

Original Author: Scott Hannan, MD

Rebuttal: Wooster City School District (see below)

1. Wooster City School's annual revenue per pupil exceeds expenditure per pupil every year.

District Profile Reports for each of the 607 Ohio school districts are available at <http://education.ohio.gov/Topics/Finance-and-Funding/School-Payment-Reports/District-Profile-Reports/FY2019-District-Profile-Report>

The District Profile Reports show for every year from 2010–2019 that Wooster City SD received more money per pupil from federal, state, and local sources than it spent. (See Figure 1.) The surplus per pupil in FY2019 was \$2274. The surplus per pupil in 2018 was \$2642; in 2017, \$3692. And so on as far back as the most recent levy passed in 2010 when the district had a surplus per pupil of \$14.

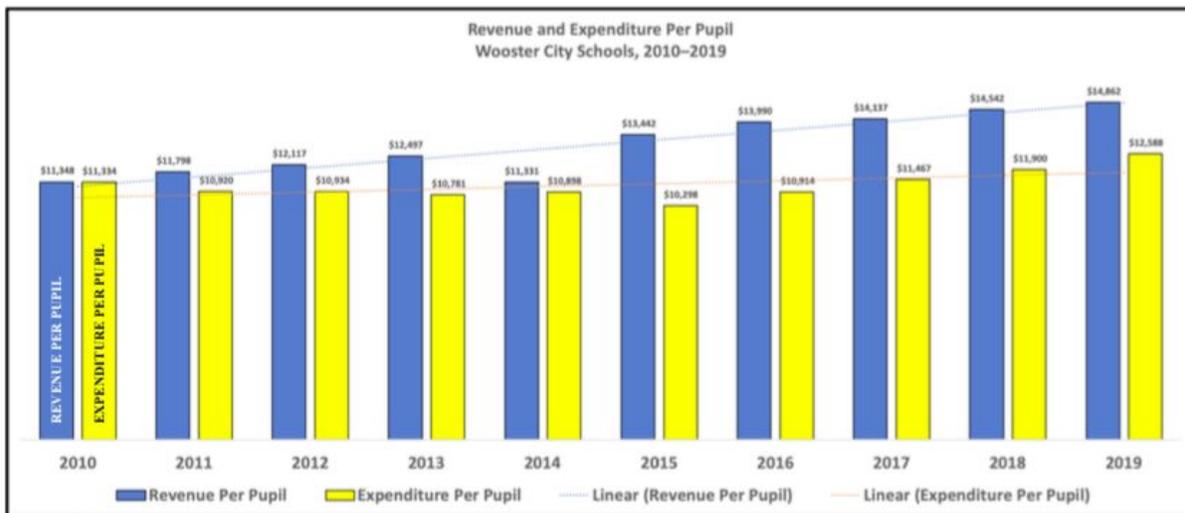


Figure 1. Wooster City SD, Annual Revenue and Expenditure Per Pupil, 2010–2019. Source: Ohio Department of Education

Wooster City School District Response:

When Wooster City Schools passed the last operating levy in 2010, the school district was on an average every four-year, 6.5 mil, operating levy cycle. Extending the levy cycle became an urgent and necessary strategic priority. The March 2020 operating levy represents an unprecedented **ten (10) year** duration.

It is customary for an Ohio school district to experience a period of time after passage of a levy (increased revenue) where its annual revenue exceeds expenditures. HB 920 (passed in 1976) restricts inflationary growth on property tax revenue. So with this in mind, school district levies are designed to not only meet the current budgetary needs but to be able to accommodate some inflationary growth over the later period before the next levy. As Ohio school systems look into the future and forecast the point where expenditures begin to surpass annual revenue, planning for another levy becomes necessary.

2. Wooster City SD's cash balance is large and large as a percentage of total annual expenditure.

Wooster City SD's FY19 Ending Cash Balance of \$40,143,756 was 87% of its FY19 Total Expenditure (\$46,149,991). See Figure 2. Only 26 of Ohio's 607 school districts had more cash at the end of FY19.¹

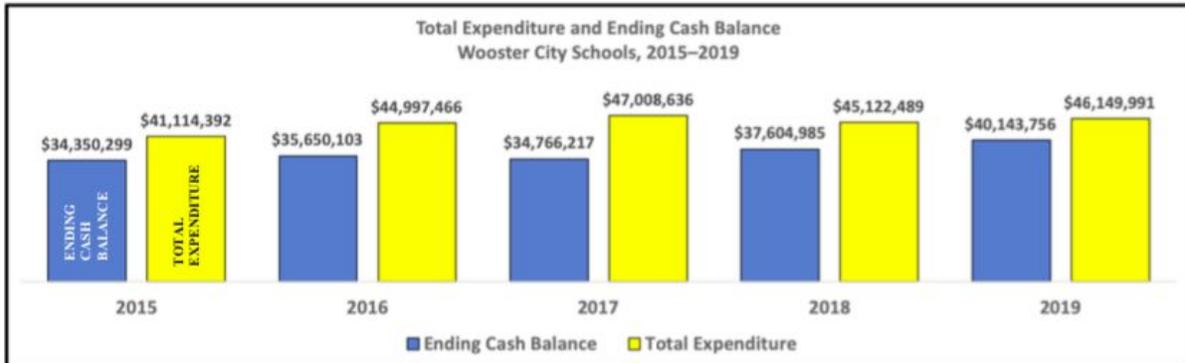


Figure 2. Wooster City SD, Total Expenditure and Ending Cash Balance, 2015-2019. Source: Ohio Department of Education

