



“Understanding Madison’s School Funding”

Subtitle: How state and local factors shape our budget



The Ohio Constitution

- *“No money shall be drawn from the state treasury, except in pursuance of a specific appropriation, made by law; and no appropriation shall be made for a longer period than two years.” - [Article II, Section 22](#)*
- *“The General Assembly shall make such provisions, by taxation, or otherwise, as, with the income arising from the school trust fund, will secure a thorough and efficient system of common schools throughout the state; but no religious or other sect, or sects, shall ever have any exclusive right to, or control of, any part of the school funds of this state.” – [Article VI, Section 2](#)*
- [Article XII](#) – Finance and Taxation



The Ohio Budget

- State fiscal year runs July 1-June 30
- Main operating budget bill typically occurs January-June in odd-numbered years
- Balanced budget requirement



Formula Components

- Base Cost
- Special Education Aid
- Disadvantaged Pupil Impact Aid (DPIA)
- English Learner Aid
- Gifted Student Aid
- Career-Technical Education
- Targeted Assistance
- Transportation
- Guarantees

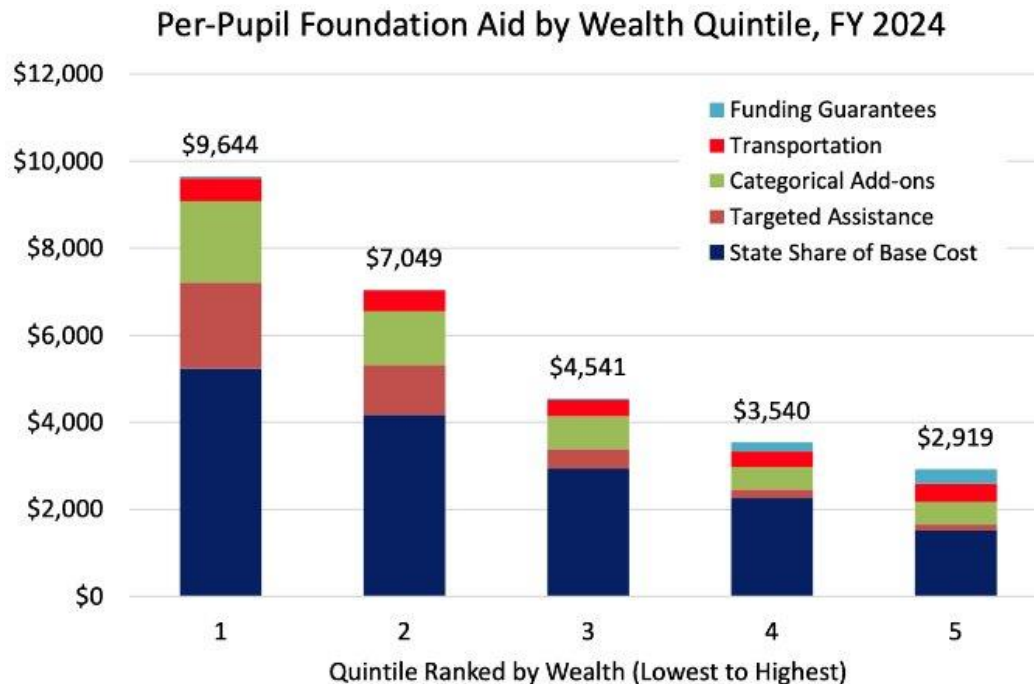


Other funding components

- Enrollment growth supplement – looks at growth over the three previous years
 - FY 26 - \$225 per student if grew by at least 5%
 - FY 27 - \$250 per student if grew by at least 3%
- Performance supplement
 - Provided to districts that received any of the following on the prior year's report card:
 - An overall performance rating of four or more stars;
 - A performance rating of three or more stars on the progress component;
 - A higher performance rating on the progress component than the district received the prior year.
- \$13 per student x the higher of number of stars for overall performance or the progress rating.



