



Olmsted Falls School District BUSINESS REPORT

A quarterly report on school finances and operations for residents of the Olmsted communities

August 2008

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BOARD TAKES NEXT STEP TO SECURE FUNDS NECESSARY TO MEET NEEDS OF CONTINUALLY GROWING DISTRICT

Combination 4.9 Mill Property Tax And 1/2% Earned Income Tax Part Of Comprehensive Plan To Ensure Availability Of Operating Funds To Maintain Existing Levels Of Educational Programming

At a special meeting held Thursday, August 14th at Falls-Lenox Primary School, the Olmsted Falls Board of Education passed the final resolution needed to proceed with the placement of a 4.9 Mill Property Tax and 1/2% Earned Income (Payroll) Tax on the November 4, 2008 ballot. **This action marks the first time the District has had an operating issue on the ballot in nearly a decade.**

“Our last operating request was in February 1999 when residents passed a 12.9 mill property tax levy,” said Board President Jim Weisbarth. “The administration has done an excellent job of stretching funds from the last levy longer than previously expected.”

During the past fiscal year, the District expenses exceeded revenues by \$914,602. Enrollment projections estimate continuing growth in the District’s student population. Enrollment for the 2008-2009 school year is currently 3,820, an increase of nearly 100 students from the previous year. Financial projections indicate District cash reserves to be completely depleted by the beginning of the 2010-2011 school year.

“Continually searching for efficiencies in our operations, at every level, has allowed us to stretch funds from the last operating levy (February 1999) for nearly a decade,” said Superintendent Dr. Todd Hoadley. “Unfortunately, the issue of education funding in the State of Ohio has not been remedied during this time, forcing school districts to come back to their local communities as their primary source of funding.”

MAXIMIZING EFFICIENCIES

Olmsted Falls School District’s participation in the Ohio Schools Council consortium and Schools for Ohio Risk Sharing Authority (SORSA) has **saved the District an estimated \$500,000+** over the past four years:

- **Savings of \$185,859.80** on electricity expenses since 2004-2005 school year
- **Savings of \$180,389.26** on natural gas expenses since 2004-2005 school year
- **Savings of approximately \$147,500** on property, liability and fleet insurance since 2006

The combination of two different types of tax issues on the same ballot is new for the District, and an attempt to think “outside the box” in order to ease the burden on residents - especially in these economic times.

“We believe this combination of property and earned income tax will be easier on our residents, especially our senior citizens and those who may be out of work or working only part-time,” said Mr. Weisbarth.

District officials anticipate that community members will have a number of questions about this unique tax request including:

Why The Combination of Property and Income Tax?

A property tax alone would have needed to be in the 7.9 to 8.9 mill range in order to provide the necessary funding to maintain the District’s current level of educational programming. An earned income (payroll) tax alone would have had to be at least 1%. Presenting a combination of the two types of tax levies allows the District to present lower tax rates for each, which should help ease the burden on individual residents.

Do Both Issues Need To Pass?

Yes. Both the 4.9 Mill Property Tax and the 1/2% Earned Income (Payroll) Tax must pass in order to generate sufficient funding to maintain the current level of programming in the District. **They will appear as two separate issues on the November ballot.**

What Exactly Is An Earned Income Tax?

An earned income tax is a tax that is levied on an individual’s personal earned income from gainful employment. Earned income is the money an individual makes from his or her current employer. **Earned income does NOT include social security, pensions or income derived from investments.** Any resident who is not currently employed or who loses his or her job at any point would not pay the earned income tax for the period of time during which they are unemployed.

Is An Earned Income Tax The Same As A Municipal Tax?

No. An earned income tax levied by a school district **taxes residents residing within the boundaries of the school district.** A municipal income tax levied by a city or other municipality **taxes those employed within the boundaries of the city.**

How Much Revenue Will The Tax Issues Generate?

The combined issues will generate approximately \$4.4 million annually for the District. The 4.9 Mill Property Tax will generate approximately \$2,100,000 annually, based on the current collection rate. The 1/2% Earned Income (Payroll) Tax is estimated to generate \$2,300,000 annually.

How Will The Funding Be Used?

An operating levy provides funding for the operational expenses of a school district including textbooks, educational materials, transportation, professional development, salaries and benefits. Funds generated from the passage of the 4.9 Mill Property Tax and 1/2% Earned Income (Payroll) Tax will be used to maintain the existing educational programs at Olmsted Falls School District, which has built a reputation for providing a **high quality education for one of the LOWEST COST PER PUPIL RATES in Cuyahoga County.**

Why Do I Have To Pay More?

The educational funding system in the State of Ohio has been declared unconstitutional multiple times (i.e., DeRolph vs. State of Ohio), yet legislators have not been able to agree on a solution to the heavy burden the current funding system places on local residents. Local school districts remain faced with securing a majority of their funding through local tax levies. **The average school district in the State of Ohio is on the ballot with an operating levy every three years.** The last operating levy placed before voters by Olmsted Falls School District was in February 1999.

What If Either Or Both Issues Fail?

If either one or both of the school tax issues fail on November 4, 2008, the Board will need to place another tax issue on the ballot in 2009 and - since collections will have been missed for the year 2009 - that next tax issue would likely need to be for a larger amount. In addition, the Board will work with the administration to identify reductions to current programming in the District, as well as cuts in transportation services.

Residents are encouraged to contact the Board of Education office at 427-6000 with any questions about District finances or the upcoming levies.

The Olmsted Falls City School District hereby gives notice that it does not discriminate on the basis of race, color, national origin, sex, or disability in the educational programs and activities operated by the District.

Olmsted Falls Board of Education

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How Much Will It Cost Me?

The charts below detail the cost of the 4.9 Mill Property Tax and the 1/2% Earned Income (Payroll) Tax for residents. (Remember: Earned Income (Payroll) Tax does not tax retirees nor investment income.)

Cost of 4.9 Mill Property Tax Operating Levy	
Home Value	Cost Per Month
\$100,000	\$12.51
\$150,000	\$18.76
\$200,000	\$25.01
\$250,000	\$31.26
\$300,000	\$37.52

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Cost of 1/2% Earned Income (Payroll) Tax Operating Levy	
Earned Income (Individual)	Cost Per Month
\$25,000	\$10.42
\$50,000	\$20.83
\$75,000	\$31.25
\$100,000	\$41.67
\$150,000	\$62.50

What Has The District Done To Prevent Or Delay Coming To Voters for New Operating Funds?

In addition to the District's participation in consortiums to save money on the purchase of natural gas, and electricity, as well as property, liability and fleet insurance (*see front page for documented savings*), Olmsted Falls School District also: • Seeks alternative funding sources to offset the need for additional taxpayers dollars, **recently securing more than \$7.7 million** in State funding to address pressing space issues with new construction. • Participates as a sponsor of the Joint Economic Development District (JEDD) project, contributing to a portion of the legal work associated with this joint effort to bring more business and industry into the community. • Conducts annual assessment of personnel needs and health insurance coverage, making reductions wherever possible.

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