Wooster City School District Response:

A number of factors have contributed to the district's positive financial position:

1. Being **fiscally conservative** with our \$57,000,000 budget.
2. **School closure.** The school system closed two elementary schools in 2012 and reconfigured grades. A third class (approx. 280 students) was added to Edgewood Middle School, taking the school from its traditional grade 7-8 organization to grades 5-7.

A fifth class (approximately 280 students) was added to Wooster High School. This strategy modified the traditional grade 9-12 organization to grades 8-12.

3. **Pension reform.** The State Teacher Retirement System (STRS) passed a significant pension reform bill that significantly improved the sustainability of the system. This action prompted an unprecedented number of retirements by individuals who would otherwise have continued teaching in the Wooster City Schools. Higher compensated retirees were replaced with less experienced and lower-wage faculty.

The school district is dealing with the phase-out of tangible personal property (TPP) reimbursement from the State of Ohio. **TPP is being reduced annually by \$395,000** until 2027 when the reimbursement will become \$0.

In an effort to maintain the school district's level of programs and services, the community is being asked to approve a 6.5 mill levy request on March 17, 2020. If approved, the district would receive its first full year of collection on the new levy dollars in FY 2022 (2021-2022 school year). The school system will need and use its reserve to balance the budget until the new levy is fully collected (FY2022).

3. Financially, Wooster City SD compares favorably and unfavorably to other Ohio School Districts.

The state District Profile Report for Wooster City School District found at

<http://education.ohio.gov/Topics/Finance-and-Funding/School-Payment-Reports/District-Profile-Reports/FY2019-District-Profile-Report>

presents data for Wooster City SD, the average of all school districts statewide, and the average of districts determined by the state to be "similar" to Wooster City SD. The following table shows how Wooster City SD compares in FY19.

From the FY19 District Profile Report, we observe:

1. The percentage of disadvantaged students (formerly referred to as "living in poverty") in Wooster City SD is 3.2% higher than the average of "similar" districts but 4.2% lower than the statewide average.
2. The average Classroom Teacher's Salary in Wooster City Schools is 3.0% higher than the average of "similar districts" but 2.8% lower than the statewide average.
3. The average Wooster City SD's Administrator's Salary is 4.4% higher than the average of "similar" districts and 1.9% higher than the statewide average.
4. The Assessed Property Valuation Per Pupil in the Wooster City SD is 12.4% higher than the average valuation per pupil in "similar districts" and 13.7% higher than the valuation per pupil in the average district statewide.
5. Taxpayers in Wooster City SD are taxed for school support at a rate 15.8% higher than the average of "similar" districts and 7.5% higher than the average district statewide.
6. Administrative Expenditures Per Pupil in Wooster City SD are 16.3% higher than the average of "similar" districts but 3.3% lower than the average of districts statewide.
7. Total Expenditure Per Pupil in Wooster City SD is 16.4% more each year than the average of "similar" districts and 0.9% more than the average of districts statewide.
8. Total Revenues (federal, state, and local) Per Pupil in Wooster City SD are 21.8% higher than the average of "similar" districts and 2.5% higher than the average of districts statewide.

