

Fast Facts:

# of Students	= 1920
# families served	= 1300
# Certified Staff	= 126
# Classified Staff	= 100
# part-time jobs	= 161
# Certified Administrators	= 10
# Classified Admin Staff	= 4

25 years = the last time a levy for new operating monies passed

When will voters see an issue on the ballot this Spring for our schools?

Yes. The board has approved an issue for the May 8, 2018 ballot.

Why has the school board placed a ballot issue for our schools?

Graham has placed a levy because we have cut and reduced as much as possible. The need is so real that the Board and district have stated that this is the single most important issue facing our schools right now. The Board voted unanimously for this levy because they believe that in order to be able to allow our students to be successful today and prepared for tomorrow, the current revenue is not sufficient. To be fiscally responsible and to meet the expectations of the Board, the School Staff, and the Community, requires additional revenue.

What kind of levy is the district pursuing?

Graham has placed a 1% earned income tax ballot issue for May 8, 2018. The district needs additional operating dollars. Operating dollars pay for operating costs, including up to date textbooks, curriculum and programming, and equipment.

How much income will the levy generate?

If passed, the levy would generate approximately \$1.9 million annually. We would begin collecting this money April 2019. It will take approximately 18 months to realize the full collection of additional tax revenues.

Why a 1%, earned income tax issue for a 5 year term?

The Board did research with direct community input in 2016-2017. That input directed the Board to promote an earned income tax issue over a property tax issue. Earned income tax funding is able to weather unpredictable state and federal economic cycles better than other types of issues.

Why is the levy issue only a 5 year term?

The levy will allow for our public to judge our handling of the operating funds over this term.

What is the tax?

The school district earned income tax is an income tax separate from federal, state, and city income taxes. This tax is earmarked specifically to support the school district. The tax is a residential tax, so only those living in the Graham Local School district are subject to the tax.

Which issues are more volatile, property or income tax?

Earned income tax funding is able to weather unpredictable state and federal economic cycles better than other types of issues. By their nature, property tax collections are more volatile, especially in agriculture-based economies, where local, state, and federal issues constantly impact property values.

Why did the Board select an earned income tax vs. regular income tax?

This tax is limited to earned income from wages, salaries, tips, net earnings from self employment, and other compensation. The board felt this type would be beneficial to all residents with earned income, as this does not tax unemployment compensation; pensions and annuities, alimony, interest and dividends, IRA distributions, capital gains, profit from rental activities, and lottery winnings. It will also benefit those who are on fixed incomes whose primary source of income is from unemployment compensation; pensions and annuities, and alimony. Below is a comparison of both types of school income tax.

Type	Traditional Income Tax	Earned Income Tax
Income Taxed	wages; salaries; tips; interest; dividends; unemployment compensation; self-employment to the extent included in Ohio adjusted gross income; 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.	wages; salaries; tips; net earnings from self employment to the extent included in Ohio adjusted gross income; and other compensation
Income 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.	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. Additional Income not taxed: unemployment compensation; pensions and annuities, alimony, interest and dividends, IRA distributions, capital gains, profit from rental activities, and lottery winnings.

How much will it cost the school district to put this levy on the ballot?

This levy issue will cost the district approximately \$15,000 to place on the May ballot.

What have we done over the years to cut costs?

A lot. We have cut, reduced and stretched our budget. In fact, we eliminated \$2.35 million from our budget in 2011 and 2012. At that time, we lost 24 teachers along with other support and administrative staff and we cut our academics. In fact, we haven't asked for new monies in 7 years and have not passed an issue for new money in 25 years. Now, we face another \$1.5 million in cuts if we cannot secure new operating funds.

What has been cut and reduced so far?

We eliminated 24 teachers, staff and administrators from our budget. In fact, we now have fewer administrators than our peer school districts. Our teachers and staff have shared in the sacrifice of our district's tough economic times, helping to save over \$9 million over a four-year period by accepting changes to salary and benefit plans.

Examples of some of the savings recouped by the district:

Changed district property and liability insurance carrier which produced operational savings of \$27,000 per year.

Implemented a district wide energy efficiency plan starting in 2013 using a House Bill 264 energy loan. This project upgraded internal lighting in all buildings, replaced outside lighting with LED fixtures, implemented variable speed drives on all HVAC systems, implemented detailed scheduling HVAC systems with the ability to deactivate systems when not needed. This project realized an operational savings of \$80,000 annually.

