

FINANCIAL REPORT

SPARTANS
**PREPARE
FOR GLORY**



RICHMOND HEIGHTS LOCAL SCHOOLS

**SPARTAN
CONNECTION**

FROM THE DESK OF THE SUPERINTENDENT, DR. RENÉE T. WILLIS

AUGUST 2022



SPARTAN NATION

DEAR RESIDENTS:

At Richmond Heights, our vision is to be a first choice school district. One way we work toward this vision is by using the financial resources entrusted to us wisely to ensure our students receive the best education possible.

This Financial Report demonstrates how we are doing this by laying out how we are funded as well as our spending priorities. It also details our challenges and opportunities, and we share with you how Richmond Heights is leading the fight for fair funding for Ohio's schools.

Additionally, based on the state's new Fair School Funding Plan, our district will be more reliant on local property taxes in 2022 and 2023 than in previous years. As a result of this and recent economic development that comes with no new monies for our schools, our district is considering replacing our property tax with an income tax. Early data shows this could be a more equitable way of taxing our residents while continuing to provide the best education possible.

I hope you find this information useful. Please feel free to contact me at willis.renee@richmondheightsschools.org with any questions, and thank you for your continued support of our schools and students.

Sincerely,

Dr. Renée T. Willis, Ph.D.

Superintendent | Richmond Heights Local Schools



What are the spending priorities for Richmond Heights Schools?

At Richmond Heights Schools, our mission is to prepare all learners to navigate an evolving global community using 21st century competencies. We do this by hiring and retaining top staff who prepare our students for emerging and in-demand jobs within our community and around the globe. Additionally, we remain focused on expanding our innovative curriculum and community partnerships so our students can benefit from real-world, hands-on learning experiences.



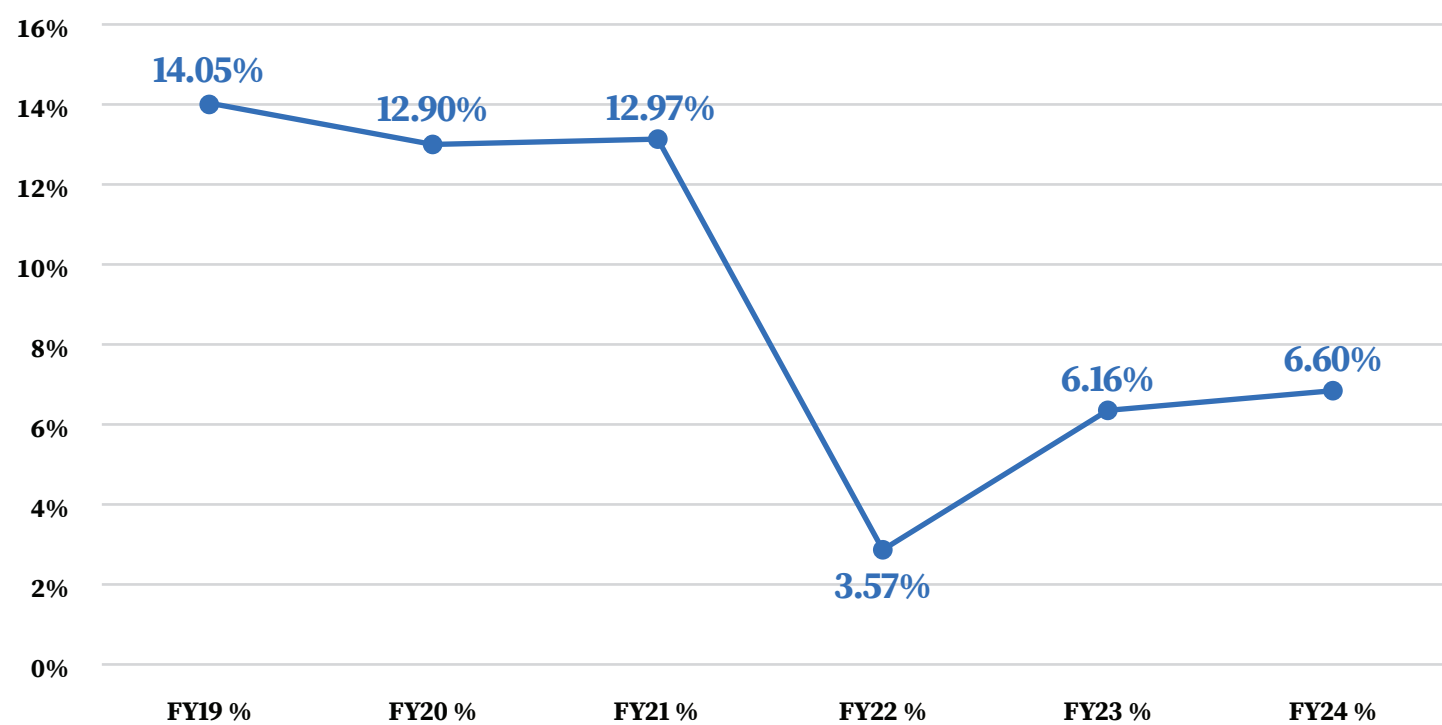
Due to public-private agreements and tax exemptions, Richmond Heights Schools is receiving no property tax revenue from recent area development.

