

January 8, 2009

As we approach our special election on February 3rd, 2009, the Wayne Local Schools is not alone. Ohio's school funding problems impact districts of all description across Ohio. It doesn't matter if the district is urban, suburban, or rural; school districts are facing budgetary crises. Districts statewide are forced to make cuts to instructional programs, staff, busing, and athletics. Ohio's schools must go back to voters with levies year after year to keep pace with inflation. Financial problems affect schools regardless of how they perform. There were 15 "excellent" rated districts on the ballot in August or November 2008.

For more than 15 years, Ohio's schools have operated under an education system declared unconstitutional by courts. Ohio's school funding system still relies heavily on property taxes, results in inequities among districts, leaves schools searching for dollars and clearly is not tied to effective strategies. School districts like the Wayne Local Schools have found ways to ensure the academic success of our students and have earned top ratings for that effort; however this group of high performing schools is unable to find stable sources of funding to assure those successes. Why is this the case? House Bill 920 caps the amount local districts can raise from property tax revenue with each levy. To cover rising costs, districts must go back to the ballot to renew or replace existing tax levies. Often school districts are told to use business models to make ends meet. Lori Gianattasio, a Waynesville parent with a strong business background, has the following observations -

"Coming from the business world, I cannot imagine being dictated to regarding the programs you have to offer, while not receiving the funding to support them. Our schools are continually forced to ask the tax payers to bridge the gap in funding knowing that the monies they receive will not increase with their increased operating costs and the rate of inflation! School systems in Ohio are forced to deal with this funding situation and try to convince voters to approve levies for crucial monies needed to provide a quality product, an excellent education, for our children."

In the past five years, more than 1,000 levies were proposed statewide and only about half passed. The need to renew or replace existing levies on a regular basis places a huge burden on local school districts. Levy fatigue is very real throughout Ohio's communities. Both proponents and opponents are frustrated by the need for levies. The levy process becomes a distraction from other educational issues. Both sides have very strong feelings. One side strongly supports education, frustrated with funding and the disruption of student programs. The other side has said "no and no means no!" They do not want to pay any additional taxes for education. Many just do not fully understand the

way schools are funded. The funding formula has placed Waynesville in the situation where the lion's share of financial support will be from local dollars. No matter the side or level of understanding, a levy clearly places kids in the middle. My fear is the potential wedge driven within our community over school funding. For that reason I have consistently talked about a "fact-based campaign." I do not advocate strong armed tactics to get votes.

The facts are this school district has been highly successful; however, inflation, unfunded mandates, reduced state funding and the failure of the November levy has placed the district in a position where cost saving measures are imminent. Many of those cost savings will impact academic success. In the case of the Wayne Local Schools, full implementation of the cost savings will likely result in only "effective" or adequate academic results; not the "excellent with distinction" rating that the school district currently holds. Not passing an operating levy this school year will place the district in a state of fiscal caution as imposed by the Ohio Department of Education. Under fiscal caution, the State of Ohio will monitor, on a monthly basis, the district's cost recovery plan to reduce district expenditures. Continued failure will result in fiscal emergency and the State of Ohio mandating that the district borrow money, with the State controlling district expenditures. In essence, the school district loses much of its local decision making ability. In a strongly Republican area, that would be a paradox.

Prior to the holiday break, the school district has committed to running two more levies if necessary during the 2008-09 school year. The school board also voted to support the following fiscal responsibility plan to address the forecasted deficit in the 2009-10 school year:

Phase I: as a result of the November election - immediate hiring freeze; no overtime without prior approval; no district paid field trips; no out-of-district professional development; request for proposal from outside vendors to outsource district services; reduction in supplies; reduce usage of substitutes; mandate that food service continue to operate without general fund assistance; support the CFO's recommendation to not implement a GAP audit review, resulting in immediate net savings; immediate implementation of Lights Out Campaign (lights, vending machines, computers and HVAC placed in energy savings mode); buildings closed during the holiday break except approved school facilities.

