

WHY SHOULD I VOTE FOR THE CH-UH SCHOOL LEVY?

Some facts to help you talk to friends and neighbors about the
November 8, 2016 election

Citizens for
Our Heights Schools

WHAT IS GOING TO BE ON THE BALLOT?

- In May and June 2016, the Cleveland Heights-University Heights Board of Education voted to place a **5.5 mill operating levy on the November 8, 2016 ballot.**
 - The levy is designed to raise **an additional \$5.8 million per year.**
- This will be an **operating levy**, which means that it raises funds that must be used to support the **operations** of the District, primarily classroom instruction. Operating levy funds cannot be used for construction or renovation of facilities.

WHY IS THERE A LEVY ON THE BALLOT AGAIN?!?

- The last operating levy on the ballot last May (2015) failed.
- The issue on the 2013 ballot was to approve a bond for the **renovation of facilities** - the High School and the Middle Schools.
 - None of those funds can pay for school operations
- **The last CH-UH operating levy passed in 2011** - five years ago.

I STILL DON'T GET IT. WHY DO YOU PEOPLE COME BACK WITH A NEW LEVY EVERY THREE/FOUR/FIVE YEARS?

You can thank a unique aspect of Ohio Law!

Ohio House Bill 920, passed in 1976 (a time of high inflation), provides that **the dollar amount collected by a School District *cannot* increase without the passage of a levy** by the voters of the District. Once a levy passes, the **dollar amount** that can be collected is frozen (and not the tax rate, as per usual).

So, for example, if everyone's property value increases, the property tax dollar amount collected for school purposes would stay the same. This essentially provides for an automatic percentage tax cut during times of inflation, as the effective property tax rate automatically adjusts (although the dollar amount stays the same). Only passing a levy results in the dollar amount of the tax increasing.

You may notice slight increases or decreases in your own property taxes from year to year because the dollar amount is measured on a District-wide basis. So, for example, if the assessed value of other properties decreases, your rate may creep up to compensate even if your home is not itself re-assessed. The passage of other levies (not school levies) also can cause changes.

WHY DO YOU PEOPLE COME BACK WITH A NEW LEVY EVERY THREE/FOUR/FIVE YEARS? (CONTINUED)

According to Jayne Geneva, Chair of the District's Independent Lay Finance Committee:

- Because of House Bill 920, Ohioans face more school tax levies than any other state: 5,946 from 2001-2015, even though Ohio has only 611 School Districts.

Want more information? Go to <http://www.chuh.org/SchoolFunding.aspx>, which has detailed information regarding HB 920 and how it operates in our District.

DO OTHER DISTRICTS ASK FOR MONEY THIS OFTEN?

- ***Because of HB 920, almost all Ohio school districts regularly put operating levies on the ballot:***

2006, 2010, 2014:

Shaker Heights

2005, 2010, 2013:

Solon

2005, 2007, 2008, 2010, 2011, 2012:

Aurora

2005, 2008, 2012:

South Euclid/Lyndhurst

2008, 2012:

Mayfield

2007, 2012:

Chagrin Falls

2006, 2010 (failed), 2011:

Hudson

2011:

Orange

Most Districts operate under the assumption that they will need to pass a new levy every 3-5 years

Source: 2015 Report of Beachwood School District

THE TIMING OF THE LEVY

Operating Levies In Cleveland Heights-University Heights in the 21st Century

2000 - Levy Passed

2003 - Levy Failed

2004 - Levy Passed

2007 - Levy Passed

2011 - Levy Passed

2015 - Levy Failed

2016 - ?????

4 year cycle

3 year cycle

4 year cycle

5 year cycle?

Bottom Line: The District Hasn't Gone 5 Years Between Operating Levies For At Least 2 Decades -- Possibly Longer.

THE AMOUNT OF THE LEVY: ARE THEY ASKING FOR MORE THAN USUAL?

- **2000** - 9.4 mill additional levy passed
- 2004** - 8.5 mill additional levy passed
- 2007** - 6.9 mill additional levy passed
- 2011** - 6.9 mill additional levy passed
- 2016** - 5.5 mill additional levy requested

Bottom Line: The millage requested by the CH-UH District is the lowest in at least 20 years.

