



TALAWANDA SCHOOL DISTRICT

131 W. Chestnut Street, Oxford, Ohio 45056 | www.talawanda.org

Talawanda School District EMPOWERS Every Learner Every Day!

FQA10 Levy Information Review **UPDATED 10/14/22**

*We do not monitor social media accounts such as Facebook, Twitter, TickTok, etc. where questions are posed. Please use the contact information below if you have any questions:

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Question 1: How are school districts financed?

School districts in Ohio are financed with a combination of federal, state and local funds. At the state level, school districts receive funding from the Ohio Department of Education's (ODE) general revenue funds and Ohio Lottery profits. At the local level, school districts receive funding from locally levied property taxes. School districts also can receive funding from income taxes approved by voters.

Wealthier school districts (as determined by the state) receive less money per student than poorer school districts. In Ohio, there is an over reliance on property tax to pay for schools. Even with the new school funding formula, Talawanda taxpayers are expected to pay more for its schools due to being a wealthy school district. The reality is poorer and urban districts are receiving more state funding per student than our suburban/rural Talawanda School District.

The unconstitutionality of the over reliance on property tax to pay for schools still exists in Ohio. Districts are forced to ask taxpayers for additional money to operate. While districts continue to reduce expenditures, districts are not able to cut their way out of this lack of funding issue.

Other school districts (including our neighboring districts and comparable districts) are experiencing fiscal distress as we all are receiving less state money to operate our schools. Therefore, districts (like Talawanda, neighboring schools, and comparable districts) are placing levies on the ballot in order to keep operating.

Question 2: What is a property tax levy?

A property tax levy is the collection of taxes charged on the value of property. Each district must follow a process described in Ohio law in order for taxes to be levied on property within the district. Boards of education propose additional local tax revenues by board resolution. School districts can place a levy on the ballot up to three times a year on specified election dates. If a majority of voters in an election approve the tax, county officials charge and collect the tax under the terms specified in the tax levy proposal. The collected funds are then disbursed to the district.

When a levy is placed on the ballot, it must identify as its objective a legally defined school district purpose.

Question 3: What is a General Levy?

A property tax used for any school district purpose but primarily for either operating expenses or permanent improvement funding. General levies used to provide operating funds are commonly known as operating levies, while those used for permanent improvements can be known as permanent improvement or PI levies. Boards of education propose levies as a specific dollar amount of new revenue. That proposal is reviewed by the county auditor, who determines the actual millage necessary to produce the dollar amount. The levy, once approved by voters, is subject to the tax reduction factor.

Question 4: What is an Operational Levy?

Operating levies provide school districts money for day to day expenses such as staff salaries, supplies, utilities, transportation, curriculum, activities, and programming. A school levy is a local tax on the value of all residential and business property in a school district.

Question 5: Why do school districts keep coming back for more money?

In most districts, real estate tax dollars account for the largest portion of revenue, and in Talawanda School District, real estate dollars account for approximately 45% of the total revenue; while the income tax represents approximately 22% of our annual revenue. Just like what you are seeing in your own home, the cost of items continues to climb. However, Talawanda's state funding has remained nearly flat. Talawanda's cost to operate continues to climb too, but with little to no additional state funding due to our state determination that Talawanda is a wealthy school district. TSD continues to advocate at the state level for full and appropriate funding. Again, as a wealthy district as determined by the State of Ohio, TSD does not receive full funding and are expected to ask our families and community members to pay for the majority of the educational costs through levies.

Talawanda prides itself on providing an outstanding education. Academic, Social Emotional, Extra Curricular, Athletic, well-rounded experiences, multiple course offerings, and preparation for employment, military, or college are paramount. Many individuals move to this district or attempt to open-enroll into this district for exemplary education and schools. TSD has not asked taxpayers for an operational levy since 2000 (property) and 2004 (income tax). The taxpayers approved a bond levy in 2008 for our high school. In 2003, the community approved a bond levy to build Bogan Elementary. Since then, TSD has built 2 new elementary schools (Kramer and Marshall) without asking our taxpayers for additional bond levies to pay for these new buildings.

While we know our team has been good stewards of our taxpayers' money, TSD has reached a point where there is a need to ask the community to approve an operational levy. Many districts

ask their taxpayers for additional funding every 3-5 years. Talawanda has extended way beyond the 3-5 years while maintaining an outstanding education, programming, and services to students and families.

During the periods between levies, school districts including Talawanda are faced with increasing costs and flat revenues. The levy amount requested will collect money to push back the projected deficit at least 5 more years. Other districts (neighboring and comparable) have asked their taxpayers for additional funding every 3-5 years. TSD has not.

Talawanda has already passed the critical point, where our expenditures are exceeding revenue or deficit spending each year resulting in a declining cash balance. TSD leaders have stated since 2009 that there would be a need to go back to the taxpayers for additional money in 2015. TSD continued to make decisions to save and reduce costs, extending the request to 2020. By continuing to make prudent decisions, TSD has extended our need to request additional funds to now: 2022. This is a critical time when funds are needed and an operational tax levy is needed.