	Wooster City SD, Wayne	Similar District Average	Statewide Average	
A – Demographic Data:				
Line 4	Total Year-End Enrollment	3,428.70	3,554.01	2,788.81
Line 11	% Disadvantaged Students [living in poverty]	43.73%	40.57%	47.93%
B – Personnel Data:				
Line 15	Classroom Teacher's Average Salary	\$62,158.00	\$60,330.23	\$63,915.82
Line 19	FTE [Full-Time Equivalent] Number of Administrators	24	23.40	20.14
Line 20	Administrator's Average Salary	\$84,768.83	\$81,200.46	\$83,223.47
Line 21	Pupil Administrator Ratio	150.53	148.01	135.72
C – Property Valuation and Tax Data				
Line 22	Assessed Property Valuation Per Pupil	\$184,601.68	\$164,212.36	\$162,294.33
Line 27	Per Pupil Revenue Raised by One Mill Property Tax	\$184.60	\$164.21	\$162.29
Line 28	Total Property Tax Per Pupil	\$8,869.72	\$6,141.26	\$6,194.00
Line 32	Median Income	\$33,488.00	\$33,488.00	\$34,091.00
Line 33	Average Income	\$59,091.00	\$57,288.49	\$82,435.00
D – Local Effort Data				
Line 34	Current Operating Millage Including JVS [Joint Vocational Schools] Mills	77.70	58.11	49.33
Line 38	School District Income Tax Per Pupil	\$0.00	\$1,645.48	\$1,442.89
Line 39	Local Tax Effort Index	1.0752	0.9169	1.000
E – Expenditure Per Pupil Data:				
Line 40	Administration Expenditure Per Pupil	\$1,604.59	\$1,379.17	\$1,659.31
Line 41	Building Operation Expenditure Per Pupil	\$2,378.71	\$1,922.83	\$2,350.71
Line 42	Instructional Expenditure Per Pupil	\$7,565.72	\$6,625.80	\$7,248.88
Line 45	Total Expenditure Per Pupil	\$12,588.27	\$10,817.84	\$12,472.40
F – Revenue by Source Data:				
Line 46	State Revenue Per Pupil	\$5,107.49	\$4,674.13	\$6,170.90
Line 48	Local Revenue Per Pupil	\$7,958.91	\$5,595.78	\$6,117.18
Line 50	Federal Revenue Per Pupil	\$904.61	\$836.65	\$1,010.75
Line 54	Total Revenue Per Pupil	\$14,862.19	\$12,197.46	\$14,497.66

Dr. Hannan's Analysis/Question:

1. The percentage of disadvantaged students (formerly referred to as "living in poverty") in Wooster City SD is 3.2% higher than the average of "similar" districts but 4.2% lower than the statewide average.

Wooster City School District Response:

The district agrees that it does have a high percentage of economically disadvantaged students. This requires more expense (personnel and programming) than school districts with a lower percentage of students who are economically disadvantaged.

Dr. Hannan's Analysis/Question:

2. The average Classroom Teacher's Salary in Wooster City Schools is 3.0% higher than the average of "similar districts" but 2.8% lower than the statewide average.

Wooster City School District Response:

Salaries are market driven and analyzed annually. We are proud of the compensation packages that have been designed to attract and retain some of the finest faculty and support staff in the state.

Dr. Hannan’s Analysis/Question:

3. The average Wooster City SD’s Administrator’s Salary is 4.4% higher than the average of “similar” districts and 1.9% higher than the statewide average.

Wooster City School District Response:

The higher (4.4%) average administrative salaries is a direct reflection on the fact that Wooster has not fully consolidated their schools. The Ohio Facility Construction Commission (OFCC) recommends schools, for efficiency, to be larger than 550 students. Most schools today are designed to serve 550 - 2,000 students. Wooster’s four elementary schools are small, averaging just 326 students per school, and requiring administrative support. If the Wooster City School District were to ever construct a centralized campus (larger schools), a reduced administrative headcount would be realized and “average” salaries reduced.

Dr. Hannan’s Analysis/Question:

4. The Assessed Property Valuation Per Pupil in the Wooster City SD is 12.4% higher than the average valuation per pupil in “similar districts” and 13.7% higher than the valuation per pupil in the average district statewide.

Wooster City School District Response:

We are fortunate to live in a community with a stable, “age-in-place” residential base. Wooster’s industrial base is growing. Successful schools are one of the strongest variables impacting a community’s property values.

Dr. Hannan’s Analysis/Question:

5. Taxpayers in Wooster City SD are taxed for school support at a rate 15.8% higher than the average of “similar” districts and 7.5% higher than the average district statewide.

Wooster City School District Response:

We agree with this analysis, and here’s what comes with that difference:

<u>WCSD</u>	<u>Similar Districts</u>
<ul style="list-style-type: none"> ● <20 advanced placement (AP) courses ● International baccalaureate (IB) program ● Gifted Services : \$400K annually <ul style="list-style-type: none"> ○ \$160K state supported annually ○ \$240K expended annually via locally funds ● Comprehensive fine arts programs <ul style="list-style-type: none"> ○ Dedicated K-6 Music/Art/PE teachers ○ Middle School Spanish/French/German ○ Dedicated Libraries/Media Centers 	<ul style="list-style-type: none"> > 4 AP Courses NA >30% fund gifted to this level >30% have “dedicated” Fine Arts Phy. >30% have World Lang. in MS >30% have dedicated library para’s

- *Transportation Services*
 - *K-4 = .75 mile from school*
 - *5-7 = .75 mile from school*
 - *8-12 = 1.0 mile from school*
- *State of the art natatorium/rec. center*
- *Grades 6-12 STEM programming*
- *Pre-School (Littlest Generals)*

State Minimums
K-8 = <2.0 miles from school
No HS Bussing

>10% have these facilities
>60% have grades 6-12 STEM
>30% have an ECE Preschool

Dr. Hannan’s Analysis/Question:

6. Administrative Expenditures Per Pupil in Wooster City SD are 16.3% higher than the average of “similar” districts but 3.3% lower than the average of districts statewide.

