

A Case Study of Operating Tax Levies

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Superintendents' Viewpoints of Ohio School Districts' New Operating Tax Levies: A Case Study

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January 2016

What is a case study?

- Examines a current real life phenomenon with “why” and “how” questions.
- A fact finding journey to explore what is happening.

The Phenomenon of Ohio School District New Operating Levies

- The passage rate of new operating tax levies in Ohio from 2007 to 2013 ranged from 23% to 37%. (only 2-3 out of every ten levies pass) (Education Tax Policy Institute, 2014).
- Only 67 new operating tax levies on the ballot in 2014 (Education Tax Policy Institute, 2014).
- The passage rate decreased from a 40% average rate (1994-2006) to a 30% average rate (2007-2013) (Education Tax Policy Institute, 2013).

The Problem

- Many Ohio Public School Districts failed new operating tax levies from 2007-2013, while few districts passed new operating tax levies in the same period.
- REMINDER: A new operating tax levy creates an increase in the amount taxpayers pay annually on real estate while providing new tax revenue to the district.

Brief History of Public School Finance in the USA

- 1642 Massachusetts colony legislation requires parents to teach children reading, writing, law, and a trade.
- 1647 required a professional teacher for towns with 50 or more families
- 1787 Northwest Ordinance grants land for schools (Federal)

(Brimley, Verstegen, & Garfield, 2012)

Public Education

- Federal government participation after the 1787 Northwest Ordinance is limited to specific programs such as:
 - Vocational arts
 - Special Education
 - External social needs
 - (Brimley, Verstegen, & Garfield, 2012)

State and Local Government Partnership

State Funding

- 45 States utilize a Foundation Program to fund public education (includes Ohio).
- Other methods analyze the interaction of tax levies and tax valuations.
- Hawaii State Funding pays the entire cost.

Local Government

- Local funding drawn from property or sales taxes are added to State Funding to pay for the cost of public education (Verstegen & Knoeppel, 2012).

Ohio Public School Districts have a Heavy Reliance on Local Taxpayers

- The policies of funding have changed little since the 1920-30s from a tax perspective in Ohio (Arocho, 2014; Verstegen, 2011).
- Local taxpayers fund 47% public education in Ohio (Stabile, 2013).
- Ohio residential taxpayers pay 70% of the cost in 2011, compared to 46% 1975 (Shaner, 2014).
- More than 10,000 property tax levies on the ballot in Ohio from 1976 to 2009 (Bruce & Fox, 2011).

More facts of reliance on property taxes in Ohio

- 3,433 operating levies on the ballot in Ohio from 1994 to 2006, yielding an average of 264 operating levies per year (almost one third of the 614 school districts in Ohio) (Fleeter, 2007).

Prior Research

- Interaction of house values and school quality
- Ohio voter characteristics and campaign trends
- Bond levy research (Michigan, Texas, Oklahoma)
- Levy campaign research

Tax levy campaign research

- Who leads the campaign
- Community member participation
- School administration engagement
- Campaign committees

Shopping for a school district

- 1950-60s homeowners began to shop for preferred public schools that eventually became magnets where homeowners were willing to pay a premium to be within a desirable school district (Dhar & Ross, 2012; Dougherty, 2012).

The Study

- How and why the few Ohio Public School Districts passed a new operating levy in the period of 2007 to 2013?

Research Questions

- How did the District pass a new operating levy in the period of 2007-2013?
- How did the District overcome barriers or obstacles that threatened the passage of the new levy?
- How will the District run future new operating tax levy campaigns?

A Selection of Districts that Passed

- 10 Superintendents representing 11 School Districts that passed a new operating levy from 2007-2013 participated in anonymous semi-structured in-depth interviews with open ended questions.
- The size of the districts ranged from: less than 2,000 students, 2,000 – 4,000, and more than 4,000 students.

Demographic Profile

District #	ADM	Square Miles	Taxpayer Avg Annual Income	
1	< 2,000	< 10	< \$50,000	
2	> 4,000	10 to 30	> \$75,000	
3	> 4,000	> 30	< \$50,000	
4	2,000 - 4,000	10 to 30	> \$75,000	
5	2,000 - 4,000	> 30	\$50,000 - \$75,000	
6	2,000 - 4,000	< 10	> \$75,000	
7	2,000 - 4,000	10 to 30	\$50,000 - \$75,000	
8	< 2,000	< 10	< \$50,000	
9	> 4,000	> 30	< \$50,000	
10	2,000 - 4,000	< 10	< \$50,000	
11	> 4,000	< 10	\$50,000 - \$75,000	

How did the levy pass?

