



PIKE DELTA YORK LOCAL SCHOOLS

2021 Operating Levy Frequently Asked Questions

WHAT IS GOING TO BE ON THE BALLOT?

The Pike Delta York Local Board of Education has placed a **1.00% five-year school district traditional income tax levy** on the **May 4, 2021** ballot. This levy is estimated to generate **\$ 1,775,832 per year for five years**. The money will be used for **general operating expenses** of the school district which includes such things as bus fuel, classroom supplies, facilities maintenance, personnel costs, textbooks, technology, transportation, and utilities.

WHAT IS A SCHOOL DISTRICT INCOME TAX?

The school district income tax is an income tax separate from federal, state, and municipal income taxes that is earmarked specifically to support school districts. The tax must be approved by voters of a school district.

WHO PAYS THE TAX?

Any individual residing within the Pike Delta York Local School District would be responsible to pay the school district income tax. The source of income may/may not be taxable based on the following criteria:

Income that IS NOT taxed: social security benefits; disability and survivor benefits; railroad retirement benefits; welfare benefits; child support; property received as a gift, bequest or inheritance; and workers' compensation benefits.

Income that IS taxed: wages; salaries; tips; interest; dividends; unemployment compensation; self-employment to the extent included in OAGI; taxable scholarships and fellowships; pensions; annuities; IRA distributions; capital gains; state and local bond interest (except that paid by Ohio governments); federal bond interest exempt from federal tax but subject to state tax; alimony received; and all other sources.

Per state law, non-residents (even if they work within the district boundaries) are only subject to school district taxes of the district in which they reside (both real estate or income tax).

HOW IS THE SCHOOL DISTRICT INCOME TAX PAID?

The school district income tax is collected in the same manner as the state income tax: through employer withholding, individual quarterly estimated payments, and annual returns. Employers are required to withhold the tax and submit payments to the state under the same rules and guidelines as they currently use to withhold the state income tax. Individuals subject to the tax are required to file an annual school district income tax return.

HOW MUCH WILL THIS 1.00% LEVY COST ME?

The individual cost of the school district income tax is directly related to the income of each taxpayer. A simple way to calculate the cost of this tax is to take your Adjusted Gross Income (AGI) reported on line 3 of the Ohio Tax Form IT1040 and multiply it by 1.00%.

HOW WILL THIS 1.00% LEVY AFFECT OUR SENIOR CITIZENS?

Social security benefits are **NOT** taxed! In addition, seniors receive a **\$50** senior citizen school district income tax credit which is allowed against the tax liability for each return filed. The senior citizen credit may be claimed if the taxpayer is 65 years of age or older anytime during the tax year.

CAN THE SCHOOL DISTRICT INCOME TAX BE DEDUCTED FOR FEDERAL INCOME TAX PURPOSES AS STATE AND OTHER LOCAL TAXES CURRENTLY ARE?

Yes, as an itemized deduction on Schedule A of IRS form 1040. (Note: there is no deduction allowed for the school district income tax on the Ohio personal income tax return.)

HOW DOES THE SCHOOL DISTRICT INCOME TAX AFFECT FARMERS?

Payments for the income tax may be spread throughout the year by making estimated payments or possibly through withholding from farm income, as opposed to the property tax which is payable twice a year. Additionally, this tax is based on your adjusted gross income, not how much property you own.

WHY DID THE BOARD DECIDE ON AN INCOME TAX LEVY VS A PROPERTY TAX LEVY?

The Board feels that an income tax is a fairer tax in that it is spread over a larger portion of district residents rather than just property owners. Additionally, the nature of what is taxed with a school district income tax is more senior citizen friendly than an across the board real estate tax. A school district income tax does not tax social security benefits and also includes a \$50 per year senior citizen credit.

HOW LONG HAS IT BEEN SINCE DISTRICT TAXPAYERS HAVE BEEN ASKED FOR ADDITIONAL MONEY?

District residents approved a 5.99 mill property tax levy in November 2011. Three years later this levy was renewed at 7.62 mills. This same levy was renewed in the form of a substitute levy in the fall of 2018.

WHAT HAS HAPPENED TO SCHOOL DISTRICT REVENUES IN RECENT YEARS?

District revenues have become stagnant over the last several years. Over the last five years, district revenues have increased on average a little over one half of one percent or 0.52% annually. State funding has actually been reduced over that same period of time. Pike Delta York is receiving approximately \$ 50,000 less in current state foundation levels than the district received six years ago, in 2014-15.

HOW HAVE ABATEMENTS AFFECTED THE DISTRICT'S FINANCES?

