

*Perrysburg
Schools*

Operational Levy Renewal: Why a Continuing Levy?

Board Work Session

September 6, 2016

Some have stated that they are
uncomfortable with the idea of a
continuing levy...

Does losing this make you
more uncomfortable?

\$12,950,000

26.7% of total revenue

An exercise just to put
\$12,950,000 into perspective:

- We could close Toth and Frank Elementary Schools, displacing 1,106 students...

\$6,720,000

- We could eliminate all textbooks, supplies and materials...

\$2,020,449

- We could eliminate the Transportation Department...

\$1,930,633

AND...

We would still need
to cut an **additional**
\$2,253,918.

By the Numbers

- The current operating levy is set to expire on December 31, 2016
- Annual amount generated by the levy: \$12,925,000
- 26.7% of total revenue (\$48,266,915 annual revenue)
- Millage Rate: 16 mills

Perrysburg Schools currently utilizes Six Continuing Levies

Year	Fixed or Continuing	Full (VOTER APPROVED) Rate	Effective (ACTUAL COLLECTED) Rate
1976	Continuing	25.8 mills	8.023 mills
1980	Continuing	2.6 mills	.949 mills
1981	Continuing	6.0 mills	2.20 mills
1986	Continuing	6.0 mills	3.22 mills
1988	Continuing	5.2 mills	3.04 mills
1991	Continuing Income Tax	.5%	.5%

Data from 2012

The Board has been transparent about the options they considered and why they chose what they did.

Board Levy Discussion and Action found in Board agendas and minutes

Public Board Meetings:

- December 1, 2015
- March 21, 2016
- April 5, 2016
- April 16, 2016
- May 5, 2016
- June 20, 2016
- August 15, 2016

Now add a Board Discussion
today!

Public Board Meeting:

- September 6, 2016

Media Coverage

December 16, 2015

Board of education discusses operating levy expiring end of 2016

By Deb Buker

The Perrysburg School District's four-year emergency incremental operating levy will expire December 31, 2016.

Next year, the levy is projected at 16 mills and will collect \$12.9 million—26 percent of the total projected general fund revenue.

At last week's Perrysburg Board of Education work session, Superintendent Tom Hosler reviewed information and history of the levy along with options for the board to explore.

According to the superintendent, the levy represents 40 percent of the real estate taxes collected for operational purposes and real estate taxes account for 63 percent of the general fund revenue.

"The board needs to answer the question as to whether or not to continue the levy," said Mr. Hosler. "If the answer is yes, what

explained that once passed, fixed rate levies are subject to the HB (House Bill) 920 reduction factor, which eliminates tax revenue that would result from appreciating real property values.

"Districts still benefit from growth in the tax base due to new construction," he said. "Reduction factors are calculated for two classes of property—Class I, residential and agricultural and Class II, industrial and commercial."

Reduction factors do not apply to inside millage and the application of reduction factors to current expense levies is limited by the 20-mill floor, he added.

"In other words, if a school district has more than 20 mills in current expense levies, the current expense levies will not be reduced to collect less than 20 mills by reduction factors," said the superintendent.

He explained that a renewal of a tax levy contingent collection at the current effective rate and a straight replacement of a tax levy restores the effective rate to the original voted millage rate.

Under Ohio Revised Code (ORC) 5705.21, the maximum term of a levy is five years with one exception—current expense and general permanent improvement levies may be continuing.

Levies passed under the ORC can be renewed or replaced with an increase or a decrease.

The purpose of emergency levies under ORC is to provide for the emergency requirements of the district, or to avoid an operating deficit. The features include a fixed-sum, fixed-term, with a maximum of 10 years and can be renewed with an increase or decrease.

Incremental levies under ORC can be fixed-sum or fixed rate. A fixed-rate incremental levy can be for a fixed term or continuing.

Four increments are permitted, said Mr. Hosler. Fixed-dollar incremental levies can be for a fixed term of up to 10 years, and there is no limit to the number of annual increments.

The superintendent asked the board to consider the following:

- Fixed term vs. continuing;
- Renewal vs. new, and
- When will the district need additional money?

