

**TWINSBURG CITY SCHOOL DISTRICT
FREQUENTLY ASKED QUESTIONS
REGARDING THE DISTRICT'S FINANCIAL LANDSCAPE
MAY, 2019**

THE \$4,000,000 **RENEWAL** LEVY

1. What can you tell me about this levy?
 - This is a \$4,000,000 **Renewal Levy** for the day-to-day expenses of the district. It is **NOT a new tax**. This type of levy, called an Emergency Levy is submitted to the electorate as a fixed dollar amount for a period of one (1) to ten (10) years. The mills are adjusted each year of the levy to account for changes in the tax duplicate in order to keep the school income constant for the term of the levy. After the voted period lapses, the levy expires unless reapproved by a vote of the electorate.

2. Is this a continuing levy?
 - No. It is a **Renewal Levy** for a period of ten (10) years.

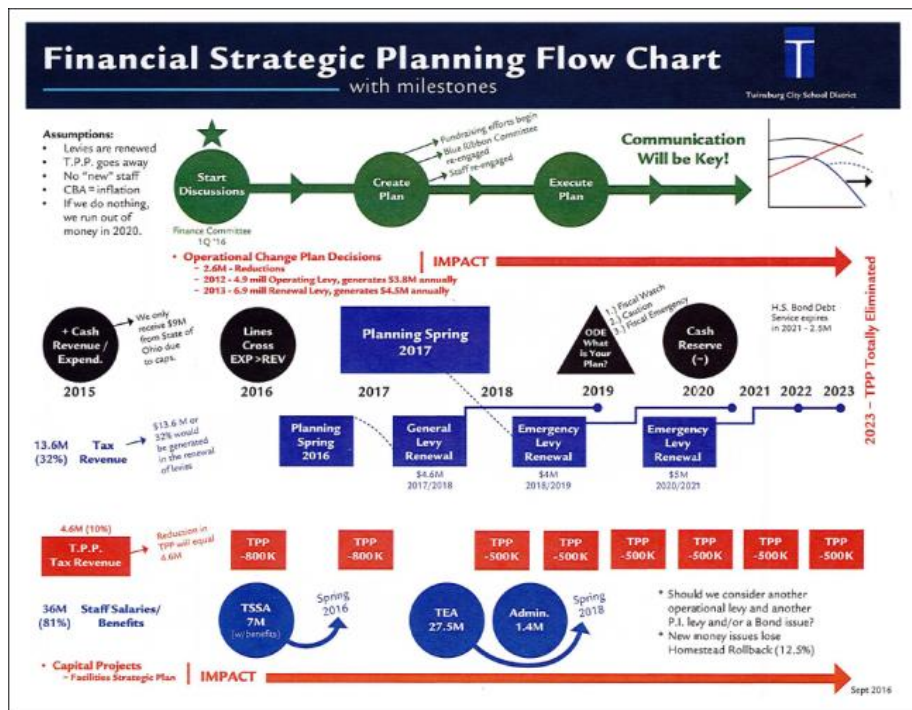
3. Will I see this levy on my tax bill?
 - This is a **Renewal Levy** and is **NOT a new tax**. This levy was originally approved November 2, 2004.

4. Why is the Twinsburg Board of Education placing the **Renewal Levy** on the ballot?
 - The Twinsburg Board of Education determined the need for the **Renewal Levy** is to maintain the excellent educational programs and opportunities for our students. The Renewal Levy represents approximately 8.5% of the FY18 Operating Budget.

5. Is this **Renewal Levy** just to maintain – or are there any new ideas being floated?
 - The primary purpose for the Twinsburg Board of Education to seek renewal of this levy is to maintain the excellent educational programs and opportunities for our students. The District will continue to monitor expenditures and seek additional opportunities to trim expenditures where possible.

6. Are there comparison charts of revenues and expenditures in surrounding communities?
 - Residents can compare revenue sources for surrounding public school districts by accessing their Five-Year Forecasts and/or the Cupp Reports via the Ohio Department of Education's website: www.education.gov

7. Have facts and circumstances changed ...meaning was the intention always to renew this levy? We just passed a renewal levy in May 2018.
 - Under the leadership of the Board of Education, the Financial Strategic Planning Flow Chart was developed to map out the timeline for renewing the three current School District levies. Each renewal is an integral piece of the funding the Twinsburg City School District relies on to provide excellent educational programs and opportunities for our students.