MILLAGE IN 2015 VS. 2016

- *The School Board heard the message that voters sent in 2015 and is seeking less millage in 2016 than was sought in 2015.*

**2015 MILLAGE
REQUEST:**

5.9 MILLS SOUGHT

**2016 MILLAGE
REQUEST:**

5.5 MILLS SOUGHT

WHAT DOES THE LEVY MEAN FOR ME?

- If the operating levy passes, it would mean an additional property tax of \$16 per month per \$100,000 of home value.

Assessed Value	Current Taxes	Additional Taxes	Post-Levy Taxes	Add'l Taxes
				Per Month
\$100,000	\$3,920	\$192	\$4,112	\$16
\$150,000	\$5,880	\$288	\$6,168	\$24
\$200,000	\$7,840	\$384	\$8,224	\$32
\$250,000	\$9,800	\$480	\$10,280	\$40
\$300,000	\$11,760	\$576	\$12,336	\$48

For most, the effective annual property tax rate would go **from 3.92% to 4.11%** of your home value, which is only a 0.19% increase in absolute terms.

Your property taxes would go up ***less than 5%*** based upon this levy.

FIVE PERCENT FOR 3 YEARS - IS THAT EVEN KEEPING UP WITH INFLATION?

Not really!

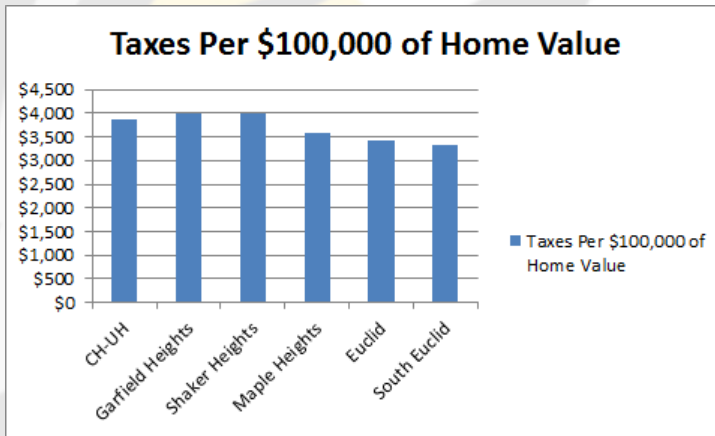
- Your taxes will go up by a little less than 5% in the first year but will then be flat for the next 2 years, so they will still only be 5% higher in 2019.
- If your taxes increased annually at a 2% rate of inflation, they would be more than 6% higher in 2019 than now.

This means that the proposed levy actually increases taxes less than if your taxes increased at a predicted 2% annual inflation rate.

Note: The Federal Reserve Bank has set a target inflation rate of 2.0%

BUT OUR PROPERTY TAXES ARE THE HIGHEST IN THE STATE!

Incorrect. Do Not Pass Go. Do Not Collect \$200.



- ***Within Cuyahoga County alone, both Garfield Heights and Shaker Heights have higher property taxes than CH-UH.***

Source: http://www.cleveland.com/datacentral/index.ssf/2016/01/compare_property_tax_rates_in.html

WHAT IF WE TAKE HOME PRICES INTO ACCOUNT?

- ***One reason that property tax rates are somewhat higher in CH-UH is because housing prices are more reasonable and affordable.***

Well-kept houses east of South Taylor between Severn and Blanche commonly sell for **\$60 to \$90 per square foot**

An **1,800 square foot house** in that neighborhood is likely worth around \$140,000, which results in an annual CHUH property tax bill of **\$5,488** at current rates.

Well-kept houses east of South Green and south of Cedar (Baintree, Silsby, Groveland) commonly sell for **\$95 to \$140 per square foot**

An **1,800 square foot house** in that neighborhood is likely worth around \$230,000, which results in an annual Beachwood property tax bill of **\$4,936** at current rates.

Bottom Line: CH-UH residential property taxes are somewhat higher, but the difference is much less than it appears when housing affordability is accounted for.