Phase II: starting in the 2009-10 school year - reduction of alternative school seats; reduction in supply ordering; negotiations with both certificated and non-certificated employee associations, focusing on health care plans; reduce general fund expenditures by moving operations and maintenance services into the permanent improved fund; Level

I pay to participate for athletics and marching band (likely \$100 per sport and \$55 for marching band in addition to the annual \$50 transportation fee); Level I self funding for plays, musicals, performances, clubs, yearbook, etc. (target 20 percent of the costs to the general fund); reduction of five certificated full-time equivalents (positions) to be identified through the negotiated master agreement and reduction in force procedure; reduction of three non-certificated full-time equivalents (positions) to be identified through the negotiated agreement and reduction in force procedure.

Phase III: if the February election fails - reduction of one certificated full-time equivalent (position) to be identified through the negotiated master agreement and reduction in force procedure; reduction of one non-certificated full-time equivalent (position) to be identified through the negotiated master agreement and reduction in force procedure; an additional \$176,000 savings by a combination of certificated and non-certificated full-time equivalents (positions) to be identified through the negotiated agreement and reduction in force procedure; all buildings will close after dismissal except for approved school activities.

Phase IV: if a May election fails - implement Level 2 pay to participate fees for athletics and marching band (fully self-funded cost per sport likely \$500 and \$275 for marching band), fees in addition to the annual \$50 transportation fee; implement Level 2 self-funding for musicals, plays, performances, clubs, yearbook, etc. (100 percent of the costs to the general fund); implement Two Mile Transportation Policy (3327.01) – "transportation of pupils in all cities, local and exempted village school districts where resident school pupils in grades kindergarten through eight live more than two miles from the school they attend, the board of education shall provide transportation for such pupils to and from such school"), the district would transport K-12 intra-district students who live outside of a two-mile radius from the school campus; a levy passage in May could possibly result in a recall of the employees reduced in Phase III.

Since the Levy renewal failed in November, you will see a decrease in your February 2009 tax bill. The result for the school district was the loss of 1.7 million dollars or approximately 20% of our operating budget. Our levy is for a reinstatement of 10 mills in 2009 (with the first collection being in 2010) and a fixed increase of \$295,000 per year for years 2011 – 2014. The 10 mills is the same millage the school district passed in 2003. The fixed increase of \$295,000 per year for the years 2011-2014 are to address HB 920 and the inflationary costs anticipated by the school district. This 5-year approach is consistent with the Wayne Local School District's commitment to the community to only come to the ballot when absolutely necessary.

When this levy passes, you will be paying less tax in 2010 than you did in 2004. With the assistance of the construction bond refinancing in 2005, we were able to reduce our millage required resulting in LOWER TAXES for you. Please refer to the table below for details on past years millage and Annual School Tax payments, which have decreased since 2004.

EFFECTIVE Tax Millage by Calendar Year					
	2004	2005	2006	2007	2010
TOTAL SCHOOL MILLAGE	36.307	33.306	32.075	31.580	34.311
Annual School Taxes paid for a \$165,000 home	\$ 1,835	\$ 1,683	\$ 1,621	\$ 1,596	\$ 1,734
SAVINGS FROM 2004		\$ 152	\$ 214	\$ 239	\$ 101

Finally, do not expect the State of Ohio to rescue our school system or any other school system. With the current situation of the state budget, local funding for the Wayne Local Schools is now more important than ever. No longer can anyone hope for a tax solution that places the burden on someone else to pay. We live under an educational system that is reliant upon local funding and is not equitable across the state. Locally we can control the quality of education; however, if our current fiscal situation is not addressed our students will not receive the same high quality educational program they currently receive. Even with a levy passage this school district will constantly be re-evaluating our spending habits. I am convinced we can continue to provide a high quality educational program for our students with local support and careful fiscal management. The Wayne Local Schools is the cornerstone of this community and its future depends on an ongoing partnership between the school district and our local taxpayers.

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