



Q & A Information for Washington Township Schools Community

Question: What has been the loss in State funding in the past 10 years for WT?

Answer: The State of Indiana cut \$300 million from public education in 2010. MSDWT suffered a permanent cut in funding of \$3 million from this action and this loss of funding was never restored. Washington Township has lost nearly \$42 Million in funding over the past 10 years:

- The State has changed how the State funding formula determines a school district’s ability to meet the needs of low-income students, and MSDWT has lost significant revenue as a result. MSDWT has lost approximately \$32 million because of the changes in support for low income students over the past 5-6 years.
- Changes in property tax policies have been in effect for most of the last 10 years which also results in lost annual revenue. MSDWT has lost approximately \$10 million over the past ten years because of this change in state tax policy.
- These are just some of the reasons why Operating Referenda have been proposed by numerous Indiana school districts.

Question: How does our funding compare to less diverse districts around us?

Answer:

- Washington Township is a very diverse urban school district and should be funded at a level that recognizes our needs. In some cases, the diversity of our district has resulted in parents from other districts choosing Washington Township. The funding from the state for low income students has been reduced significantly over the past five years. Those dollars per student have been reduced from \$1,363 per student in 2015 to an estimated \$789 in 2020 (\$743 in 2021), a loss of \$574 per student.
- Carmel and Hamilton Southeastern, our neighbors to the North, have estimated losses of only \$140 and \$196 per student respectively. The chart below shows funding per student and highlights how less complex suburban school districts with low numbers of low income students are receiving larger annual increases in funding on a per student basis than an urban district.

Funding Increase Over Last 5 Years

WT =	5.69%	(HIGH numbers of low-income students)
Carmel =	13.48%	(LOW numbers of low-income students)
HSE =	11.77%	(LOW numbers of low-income students)

Question: How did our facilities get in the condition they are in and will the 2016 referendum cover all facility needs?

Answer:

- First, please note that the State of Indiana does not provide any funding for capital construction and/or renovations of public schools.
- There are significant constraints on what used to be our Capital Projects Fund and is now the Operations Fund. There are many fixed annual costs in that fund leaving little for renovations and significant improvements. This is something all school districts face.
- Starting in 2003, two Operating Referenda were approved on a “tax neutral” basis. This approach saved taxpayers \$75 million over a 14-year period but that savings meant those funds were not available for facility maintenance. However, if those same dollars were spent maintaining facilities, it would not have eliminated the need for future capital referenda.
- The 2016 construction referenda addresses many classroom and school needs, but it will not address all of our school facility needs to be sustained for 20-30 years.

Question: What funding options do districts have to do major renovation and construction projects?

Answer: Once again, State funds are NOT provided for major renovations and/or new construction projects. It is left up to each district to decide how to best fund capital improvements. In Washington Township, like most school districts, there is simply not enough money available in the Operations Fund to address significant capital improvements. When considering the nature and scope of improvements necessary in Washington Township, it is clear that an alternative source of funding is required. That alternative source of funding is a construction or capital referendum. That decision is left to the voters in each school district. Once a project is approved by the voters, funds are provided to support the projects.

Question: What options do districts have to pay teachers more and better compensate staff who no longer receive a competitive compensation package, compared to the same positions in neighboring districts?

Answer: The short answer is we don't get enough money from the State to pay competitive wages and benefits to all our staff. Our options are limited but could include:

1. Reducing staff so money saved could be reallocated to the remaining staff. However, this option would likely result in significantly larger class sizes.
2. Pass a Future Operating Referendum. The district has asked the Washington Township community to support an Operating Referendum for the past 16 years. These additional dollars have allowed MSDWT to maintain quality programs, keep our highly qualified teachers and staff, provide safe transportation for the 11,000 students we serve each day, and provide additional support for our students. Currently, our wages and benefits are less competitive, so it's necessary to ask the voters to support additional funds to retain our quality staff.

Question: Why are school referenda needed now when they haven't always been?

Answer:

- The Indiana General Assembly and Governor changed the process in 2008 requiring schools to seek referenda from their communities and removing those decisions from the locally elected School Boards.
- We are not alone in seeking support by referendum. In Marion County, every district has sought or is seeking referendum support. To the North in Hamilton County, many districts are doing the same.

- We have, and we continue to listen. We have held open and accessible School Board meetings and Focus Groups, conducted online and phone surveys, held numerous community meetings, are continuing our outreach and have school leadership available every day to respond to requests for information.
- We will provide the residents of our community an option that reflects their input, is fiscally responsible, and ensures that our District can prepare this and future generations for the educational, employment and public service opportunities of the future.

Question: Based on the assessed value of my home, how can I calculate the property tax implication of the May 2020 referendum?