Wooster City School District Response:

We agree with this analysis. The higher (4.4%) average administrative salaries is a direct reflection on the fact that Wooster has not fully consolidated their schools. The Ohio Facility Construction Commission (OFCC) recommends schools, for efficiency, to be larger than 550 students. Most schools today are designed to serve 550 - 2,000 students. Wooster’s four elementary schools are small, averaging just 326 students per school, and requiring administrative support. If the Wooster City School District were to ever construct a centralized campus (larger schools), a reduced administrative headcount would be realized and “average” salaries reduced.

Dr. Hannan’s Analysis/Question:

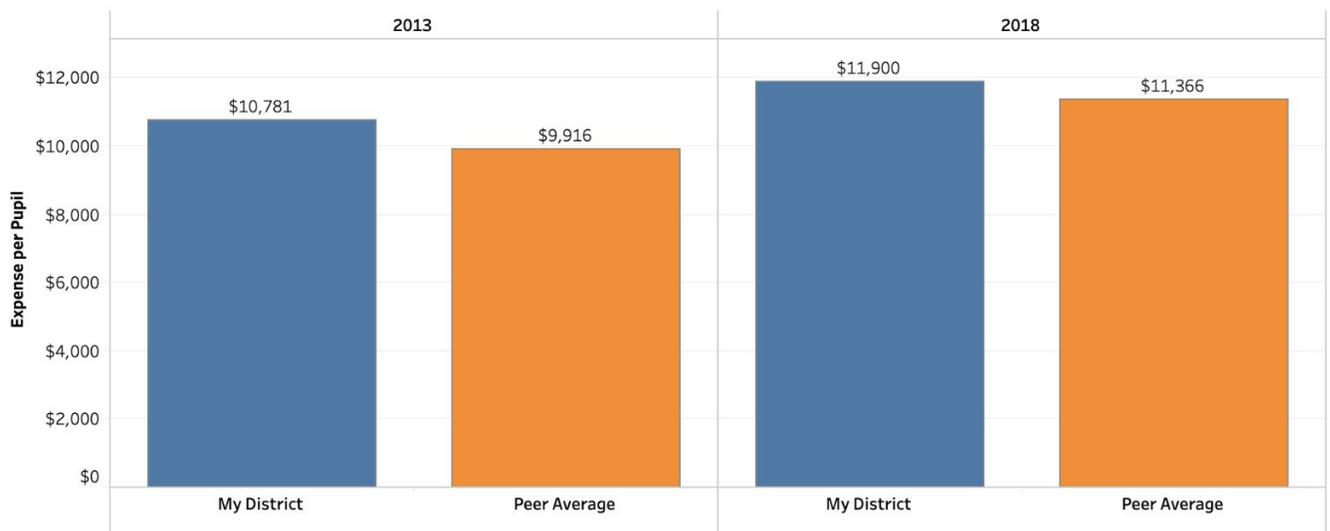
7. Total Expenditure Per Pupil in Wooster City SD is 16.4% more each year than the average of “similar” districts and 0.9% more than the average of districts statewide.

Wooster City School District Response:

The Wooster City School District’s per pupil expenditure has actually increased at a much slower rate than our “similar” districts due to strategic controls. The \$865 difference in 2013 was reduced to \$534 in FY18. Wooster’s 3.2% higher economically disadvantaged population attributes to the difference.

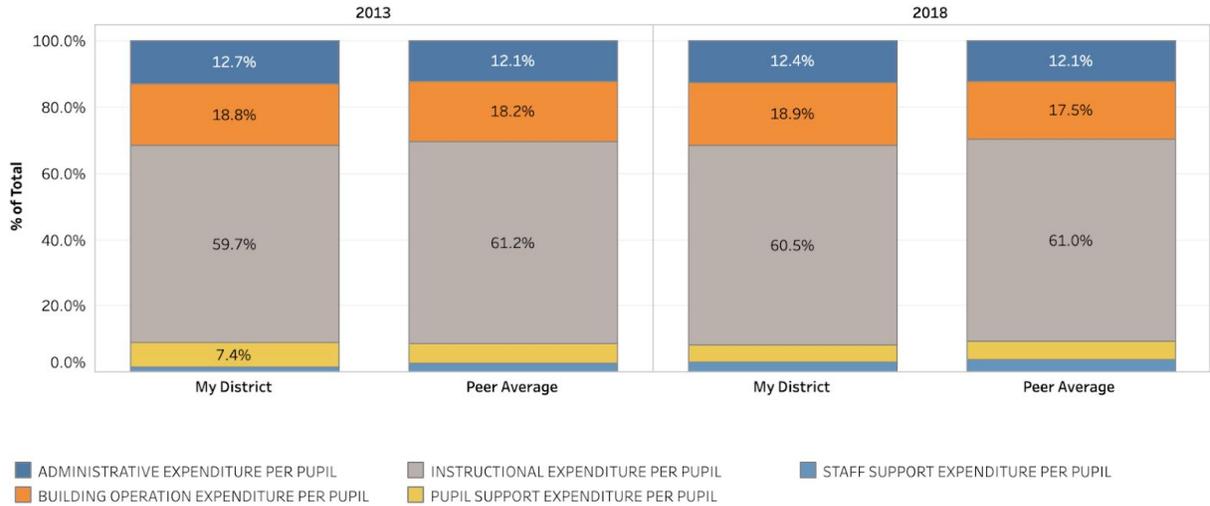
Wooster City Benchmark Report

Source: District Profile Data (CUPP Data)



