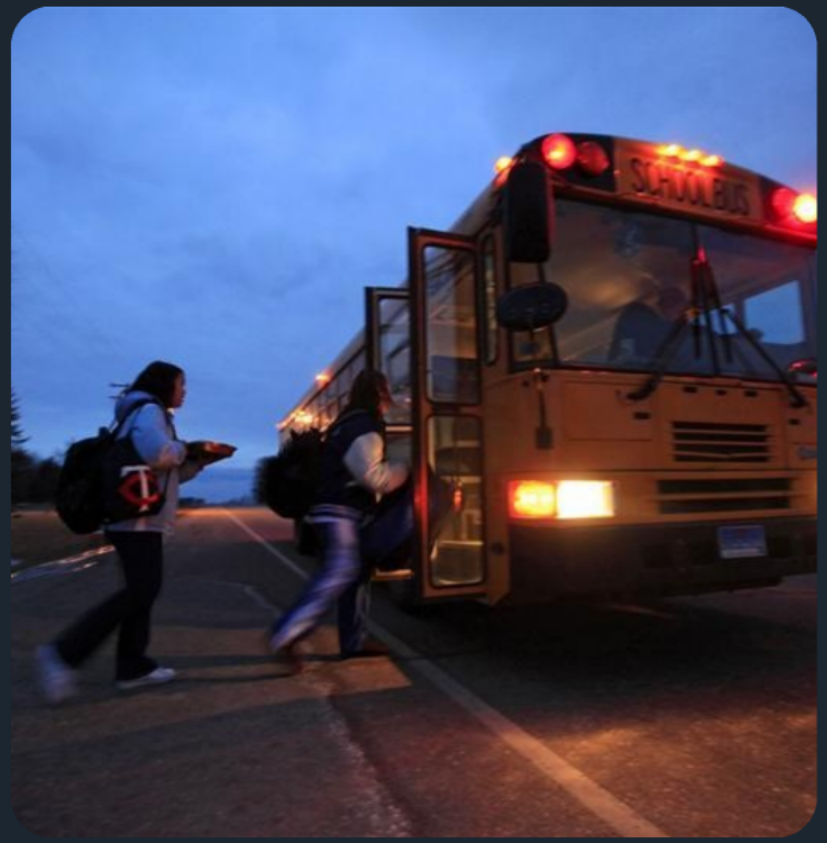
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February Financial Forecast

Revenue

		ACTUAL			FORECASTED			
		Actual 2023	Actual 2024	Actual 2025	Current Year Budget FY2026	Forecast YR1 FY2027	Forecast YR2 FY2028	Forecast YR3 FY2029
	Revenue:							
1.010	General Property Tax (Real Estate)	2,576,339	2,411,063	2,493,888	2,521,832	2,521,958	2,522,084	2,522,210
1.020	Tangible Personal Property Tax	433,287	443,074	434,160	412,581	412,581	412,581	412,581
1.030	Income Tax	-	-	-	-	-	-	-
1.035	Unrestricted Grants-in-Aid	4,446,917	4,976,697	4,844,134	5,080,240	5,387,767	5,387,767	5,387,767
1.040	Restricted Grants-in-Aid	419,721	562,119	876,726	748,594	780,852	780,852	780,852
1.045	Restricted Federal Grants-in-Aid	-	-	-	-	-	-	-
1.050	State Reimbursement for Property Tax Credits	318,226	285,531	291,303	286,278	287,709	289,148	290,594
1.060	All Other Revenues	454,871	509,494	700,152	616,254	571,917	527,136	532,407
1.070	Total Revenues	8,649,361	9,187,979	9,640,363	9,665,778	9,962,784	9,919,568	9,926,411
	Other Financing Sources:							
2.010	Proceeds from Sale of Notes	-	-	-	-	-	-	-
2.020	State Emergency Loans and Advancements	-	-	-	-	-	-	-
2.040	Operating Transfers-In	-	-	-	-	-	-	-
2.050	Advances-In	11,795	5,028	0	139	50,000	50,000	50,000
2.060	All Other Financing Sources	712	18,929	11,017	29,244	1,000	1,000	1,000
2.070	Total Other Financing Sources	12,507	23,957	11,017	29,383	51,000	51,000	51,000
2.080	Total Revenues and Other Financing Sources	8,661,868	9,211,936	9,651,380	9,695,161	10,013,784	9,970,568	9,977,411