Benefits of a Continuing Levy

- The revenue represents 26 percent of the total revenue needed to operate. Having it expire every four years is an enormous risk to the district, said Mr. Hosler.

- Avoids voter fatigue (permanent improvement levy expires every

five years).

- Secures 26 percent of the district's revenue.

Benefits of a Renewal Levy

- Protects the amount of funds at risk of expiring.
- Keeps rollback exemption in place.

- The sum collected will be fixed and never increase like the incremental levy. The superintendent said this would lead to smaller, new dollar levies.

- The goal is to secure the funds that are at stake and enable us to wait as long as possible to ask for any additional funds," said Mr. Hosler. "The variables include the state biennium budget, public policy and property valuations.

School district voters have approved an incremental levy since 2005.

The board has until August to file and put a levy on the November 2016 ballot.

- At last week's Perrysburg Board of Education work session, Superintendent Tom Hosler reviewed information and history of the levy along with options for the board to explore.
- He reviewed levy lengths and types with the board.
- Continuing levies are permanent and will be collected until the school board elects, or voters vote to, cease collection.
- Fixed-Term levies collect for the number of years designated in the ballot language submitted to voters. The maximum term varies by type of levy and is set by statute.

Media Coverage

MAY 17, 2016

Perrysburg school board votes to pursue permanent levy renewal

■ Bond refinancing also locked in

Story Comments

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Photo by J.D.Pooley/Sentinel-Tribune

Posted: Tuesday, May 17, 2016 9:16 am

By ALEX ASPACHER, Sentinel-Tribune County Editor

PERRYSBURG — The school board voted Monday to seek a permanent renewal of its operating levy and separately proceed with a conservative refinancing of existing bonds that will net taxpayers about \$1.75 million in savings.

The board had to decide whether to "lock in" an interest rate now, or take a chance that rates would remain favorable in the fall and bring in about \$1.9 million. The latter may have saved more money should rates stay the same, but the board ultimately opted for the safe move of proceeding now, rather than in August.

- “Discussion about the levy, as in earlier meetings, centered on the state rollback money involved in pursuing a renewal of the existing tax, and on the “continuing” term that the board has opted to seek...”
- “If the board sought a renewal of four or five years, Crescimano explained, state representatives could later cease those grandfathered credits. If voters approve a continuing levy, on the other hand, “the state can’t come and change anything. It’s in stone by then.”

Media Coverage

June 1, 2016

Operational levy to be renewal continuing levy

Board of education approves five-year forecast—renewal of operational levy critical

By Deb Buker

In reviewing the May five-year forecast at the Perrysburg Board of Education's May 16 meeting, interim treasurer Lisa Crescimano stated that the renewal of the district's incremental operating levy is critical.

"Without it, the district's operational deficit is expected to exceed \$14 million each year beginning in fiscal year 2018," she said. "With it, the district expects to maintain stable through the forecasted period."

May 2016 Five Year Forecast Assumptions
•Summary

reserves. But as the levy matures, the district's constrained revenue growth causes cost increases to exceed revenue.

In addition, a new state funding formula implemented in 2014 has provided additional revenue per student and has leveraged local taxpayer effort. Perrysburg only receives 20 percent of its total revenue from the state, and the increases expected from state funding will not sustain the district's finances. Therefore, renewal of the district's incremental operating levy is critical. Without it, the district's operational deficit is expected

substantiability. Residential real estate revenue also drives the state's residential rollback and homestead tax credits received in the property tax allocation category.

The district's four-year incremental growth levy, passed in 2012, supplied the first half of its total annual collection amount beginning in fiscal year 2013. Since the levy has a four-year term, it grows each year by the amount specified in the ballot language until it expires at the end of calendar year 2016. If renewed in 2016, collections will continue for the time period specified by the renewal:

billed taxes of 98.5 percent.

•**Personal Property—Public Utility Tax**

The public utility tax category is much less material to the district's overall revenue base as it only supplies about 2 percent of total operational revenue. The incremental levy passed in 2012 is visible in the fiscal year 2013 collection totals. Future collection estimates are based upon the assumption of continued public utility personal property (PUPP) valuation growth (averaging 3-5 percent per year) and the renewal of the existing incremental tax levy in 2016.

for fiscal year 2016 through fiscal year 2020.