Wooster City Benchmark Report

Source: District Profile Data (CUPP Data)



Dr. Hannan’s Analysis/Question:

8. Total Revenues (federal, state, and local) Per Pupil in Wooster City SD are 21.8% higher than the average of “similar” districts and 2.5% higher than the average of districts statewide.

Wooster City School District Response:

The March 17, 2020 operating levy is not intended to add new programs or employees but would allow the district to maintain the current levels of programs, services, and employee count.

If the levy does not pass, what programs and services would you recommend be reduced?

4. Wooster City SD Enrollment has been declining for the past eight years.

The District Profile Reports show that annually increasing budgets have served a steadily declining number of students. (See Figure 3.) 8.5% fewer students enrolled in Wooster City SD in 2019 than in 2011.

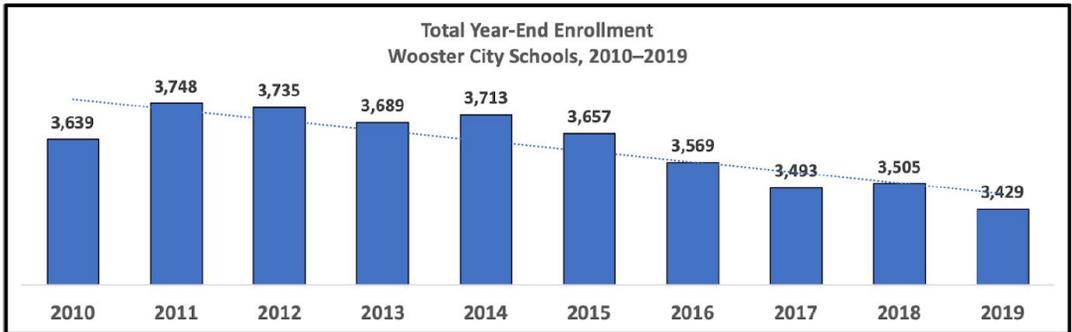
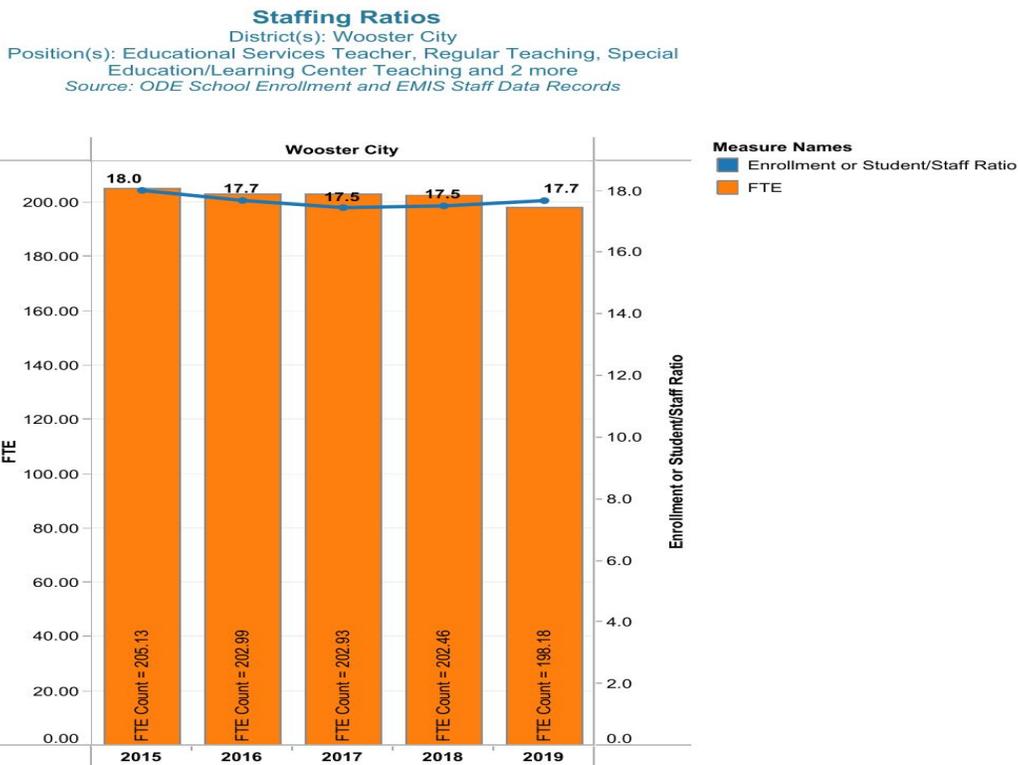