Expenditures

	Expenditures:							
3.010	Personnel Services	3,778,082	3,771,108	4,172,126	4,370,770	4,521,634	4,631,462	4,744,026
3.020	Employees' Retirement/Insurance Benefits	1,442,414	1,599,189	1,762,959	2,294,726	2,288,583	2,538,196	2,822,986
3.030	Purchased Services	1,456,575	1,721,475	2,115,582	2,844,478	2,536,289	2,789,918	3,068,910
3.040	Supplies and Materials	219,650	172,086	349,421	379,305	363,000	399,300	439,230
3.050	Capital Outlay	28,685	54,436	87,484	264,356	105,000	110,250	115,763
3.060	Intergovernmental	-	-	-	-	-	-	-
	Debt Service:							
4.010	Principal-All (History Only)	-	-	-	-	-	-	-
4.020	Principal-Notes	-	-	-	-	-	-	-
4.030	Principal-State Loans	-	-	-	-	-	-	-
4.040	Principal-State Advancements	-	-	-	-	-	-	-
4.050	Principal-HB 264 Loans	-	-	-	-	-	-	-
4.055	Principal-Other	-	-	-	-	-	-	-
4.060	Interest and Fiscal Charges	-	-	-	-	-	-	-
4.300	Other Objects	144,016	140,748	124,200	127,926	131,763	135,716	139,788
4.500	Total Expenditures	7,069,423	7,459,043	8,611,771	10,281,561	9,946,270	10,604,842	11,330,702
	Other Financing Uses							
5.010	Operating Transfers-Out	362,901	365,015	1,125,967	1,410,000	172,000	185,200	199,720
5.020	Advances-Out	5,028	0	139	50,000	50,000	50,000	50,000
5.030	All Other Financing Uses	-	-	-	-	-	-	-
5.040	Total Other Financing Uses	367,929	365,015	1,126,106	1,460,000	222,000	235,200	249,720
5.050	Total Expenditures and Other Financing Uses	7,437,351	7,824,058	9,737,877	11,741,561	10,168,270	10,840,042	11,580,422

Projected Financial Picture

6.010	Excess of Rev & Other Financing Sources over (under) Expenditures and Other Financing Uses	1,224,517	1,387,878	-86,498	-2,046,399	-154,485	-869,474	-1,603,011
7.010	Cash Balance July 1 - Excl Proposed Renewal/ Replacement and New Levies	3,797,747	5,022,264	6,410,142	6,323,645	4,277,246	4,122,760	3,253,286
7.020	Cash Balance June 30	5,022,264	6,410,142	6,323,645	4,277,246	4,122,760	3,253,286	1,650,275
8.010	Estimated Encumbrances June 30	172,575	189,805	318,403	225,000	225,000	225,000	225,000
	Reservation of Fund Balance							
9.010	Textbooks and Instructional Materials	-	-	-	-	-	-	-
9.020	Capital Improvements	-	-	-	-	-	-	-
9.030	Budget Reserve	-	-	-	-	-	-	-
9.040	DPIA	-	-	-	-	-	-	-
9.045	Fiscal Stabilization	-	-	-	-	-	-	-
9.050	Debt Service	-	-	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	-	-	-	-
9.070	Bus Purchases	-	-	-	-	-	-	-
9.080	Subtotal	-	-	-	-	-	-	-
10.010	Fund Balance June 30 for Certification of Appropriations	4,849,690	6,220,337	6,005,242	4,052,246	3,897,760	3,028,286	1,425,275
	Rev from Replacement/Renewal Levies							
11.010	Income Tax - Renewal			0	0	0	0	0
11.020	Property Tax - Renewal or Replacement			0	0	0	0	0
11.300	Cumulative Balance of Replacement/Renewal Levies			0	0	0	0	0
12.010	Fund Balance June 30 for Certification of Contracts, Salary and Other Obligations	4,849,690	6,220,337	6,005,242	4,052,246	3,897,760	3,028,286	1,425,275
	Revenue from New Levies							
13.010	Income Tax - New			0	0	0	0	0
13.020	Property Tax - New			0	0	0	0	0
13.030	Cumulative Balance of New Levies			0	0	0	0	0
14.010	Revenue from Future State Advancements							
15.010	**Unreserved Fund Balance June 30**	4,849,690	6,220,337	6,005,242	4,052,246	3,897,760	3,028,286	1,425,275

90 days of Unencumbered Expenditures
Section D Code:DAB

15.010 **Unreserved Fund Balance June 30**	4,849,690	6,220,337	6,005,242	4,052,246	3,897,760	3,028,286	1,425,275
			90 Days Unencumbered Expenditures	$ 2,935,390	$ 2,542,067	$ 2,710,011	$ 2,895,106

Comments: See accompanying notes for assumptions.


TAXES SO HIGH, PEOPLE FLEE!
THE TAX DEATH SPIRAL EXPLAINED
HIGH TAXES
BUSINESS EXODUS
HOMEOWNERS LEAVE
DECLINE & COLLAPSE
FORECLOSURE
NO TAX
ABOLISH PROPERTY TAXES IN OHIO!