SCHOOLS DON'T RECEIVE ALL OF THE PROPERTY TAXES

- It is important to remember that a number of governmental organizations are funded through property taxes -- in CH-UH school district, nearly 25% of property taxes go to other governmental programs or agencies.*

School Levy:	149.59 mills	(last increased in 2011)
County Levy:	14.05 mills	(last increased in 2013)
City Levy:	13.92 mills	(last increased in 2014)
Metro Parks Levy:	2.75 mills	(last increased in 2013)
Library Levy:	10.00 mills	(last increased in 2014)
Tri-C Levy:	4.00 mills	(last increased in 2014)
Port Authority Levy:	0.13 mills	

Total Levy: 194.44 mills

Bottom Line: Much of the recent increase in property taxes has not gone to our schools.

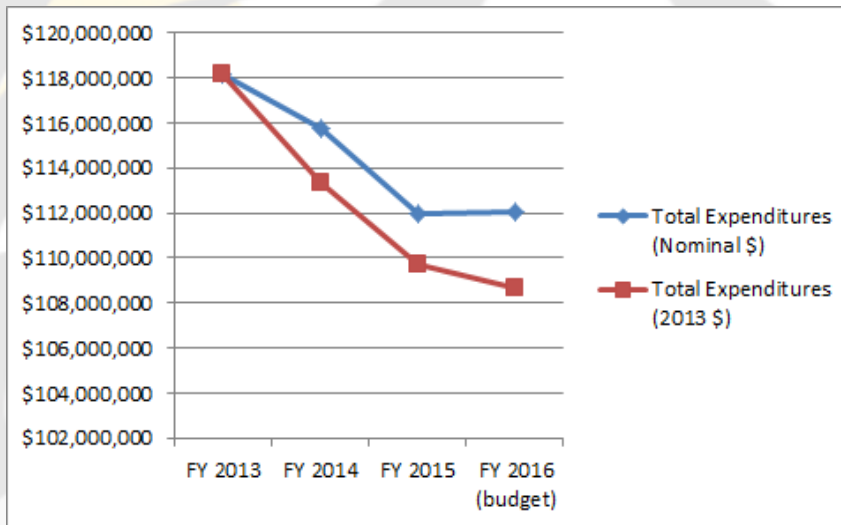
AND CH-UH HAS NO SCHOOL INCOME TAX

- **191 of the 611** school districts in Ohio have an INCOME TAX ranging anywhere from 0.25% to 2% of income.
- Many school districts in both **Hamilton County** (Cincinnati) and **Franklin County** (Columbus) have income taxes.
- Property taxes are higher in Cuyahoga County at least in part because of the lack of school income taxes in this County.

Source: http://www.tax.ohio.gov/school_district_income.aspx

BUT ISN'T DISTRICT SPENDING OUT OF CONTROL?

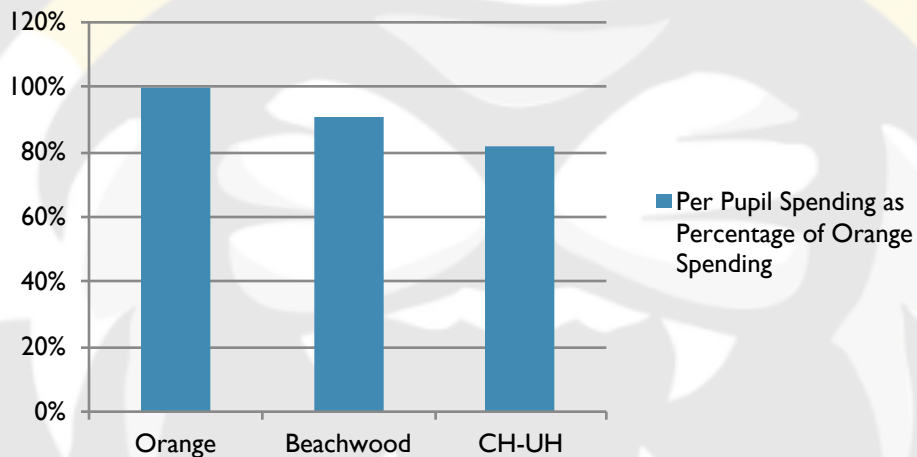
- No. District spending on operations decreased over the last four years.**



