

## School District Fiscal Emergency: Rumors vs. Facts

Rumors run rampant during tough times because of the fear of the unknown. However, rumors can lead to dangerous misconceptions that are not based in facts. It is our goal to provide Perkins parents, staff, and residents with accurate information – based in facts – so they can make informed decisions. Facts have a valid source that can be checked. Rumors are opinions or statements that grow and change without a discernable source. It is important to know the difference. Be informed. Please, don't repeat rumors. Check the facts. It takes time, but it is worth it.

Perkins Schools invited Barbara Bechtel, Ohio Department of Education (ODE) Fiscal Consultant, to visit with our community on February 8, 2017 to share facts and answer questions regarding Fiscal Emergency. Below is a summary of the information Ms. Betchel shared. A video of the entire presentation and the Q-and-A session is available on the Sandusky Register's website: [www.SanduskyRegister.com](http://www.SanduskyRegister.com) .

- It has been 17 years since a new operating levy passed. In May 2017, this will be the twelfth attempt for new money.
- Less than 1% (4 out of 608) Ohio school districts are in Fiscal Emergency, and just 2% are in Fiscal Caution.
- Districts in Fiscal Caution that do not pass a new levy usually go to Fiscal Emergency within a year or two.
  - Perkins Schools was placed in Fiscal Caution in July 2016. Without a levy and/or significant reductions, we project financial solvency issues in fiscal year 2019, which begins January 1, 2018.
- Perkins is in the top 10% of wealthy districts, but our local tax effort is in the bottom 1/3 of all public school districts in the state.
  - Perkins Local Schools' effective millage rate is 28 mills compared to Sandusky's at 47 mills.
  - The ODE defines "wealthy" with federal income data, capability to support, and property values.
- When a district is placed in Fiscal Emergency, the State Auditor forms a commission with the following stakeholders: State Superintendent designee, Office of Budget and Management designee, a parent, a local business owner, and a township designee.
  - The commission approves expenditures once a month, makes final financial decisions, and sets millage amounts for levy requests.
  - The Superintendent, Treasurer, and Board of Education (BOE) continue to lead the district.
  - The commission cannot simply impose a tax to generate new revenue. New revenue still must be passed by voters with a local ballot measure (levy).
  - Fiscal Emergency districts that receive State aid are required to pay it back. This additional cost is factored into future levy requests.
- Teaching and learning expenditures are prioritized in Fiscal Emergency.
  - Student support services, extracurricular, and administrative staff are among the first areas to be cut.
  - Eliminating high school busing will not be considered for Perkins, because we would lose a significant amount of state funding. However, our plans do include implementing some efficiency routes and measures, causing some reductions in busing services for the coming school year (2017-18).
- One of the first cost-saving measures considered for districts in Fiscal Emergency is to close a school building and consolidate students into the other remaining buildings.
- Perkins recently underwent a building capacity study for this purpose, and the findings were shared at the board meeting on February 15th.
- A transfer of territory is when one school district is "absorbed by" another school district.
  - The commission would not recommend a transfer of territory. Only the BOE could consider this option.
  - The BOE has not discussed this as an option for Perkins.
  - With a transfer of territory, the existing tax rate of the school district accepting the territory transfer is applied to the school district being transferred. There is no vote by the taxpayers.
  - For example, if Perkins became part of Sandusky, our taxpayers would see an increase of about \$665 annually per \$100,000 of home value. This is triple the cost of our proposed May levy.