Moved the maintenance and transportation departments from the old Jr. High campus to the purchased transportation and maintenance facility. Costs to operate and maintain the old Jr. High building/transportation facility were \$60,000 per year for utilities and repairs. Cost to operate and maintain the new transportation facility have been \$20,000 for utilities and repairs. This project has realized operational savings of over \$40,000 per year.

Created and lead a consortium of other school districts for the purchase of propane (used at High School). Through this consortium Graham has been able to leverage larger purchasing power and purchased the needed 50,000 gallons of propane for \$0.81 per gallon. This consortium has realized a savings of \$50,000 over the past two years.

What would a levy fund?

A levy would maintain the current quality of teaching and continue to provide important educational opportunities for our students. In 1992, a 5 mill emergency operating levy was passed that generated \$550,000 annually. This levy was renewed every three years through 2001, and it expired in 2004. We have cut, reduced and stretched our funds. New curriculum has not been purchased in some core

subject areas like Social studies at GMS or GHS for over 7 years. Now, that is no longer enough. In order to make sure our Graham students and community is competitive we must act now to protect our teaching and programs.

What if the levy fails in May?

The need does not go away with failure, it only delays and worsens it and potentially makes it more expensive for everyone later on. In fact, if we do not secure additional funds then it risks our ability to provide the current quality of education, it jeopardizes our fiscal stability, and our students' ability to compete. If we fail in May, the Board will take action to reduce an additional \$1.5 million from the budget in several ways:

- Make significant reductions to all operational budgets across all areas of the district
- Make significant cuts to staff
- Increase Pre-School fee structure
- Significant increase in students' PTP activity fees
- Makes changes to our Transportation plans

What specifically has been earmarked for cuts if the levy fails?

All building and facility budgets would see a 10% decrease in budgets.

Operational Cost Reductions (Approximate Savings - \$159,700)

- Minimal mowing of properties
- No weed spray or fertilization of lawns and athletic fields
- No additional cleaning support in the summer for buildings.
- Minimal waxing of floors
- No repairs to buildings unless a safety issue
- No cleaning and summer repair support for bus fleet.
- Minimal rust repairs and/or prevention on buses.
- No repairs to parking lots or outdoor facilities.
- Playground repairs only for safety. Removal of playground equipment if repairs are more costly than removal.
- Increased building use fees for non school events
- No landscaping, mulch, or flowers

Non-instructional staff (Approximate Savings - \$191,600)

- High School Aides
 - Media Center Aide
 - Study Hall Aide
- Middle School Aide
 - Media Center Aide
 - Study Hall Aide
 - Office Aide
- Elementary School Aide

- Office Aide
- Classroom Aide
- Computer Lab Aide
- Transportation Bus Aide

Staff Attrition: The following positions will not be replaced. These individuals either resigned or will retire at the end of the current school year. (Approximate Savings - \$225,000)

- Superintendent's Secretary
- 2 teachers
- 2 custodians

Starting with the 18-19 school year, Increase the daily rate per child for Preschool to generate additional revenue. (Approximate Additional fees - \$36,000)

- Half day preschool fee will increase from \$10.00 to \$15.00 per day.
- Full day preschool fee will increase from \$17.50 to \$25.00 per day.

Starting with the 18-19 school year, the Student Participation fees would increase 40% and be charged to all families with no family cap to generate revenue. (Approximate Additional fees - \$68,000)

- Middle school currently pays \$75 per sport. The fee will increase to \$105 per sport with no individual or family cap.
- High school currently pays \$125 per sport. The fee will increase to \$175.00 per sport with no individual or family cap.

Transportation model changes: (Approximate Savings - \$254,000)

Planned changes:

- Approximately 5 bus drivers will be laid off, and 7 bus drivers daily hours will be reduced.
- We would transition from our current full-service model that includes door-to-door and minimal group pick up to a reduced service model shuttle model based on state minimum route regulations.
- HS students would not be transported to or from their homes but would receive transportation from a specific stop in each township.
- We would combine the Ohio Hi Point and Mac a Cheek/Alternative School route into one route.
- All students K-12 may be required to walk up to one mile, (the state maximum) to a group stop in towns, villages, and culs-de-sacs.
- Each student would have only one (1) assigned pickup and drop off stop per student. We will no longer allow multiple destinations for students to maximize bus loads. Students would be picked up and dropped off at 1 assigned location daily.

How does our tax rate compare with other school systems around us?