Source: 5-year plan Financial Projections General Fund document dated May 2016
(<http://www.chuh.org/Downloads/5-year-forecast-May2016.pdf>)

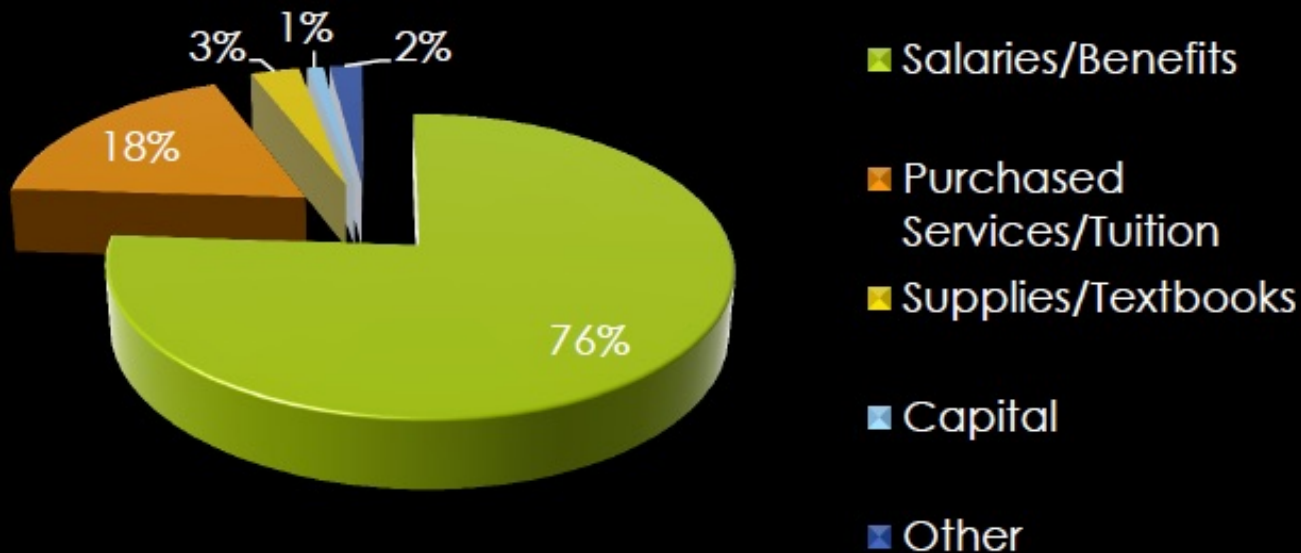
SPENDING PER PUPIL IS IN LINE WITH OTHER DISTRICTS

Per Pupil Spending



WHERE DOES THE MONEY GO?

The vast majority of District expenditures goes to personnel costs.



ARE CH-UH TEACHERS GETTING RICH OFF TAXPAYERS?

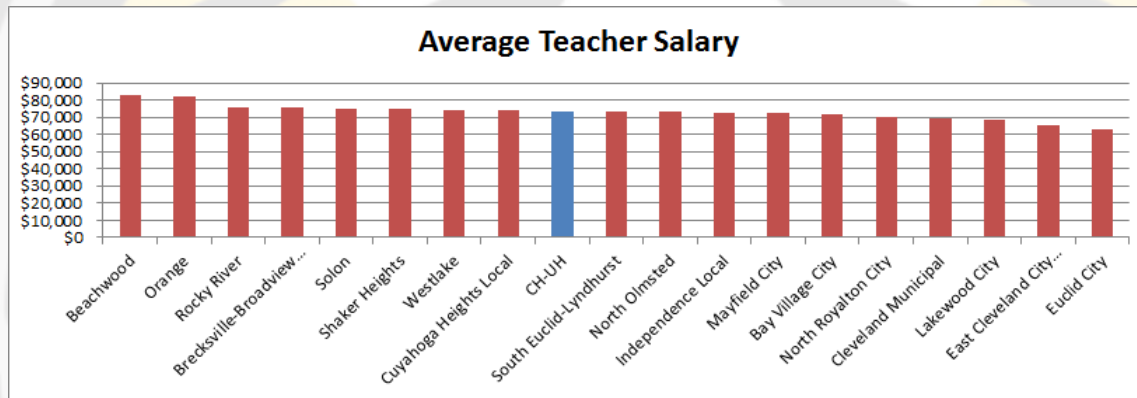
No. CH-UH Teachers have made a number of sacrifices in recent years to help keep the District viable, with raises less than the inflation rate.