Our Presumable Reality!



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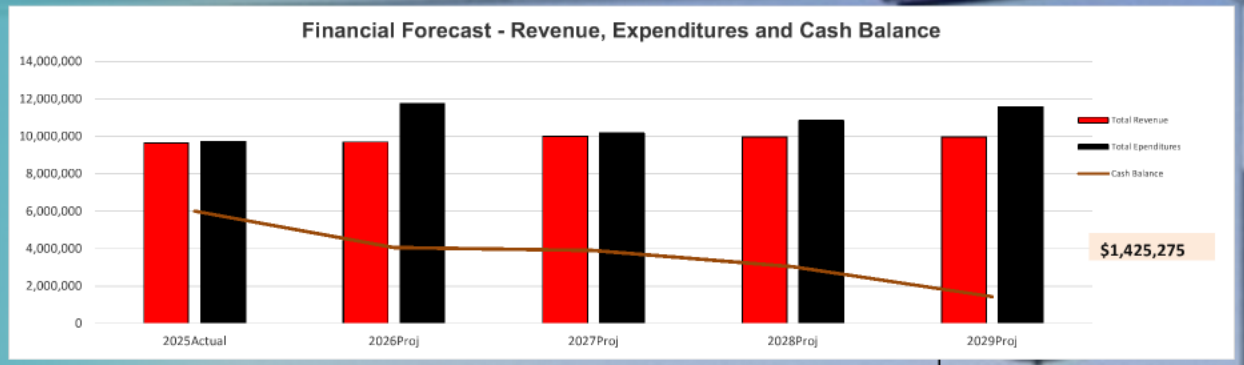
https://www.youtube.com/live/heUwM6O2y4w?si=QI7hUO2AU0zOEYol

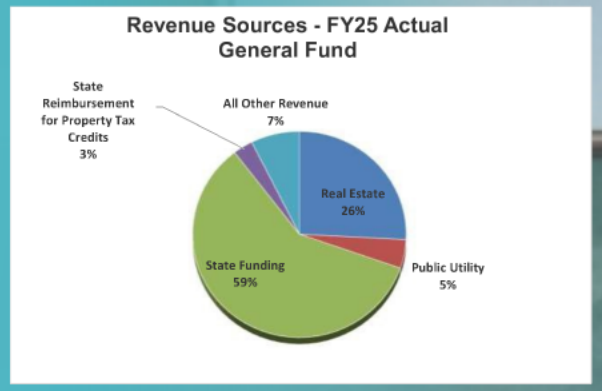
Projected Financial Picture without Tax Revenue

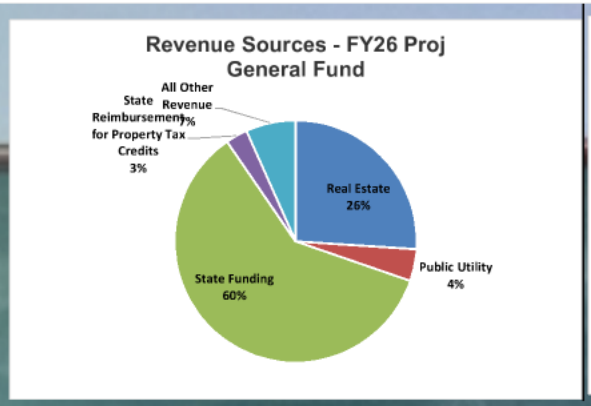
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7.010	Cash Balance July 1 - Excl Proposed Renewal/ Replacement and New Levies	3,797,747	5,022,264	6,410,142	6,323,645	4,277,246	2,655,491	-1,148,648
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9.050	Debt Service	-	-	-	-	-	-	-
9.060	Property Tax Advances	-	-	-	-	-	-	-
9.070	Bus Purchases	-	-	-	-	-	-	-
9.080	Subtotal	-	-	-	-	-	-	-
10.010	Fund Balance June 30 for Certification of Appropriations	4,849,690	6,220,337	6,005,242	4,052,246	2,430,491	-1,373,648	-5,911,450
	Rev from Replacement/Renewal Levies							
11.010	Income Tax - Renewal			0	0	0	0	0
11.020	Property Tax - Renewal or Replacement			0	0	0	0	0
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13.010	Income Tax - New			0	0	0	0	0
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13.030	Cumulative Balance of New Levies			0	0	0	0	0
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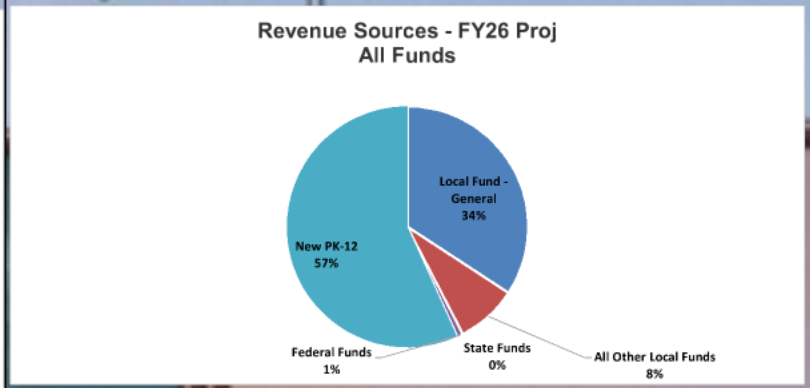
It's going to take a "Village" to weather this storm! Our kids deserve it!