Total Per-Pupil State Aid





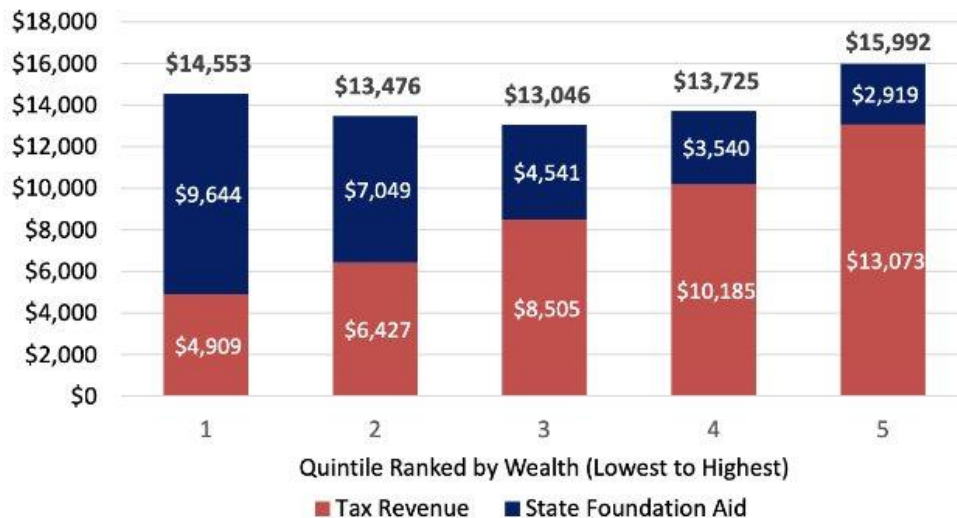
Determining the State Share

- State Share Percentage
- Unique value for each district
- Based on property values (60%) and the income (40%) of the district residents
- Utilized in the calculation of the majority of the formula's funding components



Per-Pupil State and Local Revenue Sources

Tax Revenue and State Foundation Aid Per Pupil by
Wealth Quintile, FY 2024



Sources: Department of Education and Workforce; Ohio Department of Taxation

Note: In the chart, tax revenue includes locally paid property taxes, school district income taxes, and certain state-paid property tax rollbacks and reimbursements.



School Funding Basics

- **Fair School Funding Plan (FSFP)**
- Base cost = 5 components (teachers, supports, leadership, operations, cocurriculars)
- **State vs. Local:** split depends on property values & resident income
- **Add-Ons (“Categoricals”):** special ed, econ. disadvantaged, English learners, gifted, CTE
- **Board takeaway:** State share can shift with property values; local taxpayers cover more when values rise faster than enrollment/need.



Madison Local - Overview

- **Location:** Rural fringe (Madison Township)
- **Schools:** Single connected campus (PreK–12)
- **Enrollment:** Approximately 1,482 students (2023–24)
- **Staffing:** Approximately 97 teachers; 15:1 ratio
- **Local income tax:** 0.5%
- **Overall:** Small, single-campus district with stable enrollment and per pupil spending below the state average.



Enrollment & Open Enrollment

- Enrollment: Approximately 1,478 (22–23) and 1,482 (23–24)
- District is open; most open enrollment seats filled by existing students
- Observation: Stable enrollment; open enrollment provides meaningful share, but growth is capacity-limited.



Property Valuation & Taxes

- **2019 base value:** \$165.5M
- **2023 triennial:** +37% county median increase
- **20-mill floor:** Madison is already at floor → voted millage can't roll down further



Revenue

- **State share:** 55% (FY24 audit)
- **Revenue per pupil (FY22):** ~\$15k
- **Local income tax** diversifies revenue stream
- **Analysis:** Balanced mix, but sensitive to valuation/income changes.



Spending at a Glance

- **Expenditures per pupil (FY22):** \$14,719 - Madison spends **\$400** less per student than peers and almost **\$2,000** less than the state average.
- Majority goes to **Instruction**
- **Analysis:** Instruction-forward spending; aligns with peer rural districts.



Madison Local – Tax Base Analysis

Residential & Agricultural Property

Madison Local: 93.39% of tax base

Similar Districts: 79.43

State Average: 75.76%

Analysis: Madison is **much more dependent on homeowners and farmland** than peers or the state. Nearly all the district's property wealth is residential/agricultural.

Business Valuation (everything except residential/agricultural)

Madison Local: 6.61%

Similar Districts: 20.57%

State Average: 24.24%

Analysis: Only a **tiny slice of Madison's tax base comes from business activity** (commercial, industrial, utilities). The overwhelming burden falls on homeowners and farmers.

Analysis:

Madison's tax base is **heavily residential/farm dependent** – much more than the average district.

There is **little business or utility presence** to share the load.

This structure makes the district **more vulnerable**:

The state may classify Madison as having “higher local capacity” because property values rise, but in reality, **it's concentrated in homes, not businesses**.



2024 Cupp Report – Madison Local

- Total Operating Expenditure (FY24)
- Madison Local: \$14,310
- Similar Districts: \$14,719
- State Average: \$16,311
- *Interpretation:* Madison spends **\$400** less per student than peers and almost **\$2,000** less than the state average.
- Administration
- Madison: \$1,619
- Similar Districts: \$1,972
- State: \$2,208
- *Lower:* Madison runs with a leaner central office/administrations — saving **~\$600** per pupil vs. the state.