Figure 3. Wooster City SD, Total Year-End Enrollment, 2010-2019. Source: Ohio Department of Education

Wooster City School District Response:

Our program has been reduced as evidenced by the per pupil expenditure chart on page 6. Our slower than average growth, as compared against our “similar” districts, highlights this well. At the same time, one of our strategies to improve student achievement is a focus on maintaining lower student-to-teacher ratios (see below).



5. The State of Ohio Five-Year Forecast for Fiscal Year 2020 projects Wooster City SD to be solvent until FY2024 (nearly five more years) without the proposed tax levy.

The State of Ohio Department of Education has compiled a five-year forecast for 2020 of each of the 607 school districts in the state. The state forecast for Wooster City Schools is found at <http://fyf.oecn.k12.oh.us/genForecast.asp?IRN=45120&Format=HTML>. According to state models, Wooster City Schools Revenues are projected to fall slightly (Line 2.080), Wooster City Schools Expenditures are projected to rise (Line 4.500), and Wooster City Schools Ending Cash Balance is projected to decline (Line 7.020).

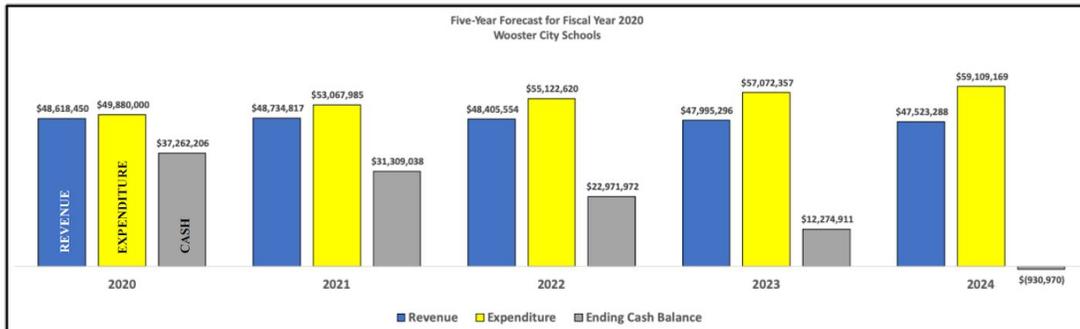


Figure 4. Wooster City SD, Five-Year Forecast for Fiscal Year 2020. Source: Ohio Department of Education

Dr. Hannan’s Analysis/Question:

Were Wooster City SD to maintain the status quo (same programs, same teachers, same administrators, same buildings, same everything) without a new levy at this time, the state forecast for Wooster City SD projects that the Ending Cash Balance accumulated here since the 2010 levy is sufficient to balance the district’s budget for nearly five more years.

Wooster City School District Response:

The economic theory here is horribly flawed. Districts who restrict their view to current cash balance when looking at the timing of the next levy are short-sighted and setting their district and community up for failure. Here are a few points to consider:

1. *When a levy passes, those new revenues are not immediately available. With passage of the March 2020 levy, the district would not receive a full year of new revenue until FY 2022. The CFO will rely on the carryover to balance the budget.*
2. *For each year that annual expenditures exceed revenue, a structural deficit is created. There are two options to close that deficit:*
 - a. *Generate new revenue through the passage of a levy as is currently proposed, or*
 - b. *Make reductions each year to close the deficit.*
3. *Postponing the levy until 2024, when the district runs out of cash, also means the district would be faced with a structural deficit of nearly \$12 million dollars. In 2024 the school system would be required to:*
 - a. *Make \$12 million in reductions or,*
 - b. *Present the community with a 19.5 mill levy. 😬*

We find both options above to be a complete dereliction of duties and absolutely unacceptable for our community.

6. Wooster City SD currently receives 75.9% of all local property taxes. The proposed operating levy would increase local property taxes by 12.3%.

Homeowners can verify on their property tax bill that 75.9% of their bill is currently allocated to the local school district. As expressed by the Wooster City SD, the proposed 6.5 mil levy will increase a homeowner’s bill \$18.95 a month for each \$100,000 of assessed home value. **How much will this actually work out to for individual taxpayers?** The table below gives a few concrete examples. If someone’s annual property taxes right now are \$**A**, \$**B** is currently allocated to Wooster City SD, and \$**C** is the amount that person’s annual property tax bill will increase *if the 2020 levy passes*.