How are Richmond Heights Schools funded?

Ohio’s public school districts receive funding from two primary sources: the state and local taxpayers. House Bill 110, also known as Ohio’s two-year budget bill covering fiscal years 2022 and 2023, was enacted June 30, 2021. It includes a new school funding model, the Fair School Funding Plan. The new plan takes into consideration a district’s wealth to tax ratio and community members’ ability to pay.

The funding for this new plan is scheduled to be phased in over a six-year period; however, this funding has only been approved through Ohio’s 2022-2023 budget cycle. This means that Richmond Heights Schools will be even more dependent on local dollars in fiscal years 2022 and 2023 than is typical. In fiscal year 2021, state funding made up roughly 13% of the district’s overall budget, property taxes accounted for 70% of the overall budget, and real estate taxes voted on by taxpayers made up 2.5% of the overall budget. In fiscal year 2022, state funding drops to under 4% of the overall budget while property taxes jump to nearly 79% of the overall budget, followed by real estate taxes at 2.9% of the overall budget. Only time will tell if this model will continue to be funded in future state budgets, and if so, to what extent.

Total State Foundation Percentage of Revenue Trend



How does the state determine how much money our schools get?

Under Ohio's new Fair School Funding Plan, signed into law June 30, 2021, the state takes into consideration a district's wealth to tax ratio and community members' ability to pay to determine how much funding a district receives from the state. Local incomes and property values now determine what a district should reasonably be able to cover on its own with the remainder of the cost being covered by the state.

How does school choice, which includes charters and EdChoice vouchers, impact school funding?

Under Ohio's new school funding model, the state is directly funding vouchers. Previously, if a student chose to attend a private or charter school, state dollars not only went with them but the district was required to pay the state additional monies. While this lessens the financial burden on public schools, it also increases the load on the state's overall budget for education.

How does economic development impact funding to our local schools?

Property taxes make up a large portion of a district's budget. Therefore, when new development occurs, schools typically see an increase to their revenue. Due to public-private agreements and tax exemptions, Richmond Heights Schools is receiving no property tax revenue from recent area development.

This is one of the reasons we are considering restructuring the district's taxing methodology. LEARN MORE ON THE BACK PAGE OF THIS REPORT.



What do others say about our financial management?

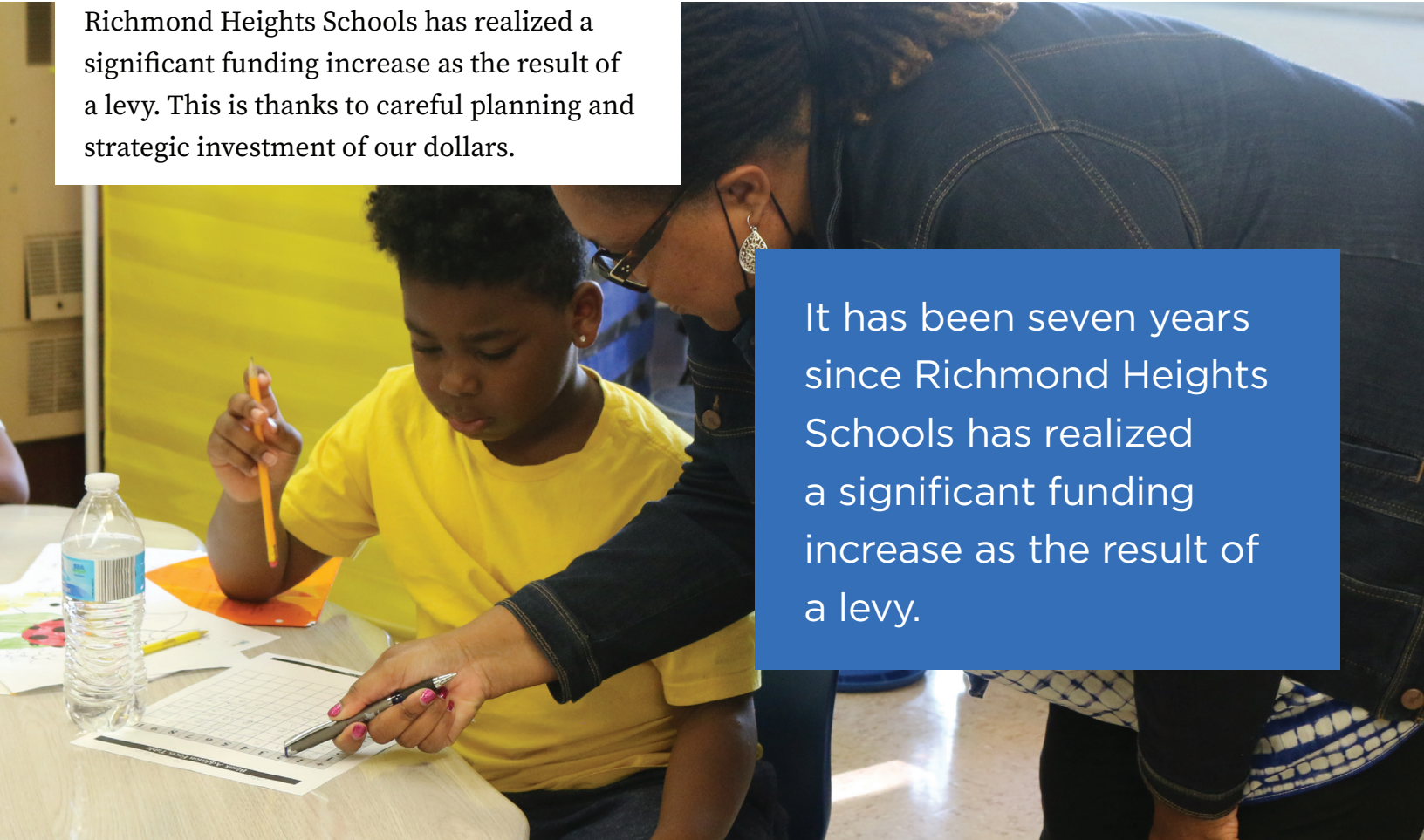
Richmond Heights Schools takes pride in its commitment to a high standard of financial accountability and making efficient use of our taxpayer dollars. The district earned Ohio's Auditor of State Award in 2020 for clean and accurate recordkeeping. This achievement is given to a select group of local governments that exhibit excellence in financial reporting and compliance with applicable laws. S&P Global Ratings, an international financial rating firm, has also issued an A+ long-term rating with a positive outlook to the district.