- While the Board of Education and District administrators have been advocating to legislators for relief regarding the State's elimination of the business tax once known as Tangible Personal Property Tax (TPP) and now known as the Commercial Activities' Tax (CAT), we have not been successful reaching that goal. Consequently, District revenues have been flat for ten years. From 2007 to 2017 revenues increased by only \$288,937. The remaining TPP/CAT to be phased out is \$2,481,566 as of 2018. (TPP was originally \$9.8 million in 2006.) The cumulative, compounded loss of revenue to the Twinsburg City School District from FY18 to FY24 will equal \$7,398,390.

8. How does Twinsburg compare to neighboring communities?

- In May 2018, the U.S. News and World Report ranked Twinsburg High School number 42 in Ohio out of 822 Ohio High Schools and number 1211 in the U.S. out of more than 20,000 high schools. This means Twinsburg High School ranks in the top 5% of all public high schools in Ohio and in the top 6% of all public high schools nationally.

CONSERVATIVE FISCAL POLICY

9. Please compare our neighboring schools expenditures on a per pupil basis.

PER PUPIL EXPENDITURES FY18		FISCALLY RESPONSIBLE
Solon	15,352	Due to the fact public education is primarily funded through property tax, school districts in Ohio rely on the passage of levies for funding to provide excellent programs and opportunities for our students
Bedford	14,912	
Hudson	13,555	We project the per pupil cost will remain basically stable. According to the Cupp Report for FY18, the Twinsburg City School District spends \$11,389 per pupil. This is \$564 below state average of \$11,953 and \$3,963 less than our neighbors to the north.
Nordonia	12,519	
Aurora	12,125	
State Average	11,953	
Similar Districts	11,614	
Twinsburg	11,389	
Source: ODE CUPP Report		

10. Will class sizes be reduced with the renewal levy?

- No. This is a **Renewal Levy** for the day-to-day expenses of the District. This levy is needed to pay for current expenses such as utilities, insurance, operation of buses, classroom instructional materials, supplies, professional services, salary and benefits for certificated and classified employees. The District will continue to monitor class sizes and reassign staff members as necessary, which is our current practice.

11. We've heard the Twinsburg City School District has a built up a cash balance.

- The Twinsburg City School District is fiscally conservative and has been frugal with every dollar it receives. The District has built a cash balance by cutting expenditures over the years and watching our pennies. For example, compared to 2004 there has been a decrease in the amount of dollars spent for "Supplies and Materials".
- Furthermore there have been major changes to the State's funding for education. Since September 2010, there have been four (4) State enacted School-Funding Models (SF-3, PASS, Bridge, and SFPR) and a similar number of iterations of the TPP Phase-Out calculations. A less plan-full Board of Education and Administration could have foregone cutting expenditures spending available resources and then either let the State of Ohio take over the District or request larger levies when the fund balance becomes depleted.

12. Is the TCSD currently operating with a budget surplus or deficit?

- The Twinsburg City School District ended the 2017 school year with a budget deficit (expenditures over revenues) of -\$348,010. The District's TPP/CAT reimbursements from the State were reduced by \$824,703 in the 2017 school year contributing to the budget deficit of -\$348,010. For 2108 the District ended the school year with a budget surplus of \$840,036.

13. What happened to the TPP/CAT Tax money if it is not coming to Twinsburg?
Phased out - Why? Government tax cuts?
- In Ohio, House Bill 66 (HB66) is legislation eliminating the tax businesses pay on Tangible Personal Property (TPP). The original legislation set forth that the State of Ohio would reimburse school districts for several years the amount of lost revenues. A tax once under local/county control has been eliminated and replaced by a State collected Commercial Activity Tax (CAT). The result is that Twinsburg City School District will lose approximately \$9.8 million (23% of the current budget) and will be faced with significant fiscal challenges while the State of Ohio keeps the CAT tax money in the State's General Fund.
14. How much per year did the lost funds known as TPP contribute?
- Tangible Personal Property (TPP) was \$9.8 million in 2004 when HB66 was enacted to eliminate the TPP tax. The State's laws governing the loss of TPP/CAT eventually permit the State of Ohio to keep all of this revenue. From 2004 through 2018 the School District has lost approximately 75% of the TPP/CAT reimbursement receiving only \$2.5 million in 2018. The State will systematically eliminate this revenue by 2024.
15. It was said that it is against the law for schools to run in the "red". If that is the case, how and/or why is the State of Ohio allowed to decrease our funding?
- Approximately 20 years ago, the Ohio Supreme Court ruled in the DeRolph case and reaffirmed its ruling through appeal that the current method of funding public education in Ohio is unconstitutional. The legislature has made some attempts to correct the funding method that overly relies on local property taxes, but to date the court's ruling has not been satisfied. With each ensuing Biennial Budget Bill, State legislators establish budget priorities that do not comply with the DeRolph decisions. State politicians seem to be more concerned with the politics of charter schools than supporting highly successful schools like Twinsburg, Hudson, Aurora and Solon.
16. Have you looked at income tax for schools?
- Years ago, when legislation approved the collecting of an income tax for schools, the City of Twinsburg officials indicated they would not support the Twinsburg City School District accessing their revenue stream. Therefore, the Twinsburg City School District relies primarily on the collection of Real Estate tax dollars to sustain programs and services for our students. Typically, school income taxes are approved in rural areas where farmers own huge tracts of farm land and where levies reliant on property taxes are less attractive to voters.
17. What is being done to gain funding from the state?
- The Twinsburg Board of Education Meetings provide the opportunity to gain a great deal of information including the Board President's Report and advocacy efforts, current and pending legislative actions, the Superintendent's Report and State level advocacy efforts, monthly financial reports prepared by the District's Treasurer, and reports that