Fiscal Year: 2026

Ohio Department of Education and Workforce
Office of Budget and School Funding
Summary School Finance Payment Report (SFPR) – Traditional School District
July #1 Payment, Data as of 06/30/2025

Name: Madison Local

County: Butler

IRN: 046128

	[a] Base State Funding	[b] Calculated State Funding	[c]=(b-a)**%] Phase-In Funding ¹	[d=a+c] State Funding
State Support				
A Base Cost	\$5,949,715.11	\$5,568,330.44	\$-317,807.85	\$5,631,907.26
B Targeted Assistance	\$1,640,779.31	\$2,580,164.55	\$782,789.72	\$2,423,569.03
C Special Education	\$743,442.70	\$969,606.66	\$188,462.43	\$931,905.13
D Disadvantaged Pupil Impact Aid (DPIA)	\$50,386.79	\$148,606.94	\$81,846.85	\$132,233.64
E English Learners	\$2,670.94	\$13,449.65	\$8,981.90	\$11,652.84
F Gifted	\$71,146.68	\$101,347.04	\$25,165.96	\$96,312.64
G Career Technical Education	\$6,397.97	\$0.00	\$-5,331.43	\$1,066.54
H Foundation Funding (A + B + C + D + E + F + G)	\$8,464,530.50	\$9,381,505.28	\$764,107.58	\$9,228,647.08
I Temporary Transitional Aid Guarantee				\$0.00
J Supplemental Targeted Assistance				\$0.00
K Transportation				\$723,663.36
L Formula Transition Supplement				\$0.00
M Total Formula Funding (H + I + J + K + L)				\$9,952,310.44
Additional Aid Items				
N Preschool Special Education				\$136,146.55
O Special Education Transportation				\$160,147.78
P Total State Support (M + N + O)				\$10,248,604.77
Transfers				
Q Educational Service Center				\$-9,405.50
R Other Adjustments				\$-93,190.51
S Total Transfers (Q + R)				\$-102,596.01
T Net State Funding (P + S)				\$10,146,008.76
Disclosure				
Base Cost - Student Wellness and Success				Annual Amount \$268,602.67
Core Foundation Funding (H + J)				\$9,228,647.08

¹ Phase-in Funding:

83.33% phase-in percent is applied to lines A, B, C, D, E, F, G.



FY22 Inputs Update — Impact for Madison

- FY24 Total State Support with FY22 inputs: \$10,171,211 vs. without update: \$9,596,662 → Difference: +\$574,549 (approximately \$387.68 per pupil based on 1,482 students).
- FY25 Total State Support with FY22 inputs: \$10,368,376 vs. without update: \$9,597,781 → Difference: +\$770,595 (approximately \$519.97 per pupil).
- Interpretation: Updating base-cost inputs to FY22 increases Madison's calculated base cost, raising state aid relative to leaving inputs at FY18 levels. Realized payments can vary with local capacity (valuation & income), ADM, caps/guarantees, and phase-in.
- *Source: OASBO, "Governor's Budget Proposal Updated Inputs (Traditional Districts)" simulation table.*



Funding Formula Update Impact

- **FY24:** +\$574,549 (+\$387.68 per pupil)
- **FY25:** +\$770,595 (+\$519.97 per pupil)
- **Why?** Updating FSFP base cost inputs from FY18 to FY22 raises Madison's calculated cost.
- **Interpretation:** State aid improves with updated inputs, but actual payments depend on local capacity and phase-in.



The Future is Uncertain

- Property tax changes
- Veto overrides
- State formula changes & FSFP refinements
- Healthcare & wage pressures
- Utility/operations cost volatility
- Enrollment shifts (charter, CTE, open enrollment limits)



Extras – not to be used beyond these...



Ohio Public Schools Property Tax Based Since 1825

- In 1822, **Caleb Atwater** successfully lobbied the legislature and **Governor Allen Trimble** to establish a commission to study the feasibility of creating common schools in Ohio.
- In the General Assembly's session in 1824, public opinion forced the legislature to address the education issue. **Nathan Guilford** took the lead, advocating a property tax to finance education. The legislature concurred, establishing common schools in Ohio in 1825. The state government financed public education with a half-mill property tax.



Millage

- Two Types
 - Inside - 4.8 and 5.0 mills fixed
 - Each county has 10 mills to assess
 - Distributed by County Commissioners
 - Commissioners can direct the remaining mills to other governmental entities
 - BOE can direct to General Fund and/or Permanent Improvement
 - Outside
 - Voter approved
 - Subject to HB 920 (effective millage)
 - Continuing, 1-5 years, 10 years



House Bill 920

- House Bill 920, passed into law in 1976, limits the inflationary income of voted millage.
- County auditors reduce property tax millage correspondingly so that the real property tax of the average homeowner does not increase due to increased property valuation.
- This process creates a reduced tax rate or an effective millage rate that is less than the voted millage rate.



School Funding and HB 920 Passed in 1976

- Since 1976 in Ohio - More than 11,000 School Levies (Not all of them have been in Madison Local.





Property Taxes over the past 50 years

Percent of Total School Property Taxes by Type of Property