<u>CHTU Contract Year</u>	<u>Percentage Raise</u>	<u>Inflation Rate</u>
2011-2012	0.0%	2.1%
2012-2013	0.0%	1.5%
2013-2014	1.0%	1.6%
2014-2015	1.0%	0.1%
2015-2016	1.5%	1.4%
CUMULATIVE	3.5%	6.8%

Source of inflation rates: http://www.bls.gov/data/inflation_calculator.htm

BUT AREN'T CH-UH TEACHING SALARIES HIGH?

- No. CH-UH's 2014-15 average (mean) salary of \$73,709 was only 9th in Cuyahoga County and in line with - or behind? - comparable communities.***



Source: http://www.cleveland.com/metro/index.ssf/2016/06/what_schools_pay_teachers_the_most_see_rankings_here.html

RECENT CUTS HIGHLIGHT THE DISTRICT'S COMMITMENT TO FINANCIAL RESPONSIBILITY

- This Spring, the District announced that it would be reducing the number of teaching positions by 52 and would be eliminating 5 administrative positions.
- Community complaints over the cuts largely complained that they went too far -- not that the District was retaining too many teachers. In other words, many complained that the District was not spending enough.

Bottom Line: Whatever your views on the cuts, it is difficult to argue that the District is being profligate with taxpayer money.

CAN'T WE JUST FIRE ADMINISTRATORS TO SAVE MONEY?

In 2015, the District had a total of 74 employees classified as administrative, fiscal or business -- **only 7%** of total districtwide employment.

- 17 of these employees are school principals or assistant principals
- 13 of these employees perform fiscal or business functions, which is not unusual for a District of this size.
- The remaining positions include superintendent, assistant superintendent, athletic director, human resources director and staff, IT director and staff, transportation director, communications director, security coordinator, gifted services coordinator, special educator coordinators, etc.

Which of these can a District of our size do without?

ADMINISTRATIVE COSTS ARE IN LINE WITH OUR NEIGHBORS

- **Costs per pupil for “administrative,” “fiscal,” and “business” functions are in line with our neighbors.**

	Beachwood	CHUH
Cost per student	\$2,723.04	\$2,111.32
Student Enrollment	1435	5393
Administrative	\$2,372,272	\$6,651,527
Fiscal	\$1,133,740	\$3,198,752
Business	\$401,545	\$1,536,059
TOTAL	\$3,907,557	\$11,386,338

At this point there are few cuts that could potentially be made, and the minimal savings from such cuts would not alleviate the need for a new levy.

Source: Beachwood 2015 CAFR pages 30 and S23; CHUH 2015 CAFR pages 22 and S19.

HEIGHTS STUDENTS ARE LEARNING

- *The Ohio Department of Education 2014-2015 Report Card (the most recent available) gives CH-UH schools an “A” for progress.*

The District also received an “A” in progress for **gifted** students, for **students with disabilities** AND for students in the **lowest 20%** of achievement. (A, A, A, A)

How do we compare?

Lakewood: A, C, A, A

Cleveland: C, C, C, F

Hudson: A, A, C, A

Mayfield: B, A, C, C

Rocky River: B, B, C, F

Shaker? F, C, F, F

ARE OUR PROGRESS SCORES A FLUKE?

CH-UH 2013-2014 Value-Added/Progress Scores:

A, A, A, A

CH-UH 2012-2013 Value-Added/Progress Scores:

A, A, A, A

Overall student performance on state tests has arguably been disappointing, but any such results must be viewed with significant skepticism for a wide range of reasons.



