



PIKE DELTA YORK LOCAL SCHOOLS 2020 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 income tax levy** on the **November 3rd, 2020** ballot. This levy will generate approximately **\$ 1,590,404 per year for five years**. The money will be used for **general operating expenses** of the school district which includes such items as bus fuel, classroom supplies, facilities maintenance, personnel costs, textbooks, technology, transportation, and utilities.

WHAT IS A SCHOOL DISTRICT INCOME TAX?

A 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.

Non-residents of the school district are not subject to the tax even if they work within the district's boundaries.

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 currently 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 SCHOOL DISTRICT TAXPAYERS HAVE BEEN ASKED FOR ADDITIONAL MONEY?

District residents approved a 5.99 mill property tax levy in November of 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. District residents have not been asked to approve a new levy in nine years.

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 \$ 54,500 less in current state foundation levels than the district received six years ago, in 2014-15.

Property taxes have only increased an average of 0.56% over the last five years. Tax abatements have eliminated any growth the district would have seen as the result of new construction and commercial development.

HOW HAVE ABATEMENTS AFFECTED THE SCHOOL DISTRICT'S FINANCES?

Tax abatements are incentives to encourage growth within a community. 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 home construction and commercial development typically generates new revenue for the district either through property taxes or commercial donation agreements. But in Delta, it is estimated that the Village has awarded \$ 41,500 in residential abatements and \$142,000 in commercial abatements. This is a loss of potential revenue in the amount of \$183,500 annually or \$1,835,000 over the ten-year period for the Pike Delta York Local School District.

HAS THE SCHOOL DISTRICT BENEFITED FROM THE NORTH STAR EXPANSION?

Yes, the District was able to negotiate a ten (10) year sixty percent (60%) donation agreement with North Star BlueScope for their expansion project. 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. Upon completion of the expansion project, the district will begin receiving the negotiated donation. 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 SCHOOL DISTRICT EXPENDITURES INCREASED?

Yes; however, the district has kept expenditures in check. District expenditures have increased at an average rate of 3.04% between fiscal year 2012-13 and 2019-20 but 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. As class sizes fluctuate, staffing adjustments have been implemented. During the 2020-21 school year the following positions have been eliminated as a result of enrollment changes:

- | | |
|-------------------------|------------------------------|
| 1. Kindergarten Teacher | 3. Special Education Teacher |
| 2. Second Grade Teacher | 4. Classroom Aide |

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

Yes, despite the cost saving measures taken, the district has been in this position the past two (2) 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 \$ 297,821 on June 30th, 2021, 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 and further spending cuts, the district will face a negative cash balance of \$ 4,387,327 by June 30th, of 2024.

DO OTHER DISTRICTS HAVE SCHOOL DISTRICT INCOME TAXES?

Yes. As of January 1st of 2020, seventy-one (71%) percent of the Northwest Ohio school districts in the four county area have school district income tax levies.

Fulton County

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

Henry County

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

Defiance County

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

Williams County

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

- * 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 of five years.

WHAT WILL HAPPEN IF THE LEVY DOES NOT PASS?

The NEED for additional revenue will not go away. The Board will evaluate the results from the levy and consider the following:

- (1) Placing a levy request on the next available ballot – May 2021.
- (2) Implementing major budget reductions.