FREQUENTLY ASKED QUESTIONS

Understanding the Stow-Munroe Falls City School District Financial Forecast and Budget Reductions

We have developed the following Frequently Asked Questions (FAQs) to provide additional clarity on the district's current financial outlook, budget planning process, and operational decisions for the 2026–2027 school year. We recognize that families, staff, and community members may have questions about how school funding works in Ohio, why reductions are necessary, and how these decisions may impact students and programs. Our goal is to provide clear, transparent, and accurate information to help our community better understand the challenges facing public education and the thoughtful steps being taken to maintain long-term financial stability while continuing to support student learning and opportunities in Stow-Munroe Falls City Schools.

1. Why is the district making reductions for the 2026–2027 school year?

The forecast projects approximately $73.8 million in revenue, compared with more than $78 million in expenditures for Fiscal Year 2027, resulting in a shortfall. Rising costs for salaries, benefits, transportation, utilities, technology, and student services continue to outpace district revenues. To remain financially stable and avoid future financial problems, the district must reduce expenses now. ***Example:*** *Just like a household cannot continue spending more than it earns each year, a school district must make adjustments when expenses increase faster than income.*

2. What is a Five-Year Financial Forecast?

A Five-Year Forecast is a required financial planning document submitted to the Ohio Department of Education and Workforce.
It helps districts estimate:

- Future revenues
- Future expenses
- Long-term financial stability

Example: *It is similar to a family creating a multi-year household budget to prepare for future bills and expenses.*

3. How Does Ohio Fund Schools?

Ohio public schools are funded through a combination of:

- State funding
- Local property taxes
- Federal funding

The largest portions of school funding typically come from the State of Ohio and local taxpayers.

State Funding	Local Funding	Federal Funding
The State of Ohio provides funding to school districts through a school funding formula. The amount a district receives is based on several factors, including: ● Student enrollment ● Property values within the community ● Income levels of residents ● Student needs and services *In general, the state provides more funding to districts with lower property wealth and less funding to districts with stronger local property values.*	Communities also support schools through locally approved property taxes, often called levies. These local funds help pay for: ● Teachers and staff ● Transportation ● Building operations and maintenance ● Safety and security ● Student programs and services	The federal government provides a smaller portion of school funding, usually targeted toward specific programs and student services, such as: ● Special education ● Federal Programs: Title I services ● School nutrition programs ● Student support initiatives

4. What does it mean that the district is projected to "have a shortfall"?

The district projects approximately $73.8 million in revenue but more than $78 million in expenses for Fiscal Year 2027. This means expenses exceed incoming funds. ***Example:*** *If a family earns $73,000 per year but spends $78,000, the difference must come from savings. Over time, those savings decrease if spending is not reduced.*

5. If the district still has money in savings, why are reductions necessary?

The district's cash balance is not "extra money." It functions like a savings account that helps pay for:

- Payroll
- Daily operations
- Emergencies
- Bills and expenses throughout the year

If the district continues spending more than it receives, those reserves will eventually run out. ***Example:*** *A family may have savings in the bank, but if monthly bills continue exceeding monthly income, those savings eventually decline.*

6. Why do school costs continue to increase?

School districts are experiencing many of the same rising costs families are facing, including:

- Health insurance increases
- Inflation
- Fuel costs
- Utility increases
- Technology and cybersecurity expenses
- Students with disabilities cost

These operational costs continue to increase each year. At the same time, districts may experience:

- Declining enrollment
- Changes in state funding formulas
- Legislative impacts on property tax collections
- Reduced state support as local property values increase

Because of these factors, school districts must carefully monitor finances, plan long-term budgets, and make responsible decisions to maintain financial stability and continue supporting student learning opportunities.

7. What is the term "clawback"?

"Clawback" refers to the State of Ohio reducing funding to a school district because the district is considered to have stronger local property values. The clawback expense for the upcoming school year is a 2.1 million budget reduction in August 2026. ***Example:*** *If home values increase in a community, the state may assume the district can rely more on local taxes and therefore reduce state funding. This means districts do not always benefit financially from rising property values.*

8. If property values increase, doesn't the district automatically receive more money?

Not necessarily. Ohio law limits how much additional revenue school districts can collect from rising property values and many existing levies. At the same time, the state may reduce district funding due to rising property values. ***Example:*** *Even if a home's value increases, the district cannot automatically collect unlimited additional revenue from that increase.*

9. What are House Bills 129, 186, 309, and 335?

These are proposed Ohio laws related to property taxes and school funding. These laws, which took effect on March 20, 2026, could reduce funding for school districts across Ohio, including Stow-Munroe Falls. The district has publicly shared that these proposed changes could potentially reduce district revenue by approximately $7.4 million over Tax Years 2026 and 2027.