Also, a typical levy cycle for public schools is five years. It has been seven years since Richmond Heights Schools has realized a significant funding increase as the result of a levy. This is thanks to careful planning and strategic investment of our dollars.

How are we maximizing dollars?

Richmond Heights works hard to adjust to its financial realities while continuing to provide needed programs and services to students. For example, the district used ESSER funds, or one-time funds issued by the state and federal government to address the impact of COVID-19, to hire new staff and provide additional wraparound services.

Additionally, our goal is to put as much back into the classroom as possible. According to the Ohio Department of Education's 2021 Report Card, our district spent \$13,360 on each pupil, more than the state average of \$10,336.



It has been seven years since Richmond Heights Schools has realized a significant funding increase as the result of a levy.

Fighting for Fair Funding



I heard the way Ohio funds schools is unconstitutional. Is that true and how does that impact Richmond Heights Schools?

YES. The method by which Ohio funds schools was deemed unconstitutional in 1997 by the Ohio Supreme Court. In the past 25 years, many ideas to fix Ohio's school funding issue have been suggested. Unfortunately, none of these solutions have been passed into law, leaving Richmond Heights to rely on local property taxes to fund its schools.

What is Richmond Heights doing to fight for more equitable funding from the state?

Our district, along with others, is currently advocating for a change to the funding methodology. We have provided testimony to the General Assembly in Columbus and have written letters to our legislators. Until we see major changes, it's up to the taxpayers of Richmond Heights Schools to fund the majority of our daily operations.

Richmond Heights is also a lead plaintiff in a school voucher lawsuit filed earlier this year. We are joined by nearly 100 other districts across Ohio that are arguing that vouchers are being used primarily by nonminority students, despite the program being developed to assist economically disadvantaged minority pupils.

We remain committed to fighting.



Richmond Heights Local Schools

447 Richmond Road

Richmond Heights, OH 44143

Phone 216-692-0086 • Fax 216-692-2820

PRSRT STD
ECRWSS
U.S. POSTAGE
PAID
RICHMOND
HEIGHTS, OH
Permit No. 1625

S O C I A L



RichmondHeightsSchoolDistrict



RH_LocalSchools



Richmond Heights Schools District



RH_Local_Schools

Visit www.richmondheightsschools.org to help us shape the financial future of our schools!

District Considering Replacing Property Tax With Income Tax

The Richmond Heights Board of Education is working with Rockmill Financial Consulting to explore the benefits to district taxpayers of replacing some or all of the district's property taxes with an income tax.

Research shows that the population of Richmond Heights is aging. A traditional or earned income tax could lower the overall tax cost of the schools to current residents, especially senior citizens and those on fixed incomes, while creating additional income from renters whose children often benefit from the education Richmond Heights provides.

Overall, replacing the district's property tax with an income tax appears to be a more equitable way of taxing our residents while continuing to provide the best education possible to our students. The district plans to engage the community in a discussion to consider reducing property taxes by 20 mills and replacing them with a 2% income tax to diversify the types of taxes being paid by our residents.

As with anything we do, we want our final decision to be community-led. Join our Tax Policy Task Force to help shape the financial future of our schools. The Task Force will meet between August and November 2022 and make a formal recommendation to the Board of Education in December.



Join the Tax Policy Task Force at **richmondheightsschools.org**