•**Unrestricted Grants-in-Aid—State Foundation Payments**

State funding (formula per pupil funding) increased in fiscal year 2014 in response to the state of Ohio's new funding formula. The formula is based upon district per pupil valuations and district taxpayer income.

Perrysburg's fiscal year 2016 per pupil valuation is \$160,929 which is about 15.66 percent more than the state median.

This closeness to the statewide valuation level has

- **“Operational Levy - The board of education unanimously voted to go on the November ballot with a continuing renewal of the current incremental operating levy.”**

Media Coverage

August 9, 2016

Perrysburg Schools is looking for levy support this November



By Kristian Brown | Posted: Tue 6:21 PM, Aug 09, 2016



(Perrysburg) 13 Action News Perrysburg [Schools](#) is looking for community support this November. The district is asking voters to renew an operating levy that expires in December. The district continues to grow and the levy is needed to keep up with the demand. Perrysburg Superintendent Tom Hosler says this is not a new tax. He tells 13 abc, "The board looked at the different

- The district is asking voters to renew an operating levy that expires in December.
- The district continues to grow and the levy is needed to keep up with the demand.
- "The board looked at the different options, and said lets just keep the taxes at the same level, and collect the same amount of money, and lets move forward because without this funding we lose 27 percent of our funding. and that is devastating to what we do here."

Continuing Levy Pros and Cons

- + only one election (avoids multiple elections)
- only one election (voters want a say)
- + locks in rollback savings (over \$1 million savings to local tax payers)
- House Bill 920 reductions (revenue does not increase)
- + preserves and protects 26.7% of funding

Continuing Levy Pros and Cons

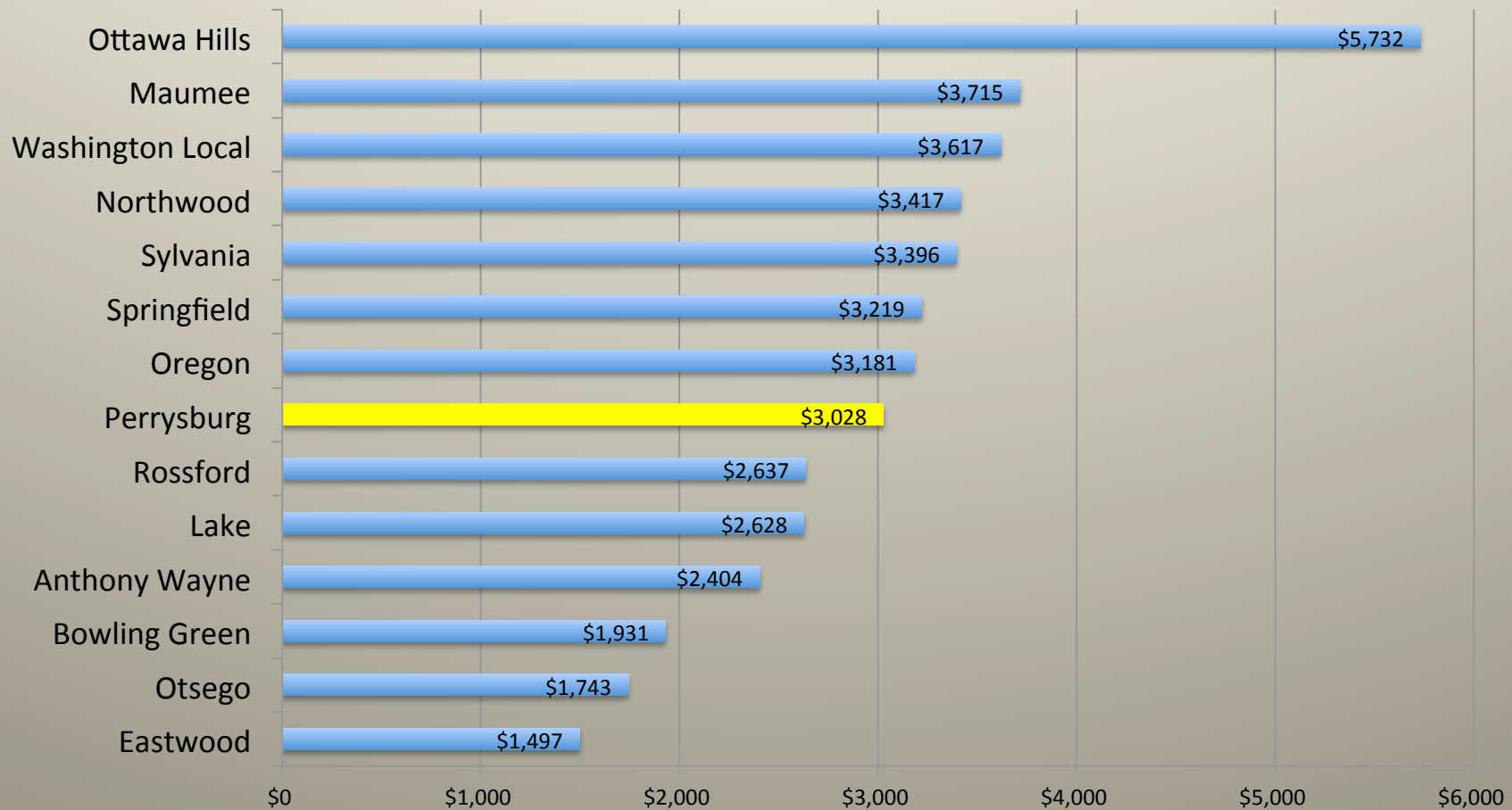
- Every 3.5 years, the district holds its collective breath and returns to voters for the approval of this essential levy.
- This means planning for future programming is put on hold every 3.5 years and significant numbers of staff remain unsure of their future employment status until after the election.

