

School Districts in Fiscal Emergency



2024 Report to the
Ohio General Assembly

March 2024



**Department of
Education &
Workforce**

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Executive Summary

[Ohio law](#) outlines measures for assisting school districts experiencing fiscal distress through the five-year forecast examination process and the establishment of a graduated system of fiscal oversight (fiscal caution, fiscal watch and fiscal emergency). This process provides school districts the opportunity to correct and improve fiscal practices and budgetary conditions while also providing clear consequences for continued fiscal insolvency. The law also requires an annual report and recommendations to the General Assembly on school districts in fiscal emergency. As of the date of this report, there are no school districts in fiscal emergency and this report does not recommend any changes to the Ohio Revised Code related to school districts in fiscal emergency.

Legislative Background

In 1996, the 121st Ohio General Assembly established Ohio Revised Code [Chapter 3316](#) which created procedures for placing districts exhibiting potential insolvency under fiscal oversight through the declaration of fiscal watch or fiscal emergency. In 2001, the 123rd General Assembly expanded the scope of fiscal designations by creating the category of fiscal caution as the initial level of fiscal oversight. As stated in [Ohio law](#), the intent of the statute is to enact procedures, provide powers, and impose restrictions to assure fiscal integrity of school districts.

The General Assembly also requires an annual report on the progress of the school district to eliminate fiscal emergency conditions, failures of the school district to comply with the requirements and recommendations for further actions to attain the objectives of the law, including any legislative action needed to make provisions of law more effective for their purposes, or to enhance revenue raising or financing capabilities of school districts. As of the date of this report, there are no school districts in fiscal emergency and this report does not recommend any changes to the Ohio Revised Code related to school districts in fiscal emergency.

Supports for School Districts

Through the five-year forecast examination process and during fiscal caution and fiscal watch, the Department provides technical assistance to school districts experiencing fiscal distress with the goal of restoring fiscal solvency without a declaration of fiscal emergency. The process to identify potential deficits that may result in a declaration of fiscal caution, fiscal watch or fiscal emergency and the steps taken to avoid them are discussed in greater detail on the Department's [website](#).

In the event the Auditor of State declares a school district to be in a state of fiscal emergency, a financial planning and supervision commission is created to develop, adopt and implement a financial recovery plan to restore both fiscal integrity and fiscal solvency. Financial planning and supervision commission duties and services for districts in fiscal emergency include:

- Five-member financial planning and supervision commission meets monthly or as needed.
- Monitors district operations with potential financial implications.
- Re-establishes the fiscal integrity of the district.

- May grant itself the same authorities as the board of education to accomplish the task of fiscal solvency including, but not limited to:
 - Purchasing;
 - Employment contracts;
 - Issuance of debt;
 - Cost reductions; and
 - Staffing levels.
- Within 120 days, the commission adopts a financial recovery plan that addresses, but is not limited to, the following:
 - Solvency assistance fund advancements;
 - Staff reductions and shared services;
 - Establishment of procedures for monitoring annual appropriation funds through a monthly cash flow analysis by the district administration and board of education;
 - Establishment of procedures for encumbering funds as purchase orders wherein the district administration and treasurer work jointly; and
 - Adoption by the local board of education of an appropriation measure consistent with the five-year forecast and the financial recovery plan.

Since the General Assembly established the process for fiscal oversight, 42 districts have been declared and released from fiscal emergency (Exhibit A). This fact is mentioned to note the effectiveness of the system currently in place, which gives confidence to districts as they enter fiscal emergency. The average length of time a district is in fiscal emergency is approximately 3.5 years. This timeline is dependent on a district’s cooperation and compliance with the financial planning and supervision commission’s requests and the district’s ability to amend its respective financial practices to regain the fiscal solvency and financial integrity necessary for release.

Annual Report

DISTRICTS IN FISCAL EMERGENCY AS OF MARCH 20, 2024


<u>District</u>	<u>County</u>	<u>Date Declared</u>	<u>Duration</u>
None			

DISTRICTS RELEASED FROM FISCAL EMERGENCY SINCE APRIL 1, 2023

<u>District</u>	<u>County</u>	<u>Date Declared</u>	<u>Date Released/Duration</u>
None			

As of the date of this report, the Department is pleased to inform the Ohio General Assembly that there have not been any school districts in fiscal emergency since Niles Local School District was released from fiscal emergency in January 2022.

The Department appreciates the partnerships and working relationships it has developed with the Attorney General’s Office, Auditor of State’s Office and the Office of Budget and Management. This collaboration



allows financial planning and supervision commissions to better serve districts in fiscal emergency and helps restore fiscal integrity. The Department continues to examine five-year forecast submissions of all city, exempted village, local and joint vocational school districts within the state, assisting them as needed to resolve projected deficits with the goal of preventing declarations of fiscal caution, fiscal watch and fiscal emergency.