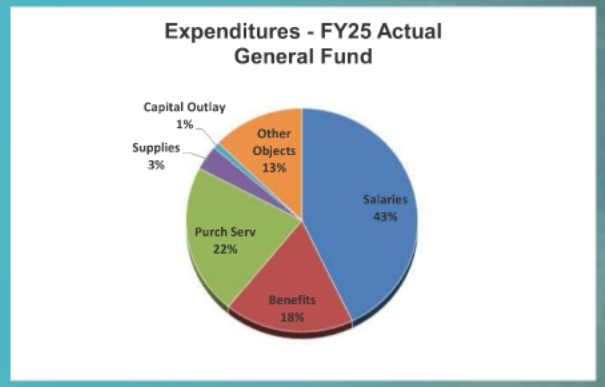


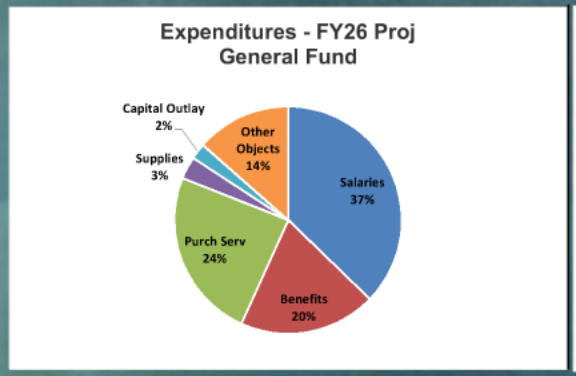

Financial Forecast - Revenue, Expenditures and Cash Balance
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
0
2025Actual
2026Proj
2027Proj
2028Proj
2029Proj
Total Revenue
Total Expenditures
Cash Balance
$1,425,275

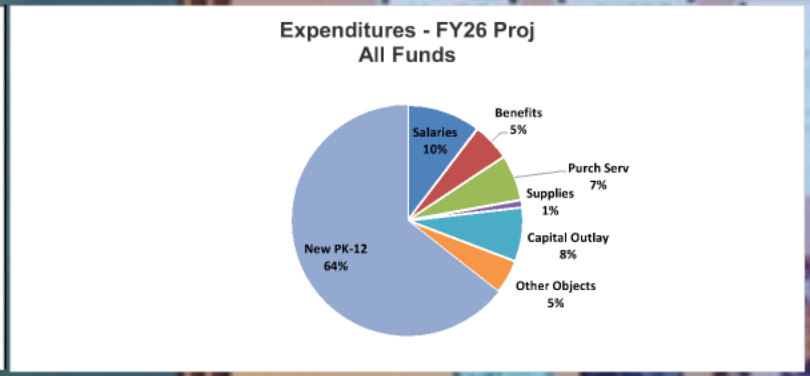

Revenue Sources - FY25 Actual
General Fund
State Reimbursement for Property Tax Credits 3%
All Other Revenue 7%
Real Estate 26%
State Funding 59%
Public Utility 5%


Revenue Sources - FY26 Proj
General Fund
State Reimbursement for Property Tax Credits 3%
All Other Revenue 7%
Real Estate 26%
State Funding 60%
Public Utility 4%


Revenue Sources - FY26 Proj
All Funds
Local Fund - General 34%
New PK-12 57%
Federal Funds 1%
State Funds 0%
All Other Local Funds 8%


Expenditures - FY25 Actual
General Fund
Capital Outlay 1%
Supplies 3%
Other Objects 13%
Salaries 43%
Purch Serv 22%
Benefits 18%


Expenditures - FY26 Proj
General Fund
Capital Outlay 2%
Supplies 3%
Other Objects 14%
Salaries 37%
Purch Serv 24%
Benefits 20%


Expenditures - FY26 Proj
All Funds
Benefits 5%
Salaries 10%
Purch Serv 7%
Supplies 1%
Capital Outlay 8%
Other Objects 5%
New PK-12 64%



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