Our operating tax rate is lower than every district in a seven county area, including: Champaign, Clark Logan, Madison and Miami Counties. Even with the passage of a levy, we will still be among the lowest in the seven county area.

Will the district continue to live within their means?

Absolutely. Operating in a lean and frugal manner is what we do at Graham. We work hard to send money directly to the classroom for teaching and programs for students. In fact, we spend less on administration than the state average and that we have fewer administrators than our peer school districts. Our teachers and principals have built and/or paid for some of the classroom furnishings you see around the district in some cases. In fact, Graham's teachers and administrators have actually brought in over \$175,000 in new grant funds in the past year and a half to help maintain a tight budget. Our operations and administrative teams have researched and planned for over \$250,000 in savings the past 3 years. While encouraging, these actions alone cannot fix our budget issues.

Why did the Board of Education let a levy expire in 2004?

The current Board and administration were not employed by the district at that time and not part of the discussions regarding that decision.

How many times has Graham approached the public for new operating funds in the last 25 years?

In 1992, a 5 mill emergency operating levy was passed that generated \$550,000 annually. This levy was renewed every three years through 2001, and it expired in 2004.

The district attempted 3 levies for new operating funds and all failed: November 2017, May 2011, and November 2010.

Please explain what funding was used to pay for the transportation building? Can you provide a detailed financial analysis about buying and building the transportation facility with the funds left over from the bonds to build the new facilities versus using the unspent proceeds to pay down the bonds upon the first call date?

Former Treasurer Mr. Bob Hoover provided insight into the Board's intentions regarding the transportation facility. He indicated that in fiscal year 2002, Anthem gave the district over \$600,000 in stocks, as they changed from a privately held to publicly held corporation, and Graham was a longtime customer of Anthem. The Board sold the stock (as it is not permissible for public entities to hold stocks) and had the funds put into a permanent improvement fund which was earmarked for facility improvements or new construction.

The district worked with the State of Ohio to be part of the Classroom Facilities Assistance Program (CFAP). The State of Ohio paid 56% of the projected \$36.5 million project to build the Elementary, and the local share was 44%. Residents passed a levy for the local share of \$13,575,000 on May 3, 2005. The administration at the time felt the construction could be completed for less which is why the board only asked for a \$13,575,000 bond issue. The State of Ohio required the district to have on hand enough funds to offset what they calculated the local's share to be of \$16,060,000. The district used the funds of \$600,000 as collateral in order to move forward with the CFAP. Once the project was closed out, the State refunded the remaining balance which included the funds which were put up for collateral by the Board.

The board knew that it was not feasible to maintain the old school building as the transportation facility. The facility had asbestos issues and would have cost the district in excess of \$200,000 to demolish. The building no longer met the needs of the district. It was always the intent of the Board to move forward with building a new transportation facility even back in 2005. The funds were not intended to pay down the bond issue.

The remaining balance in the State fund and Local fund after the construction was completed for the elementary was \$626,319.48. The Director of Operations had plans drawn up by an architect; however, the estimated cost for a new transportation facility far exceeded \$1.6 million. At that point, the Board decided to look at other options. Staff were directed by the Board to inspect the lumber yard as a possible site rather than build new construction. It was determined that there was sufficient space to house our fleet of buses, including storage, maintenance/ground equipment for our fleet.

The property appraised at \$340,000. In April, 2015, the board purchased the property from the Faulkner brothers for \$336,500. The remaining funds were used to convert the property into a transportation/maintenance building, including making updates that were required to meet all building standards set by Champaign County. The gas tank was moved onto the new site. Electric plugins were installed for each bus, a security fence was erected to prevent vandalism of our fleet, which had become a significant issue at the old location. We were able to utilize the old office space as is, and constructed walls to create two fireproof storage rooms for record retention, and a conference room for district and community use. The location of the facility is much cheaper to maintain and operate than the old building in town. The facility is also more secure, and our buses do not need to cross the railroad tracks multiple times a day to leave from and return to the bus lot.

How does the CAUV adjustment impact Graham's budget?

Graham will lose funding due to the state's new formulation factors with CAUV.

How do I pay on Earnings from Self-Employment? Do I pay on my Gross or Net Earnings?

You pay on Net Earnings.

