

# Report Of The Medina County Schools Alternative Funding Study Panel

## MEDIA SUMMARY

In May, 2006, the seven public school districts of Medina County formed a Study Panel to look at funding mechanisms available to them. This Panel has concluded its work and recommends that each School District submit a resolution to the Medina County Council asking them to place on the ballot in May, 2007, an increase in the County sales tax of 0.50 percent. This funding would be allocated to each School District based on its student population and used to fund permanent improvements within each District.

Funding for schools in Ohio has historically been supported by taxes on the owners of business and residential property. Presently, Ohio law limits alternatives to the property tax as follows: **Income Tax, Personal Property Tax, and Sales Tax.**

The Sales Tax is recommended because it is paid by everybody that shops in the county, it is controllable in that one must make a decision to purchase a taxable item and it grows over time.

One issue with a sales tax concerns the potential anti-competitiveness of any increases. In Medina County, the current sales tax rate is 6.0% which is the lowest rate in the State. We believe that the rate could increase and still maintain our competitiveness against our closest counties. In order to generate enough revenues to assist each school district in the county, a 0.50% increase in the sales tax could be supported. This amount collected \$8,882,000 in 2004 and it is estimated that a 0.50% sales tax would generate \$9,800,000 in 2007.

The Study Panel recommends that each school district receive their "fair share" of the funds generated by the proposed sales tax based on the ADM of the District. The table below shows this distribution for FY 2007 as well as the estimated sales tax revenues for each district.

District	2006-07 Enrollment*	% Distributio n	Est. Sales Tax Revenues
Black River Local <small>(needs pro-rated for students residing in Medina)</small>	1,684.00	5.5%	\$ 539,000
Brunswick City	7,583.55	24.7%	\$ 2,420,600
Buckeye Local	2,314.22	7.6%	\$ 744,800
Cloverleaf Local	3,351.94	10.9%	\$ 1,068,200
Highland Local	3,220.07	10.5%	\$ 1,029,000
Medina City	7,632.81	24.9%	\$ 2,440,200
Wadsworth City	4,867.54	15.9%	\$ 1,558,200
	30,654.13	100.00%	\$ 9,800,000

\* Ohio Department of Education Office of School Finance, Educational Service Center Budget Calculation

The sales tax revenues will be distributed by a Community Improvement Board appointed by the County, according to State law. This Board should be non-political and distribute the funds annually to each District for its permanent improvement needs. By using this source, it is hoped that property taxes in each District will either be reduced or not needed to fund future needs. However, the needs of the School District exceed this funding source and this is not a "fix" to the school funding dilemma.