



County school financing districts: An old option with new life?

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A county school financing district (CSFD) is a special-purpose taxing district authorized to levy voted property taxes for certain purposes for the benefit of CSFD member school districts. CSFDs were authorized in 1988, but, since that time, only one Educational Service Center (ESC) has created a CSFD that has a levy. In the wake of recent mass school shootings across the country, however, the Ohio legislature amended the CSFD statutes in March 2018, empowering CSFDs to request a property tax to help school districts with school safety and security and mental health services expenses (see S.B. 226). This has renewed interest in CSFDs.

CSFDs are formed when the governing board of an ESC declares, by resolution, the physical territory of the ESC, which includes the territory of the member school districts, to be a CSFD. Such a resolution must also state the specific statutory purpose or purposes for which the CSFD is being created. These statutory purposes are limited to one or more of the following:

1. To levy taxes for special education operating and permanent improvement expenses
2. To levy taxes for educational programs and services (which may now include school safety and security and mental health services) and related operating and permanent improvement expenses
3. To levy taxes for general permanent improvement expenses

Upon passage of the ESC governing board's resolution creating the CSFD, ESC territorial member school districts automatically become members of the CSFD, even if such members have a service agreement with a different ESC. Conversely, ESC service agreement member school districts must first pass individual resolutions requesting to be "joined" to the CSFD. Upon the certification of such a resolution from an ESC service agreement member school district, the ESC governing board may then pass a resolution accepting the territory of the respective ESC service agreement member school district into the CSFD. Only then will an ESC service agreement member school district be deemed a member of the CSFD.

Interestingly, ESC territorial member school districts may withdraw from the CSFD by passing a resolution requesting to withdraw and certifying such a resolution to the ESC governing board and the State Board of Education. The ESC governing board's consent to withdraw is not needed. The withdrawal will be effective 30 days after certification unless the effective date falls within 45 days of a CSFD levy election.

After a CSFD has been established, the individual member school districts of the CSFD may adopt identical resolutions requesting that a levy be pursued. Such a levy shall be for the benefit of the CSFD member school districts.

Upon the receipt of these identical resolutions, the ESC governing board may then initiate election proceedings to place the levy question on the ballot at an upcoming election. The levy question is submitted to the voters residing in all of the school districts within the CSFD.

A CSFD levy is distinct from traditional levies. It is not deemed a levy of the individual member school districts, but a levy of the CSFD itself. Such a levy does not impact an individual school district's 20-mill floor or gap aid status.

Approval of a CSFD levy is by a majority of the voters in the CSFD in its entirety, not each school district individually.

Distribution of levy proceeds is by agreement between the CSFD and its member districts. This could include certain services being provided at the CSFD level or distribution of levy proceeds on an agreed upon basis.

Authors



Rebecca C. Princehorn
Partner

Columbus
614.227.2302
rprincehorn@bricker.com



Jacquelin R. Lewis
Associate

Columbus
614.227.7735
jlewis@bricker.com