



# VOTE ON ISSUE 25!

## FAQ: November 7 - School Bond Issue

On November 7, 2017, local residents will have the opportunity to vote on the proposed bond issue for Southwest Local School District. Below are common questions related to the bond issue:

### **Why a bond and why now?**

The bond issue to be included on the November 2017 ballot covers payment for the construction of school facilities. There are two reasons we, as a community, need new schools: overcrowding and deteriorating school buildings. More than 1,000 new homes are projected to be built in our school district over the next several years, with a corresponding student enrollment boom. Modular trailers simply will not provide the best education for our kids – for the next 40 – 50 years. For us to keep the current buildings and maintain them over the next decade, the projected cost is close to \$54 million. The last time residents in our community approved new money for the schools was in 2006. Just one other school district in Hamilton County has gone that long without new money - Indian Hill. The other 21 have secured additional funds from their local communities.

### **What does the bond cover?**

After input from more than 1,000 community representatives, the Southwest Local Board of Education approved a facilities master plan that calls for construction of four new schools and extensive renovations to Harrison High School. The new buildings would replace the district's existing junior school and all four elementary schools. A new junior school would be built near the existing Harrison Junior School. Three new elementary schools would be built - one at the Crosby Elementary site, another behind Harrison Elementary and the third behind the Junior School/High School. These locations for the elementary schools were determined after several months of consideration and potential site research. These options are the only sites viable when factoring in the requirements: 1) 10-20 acres of flat land; 2) zoning – so that there is some control over what would be neighboring businesses for the school; 3) reasonable price; 4) outside of the flood-plain; and 5) utilities, especially sewage, are available at reasonable rates.

### **How much will this cost me and for how long? What will happen to the value of my home?**

The proposal would require \$71.7 million in funds locally, equal to 6.99 mills. Homeowners would pay an extra \$244.65 per year for 38 years for each \$100,000 in market value. The state requires that a permanent improvement levy of .5 mills be included in any construction project that accepts State dollars in order to help maintain the new buildings. The .5 permanent improvement levy would raise \$279,000 annually for maintenance and is included in the 6.99 mill total. The majority of the bond – 6.49 mills – will be used for construction of the schools. Every investment has a cost and this one is no different.

### **How much money is the state giving and why does that matter?**

Our current master plan will receive state funding equal to 32 percent, which would cover the construction of one new elementary or \$26.6 Million.

### **I don't have kids in school, why does this bond matter to me?**

Quality schools are important to all residents, even those without students, because it impacts the housing market and home values. When people are drawn to an area, home values increase – for those families with children, one of the most important considerations in moving to an area is the reputation and condition of the schools. When people opt to not move to a town, values of homes decrease; in fact, there is often a drain as

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families with children move away to better schools. While quality education can be provided even in overcrowded and deteriorating schools, people will decide whether or not to live in a town based on program and curriculum offerings, the class size, perceived safety, and condition of the school. Quality communities have quality schools. They go together!

**If the bond passes, what happens? If it doesn't pass, then what?**

If the bond passes in November, the district will work with the state to select an architect and design firm. That process will take until late summer 2018, with construction projected to begin in 2019. We expect the schools to be ready for students in 2021.

If the bond does not pass in November, students in the district will continue to be housed in overcrowded, antiquated schools; much of the district's costs will be devoted to maintaining old and deteriorating buildings instead of offering an expanded curriculum and educational opportunities. Improving our HVAC and electrical systems would cause us to possibly eliminate programming and / or positions. Class size increases and state minimums with our course offerings becomes the norm. Over the long-term, housing values may decrease and many people may move away or not come to the area due to the condition of the schools. We truly are at a crossroads as a school district and community.

**How were the locations of the proposed schools selected? Who was part of the process?**

All local residents were able to share their thoughts and concerns during an intensive process which spanned eight months. They included members of the clergy, business leaders, older adults, parents, students, district employees, and other community leaders. The process involved 15 meetings, including three Town Hall sessions as well as meetings of an Educational Visioning Team, Financial Advisory Team and Community Advisory Team. The community representatives started with 17 master plan options and gradually narrowed them to the recommended option. The teams considered dozens of factors, including the pros and cons of community schools versus a central campus, the educational needs of students decades from now, how to accommodate future enrollment growth, safety and security, renovations versus new construction and state financial support for construction and renovations. Representatives of the district's Community Advisory Team recommended approval of the master plan at the Board of Education's April 20 meeting.