House Bill	Defined	What Does this Mean?	*Example*
HB 129 – Limits Revenue Growth from Existing Levies	HB 129 changes how certain school levies are calculated by including emergency and substitute levies in the 20-mill floor calculation. This limits how much additional revenue districts can receive as property values increase.	Even if home values increase in the community, the school district may not receive much additional funding from those increases.	*If a family's home value increases from $250,000 to $300,000, many people assume the school district automatically receives significantly more money. Under HB 129, the district's revenue growth is limited, so the increase in school funding may be much smaller than expected.*
HB 186 – Caps Property Tax Growth	HB 186 places additional limits on how much property-tax revenue school districts can receive over time and changes rollback structures tied to property taxes.	The district's costs continue to rise each year for salaries, transportation, utilities, insurance, and student services, but the district may not be able to collect enough additional revenue to keep pace with those rising expenses.	*Just like grocery prices and utility bills increase for families, school district expenses also increase. HB 186 limits how much district revenue can grow, even as costs continue to increase.*
HB 309 – Allows Review of Voter-Approved Levies	HB 309 gives County Budget Commissions more authority to review and potentially reduce certain voter-approved levies if they determine districts are collecting more revenue than necessary.	Even if voters previously approved a levy to support schools, some revenue could later be reduced under this law.	*A community may vote to support a school levy, believing those funds will remain stable for several years. Under HB 309, portions of that funding could potentially be reduced sooner than expected.*
HB 335 – Limits Growth from Inside Millage	HB 335 limits how much revenue districts can receive from "inside millage," a portion of property taxes that school districts traditionally rely on for operations.	The district may experience less future revenue growth, even as property values increase and operational costs continue to rise.	*If inflation causes transportation, electricity, and maintenance costs to rise by 5–10%, district revenue may still increase only very slightly under the law.*

10. Are other school districts experiencing similar financial challenges?

Yes. Many school districts across Ohio are facing:

- Rising operational costs
- Reduced or uncertain state funding
- Enrollment changes
- Financial pressures requiring budget reductions

The financial challenges for school districts are not unique to Stow-Munroe Falls.

11. Is the district only focused on reducing one program or department?

No. District leadership conducted a comprehensive review of:

- All Staffing
- Certified, classified, and administrative positions
- Transportation
- All Contracts
- Supplies
- Building usage
- Enrollment trends
- Technology expenses
- Operational costs

The district eliminated 7 certified staff positions, 2 classified staff positions, 1 district support person, 2 administrator positions, and several district-contracted services. Although the district has eliminated several positions due to staffing needs, seniority, and transfers, the reduction-in-force (RIF) for 2026-27 was limited to one employee. The school districts' contracted services range from supporting daily instructional support to school operations. The goal has been to reduce expenses responsibly while minimizing the impact on students and educational opportunities.

12. What has the district worked hard to protect?

Even while making reductions, the district continues prioritizing:

- Student safety and security
- Academic programming
- Student opportunities
- Fine arts and athletics, where possible
- Mental health and student support services
- Career and college readiness opportunities

The district's goal is to make thoughtful reductions rather than across-the-board cuts.

13. Why doesn't the district just wait and see what happens?

Responsible financial planning requires districts to act before financial conditions worsen. Waiting too long could lead to:

- Larger staff reductions
- Program eliminations
- Fiscal emergency concerns
- Greater financial instability

The district is working proactively to stabilize finances now to avoid more severe measures later.

14. What is the district doing to plan for the future?

The district continues:

- Long-term financial forecasting
- Strategic planning

- Operational efficiency reviews
- Facility and enrollment reviews
- Ongoing collaboration with the Treasurer's Office and other departments to ensure protocols and procedures are in place.

The goal is to make thoughtful decisions that support both students and long-term financial stability.

15. Will the district continue communicating with families and the community?

Yes. The district remains committed to transparency, communication, and keeping families informed as we continue planning and making decisions.