SD-100 Line 25 – Net Earnings from Self-Employment

Show on this line your net earnings from self-employment that (i) you earned while you were a resident of an earned income tax base school district and (ii) are included in Ohio adjusted gross income (Ohio IT 1040, line 3). Do not include on this line minister housing allowances that are not part of Ohio IT 1040, line 3 even though they do constitute net earnings from self-employment. Enter on this line only the portion of your net earnings while you were a resident of the earned income tax base school district. Be sure to enter the date of non-residency on the SD 100.

Is welfare income taxed?

No. The following income is not taxed: social security benefits; disability and survivors benefits; railroad retirement benefits; welfare benefits; child support; property received as a gift, request or inheritance; and workers' compensation benefits. pensions, unemployment, interest, dividends, capital gains, rental income, lottery winnings, or income tax earned by estates.

Do I have to make school district estimated income tax payments for 2019?

The instructions for 2018 are provided below. If there are no statute changes, we assume the instructions will be the same for 2019.

Taxpayers must make quarterly estimated payments if they expect to be underwithheld by more than \$500 on the combined school district and state individual income taxes. For more information, please see the Ohio Department of Taxation link below:

https://www.tax.ohio.gov/Portals/0/communications/publications/individual_income_tax_school_district.pdf?ver=2017-03-27-090121-643

Is the 1% earned income tax based on gross or net income? Gross wages are taxed from on your federal 1040 tax form, line 7 (wages, salaries, tips). However, if you report self-employment income, you would pay the net amount on your earnings.

What is the average annual resident income in the Graham district? How does it compare to others?

Income Type (Tax Year 2015)	Graham Residents	Peer Districts	State Average
Median Income	\$36,592	\$33,699	\$33,782
Average Income	\$52,060	\$51,344	\$78,257

Are lottery winnings taxable as part of your earned income tax, and if not, why not?

Lottery winnings are not taxable in accordance with Ohio Revised Code requirements. We have no control over the Ohio Revised Code.

When will we officially know when we are on the ballot?

The Board of Education voted to secure a ballot issue in January for the May 8, 2018 ballot.

Will the district participate in the Ohio Checkbook for 'true' financial transparency?

Yes. This should be available by the end of February. The Treasurer is working with the State of Ohio Treasurer's office to get this set up on their website.

Why did certain administrators receive new contracts and raises in 2017?

Last year, the district created a new strategic Human Resources plan. Graham renews contracts of administrators in good standing annually. Some are renewed at different times than others. Terms are from 1-3 years depending upon term of service. Salary step increments occur annually for all teachers and administrators. One Elementary Principal received a step increase, as well a per diem increase to his contract based on an increased number (10 additional) of work day added to it. The Director of Special Education became the Director of Students Services, expanding her job responsibilities and the total number of contract days (10 additional) as well. Another District Service Center Administrator received a step on the salary schedule.

How does the size of Graham's administrative team compare to others?

Our student to administrator ratio is average, and relative to our size. Of the 40 school districts in the 7 area counties, there are 27 districts that have a lower ratio. For example: based on the 2017 Cupp report, we have 151 students per administrator (12 admin FTEs reported for 2017), while Mechanicsburg has 92, Triad 78, Urbana 132, and West Liberty 76.

How can I learn more about Graham's past financial picture?

Link to Cupp Report:

<http://education.ohio.gov/Topics/Finance-and-Funding/School-Payment-Reports/District-Profile-Reports/FY2017-District-Profile-Report>

How do Graham administrative salaries compare?

We pay average salaries relative to Administrative roles in the 7 county area. Graham has had 13 administrative position turnovers in the past 4 years. In the 2017-2018 school year, 5 administrators are new and replaced existing positions. Both of the new high school and middle school building principals, a new elementary assistant principal, as well as the athletic director, were contracted at the entry level salary offered by the district based on their level of experience.

What is included in the 8.8% Board/Administration Expenditures presented in the pie chart on page 6 in the 2017 Financial Prospectus?

This percentage does not represent salaries only. The amount includes salaries and benefits for building secretaries, principals, assistant principals, student services director and administrative assistant, and the superintendent and administrative assistant. It includes compensation for the Board of Education, supplies, purchased services, and equipment for all those budgeted areas. Additionally, it includes costs for property, fleet, and liability insurance; district memberships; legal services; and travel expenses.

What does the 4.9% pupil services budget cover?

Pupil services costs include salaries and benefits for guidance counselors, school nurses, school psychologist, speech therapy, occupational therapy, physical therapy. Supplies, equipment, and purchased services are also included for those areas as well.

Why did the district purchase new furniture in 2017?

