

# Ross Local School District

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July 29, 2022

Dear Ross Parents and Community Members,

We hope this letter finds you well. As you are aware, we have placed a 7.99 mill, 5-year emergency property tax levy on the ballot for Tuesday, August 2, 2022. Recently, there have been inaccurate pieces of information distributed through social media. Our goal is to clearly articulate the facts to the public. Unfortunately, social media, and its users, sometimes only reflect one side of an issue.

As a District, we have been, and will continue to be, very transparent regarding the status of our finances. We have used many different tools to accomplish this task. Examples of this public transparency include: interactive focus groups with parents and community members, Friday FAQ's, a winter newsletter, articles in the Venice Cornerstone, podcasts, creation of a District financial webpage, Facebook/Twitter updates and posts, and individual meetings with community members.

Throughout our community conversations and interactions, we addressed a few frequently asked questions that required further clarification. As an additional resource, we will review these questions here as well as the common misperceptions that accompany these questions. As always, please reference our District webpage and corresponding financial page ([rossrams.com](http://rossrams.com)) for many resources that may be helpful.

## **How did the District get into this situation?**

This question arises often. There are three main reasons why our General Fund is in an unhealthy state:

1. General Fund revenues have been relatively stagnant; however, costs have risen in the past several years;
2. Payroll and benefit increases between FY 2018-2021;
3. Having to use General Fund dollars for significant facility repairs that would have normally come from the Permanent Improvement Fund.

### **Inside Millage/Permanent Improvement Fund:**

Here is an analogy to consider. If your bank called you today and asked you to transfer \$1,000 from your checking account to your savings account and in exchange said they'd put \$1,200 back into your checking account, that would be a pretty sweet deal for your personal finances, right? That's exactly what the District did by moving 2 inside mills from General Fund to Permanent Improvement (or PI, for short).

Prior to the Fall of 2020, the Permanent Improvement Fund was generating around \$305,000 per year. This fund was used for all the capital improvements in the District. Obviously, this fund was **not** enough to cover our District's needs. In a 2 year period of time, we had to transfer \$1.6 million from the General Fund to PI to cover the cost of HVAC replacement systems at Elda and RMS. This is what we are referencing in #3 above. Normally, districts would be able to face these kinds of emergency repairs through their PI Fund. To further put things into perspective, consider these examples: if one chiller goes bad, the cost is around \$250,000 to purchase a replacement, one new school bus is approximately \$100,000. The list of "needs" in order to maintain a healthy, safe District goes on and on. Prior to the inside millage move, \$305,000 coming into the PI Fund annually could not keep up with the maintenance needs for the District.

After moving the 2 inside mills, we have a healthy stream of annual revenue into our PI fund. Most significantly, we have a 10 year facilities plan for our District. This plan allows us to consider the many expenses and investments that come with a flourishing District; for example, purchasing new school buses each year, replacing roofs and chillers, technology needs, school safety systems such as cameras and public address systems, etc. None of this would have been possible without the additional revenue in the PI Fund.

We know the next logical question becomes: But, aren't you just robbing Peter to pay Paul? This is where the checking account analogy comes in. Even after moving the millage, the General Fund revenues actually increased. How is that possible? Ohio law called the 20 mil floor.

As property values increase, voted millage rates are decreased; this ensures that school districts don't collect any additional money on voted millage due to inflation. Over time, millage rates could be reduced to near zero. To keep this from happening, Ohio law establishes a minimum millage level, or floor, that millage rates cannot fall below. This minimum level is 20 mills. Once a district's total millage is reduced to 20 mills, it cannot be reduced any further, hence the 20 mill floor.

Ross Local School District was very close to the 20-mil floor before the financial transfer. We now sit on the "20 mil floor." This allowed the District to not only get the increased revenue into our Permanent Improvement Fund, which was much needed, but also increase the amount to our General Fund. This increase for the Ross taxpayer was approximately \$16 per household.