include all avenues the District explores to contain and reduce expenditures. In addition, school publications including the District newsletters, District Calendar/Annual Report, Quality Profile and the District website include financial information and the essential components of fiscal stewardship the District practices to ensure prudent use of all taxpayer dollars.

18. Has grant money been looked into?

- The Twinsburg City School District continues to seek grant funding. However, the difficulty in securing large grants is the commitment the District would need to make sustaining the projects. Regardless, the District continues to investigate grant opportunities which are feasible and enhance opportunities for our students.

19. With the TPP Phase-Out, will the Twinsburg City School District no longer receive tax dollars from local businesses?

- The Twinsburg City School District will no longer receive the taxes businesses once paid for their equipment and machinery (TPP), however, local businesses will continue to pay Real Estate taxes, just like residents.

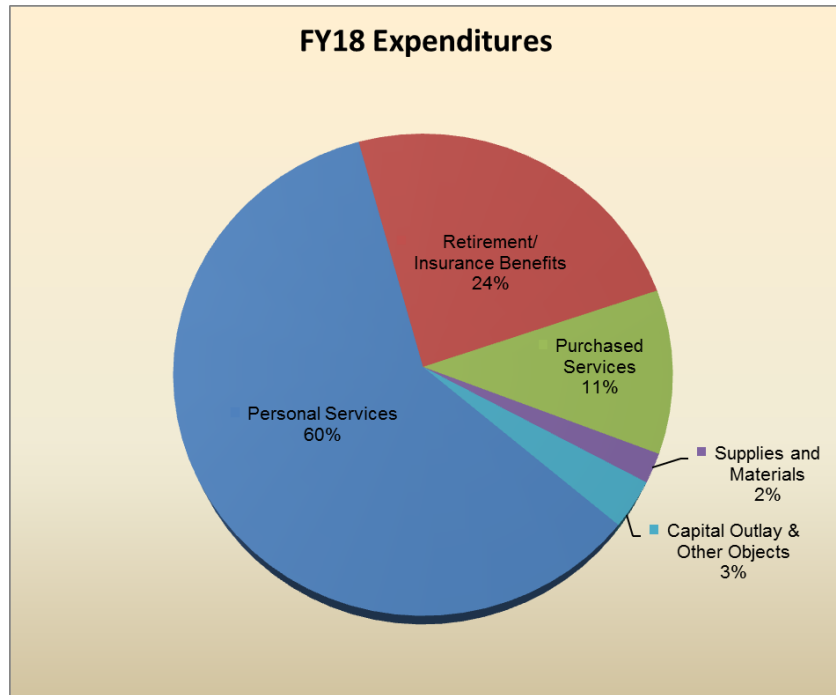
20. What has been the year-to-year increase in expense per pupil over the last five (5) years?

- Source: ODE CUPP Reports
FY18: \$11,389
FY17: \$10,933
FY16: \$10,672
FY15: \$10,645
FY14: \$10,406