**Is this about more than just schools? What would the bond passing mean for the community? What do I get for the money?**

The bond is crucial for the community, not just the schools, as strong schools mean new growth. Residents will want to move to this area and businesses will want to locate here; such growth results in more opportunities for local residents, including lessening the individual tax burden since more houses mean more residents to share the cost. As we develop the plans for the new buildings, community space and adult education / programming will be a major aspect of the finished plans.

**How much debt does the district have currently and how is that paid?**

SLSD currently has a \$33 million operating budget, of which about 91% are fixed costs (salaries, utilities, insurance, state/county fees and other operating expenses). The only bricks / mortar school bond that the taxpayers in our community are paying on is the Activity Center, which is \$87.50 per year on \$100K and expires in 10 years.

**Can't the district find the money some other way, like fundraising? Or by cutting expenses?**

Fundraising on such a level would be almost impossible to accomplish in a reasonable timeframe. Bake sales, raffles or asking for donations simply will not be enough to provide quality buildings for our students. In fact, this method would not even cover the cost of leasing modular classrooms for the short term.

Compared to all 22 school districts in Hamilton County, SLSD spends less on administrative expenses than all but one other district, yet still provides an excellent education. Area residents pay the lowest property tax among school districts in Hamilton County, and when adding in the earned income tax (and a median family income) we are still in the bottom 1/3 of Hamilton County School districts – in terms of what \$ goes to the schools.

**Why can't the school district just use my earned income? Where does that money go?**

State law mandates that earned income cannot be used for a bond or to build schools; because it is so adaptable, the state considers it too unstable a factor to be used for long-term financial commitments. Earned income tax is put into the district's general operating fund, according to state regulations.

**What property does the district own? How about selling that and using the money for the new schools?**

SLSD is in the process of selling property that we no longer need, including the former Elizabethtown School acreage and Hooven Elementary. Proceeds from those auctions and/or sales will go toward operating expenses, not construction of new buildings. The total appraised value of both plots of land combined is \$390K. The total value of our 4 current and 2 former elementary properties, total, is around \$2.89M. This would not be enough to build one new elementary, let alone 3.

**I heard you take lots of students outside of the district through open enrollment. How does that affect our schools?**

According to state regulations, school districts are permitted to "open enroll" students who reside outside of the district. SLSD currently has 35 open enrolled students, all of whom are in grades / classrooms that are not leading to the spacing issue. The high number of families moving to the area is the reason for our overcrowded schools. Between Sept. 1, 2016 and Sept. 1, 2017 – SLSD has enrolled close to 200 new students, many from the Parks of Whitewater, Whitewater Trails, Westbrook Trailer Park and Fort Scott. To put this number in perspective, we graduated 222 in May 2017.

**How do you plan to help those on fixed incomes? And what is this "wrap-around" and how does it benefit taxpayers?**

At its August 17th meeting, the SLSD Board of Education heard a presentation by representatives from Bradley Payne Advisors, LLC, on the proposed structuring of the new school bonds. The new format, called a "wrap-around," is a method of keeping all debt at or below the 6.99 mills. The advantage to local residents is that this will result in a lower tax rate being charged on the new bonds for the first 10 years. Residents are currently paying 2.5 mills on the Activity Center bonds. Instead of adding an additional 6.99 mills for the new bonds, the wrap-around would allow for the lowering of the millage rate on the new bonds to 4.49 for the first 10 years. At that point, the Activity Center bonds would be paid off and the millage on the new bonds would increase to the original proposed rate of 6.99 mills.

**With all these new homes being built in our school district, why does the school district not have enough money to build new schools?**

The school district receives in revenue - approximately \$800 per \$100K home. For example, say Whitewater Trails builds 300 new homes, each with a market value of \$200K; the school district would receive an additional \$480K (\$1,600 x 300) in revenue. It costs us, on average, \$9K to educate each student. Some students cost less than that, others with special needs, cost more. To continue with our example, let's say with the 300 new homes, that every other homeowner has just one school age child – that would be 150 new students in our schools, at a cost of \$1.35M (\$9K x 150). The gap (\$480K in additional revenue, less the cost to educate the new kids \$1.35M) is where the earned income tax, state and federal funding come in to play. All this to say – that with the new homes, a windfall of cash is not present for the school district. Where we do see additional funds is when folks with earned income move in – this also helps offset the gap above. That said – our budget does not have \$71.7M in it – for new / renovated schools; that's why we are asking for the bond in November 2017.