**Popular social media opinion is that we moved revenue from our General Fund and placed it in the Permanent Improvement fund, sending our General Fund into a tailspin. But in actuality, because of the effect of the 20-mill floor, the General Fund received an increase as well. This was a win-win for both the General Fund and Permanent Improvement Fund. Unfortunately, this important piece of information is left out of the discussion.**

### **Burns Farm Property:**

The current Burns Farm Property is a hot topic in the Ross Community. Our belief is the Burns Farm will ultimately be sold and developed at some point. We also believe there are several scenarios that may occur that could include full residential development, straight commercial development or a mixed use residential and commercial development. You might ask, why is a school district even involved in the discussion? Isn't that out of your lane?

Not really. When major developments occur in a community, school districts are involved in the planning process. This is due to the potential impact to the school and agreements called Tax Increment Financing (or TIF's, for short). Two recent examples are the Hamilton City Schools and the Spooky Nook project, and the Lakota Local Schools with the ongoing Liberty Way development. School districts enter TIF agreements with cities and townships when major development occurs. It is common practice. We even contract with bond council (an attorney that specializes in real estate development deals and TIF agreements). They represent the District's best interest in these situations. It's a way to protect the District and ensure we are receiving our fair share of the new revenue that is generated.

That being said, we support any development that is best for our District. We are not invested in one specific developer or project. We support responsible development that will positively impact our District finances. Ross is currently a tax split of 94% residential and 6% commercial. This puts a huge burden on the residents of the District; the only way that will ever change is if there is some commercial development.

### **Ross Intermediate School:**

The Ross Intermediate School was built for three main reasons.

1. All Day Kindergarten. Building the Ross Intermediate Building allowed us to add tuition based, All Day Kindergarten in Elda and Morgan Elementary. All Day Kindergarten was a tremendous success in year one and this year's enrollment is already up over 20% from last year!
2. Our old Middle School was overcrowded. The Ross Local School District administration made this decision because we knew it was best for the children academically, socially, and emotionally.
3. The fourth and fifth grade model is also good for our children. The overwhelming majority of the feedback we've received from families in the RIS building is

extremely positive. They know that their children are benefiting academically and socially from this new environment. **In addition, our State Test Scores from the Spring have been outstanding! 5th Grade Science, 14% increase, 5th Grade English Language Arts, 10% increase, 4th Grade English, 14% increase. These are the highest scores in five years.**

One long term vision is that the Ross Intermediate School gives our District future options, if needed. The construction cost was around three-million dollars and was paid from the Permanent Improvement Fund, not the General Fund. Our current financial situation revolves around the General Fund. These are two separate funds. We can't state it any more clearly: opening RIS is NOT the reason we have a general fund issue.

We leave you with this:, the Ohio Funding Formula has been declared unconstitutional for many years. Unfortunately, the State views us as a wealthy community. Therefore, the State funding increases are minimal, putting more pressure on the local taxpayer to fund our schools. To that end, our current tax base is one of the lowest in Butler County.

There are many school districts that are going to the ballot this Fall. Talawanda, Kings and Loveland have officially announced their decision for a levy. Other neighboring communities in Butler County are facing budget shortfalls as well. This is not due to irresponsible spending or incompetency; it's a systemic flaw in how Ohio schools are funded, especially those schools with relatively high median incomes, high real estate sales prices and little commercial development.

We are just as frustrated as you. Over the past two years, we have cut/reduced approximately \$1.3 million dollars in General Fund expenditures. Due to these cuts, we had a surplus for the last school year with General Fund revenues exceeding our expenses. Without a successful levy however, additional significant cuts would be required annually to offset normal increases in existing staff salaries and benefits, as well as the inflation on purchased goods and services. We are at a financial crossroads and additional revenue is needed to provide the best education and opportunities for our students.

We hope this letter provides facts to a few important topics. Please feel free to reach out to us if you have any further questions or concerns.

Sincerely,



Chad Konkle  
Superintendent



Jeremy Frazier  
Treasurer



Steve Castator  
Director of Pupil Personnel