

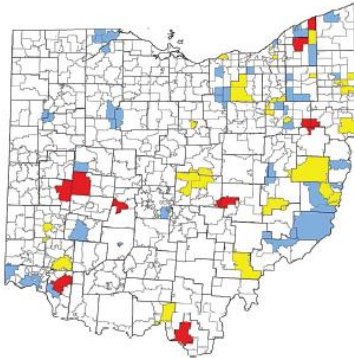
# We Have a Problem...

## NUMBER OF SCHOOL DISTRICTS IN:

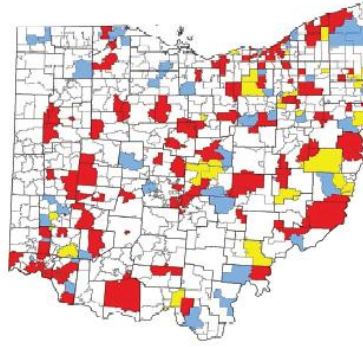
Emergency Oversight: Yellow\*

Fiscal Watch: Blue

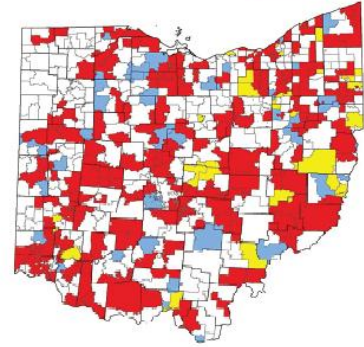
Fiscal Caution: Red



**The Current Fiscal Year: FY 11**



**FY: 12**



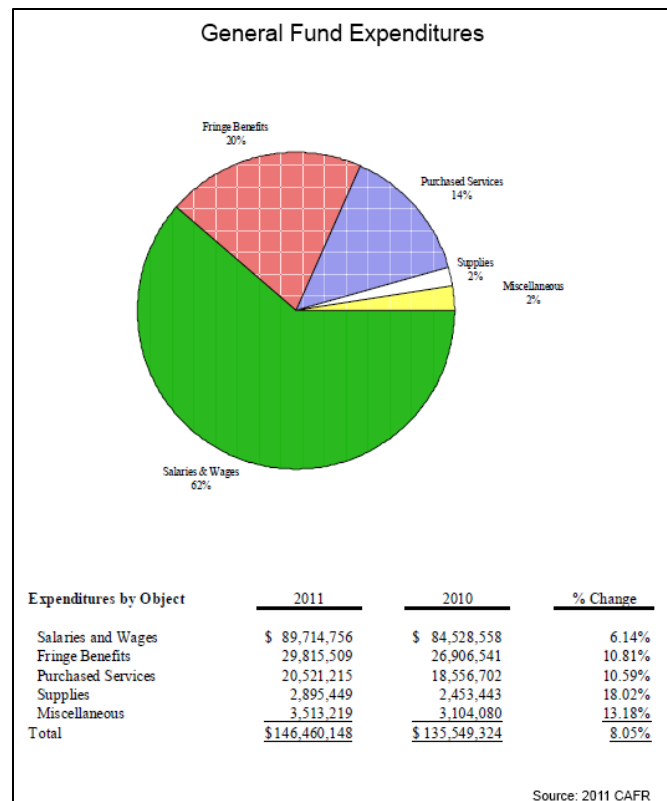
**FY: 13**

*\*Charts prepared by the Ohio Department of Education*

According to the Ohio Department of Education, the number of school districts facing budgetary crises in the state will expand significantly, in effect forcing each community to define how it will preserve its own educational programming. Those that are very efficient at controlling expenses will fare much better than those that don't.

Governor Kasich noted in his 2012-13 budget that Ohio ranks 46th in the percentage of education funding going directly to the classroom. The state ranks 12th in dollars going to bureaucracy and red tape. Kasich pushed for the passage of Senate Bill 5, which would have eliminated annual step increases and required public employees to contribute more to their health insurance, among other things. Issue 2's failure at the polls last November combined with the state's school funding cuts, have greatly amplified the importance of expense control at the local school district level.

Here in Westerville, approximately **82%** of the school district's budget is for personnel expenses. The bulk of those expenses are dictated by language drawn up in the contracts of the four unions that serve the district. Historically, these contracts are signed and remain in place for a two-year period. Those contracts all expire this summer. WESSA (Westerville Educational



Support Staff Association) has already made concessions, but those are contingent on the other bargaining units following suit. WESSA is the smallest of the four unions, representing 149 of the district's 1644 employees. Instead of focusing on passing a levy a mere 3 months after one failed by a wide margin, why isn't our board focusing on significant expense control with hard-line negotiations with the four bargaining units and the expiring union contracts?