	Assessed value of home	\$54,090	\$108,179	\$162,269	\$216,359	\$270,449	\$324,538
A	Current annual property tax bill	\$1000	\$2000	\$3000	\$4000	\$5000	\$6000
B	Amount of annual property tax bill currently allocated to WCSD	\$759	\$1518	\$2277	\$3035	\$3794	\$4553
C	Increase in annual property tax bill <i>if the levy passes</i>	\$123	\$245	\$368	\$490	\$614	\$736

SUMMARY

1. In 2010, Wooster City SD asked for and received from local taxpayers an increase in millage that yielded over the following nine-year period over \$40 million more in revenue than needed to meet expenditures.
2. The Ohio Department of Education projects that *the current Wooster City SD cash balance can fund nearly five more years without the proposed levy*.
3. The tax effort of citizens in Wooster City SD is currently 15.8% higher than the average of “similar” districts in Ohio. Residents of Wooster City SD have been supporting the district with tax dollars beyond the statewide average and well beyond the average of “similar” districts. The proposed operating levy is a property tax increase of 12.3%.
4. Enrollment in Wooster City SD is lower today by 8.5% than it was eight years ago and will likely decline further due to decreasing rates of childbirth locally and nationally.
5. Declining enrollments and current cash balance—following ten years of above average support—present an opportunity to explore improved patterns of instruction, administration, and spending *without tapping already generous citizens for more before 2024*.
6. How can we together maintain—and even raise—the quality of education in Wooster City SD *with the funding we have*? Our district’s comprehensive Ohio School Report Card is available at <https://reportcard.education.ohio.gov/district/overview/045120>. The district’s School-by-School Report Card is available at <https://reportcard.education.ohio.gov/district/schools/045120>.

Dr. Hannan’s Analysis/Question:

1. In 2010, Wooster City SD asked for and received from local taxpayers an increase in millage that yielded over the following nine-year period over \$40 million more in revenue than needed to meet expenditures.

Wooster City School District Response:

We do not agree with your statement that the revenue was not needed to meet expenditures.

Dr. Hannan’s Analysis/Question:

2. The Ohio Department of Education projects that the current Wooster City SD cash balance can fund nearly five more years without the proposed levy.

Wooster City School District Response:

See our response on page 9.

Dr. Hannan’s Analysis/Question:

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Wooster City School District Response:

We concur with this analysis. Why? See our response on page 4.

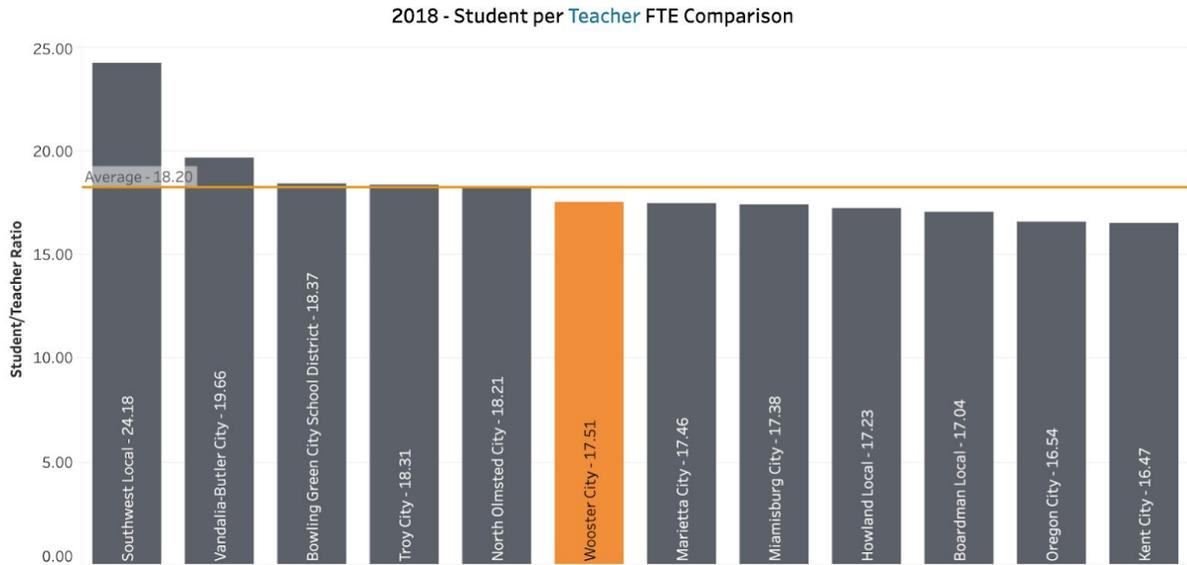
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4. Enrollment in Wooster City SD is lower today by 8.5% than it was eight years ago and will likely decline further due to decreasing rates of childbirth locally and nationally.

Wooster City School District Response:

Please see our response on page 8. Regarding enrollment projections, the City of Wooster is projecting 200 - 300 new housing units, with 1.5 students per unit, over the next 5-10 years. This would result in approximately 300 new students.