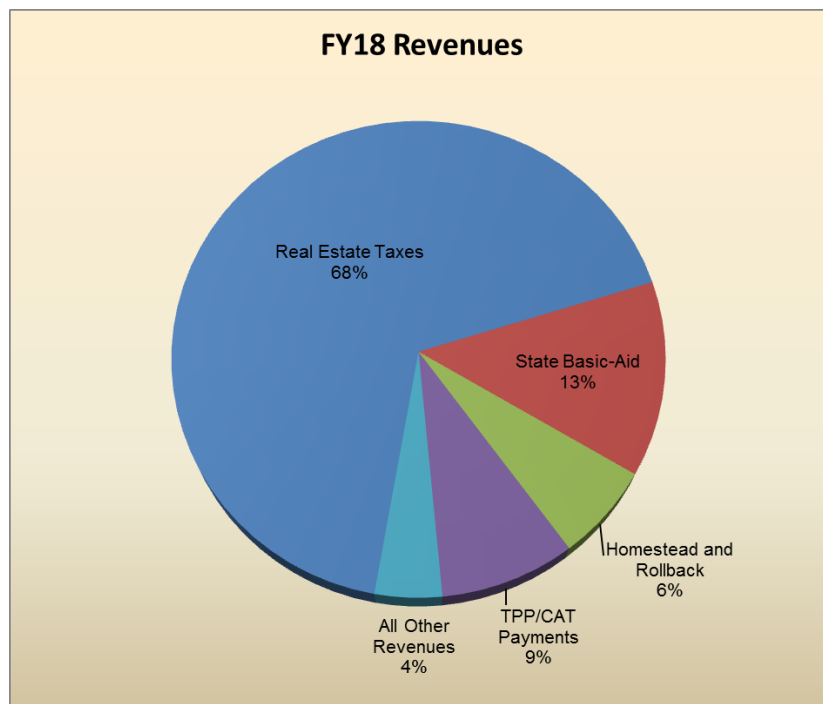
21. What proportion of our overall budget is accounted for by each category of expense?

- Source: Five Year Forecast - Fiscal year 2019

Please note, the chart below is only for General Fund Expenditures. Permanent Improvement Expenditures for buses, roofing, computers, etc., are not reflected on this chart.



22. What percentage of our revenue comes from local taxes? What percentage is received from the State of Ohio?



23. What are the District's projections for the changes in the student population?
- As of February 2019, there were 4,130 students enrolled in the Twinsburg City School District per the ODE February #1 SFPR. One year ago the enrollment was 4,141 ADM per the FY18 Cupp report. At this time we are expecting our enrollment to remain relatively consistent

COST CUTTING AND CONTAINMENT

24. What is the Operational Change Plan and how did it reduce expenditures?
- The Board of Education and Administration have been concerned about the District's financial outlook for many years. The most critical issue is the phase-out of Tangible Personal Property/Commercial Activity Tax funding that garnered \$9.8 million a year, or more than \$2,300 per student. One of the Board of Education's goals was to set a course of action to maintain a positive cash balance. After months of gathering feedback from our three communities, the Operational Change Plan was developed in 2012. Components of the plan included reductions in staff (45.6 Full Time Equivalents equaling 57 individuals), implementation of Academic Fees and Pay-to-Participate Fees, along with the implementation of technological strategies which increased the efficiency of the District's operations. The \$3.2 million Operational Change Plan was developed after careful consideration of our community members' input and with the focus being the continuation of excellent educational programming for students. The Operational Change Plan continues to be in effect today.
25. What else has the school district done to cut expenses?
- The Twinsburg City School District participates in several group purchasing consortiums. Through the Ohio Schools Council the District purchases items such as buses, liability insurance, diesel fuel, paper, cleaning supplies, and receives discounts on natural gas and electricity. The District also participates in the Stark County Council of Government. This is a large health care consortium risk sharing pool. In addition to the Operational Change Plan, the District completed two HB264 Energy Conservation projects. The project at RBC replaced a boiler and lighting and replaced lighting at Wilcox Primary School. The project at THS upgraded the heating and cooling system associated controls. These projects resulted in substantially reducing utility expenditures since 2011.
26. Will fees be eliminated or reduced if the renewal levy passes?
- The Academic Fees, Pay-to-Participate Fees as well as the Building Use Fees are a part of the District's Operational Change Plan which remains in effect today. The fees will not be eliminated or reduced with the passage of the **Renewal Levy**.
27. Has the idea to cut transportation to private schools been discussed?
- By Ohio Revised Code statute, the Twinsburg City School District is mandated to transport students to private schools as long as the routes meet certain requirements (number of students being transported/distance to the school). Private school parents are also residents and taxpayers. Therefore, it is appropriate that the Twinsburg City

School District transports these students accordingly. In instances where transportation is not feasible, the Board of Education compensates parents with an amount "in lieu of transportation" also required by statute and the Ohio Department of Education.

28. I am hoping that the renewal levy passes, but what cuts will be made if the levy fails?
- While the Twinsburg Board of Education has not yet identified the reductions in staffing, services and programming which would occur post rejection of the renewal levy, it is essential for all to understand the devastating impact this would have on the Twinsburg City School District and its students, as well as the negative impact it will have upon the value of homes in our school community. By law, school districts in Ohio are not permitted to operate in the red, meaning either a significant reduction in expenditures must occur or an increase in revenue must be gained through the passage of a levy. The passage of this **Renewal Levy** is critically important to maintaining the excellent educational programs and opportunities we offer our students

*The community will ultimately determine the quality of the Twinsburg City School District.
Our Kids – Our Schools*