Tax abatements are incentives to encourage growth within your communities. Most county and municipalities will hold their school districts harmless when it comes to offering these incentives. The Village of Delta operates under a Pre1994 provision of the abatement laws that allows the Village to offer ten (10) year, 100% abatements without the consent of the local Board of Education. New homes and commercial development should generate new revenue for the district either through property taxes or commercial donation agreements. It is estimated that the Village has awarded \$ 51,014 in residential abatements and \$ 149,593 in commercial abatements for an estimated total annual loss of \$ 200,607 for the Pike Delta York Local Schools. This is a \$ 2,006,070 loss of potential revenue over the ten-year period.

HAS THE DISTRICT BENEFITED FROM THE NORTH STAR EXPANSION?

The District was able to negotiate a ten (10) year sixty percent (60%) donation agreement with North Star BlueScope for their expansion project. Due to the project still being under construction, at the earliest, donations will not begin until 2023. Located outside of the village, the provisions of the Pre1994 did not apply and district administrators were able to work with North Star officials to maximize the donation to the district. The district has been able to work with several other businesses, such as Fulton County Processing and Worthington Industries, to provide valuable resources to the Pike Delta York Local School District, too.

HAVE EXPENDITURES INCREASED?

Yes; however, the district has worked to keep expenditures in check. District expenditures increased at an average rate of 3.04% between fiscal year 2012-13 and 2019-20. Reductions and the use of federal grant dollars actually allowed the district to reduce expenditures in 2019-20 by 2.07%.

Fiscal responsibility is one of the highest priorities of this Board of Education and administration. This school year, the district has decreased staffing expenditures over \$ 300,000 by eliminating the following positions:

- | | |
|-----------------------------------|-----------------------------|
| 1. One District Administrator | 3. Three Classroom Teachers |
| 2. One-and-a-half Classroom Aides | 4. One Bus Driver |

HAS THE DISTRICT BEEN SPENDING MORE THAN IT IS TAKING IN?

Yes. Despite the cost savings measures taken, the district has been in this position the past three (3) years. Because revenues for the district have seen minimal growth over the past several years and expenses continue to rise, the district is projected to have a deficit balance of \$ 298,455 on June 30, 2022 despite the reductions that have already been implemented. This is projected to continue to compound over the next few years, eroding the cash reserves. Without increased revenues or further spending cuts, the district will face a negative cash balance of \$ 4,958,257 by June 30, of 2025.

DO OTHER DISTRICTS HAVE SCHOOL DISTRICT INCOME TAXES?

As of January 1, 2021, seventy-one (71%) percent of the northwest Ohio school districts in the four county area have school district income tax levies. Fifteen of the seventeen, or 88%, of the school districts listed below have traditional income tax levies.

Fulton County

Evergreen - T	1.50% #
Fayette - T	1.00% *
Pettisville - T	1.00% *
Swanton - T	.75% &

Henry County

Holgate - T	1.50% *
Liberty-Center - T	1.75% *
Patrick Henry - T	1.75% *

Defiance County

Ayersville - T	1.00% &
Central Local - T	1.25% #
Defiance City - T	.50% *
Hicksville - T	1.50% #

Williams County

Bryan -T	1.00% *
Edgerton - T	1.00% *
Edon-Northwest - E	1.00% &
Millcreek-West Unity - T	1.00% *
Montpelier - E	1.25% *
Stryker - T	1.50% #

- T Traditional Income Tax
- E Earned Income Tax
- * Continuing Period of Time
- # Combined (Limited & Continuing)
- & Limited Period of Time

The Pike Delta York Local School District school district income tax levy request is for a limited period of time.

WHAT WILL HAPPEN IF THE LEVY DOES NOT PASS?

The NEED will not go away. If the May 4, 2021 levy is unsuccessful, the following will happen:

- (1) A levy request will be placed on the next available ballot.
- (2) In order to maintain a balanced budget, the following eliminations will take place for the 2021-22 school year:

Staffing Eliminations

- One Administrative Position
- Four Elementary Teaching Positions
- Four Middle School Teaching Positions
- One High School Teaching Position
- Two Middle School/High School Teaching Positions decreased drastically (to part-time) or possibly eliminated altogether
- Four Aide Positions
- Two Bus Driver Positions
- One part-time Secretary Position
- One Network Technician Position

Program Eliminations

- Extra-curricular activities (Athletics, Clubs, Marching Band, etc.)
 - All athletic and non-athletic supplemental contracts eliminated
- District Gifted program
- Two-Year Kindergarten program
- High school FFA program
- Transportation (busing) reduced to state minimum requirement
 - Only transport students in grades K-8 who reside more than 2.0 miles from school (no transportation within a 2.0-mile radius of schools).
 - Fewer number of routes and increased distance per route will result in substantial increase to student travel time on bus to and from school.
 - No high school student transportation provided except as required by law (Four County Career Center-school-to-school only).
- No field trips or alternative educational opportunities districtwide.