



Frequently Asked Questions: District Finances

May 2023 Combination Levy

What are the sources of revenue for FHSD?

Forest Hill School District primarily relies on local taxes for its operating costs. Currently, the state only provides 26.5% of the district's annual operating revenue while local sources amount to 70.5%. The remaining 3% of FHSD operating funds is made up of a variety of federal and local revenue sources.

How much state funding does FHSD receive?

Currently, Forest Hills School District receives 26.5% of the district's general funding through the State of Ohio. This is less state funding than many other Ohio schools, which receive an average of 41%, according to a February 2023 report prepared by the Fordham Institute. Ohio's school funding model does not account for inflation and is highly weighted by the wealth index, which is a community's perceived ability to fund its own schools. FHSD is considered a "wealthy" school district based on this standard and the state subsequently provides a smaller portion of FHSD's overall funding compared to average school districts.

How much does FHSD spend per student in the school district?

Forest Hills School District spends \$12,857* in operating expenditures per student. The per student spending for several local school districts are as follows:

- Indian Hill Exempted Village School District: \$19,330
- Cincinnati Public Schools: \$18,075
- Sycamore Community Schools: \$16,028
- Madeira City Schools: \$13,475
- Hamilton County Average: \$15,546

* Source: ODE Cupp Report FY 22

New Data - Published on April 3, 2023 (Document Updated from Previous Version)

How much funding is spent directly on student instruction?

According to the Ohio Department of Education, Forest Hills spends 74 cents from every dollar directly in the classroom.

- ODE reports that, on average, districts in Ohio spend 68.1 cents from every dollar in the classroom.
- Those numbers indicate that Forest Hills School District invests 5.9% more on classroom instruction than the average Ohio school district.

How does the district actively work to save money?

FHSD regularly looks for ways to operate more efficiently and effectively. Prior to 2019, the district made \$1.5 million in permanent budget reductions from restructuring administrative, staff

and operations in its effort to extend the 2012 operations levy. Since 2019, the district has made \$1.2 million in further reductions to operate more efficiently and more responsibly utilize taxpayer dollars. These figures do not include the \$750,000 in estimated reductions the district is making by the end of the 2022-2023 school year. These reductions are necessary to reduce total millage of the May levy and as part of the district's obligation to be responsible stewards of taxpayer dollars.

Why is FHSD seeking additional funding?

Money generated from the 2019 operating levy has not kept up with inflationary increases in costs outside the district's control, including utilities and supplies. Ohio's school funding model does not account for inflation and, as a result, FHSD is projected to enter deficit spending in 2023.

Ohio's school funding model is designed in such a way that local taxpayers share the burden with the state to fund public education. Many school districts across the state ask voters for tax levies every few years in order to maintain normal operations, because the current system does not account for rising costs due to inflation. Ohio law, according to House Bill 920, also specifies that as home values increase, the amount of voted property taxes cannot increase which actually lowers the effective tax rate.

Why is a levy necessary right now?

According to the five-year-forecast, the district is already operating in deficit spending and a negative cash balance is projected to occur by 2026 if the trend is not stabilized. This means FHSD would be required by law to implement significant budget reductions. H.B. 920 does not allow voted school property tax revenue to respond to inflation. As costs have gone up for items like gas, diesel, utilities and more over the last few years, no additional voted tax revenue has been added to offset those increases. Many school districts in Ohio face this challenge often and the options to respond include reducing costs through cuts, increasing revenue (typically through a tax levy) or some combination of those approaches. FHSD is making reductions of \$750,000 now in conjunction with the 6.9 mill levy on the May 2, 2023 ballot.

How does House Bill 920 impact school finances?

In 1976, House Bill 920 became law and has led to most school districts in Ohio returning to residents to request additional funds through tax levies. This law forces voted property tax revenues for school districts to stay the same year over year, because it does not account for inflation. Other governmental entities at the state, county and municipal level rely primarily on either income tax revenue (which increases as wages increase) or sales tax revenue (which increases as inflation drives up the cost of goods and services). However, as property values go up, the school tax rate is actually lowered by the county auditor to ensure no additional revenue is collected.

Updated: April 18, 2023