DISTRICT FINANCIAL FAQs

Q1: How much is the funding that we get from the state to operate our school district? What percentage of our budget does this represent?
Answer: The Mariemont City School District currently receives $5,895,000 total funding from the state of Ohio. With an approximate annual budget of $21 million for fiscal year 2014, this accounts for 27% of the school district’s operating budget. The remaining 73% comes from locally generated revenue, including real estate taxes (levies), fees and interest.

Q2: Have state dollars that come into our school district been reduced? What impact has this had on Mariemont City Schools?
Answer: Yes. Overall the district has lost $3.2 million in total state revenue since 2010. Looking at current per pupil funding alone, the state’s per pupil contribution to the Mariemont City Schools’ budget was 21.7% of the budget in 2004, while today it is 13.7% of the budget.

Q3: How much state per pupil funding does Mariemont City Schools receive for each student?
Answer: The current state allocation per pupil is $5,800. This amount is adjusted based on the district’s State Share Index. The State Share Index takes into account property wealth and the income of the residents of the district. Therefore, each district across the state receives different amounts per pupil. The state uses a valuation index, an income index and a wealth index.

When all of this is taken into account, Mariemont City Schools ends up receiving around $1,800 per student, which is only 30% of the full state per pupil allocation.

Q4: How much do we spend per pupil in our school district? How does this compare to other school districts?
Answer: The Mariemont City School District spends $11,868 in operating expenditures per pupil. The per pupil spending for a few other local school districts is as follows:
- Indian Hill $16,261
- Madeira $11,749
- Sycamore $14,276
- Wyoming $11,766
(Source: Ohio Department of Education)

Q5: How would the current state budget proposal impact the finances of Mariemont City Schools?
Answer: As proposed, the state budget would have a significant negative impact on our finances.
- In FY16, there would be 10% increase in state core aid (foundation dollars); however, there would be a 49% decrease in Tangible Personal Property (TPP) reimbursement dollars. The net result is a 4.3% decrease in total state funding compared to the current fiscal year (FY15).
- In FY17, there would be a 7% decrease in state core aid (foundation dollars) and a 100% decrease in the remaining TPP reimbursement dollars. The net result is a total 21.5% decrease in state funding compared to the current fiscal year (FY15).

<table>
<thead>
<tr>
<th>Budget Proposal</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Aid</td>
<td>$3,030,064</td>
<td>$3,333,071</td>
<td>$3,098,800</td>
</tr>
<tr>
<td>TPP Reimbursement</td>
<td>$916,859</td>
<td>$445,917</td>
<td>$0</td>
</tr>
<tr>
<td>Total State Funding</td>
<td>$3,946,923</td>
<td>$3,778,988</td>
<td>$3,098,800</td>
</tr>
<tr>
<td>% decrease</td>
<td></td>
<td>4.3%</td>
<td>18%</td>
</tr>
</tbody>
</table>
It is unlikely that the budget as originally proposed will be passed into law. The budget process is long and typically results in many changes in comparison to the original proposal. Of course, the unknown is how the final budget will impact our school district.

Q6: Does casino revenue support public schools?
Answer: School districts do get a portion of casino revenue. For fiscal year 2014, the Mariemont City School District received approximately $87,000 from casino revenue, which represents less than ½ of 1% of total district revenues.

Q7: What is TPP? What will losing it mean to us?
Answer: TPP is an acronym for Tangible Personal Property tax. TPP tax was assessed on Ohio businesses for machinery, equipment and inventories. A few years ago, state legislation (HB66) was passed to completely eliminate TPP taxes as part of a tax reform.

At one time, this tax was a direct source of revenue for the school district, generating over $2 million annually, which was approximately 10% of the district revenue. Today, the state reimburse only a portion of this tax to the district, which amounts to $916,860 annually. This remaining portion is in jeopardy in future budgets. Losing this annual revenue stream would be detrimental to the district, as it represents over 4% of the district’s income.

Q8: Does the Commercial Activity Tax collected by the state go to our school district?
Answer: In 2006, the State of Ohio began phasing in the Commercial Activity Tax (CAT), coinciding with the phase out of the Tangible Personal Property (TPP) tax. Whereas Tangible Personal Property (TPP) tax was collected by school districts, the Commercial Activity Tax (CAT) is collected directly by the state. Initial indications were that the CAT dollars were to be used for making school districts “whole” from the loss of TPP dollars. However, over time, this has proven false, as the state has continued to reduce TPP reimbursement dollars.

Current CAT collections to the state now equal the dollars once collected directly by school districts and local governments through TPP. However, the state reimbursement to schools and local governments is significantly less. In the chart below, the solid blue tiles illustrate the CAT dollars collected that are not being used to reimburse schools and local governments; instead, these dollars are going to the state general fund.
Q9: I keep hearing property values in our school district are going up. Shouldn’t this mean the school district is getting more tax revenue?
Answer: In general, the district does not receive additional revenue as a result of an increase in property values.

HB920, which is a law that was passed in the late 1970s, offers relief to taxpayers by restricting much of the growth in property tax revenue from inflation. It limits the dollars collected from a voted tax levy to the amount calculated when the levy is originally passed. Therefore, when property values increase, a reduction factor is applied to lower the effective tax rate to bring in the same amount as when the levy was initially passed. Because voted property tax revenues do not rise with inflation, the amount the school district collects does not grow over the years with inflation.

Q10: There is some new construction in the school district community. Does new construction generate additional revenue for the school district?
Answer: Yes, new construction does generate revenue for the Mariemont City School District; however, there are often incentives included with the approval of construction that result in the reduction of the property tax bill. For example, the new condominiums in Mariemont were given a 15-year tax abatement, which is equal to 50% of the structural market value, and therefore, reduces the amount of property tax dollars the school district receives.

Q11: Does each community within our district (i.e. Columbia Township, Fairfax, Mariemont, Terrace Park) pay the same tax rate for Mariemont City Schools?
Answer: Yes, each community pays the same tax rate for the school district.

Q12: How does charter school funding work?
Answer: The district receives per pupil funding of around $1,800 per student from the state, but the full $5,800 is deducted from our funding and sent to the charter school that the student (who lives in our school district) attends.

Q13: How does auxiliary school funding work?
Answer: The district does not receive any per pupil funding for students who attend parochial and private schools. We do manage a separate fund for these schools if they are located in our district as required by federal law. The state issues a separate payment of $787 per student. Although we manage these dollars and get reimbursed for the time we spend doing so, there is no impact on our funding.

Q14: What about open enrollment student funding?
Answer: The district receives per pupil funding of around $1,800 per student from the state, but the full $5,800 is deducted from our funding and sent to the “open enrollment” school district (i.e., Walnut Hills in Cincinnati Public Schools) that the student (who lives in our school district) attends.