- Communication of Levy Material
- Levy Campaign Strategy
- Best Practices
- Prior Levy History Benefits of Levy

Communication of levy material

- All 11 districts mentioned some form of communication as a reason for passage:
 - How levy info communicated
 - What material was communicated
 - Who the communications targeted

How levy was communicated?

- 8 superintendents mentioned face to face communications:
 - Coffee meetings, door to door, community forums
- 6 superintendents mentioned other forms:
Facebook, online alerts, yard signs, media

What was communicated?

- 5 superintendents listed specific terminology or promises:
 - Past budget cuts, State takeover, needs
 - Historical levy cycle (every 3 years)
 - Use of instructional costs instead of payroll costs
 - The levy is about the city and property values not jus the school

Who did they communicate with?

- 7 superintendents listed targeted groups:
 - Parents, renters, senior citizens,
 - 3 superintendents targeted absentee voters
 - 3 superintendents targeted known yes voters

Levy Strategies

- 8 superintendents used registered voter and prior voting historical data.
- 4 superintendents each listed:
 - Mayoral support
 - Known yes voters
 - Account for early voters
- 3 superintendents each listed use of a professional public relations firm.

Best Practices

- 7 superintendents used new approaches to communicating the new levy compared to prior campaigns.
- 8 superintendents stating the need to communicate on the stakeholder's turf
- 6 superintendents stated that mayoral and trustee support was key to success.

Prior Levy History

- 5 of the districts studied had continuous success in passing school levies.
- 6 of the districts studied had multiple failures in the past with eventual passage.
- The districts with continuous success may be the outlier, meaning even fewer new operating districts are passing in Ohio.

Benefits of the New Levy

- 8 districts preserved the current educational program.
- 3 districts expanded the current educational program.
- 5 districts returned programs that were previously cut.

How did the district overcome barriers and threats to the passage?

- Anti-tax sentiment in the community
- Organized opposition
- Misinformation
- Collaboration with Stakeholders

Anti-tax sentiment in the community

- 9 superintendents reported some form of anti-tax sentiment in the community
- 9 superintendents reported voter fatigue
- Three forms of anti-tax sentiment:
 - Against all taxes
 - Sensitive on increases to a point
 - Voter fatigue

Organized opposition

- 6 superintendents reported small organized opposition groups.

Other Obstacles

- Misinformation
 - Local newspaper
 - Community rumors
- Union relationship
 - 3 reported levy did not pass until union support
- Demographics
 - Lack of community
 - Open enrollment parents = no votes
 - Multiple counties

Communication Obstacles

- 6 Superintendents listed collaboration with stakeholder groups as a requirement to pass the new levy.
 - Face to face communications
 - Stakeholder group representation on levy campaign
 - Outside consulting firm to engage the community
 - Senior citizens, PTA, booster groups, rotary, chamber of commerce
 - Going to the stakeholder turf

Communication Obstacles

- 6 Superintendents mentioned the maintenance and building of stakeholder group relationships with the school and ongoing.
 - One on one meetings (Face to face)
 - Building friends of the schools
 - Local government endorsements
 - Schools are good for the community and home values

How will future campaigns run?

- Best practices for communication
- Levy strategies
- Avoiding angry voters
- Community Engagement

Best Practices for Communication

- Explain the need
- Have a five year strategic plan
- Nurture a continuous communication plan
- Communicate in non levy years
- Positive communications to promote the district
- Face to face communications, small groups matter

Best Practices Levy Strategies

- Target yes voters, adopt a voter program, mine plus nine
- Use of consultant and survey information
- Gauge the community in off levy years
- Provide critical information on a regular basis to the community
- Continuous engagement with the community

Avoid Angry Voters

- Don't allow parents or stakeholders to become angry with the school district.
- All staff must respond promptly to all parent and stakeholder inquiries or concerns.
- One disgruntled employee can create a large negative impact.
- All employee of the district must provide excellent customer service.
- Administration must have respectful relationship with employees since many usually reside in the district.
- Secretaries and administration are the face of the levy campaign.

Conclusions

- Communication of levy material is supported by prior research.
- Face to face communications are new to the research.
 - Co-relates with continuous success districts and districts with eventual success in passing a new operating levy.

Conclusions

- Target stakeholder groups on their turf:
 - Attend senior center meetings
 - Trustee meetings
 - PTA and Booster group meetings
 - Go to their turf
 - Build relationships

Conclusions

- Analyze the obstacles and barriers:
 - Anti-tax sentiment
 - Voter fatigue
 - Demographics

Conclusions

- Future Levy Campaigns:
 - Avoid angry taxpayers, parents, stakeholders
 - Continuous communications
 - Maintain engagement in non levy years

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