Wooster City Salary and Staffing Comparison



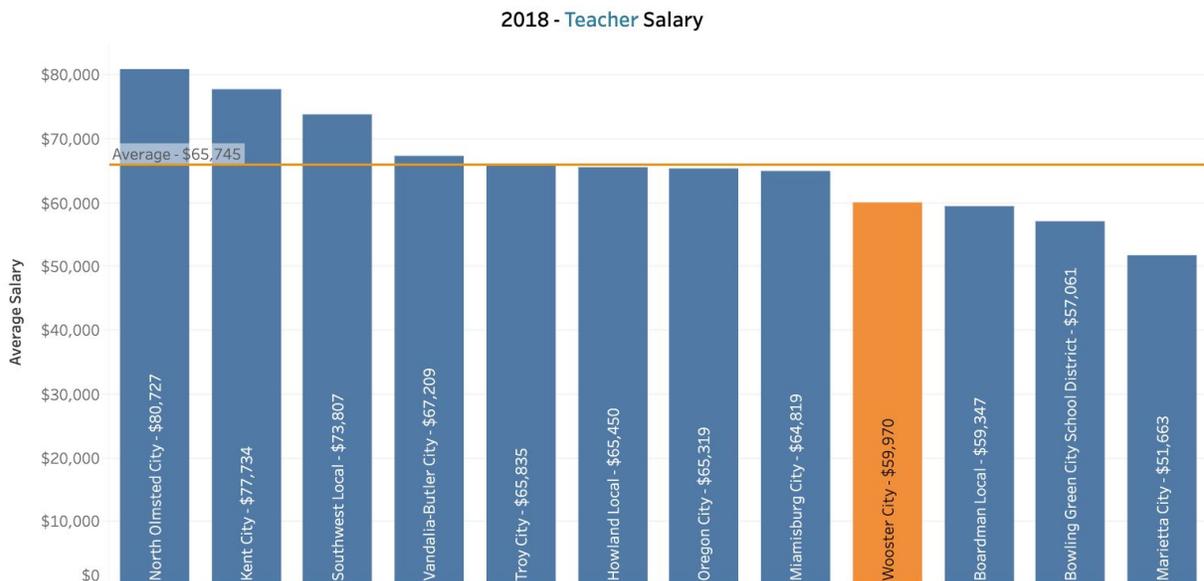
Dr. Hannan's Analysis/Question:

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Wooster City School District Response:

See page 9.

Wooster City Salary and Staffing Comparison



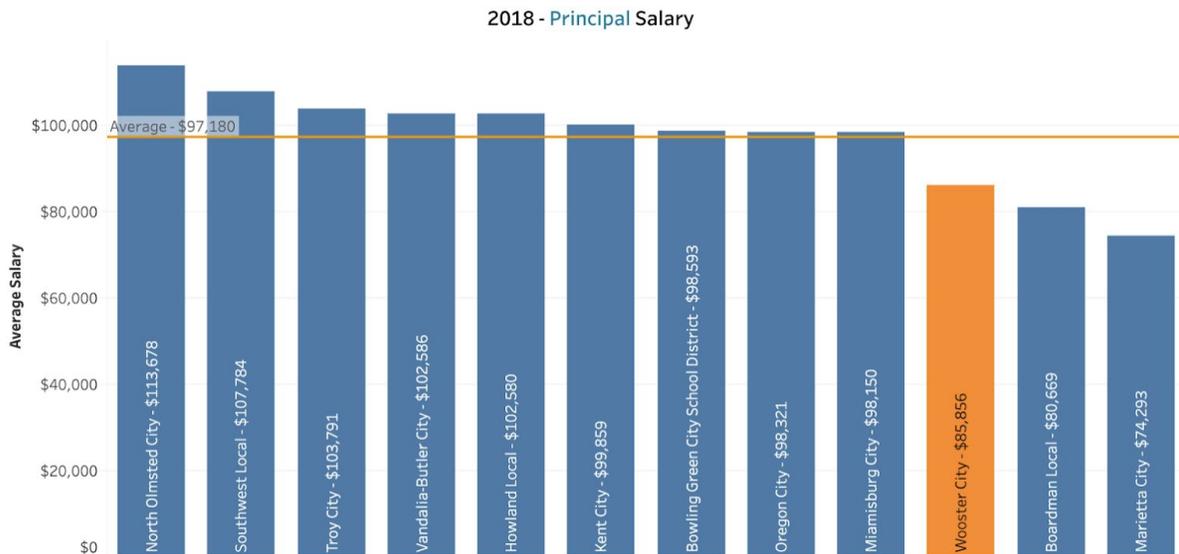
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Wooster City School District Response:

Impossible without reductions. What reductions would you recommend?

Wooster City Salary and Staffing Comparison



Wooster City Salary and Staffing Comparison

Annual Financial Reports break down district spending into many categories. The chart below shows the percentage of operating spending allocated to salaries and benefits for 2018.