Significant savings can be realized in these areas:

- Health care
- A restructuring of automatic step increases
- Paid sick time policy – limit cash out and yearly roll-overs
- Vacation pay policy – limit yearly unused vacation roll-overs and cash out
- Remove out of the supplemental portion of the WEA contract the numerous union-controlled, paid positions , like these examples:
  - o fishing club advisor
  - o talent show advisor
  - o literary magazine advisor
  - o guitar club advisor

<b>Potential Health Care Savings in 2011</b>							
<b>Health</b>	<b>Employee</b>	<b>Employer</b>	<b>HSA</b>	<b>Total</b>	<b>Natl Avg.</b>	<b>Savings</b>	
single	474	\$6,177	\$600	\$6,777	\$4,508	\$2,269	\$1,075,392
family	788	\$13,597	\$1,200	\$14,797	\$10,944	\$3,853	\$3,035,943
							<b>\$4,111,336</b>
<b>Dental</b>	<b>Employees</b>	<b>Employer 100%</b>	<b>HSA</b>	<b>Total</b>	<b>Employer 50%</b>	<b>Savings</b>	
single	374	\$903	n/a	\$903	\$451	\$451	\$168,794
family	1140	\$903	n/a	\$903	\$451	\$451	\$514,505
							<b>\$683,298</b>
<b>Vision</b>	<b>Employees</b>	<b>Employer</b>	<b>HSA</b>	<b>Total</b>	<b>Employer \$0</b>	<b>Savings</b>	
single	389	\$36	n/a	\$36	\$0	\$36	\$14,004
family	923	\$96	n/a	\$96	\$0	\$96	\$88,608
							<b>\$102,612</b>
						<b>Total:</b>	<b>\$4,897,246</b>
<u>Assumptions:</u>							
1. employer contribution to health insurance = national average							
2. employees paid 50% of dental insurance premiums							
3. employees paid 100% of vision insurance premiums							
Sources: Kaiser Family Foundation and Westerville City Schools							

## **Levy Effects on the Westerville Housing Market**

There has been quite a bit of discussion about decreasing property values should Issue 10 fail. “Westerville City Schools will become another Southwestern City School District” is a common theme heard. We believe there is more myth than fact in the idea that property values will fall with the failure of this school levy.

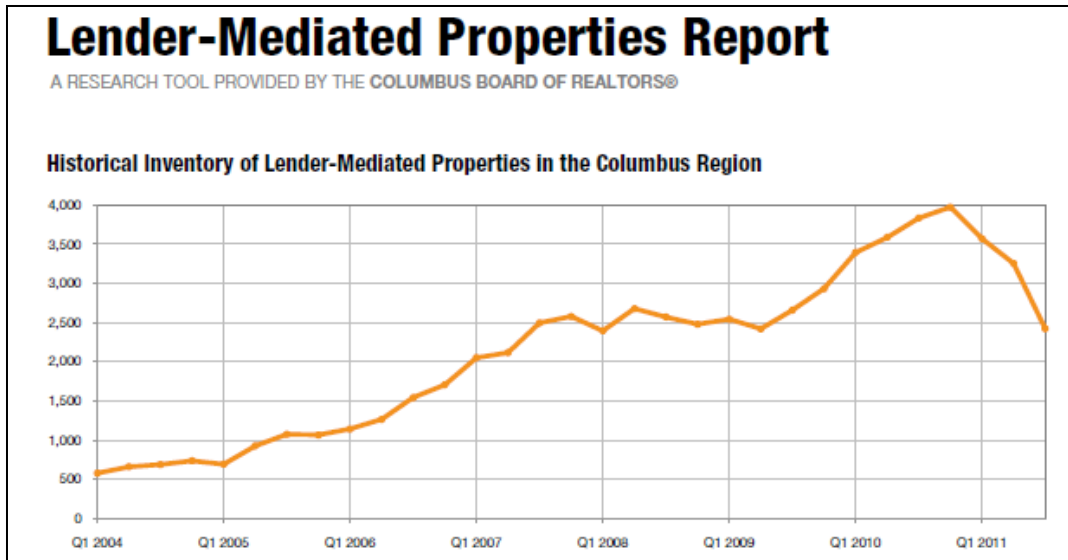
First, it’s important to note that not every household in the district has a child in the school system. According to the 2009 American Community Survey, just over one-third (36.1%) of households in the Westerville School District had at least 1 child under the age of 18.

Reviewing data from the Columbus Board of Realtors, Trulia Market Trend Reports, and Zillow, there appears to be no proof that levy failures automatically mean lower property values. Instead, economic conditions appear to have been the biggest driver in decreasing property valuations over the past five years, and on the surface, one could argue that increasing tax rates play a more significant role in decreasing sales prices.



According to data from Trulia Market Trend Reports, the median sales price for homes in Westerville for October 2011 through December 2011 declined 0.9% compared to the prior quarter, and decreased 23.9% compared to the prior year. Sales prices have depreciated 41.1% over the last 5 years in Westerville. The average listing price for Westerville homes for sale on Trulia was \$248,105 for the week ending January 18, 2012, which represents a decline of .1% compared to the prior week and an

increase of 1.1%, or \$2,629, compared to the week ending December 28, 2011. Average price per square foot for Westerville was \$82, a decrease of 18.8% compared to the same period last year.



Should Issue 10 pass, our school property tax rate will have risen nearly 65% since 2005, and will become the highest rate in both Franklin and Delaware counties. With our economy being so fragile, how much longer can this rate of increase continue before additional significant damage is inflicted on the area housing market?