CH-UH SCHOOLS PROVIDE SIGNIFICANT SERVICES TO THE COMMUNITY

- The District writes and administers Individual Education Plans (IEP) for private school students that live within the District's boundaries.
- District funds support the costs of education for children with autism and other significant disabilities that are educated outside of the District.
- District funds are utilized to pay for transportation of District students to private schools.
- School tracks and fields are used as community resources by private and community athletic leagues.

COLUMBUS IS HARMING OUR DISTRICT

Through the EdChoice program and other programs, significant state funding that used to go to CH-UH is being diverted to private and charter schools.

Last year, **CH-UH lost \$6.0 million** -- roughly **33% of its total state funding** -- **to charter and private schools** due to the impact of EdChoice and charter programs that divert state dollars that were earmarked for our District.

This amount increased from **\$4.1 million** and **\$4.8 million** the prior two years.

800 students that live in our District and do not attend public schools receive some portion of money that would otherwise go to the District.

Bottom Line: The State is increasingly leaving our District to fend on its own financially.

Source: <http://education.ohio.gov/Topics/Finance-and-Funding/School-Payment-Reports/State-Funding-For-Schools/Traditional-Public-School-Funding>

OHIO EDUCATION LAW IS A MESS

- *It is mind-boggling that the same Department of Education that awarded our District an “A” on value-added and progress measures also decided that many of our students should be encouraged to attend alternative schools.*

Ohio's voucher students fare worse than public-school peers, study finds

- Source: <http://www.dispatch.com/content/stories/local/2016/07/07/study-voucher-students-dont-fare-as-well-as-public-school-peers.html?cmpid=nws0>

Dave Yost calls education department one of the 'worst-run' state agencies in Ohio

Source: <http://www.dispatch.com/content/stories/local/2016/05/23/dave-yost-talks-charter-school-headcount-audit.ht>

WHO IS USING EDCHOICE?

More recently, a significant amount of EdChoice funds are being diverted from CH-UH to religious schools for students who never attended CH-UH schools in the first place.

- It is arguably reasonable to divert state dollars to non-public schools where the diverted funds actually represent one less student that the District has to educate.
- Here, however, the District is losing state funds without a student moving out of the District - because the student was never in the District to begin with.

It is estimated that over **200 EdChoice scholarship students** are of this type and that **the District is losing millions annually to religious schools** for students that never even considered going to CH-UH schools.

CAN WE DO SOMETHING TO STEM THE TIDE?

- ***Unbelievably, even if we had the highest test scores in the State, we would still be stuck with EdChoice until at least the 2018-2019 school year.***

Because the PARCC tests had to be abandoned due to their many defects, the State is in the process of putting final touches on PARCC's replacement.

In order to avoid apples-to-oranges problems, the Department of Education provided that no schools could be added to or removed from the EdChoice lists until the new tests were developed and a few years of results were in.

Bottom Line: We are stuck with EdChoice issues -- and the related loss of funds -- for at least two more years.

WHAT HAPPENS IF THE LEVY FAILS?

There are no easy savings to be had by consolidating buildings or eliminating duplicative programs -- all such reasonable cuts have ALREADY been made.

Operating funds are largely people costs, so cuts must be made to staff and teachers -- this will necessarily lead to program reductions for the programs those staff and teachers taught or administered.

Athletics - Eliminate or go to pay-to-play system

Music and Arts Programs
Curtailed or Eliminated

Shorten the School Day

Reduce/Eliminate
Vocational Instruction

Larger Class Sizes

Less Special Education Teachers and
Intervention Specialists

Less guidance counselors, psychologists, nurses,
security and other support services

???

CAN I TRUST THESE NUMBERS YOU'RE SHOWING ME?

Yes.

- The data in this presentation relating to the District comes directly from the District's Consolidated Annual Financial Report (CAFR).
- State auditor's office audited the CAFR and issued its opinion that the CAFR fairly and accurately presents the District's financial position.
- District regularly receives the Certificate of Excellence in Financial Reporting award.
- Scott Gainer, District CFO, has won awards for excellence in his field.