Exhibit A: Alphabetical History of School Districts in Fiscal Emergency

History of School Districts in Fiscal Emergency as of March 2024				
District Name	County	Declaration Date	Release Date	# of Emergency Months
<u>Barnesville Exempted Village School District</u>	Belmont	12/18/2003	2/28/2008	50
<u>Beaver Local School District</u>	Columbiana	2/11/2010	2/21/2012	24
<u>Bellaire Local School District</u>	Belmont	12/31/2009	4/17/2017	87
<u>Bettsville Local School District*</u>	Seneca	2/6/2014	6/30/2014	4
<u>Bristol Local School District</u>	Trumbull	10/14/2003	12/5/2006	37
<u>Brookfield Local School District</u>	Trumbull	5/14/2013	4/13/2018	58
<u>Brooklyn City School District</u>	Cuyahoga	4/28/1999	4/4/2002	35
<u>Cloverleaf Local School District</u>	Medina	1/24/2012	1/27/2015	36
<u>Coventry Local School District</u>	Summit	12/4/2015	6/21/2021	66
<u>East Cleveland City School District</u>	Cuyahoga	3/12/2003	5/24/2011	98
<u>East Knox Local School District</u>	Knox	2/5/2015	3/7/2017	25
<u>East Liverpool City School District</u>	Columbiana	12/18/2003	3/24/2009	63
<u>Federal Hocking Local School District</u>	Athens	5/21/2007	3/1/2012	57
<u>Huron City School District</u>	Erie	5/13/2004	5/24/2006	24
<u>Jackson-Milton Local School District</u>	Mahoning	4/20/1998	7/27/2001	39
<u>Jefferson Township Local School District</u>	Montgomery	8/11/2008	4/14/2011	32
<u>Ledgemont Local School District</u>	Geauga	3/27/1997	4/11/2002	60
<u>Ledgemont Local School District*</u>	Geauga	11/9/2010	6/30/2015	55
<u>Liberty Local School District</u>	Trumbull	7/11/2011	12/1/2014	40
<u>Little Miami Local School District</u>	Warren	7/13/2010	5/22/2013	34
<u>Lordstown Local School District</u>	Trumbull	12/8/2000	7/15/2004	43
<u>Mansfield City School District</u>	Richland	12/17/2013	12/20/2016	36
<u>Massillon City School District</u>	Stark	9/30/1999	4/18/2002	30
<u>McDonald Local School District</u>	Trumbull	10/15/2009	2/28/2012	28
<u>Mentor Exempted Village School District</u>	Lake	2/4/2004	2/4/2005	12
<u>Monroe Local School District</u>	Butler	5/9/2012	9/25/2014	28
<u>New Lexington City School District</u>	Perry	9/17/1997	10/12/2000	36
<u>Niles City School District</u>	Trumbull	2/26/2019	1/27/2022	35
<u>Northridge Local School District</u>	Licking	3/14/2000	2/19/2002	23
<u>Olmsted Falls City School District</u>	Cuyahoga	3/11/1999	1/6/2000	9
<u>Sheffield-Sheffield Lake City School District</u>	Lorain	1/11/2005	5/31/2006	16
<u>Shelby City School District</u>	Richland	4/7/2005	5/1/2008	36
<u>Southern Local School District</u>	Meigs	11/8/1999	4/22/2009	113
<u>Springfield City School District</u>	Clark	2/28/2005	3/19/2009	48
<u>Springfield Local School District</u>	Summit	2/11/2000	7/10/2001	16
<u>Springfield Local School District</u>	Summit	5/16/2007	11/22/2011	54
<u>Struthers City School District</u>	Mahoning	5/11/2005	11/27/2007	30
<u>Switzerland of Ohio Local School District</u>	Monroe	6/9/1998	3/26/2002	45
<u>Trimble Local School District</u>	Athens	1/31/2001	6/9/2005	52
<u>Vermilion Local School District</u>	Erie	3/24/1999	8/18/2000	16
<u>Youngstown City School District</u>	Mahoning	9/20/1996	3/30/2001	54
<u>Youngstown City School District</u>	Mahoning	11/16/2006	3/29/2011	52
AVERAGE TIME IN FISCAL EMERGENCY				41.33
Grey denotes first and last districts in emergency				
* Fiscal emergency terminated because district's territory was transferred to another school district				

Exhibit B: School Districts in Fiscal Emergency by Declaration Date

History of School Districts in Fiscal Emergency as of March 2024				
District Name	County	Declaration Date	Release Date	# of Emergency Months
Youngstown City School District	Mahoning	9/20/1996	3/30/2001	54
Ledgemont Local School District	Geauga	3/27/1997	4/11/2002	60
New Lexington City School District	Perry	9/17/1997	10/12/2000	36
Jackson-Milton Local School District	Mahoning	4/20/1998	7/27/2001	39
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