Furniture was purchased out of the Permanent Improvement fund. This fund can only be used to purchase or maintain capital equipment. We did not use funds in the general fund to purchase this needed furniture. This fund is separate from the general fund and monies cannot be transferred per Ohio law to be used for operational expenses.

We have typically purchased 2 school busses per year for our fleet. In 2017 the Board made the decision to only purchase 1 bus and to use the budgeted amount for 1 bus \$90,000 to replace broken and wearing furniture in the district. Furniture becomes more costly to repair than to replace over time. Furniture was purchased out of this money for three locations: the Middle School Media Center, the Elementary Computer Lab, and the Elementary Media Center.

The furniture at GMS in the media center was new in 1998. Over the past 20 years the furniture was starting to break, and in some cases become unstable. At GES, furniture that was moved from the old North and South buildings in 2007 was being used. Many teachers were in need of tables to replace desks and to accommodate the educational methods being used.

The computer lab at GES had tables that we were able to repurpose and move to classrooms. The furniture at GES also allowed for a reorganization of the schedule to accommodate more students in the media center at any time to support teaching and learning. We were able to purchase furniture for GES spaces at the same time we purchased for GMS, and negotiated a larger purchase with greater cost savings.

Over one year was spent interviewing companies, receiving quotes, testing furniture for stability, wear, reliability, and working through designs to replace the furniture in a financially responsible manner. We selected a company that gave the most competitive pricing and offered a lifetime warranty on the furniture purchased. This warranty allows for our furniture to be used for many years to come without cost of repair and replacement.

Separately, new work tables were purchased for the District Support Center (DCS) conference room. The tables that were being used in the conference room were surplus classroom tables that were from the old buildings prior to the move. These tables were very expensive and high quality so we chose to keep them until needed in a classroom. They are sturdy height adjustable tables that not only can be used for classroom work but also will support technology for additional flexibility. There was a need for additional tables at GMS for the STEAM classrooms. The tables were moved to those classrooms. Refurbished bargain tables were then purchased to accommodate the need at the DSC.

Why has the district's academic performance fallen?

Since the contraction that occurred in 2012, Graham has seen a drop off in academic performance. This is too general a question to answer from just a financial standpoint. However, there is a strong relationship between per pupil expenditures and performance. Graham cannot spend what its neighbors or high performing districts can. We are in the bottom 20% of the state by comparison. There is also a strong relationship between academic program quality and enrollment, all of which were negatively impacted by funding cuts in 2012. When programs are cut or no longer staffed, families leave. This has an added negative impact on funding per pupil. It is a fact that enrollment has declined steadily the past 7 years.

Does Graham have an "F" rating on the School Report Card? Overall, NO!

The current version of the Ohio Report Card is different than the 2015 version. This state report card has changed 4 times in the past 6 years. Graham is graded in 6 areas and 10 additional measures are collected for evaluating any school district. Graham is graded in areas of:

Achievement - D

Gap Closing- F

K-3 Literacy - C

Progress -B

Graduation Rate (includes 2015, 2016 data) - B
Prepared for Success (based on 2015, 2016 data)- D
(See graphic of Report Card)

Has converting to a 4-day school week been considered for the cost savings and benefits?

No. We have studied what a 4-day week during summer could save, which is minimal and would affect student activities. However, classified staff currently work a 4-ten hour day week during summer hours to save on facility operating costs.

How much does all of the levy campaign literature cost?

This is a question for the campaign volunteer group known as the Citizens for Graham. They have a budget they use to fund the actual levy campaign and its materials.

Why did Mr. Koennecke get a new desk in 2016?

The district purchased Mr. Koennecke \$200 stand-up desk to work from in August, 2016, out of the supplies budget. He removed a 60 year old desk from his office.

Can Parent Action Forums be held at different times?

Yes, we will schedule the next Parent Action Forum at 6:30 pm on Tuesday evening, February 27th, at Graham Middle School to avoid church schedules, and a day time meeting in March.

Does the Graham strategic plan have other goals that address staffing?

A Human Resources goal is part of Graham 2020, our strategic plan, which was created by concerned citizens and staff. Human Resources are impacted when a district cannot pay competitive wages to recruit, development, or retain employees in all positions across the district. These changes impact the overall quality of our staff, which impacts student achievement. Therefore, when quality staff improves, achievement outcomes improve.

When is the deadline to register to vote for the May 8 election?

April 9th is the last day to register to vote for the May election. Early voting by mail begins April 1.

Last update March 26, 2018