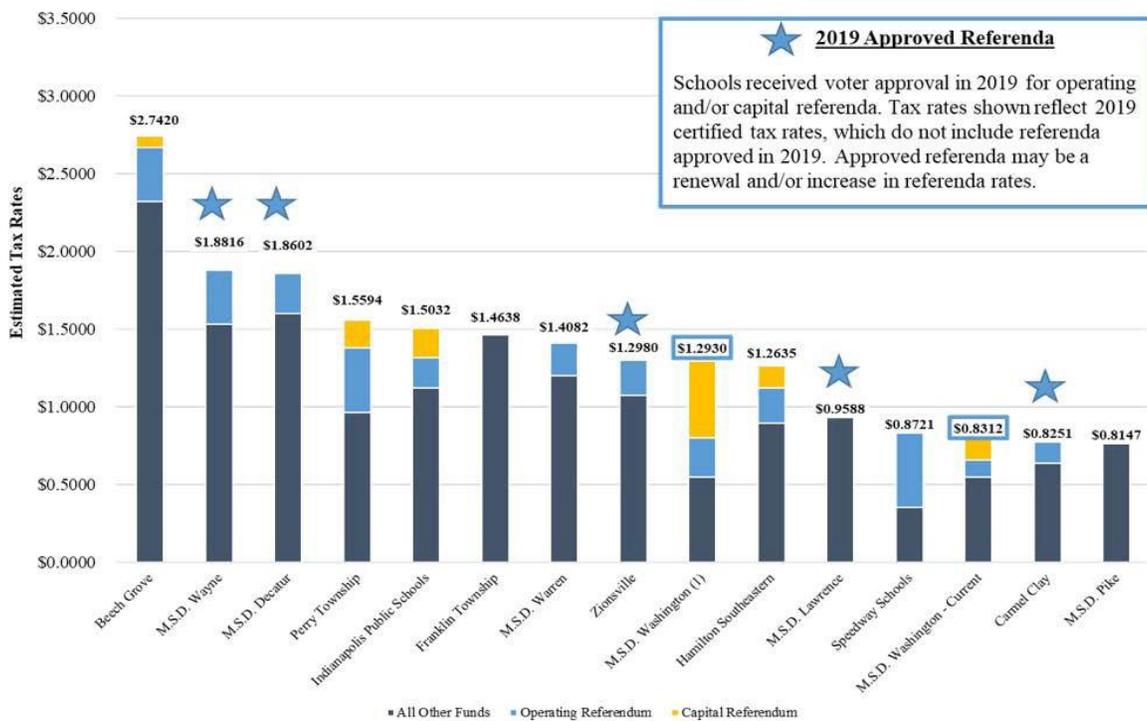
Answer: We have designed an easily accessible Tax Calculator that will provide you and other residents with accurate and confidential information about the proposed investments in our schools.

Please go to <https://www.msdt.k12.in.us/referendum-calc.html> for the tax calculator.

Question: If the May 2020 referendum passes, where does that take our WT property tax rate in comparison to other school districts in Marion County and the surrounding area?

Answer: The chart below is an estimate of the impact if the May 2020 referenda are approved by voters. The two bars with the tax rates in rectangles show WT's current 2019 tax rate (\$0.8312) and what the tax rate could increase to (\$1.2930) once all bonds have been issued.

COMPARISON OF 2019 CERTIFIED TOTAL TAX RATES
Selected Nearby Schools



(1) Includes proposed 2020 referenda. Assumes a capital incremental rate of \$0.2127 and an operating incremental rate of \$0.1400 (total of \$0.3527) over the approved \$0.2828 (capital) and \$0.1100 (operating) rates associated with the 2016 referenda.

Question: Why doesn't WT use their ability to generate up to \$25 million that does not require public approval through referendum?

Answer: The \$25 million borrowing that does not need public approval would be done “inside of the property tax caps” or subject to the property tax circuit breakers. As you increase your overall property tax levy inside the caps, the more you lose to the circuit breaker. Circuit breaker losses are deducted from the Operations Fund which in turn hurts our ability to maintain staff, pay for transportation and maintaining facilities. Doing major projects as public referenda allows the repayment of those funds to remain outside of the property tax caps.

WT issues GO (General Obligation) Bonds annually to support schools with equipment and to help maintain facilities. The GO Bond amounts are not large enough to cover the cost of major renovations however. If a District issues a larger GO Bond it increases the loss of revenue do to the circuit breaker which negatively impacts our Operations Fund.

Here are a few factors a school district should consider when making funding decisions. These factors can differ between districts:

- Debt rolling off
- Assessed valuation (AV)
- Inside or outside of the property tax caps

Question: If the assessed valuation of my home and in WT goes up, why can't the District use those funds to help with the increasing construction costs (inflation)?

Answer: There is no correlation between the increase in the Assessed Value of a home and construction inflation. We cannot use the increase in AV to cover the cost of construction inflation. Regardless of the cost of the school district's construction projects, MSDWT is limited to the amount requested in the 2016 referendum (\$185 million) and the tax rate on the debt service of the \$185 million can't exceed a tax rate of \$0.2828.

Generally, when AV increases it either lowers the tax rate and generates the same amount of tax revenue or rising AV could slightly increase the amount of taxes a homeowner pays if their home is not at the 1% property tax cap and the levy is increasing. Keep in mind that taxes related to referenda are “outside” the tax cap and the 1% limit does not apply to either Operating Referendum tax rates or the referendum debt service tax rate.

MSDWT receives tax revenue based on approved tax rates. Our Operating referendum is the only rate that stays constant year to year and lasts for seven years. As AV increases, the amount of money we receive relative to the Operating referendum does slightly increase each year. However, these dollars are earmarked for the Operating Referendum fund and cannot support the rising costs of building projects.

Tax revenue received related to the Capital Referendum from 2016 is used to service the debt the district incurs as a result of issuing bonds that provide the capital to build and renovate the schools. The taxes homeowners pay related to debt service is tied to amortization schedules for the bond issues and by law we cannot levy for any more money than we need to make that year's debt service payments. So when assessed value is increasing there are no extra taxes received that could be used to cover the cost of construction inflation.

SUPERIOR SCHOOLS, SUPPORTIVE COMMUNITY