Levy Past, Present and Future

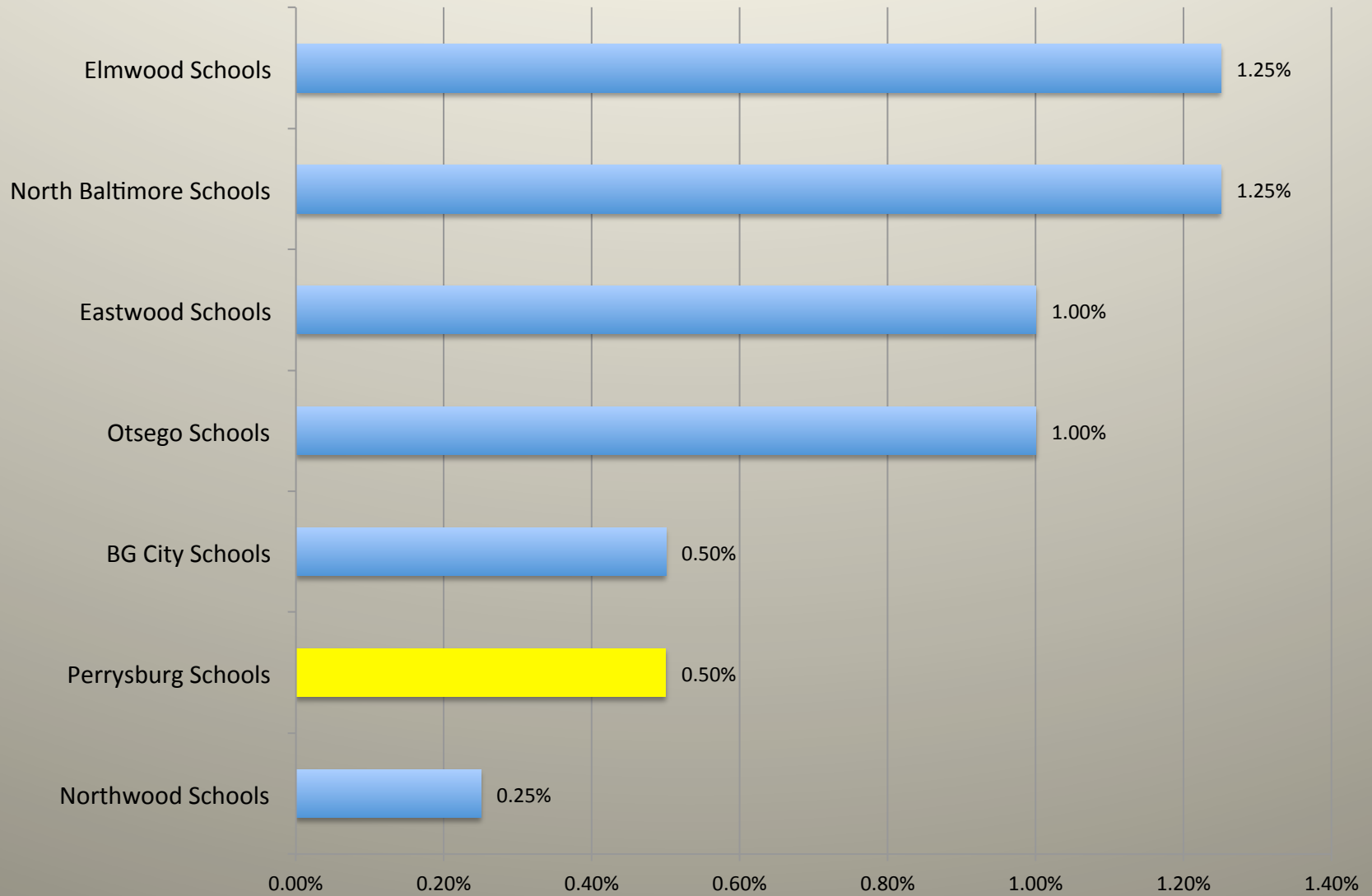
- 2000 – Permanent Improvement (Renewal)
- 2004 – Operational (Incremental Levy)
- 2005 – Permanent Improvement (Replacement)
- 2008 – Operational (Incremental Levy Replacement)
- 2010 – Permanent Improvement (Renewal)
- 2012 – Operational (Incremental Levy Replacement)
- 2014 – Bond Issue (Passed)
- 2015 – Permanent Improvement (Renewal)
- 2016 – Operational (Continuing)
- 2019 – Operational? (New Small Enhancement)
- 2020 – Permanent Improvement (EXPIRES)
- 2020 – Operational (IF 2016 were to be a 4-yr issue)
- 2022 – Bond Issue? (If Growth Continues)

2015 School Property Taxes

Total Class I (Residential & Agricultural) Rate for a \$200,000 Home



Wood County School District 2016 Income Tax



How did the state change the “Rollback” laws?

- Under RC 319.302, (amended 09/29/13), only renewal or substitute emergency levies keep the 10% and 2.50% rollbacks for residential/agricultural property and owner-occupied residential property, respectively.
- Since the RC 5705.213 renewal option is capped at the amount levied during the last year, Perrysburg would keep the rollback.
- **If Perrysburg changed the amount of this levy, it would have to start over and run a new levy, thus losing rollbacks on this levy completely.**

Why seek a continuing levy?

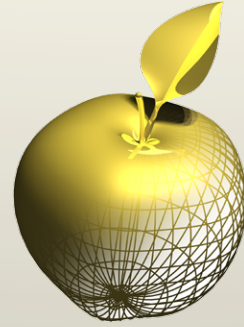
- Today, up to 12.5% of this levy for residential property is actually **paid for by the state**.
- If we make any changes to the amount, we forfeit this benefit and **every dollar would then be paid by local residents**.
- This renewal takes advantage of the savings for local taxpayers by **keeping the state's share of the payment**, which is no longer available for any new levies.

What happens if the levy fails?

**If the levy were to fail,
Perrysburg Schools
would not exist as
we know it today.**

2010

- In 2010, Perrysburg Schools were forced to cut \$3.1 million. In addition to many reductions in programming, not filling vacant positions, the lay off of 51 employees.
- That could mean a reduction in staff of nearly 212 positions if the district followed the same blue print.
- The district has approximately 550 employees.



*Perrysburg
Schools*

Thank You!