Question 6: What is the cost to the Taxpayer?

Operational Levy of 5.7 mills

~~It will cost the taxpayer \$199.50 per year on a \$100,000 home or \$16.58 per month per \$100,000 assessed value.~~

Updated 10/14/22 to clarify the cost...

*Per \$100,000 of the fair market value determined on the Butler County Auditor's site and at the taxable value rate of 35%, the cost would be \$199.50 per year. This would also cost a community member (if divided out over 12 months) *\$16.625 per month.*

**The amount would need to be rounded up or down to equal \$199.50 exactly.*

To find additional information regarding your own property, go to the Butler County Auditor's site or <https://propertysearch.butlercountyauditor.org/search/commonsearch.aspx?mode=owner>, Search by LastName, FirstName or by address. On the left hand side (toward the top), click on the tab Levy Calculator. This will tell you the increase of cost for the levy. If you have multiple properties, you may have to check each property separately.

Updated 10/14/22 to clarify where to find the most accurate cost...

Go to www.butlercountyauditor.org or Butler County Auditor's site. Directions stated above.

Question 7: What does this operational levy pay for again and how long will it last?

Operating levies provide school districts money for day to day expenses such as staff salaries, supplies, utilities, transportation, curriculum, classroom supplies, activities, programming, services, and quality teachers and staff. Maintaining the Talawanda excellence and tradition is key.

Updated 10/14/22

It is a permanent levy. (See below)

Question 8: Why is Talawanda asking for a permanent operational levy and not a levy that expires in a certain amount of time?

The operational levies like the one that is on the November 2022 ballot earn a certain amount of money and do not increase over time. Even though property values and cost of living may increase over time, the operating levy does not increase (HB 920). The money received remains the same amount as when the voters passed the levy.

The state funding system has placed an over reliance on property tax to fund school districts. Even though this funding has been found unconstitutional, the state funding system has not changed. Districts with more capacity to fund their schools through property tax receive a lower share of the student funding system share (i.e. Talawanda at the Guarantee rate of \$2,500 and to be reduced to a little more than \$1,000 per student). Talawanda is on a Guarantee (right now), but the legislators have stated the Guarantee will eventually be eliminated.

Like our stakeholders, inflation and the increased cost of items has affected Talawanda. We have not seen an increase in our state funding that matches or keeps up with inflation and the rising cost of goods and services. Our property tax (for our operational levies) is based upon the amount earned the year it was passed. We have not seen an increase in our funding in over 18 years (November 1988 - 7.9 mills, June 1980 - 6.9 mills, November 1975 - 2.0 mills.) The only exception to this is the income tax (1% in 2004) which does generate an increased or decreased amount for the district based upon incomes in our district.

Due to the student funding for Talawanda, increased costs (over time) and the lack of the operational levy (to bring in additional revenue over time), the Board of Education decided a permanent operating levy is needed to sustain the programs, services, and quality education found at Talawanda. Administration and the Board of Education will continue to evaluate programs, services, vacancies, hiring, and expenditures to lower costs where possible.

***Additional levy information may be found at**

<https://www.ohioschoolboards.org/sites/default/files/OSBAUnderstandingLeviesFactSheet.pdf>

****Our website: www.talawanda.org or**

<https://www.talawanda.org/departments/treasurer---finance-42/understanding-school-finance-395>

*****Board of Education Meeting videos (**

<https://www.talawanda.org/departments/board-of-education-30/virtual-boe-meetings-links-314/>
or www.talawanda.org Click Departments Click Board of Education Click Videos)

******Understanding School Levies**

<https://www.ohioschoolboards.org/sites/default/files/OSBAUnderstandingLeviesFactSheet.pdf>

*******DeRolph Decision**

<https://www.supremecourt.ohio.gov/rod/docs/pdf/0/2002/2002-Ohio-6750.pdf>

*******Ohio's June 2021 New Funding System**

<http://www.oepiohio.org/index.php/research-reports/overview-of-the-ohio-senates-fy22-23-school-funding-formula/>

*******Information taken from “WHY ARE DISTRICTS ON THE CAP, GUARANTEE, OR THE FORMULA WITH OHIO’S NEW SCHOOL FUNDING MODEL?” By: Ernie Stawser & Mike Sobul**

<http://pfrco.com/wp-content/uploads/2014/11/2014-11-10-Why-Are-Districts-on-the-Cap-Guarantee-or-the-Formula.pdf>

Updated 10/14/2022 to provide additional information....

**Butler County Auditor's Office at www.butlercountyauditor.org*

***Butler County Auditor's Office Real Estate (Property Tax) at*

<https://www.butlercountytreasurer.org/departments/division.php?structureid=5>