



SCHOOL FUNDING

101

WELLINGTON EXEMPTED VILLAGE SCHOOLS



LOCAL, STATE AND FEDERAL FUNDING EXPLAINED

SCHOOL FUNDING 101

At Wellington Exempted Village Schools, we understand the importance of maintaining an open and transparent line of communication with our community and taxpayers. School funding is complex and can be difficult to understand, but we want to do our part to make this information accessible. In this issue of School Funding 101, we will break down the three types of funding that finance Ohio Schools. For more information about the Wellington Exempted Village School District finances, please visit our website at wellingtonvillageschools.org

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Office Hours:
Monday-Friday, 6:30 a.m. to 4:00 p.m.
If you need an appointment after regular hours, please contact us.



LOCAL

FUNDS

Public schools are funded through property taxes, but can also receive funding from income taxes if voter approved.

Property taxes fall under two major categories:

REAL PROPERTY

Real Property is a type of tax levied upon land and buildings located within our school district. Essentially, it is a real estate or property tax that is paid by every owner of private and business property in the district. Breaking it down even further, this tax is divided into two classes:

- ✓ **Class 1** - Residential and agricultural
- ✓ **Class 2** - All other (i.e., commercial, industrial)

PUBLIC UTILITY

Public Utility is a type of tax levied upon companies that provide electric, gas, local and long-distance telecommunication, pipelines, heating, water, transportation, and railroads.



LOCAL FUNDS

Rollback and Homestead Exemption Reimbursements:

- ✓ **Rollback** funds are paid to the district from The State of Ohio for tax credits given to owner-occupied homes. With House Bill 59, the state eliminated this 10% reimbursement for school districts on any new levies passed after September of 2013. School districts will continue to collect these reimbursements for any levies passed prior to that date but will not be eligible for these reimbursements with new levies.
- ✓ **Homestead** exemption funds are 2.5% tax credits given to seniors ages 65 years or older, or those who are disabled. House Bill 59 also implemented income qualifications for those applying for this credit after September of 2013. This will also reduce reimbursements for school districts over time and increase the tax burden on our local taxpayers.

Income Tax

A School District Income Tax (SDIT) is an income tax separate from federal, state, and municipal income taxes earmarked specifically to support school districts. Imposition of the tax must be voter-approved by residents of a school district.

Any individual residing in The State of Ohio who lives during all or part of a tax year in a school district that levies the tax must pay the tax. A part year resident must pay the SDIT based upon the income received during the portion of the taxable year in which he/she is a resident of the school district that has enacted the tax.

Also, the estate of a decedent who, at the time of their death, was domiciled in the school district, must pay the traditional form of an income tax. The tax is on the income received by the estate after the time of death. Estates are not subject to the earned income based school district income tax.

Other Revenue is a “catch-all” for all other general fund revenue that does not qualify as local property taxes, state reimbursements, or state aid. Examples of revenue streams that would qualify as “other revenue” would include investment income, Medicaid reimbursements, student fees, expenses charged against other school districts, local TIF (tax increment financing) payments, etc.

STATE FUNDS

In fiscal year 2021, the state funding formula was overhauled, and the Fair School Funding Plan (FSFP) was established by a group of educational professionals with the common goal of implementing an adequate and equitable funding solution for every Ohio school district. The FSFP was incorporated into the 2022-2023 biennium budget as HB110 and is currently being implemented by the Ohio Department of Education.

The FSFP establishes a base cost that is computed for each school district and factors in teacher salaries, student support, administration, building operations, athletics and more.

- ✓ The State Share Index is used to balance state funding payments based on the school district's ability to raise local tax revenue.
- ✓ When the index is applied to the funding formula, higher wealth districts receive less state funds, while lower wealth districts receive more.

The FSFP addresses major funding issues, such as the base cost of education, as opposed to the annual increases that have been in place for years. Additionally, the FSFP addresses specific categorical funding components by adjusting current requirements and providing districts with additional support in these areas:

- ✓ Special education
- ✓ Transportation
- ✓ Economically disadvantaged
- ✓ Open enrollment
- ✓ Student wellness costs



FEDERAL **SUPPORT**

While education is a responsibility of the state, the federal government also provides funding to assist with education. A majority of the federal funds available to schools flow through the Office of Federal Programs, which is an extension of the Ohio Department of Education.

To qualify for federal funds, districts must develop plans on how to use these funds, including goals and measures. Federal funds are committed for limited periods of time and must be used annually between July 1 and June 30. These funds also come with strict guidelines on how they can be spent and cannot take the place of existing locally funded programs. These funds are to be used as a supplement for existing programs. Common federal funds include:

- ✓ Child nutrition program
- ✓ Title I – Economically disadvantaged funding
- ✓ Title IIA – Improving teacher quality
- ✓ Title IV – Student support and academic enrichment
- ✓ Individuals with Disabilities Act Part B – Special education
- ✓ Individuals with Disabilities Act ESCE – Early Childhood Special Education (pre-k)

There are additional federal grants that are targeted for specific needs:

- ✓ School Improvement
- ✓ Expanding Opportunities
- ✓ Each Child Reads
- ✓ Equity for Each
- ✓ McKinney-Vento Homeless Assistance

...and others

IN CONCLUSION

Not only does school funding directly impact the level of education we can afford to provide for our students, it affects our community as well. A strong school system attracts new families to our district and leads to growth. Our goal is to help you develop a thorough understanding of school funding in Ohio and recognize how our community's growth will impact the funding Wellington receives in the future. Please continue to watch for further communications regarding finances, financings, funding and other fiscal topics.



WELLINGTON
EXEMPTED VILLAGE SCHOOLS





Wellington Exempted
Village Schools
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BOARD OF EDUCATION

Jessica Reynolds, President

Kevin Stump, Vice President

Philip Mohrman, Treasurer Pro-Tempore

Jennifer Kazmierczak, Member

Ayers Ratliff, Member

The Wellington Exempted Village School District is governed by a five-member Board of Education that provides governance to the district on policy and financial matters.

To contact the Board of Education, email or call individual members.
For general information regarding the district, please call (440) 647-7974.



Back Row: Ayers Ratliff, Jennifer Kazmierczak,
Philip Mohrman

Front Row: Kevin Stump, Jessica Reynolds

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