EARNED INCOME TAX LEVY NOVEMBER 3 FAQ SHEET

WHAT IS TAXED?

1% EARNED INCOME DOES NOT APPLY TO:

Social Security, pensions, retirement withdrawals, rental or investment income, 401(k), annuities, workers' compensation, unemployment, or dividends.

1% EARNED INCOME APPLIES TO:

Wages, tips, and net self-employment income

FREQUENTLY ASKED QUESTIONS

WHAT EXACTLY IS ON THE BALLOT?

A 1% school district earned income tax for current operating expenses. The ballot proposes the tax for a continuing period, meaning it has no automatic expiration date.

WHO WOULD PAY THE TAX?

Tallmadge City School District residents with taxable earned income would pay, regardless of where they work. People who work in Tallmadge but live outside the district would not. Businesses do not pay the school district income tax.

WOULD RETIREES PAY?

Retirement income is not taxed. A retiree with no earned income would owe no tax. A resident who is still working would pay only on taxable wages or self-employment income.

IS THIS A PROPERTY TAX OR CITY INCOME TAX?

No. It is separate from existing school property taxes and Tallmadge's 2.25% municipal income tax. It would neither increase nor reduce current property-tax rates.

WHY IS THE DISTRICT SEEKING ADDITIONAL REVENUE?

State funding fell from approximately $10.9 million in FY26 to $9.1 million in FY27, while the state's share of district funding dropped from 30.22% to 23.83%. Ohio's formula counts rising community property values and income as greater local capacity, even when those increases do not produce matching school revenue.

WHAT REDUCTIONS HAVE ALREADY BEEN MADE?

Across two budget cycles, the district eliminated 14 teaching positions and three administrative positions, reduced electives, teachers agreed to a 0% increase in wages, we increased pay-to-play fees, and more than 1,000 students in grades K–12 lost transportation.

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HOW WOULD THE REVENUE BE USED?

Revenue would support current operating expenses, including instruction, staffing, academic programs, transportation, safety, utilities and day-to-day services. It is not a bond issue for new construction. Passage would help stabilize the forecast and reduce the need for additional cuts.

WOULD TRANSPORTATION RETURN IMMEDIATELY?

No. Transportation cannot be restored during the 2026-27 school year. If the levy passes, routes would need to be reconfigured, drivers would need to be hired, and that process would take time. Transportation, upon the passing of the levy, would resume in the 27-28 school year. Additionally, a restoration of busing will not represent a full return to previous service levels. To maintain long-term financial stability, transportation will resume under a permanent approach that incorporates route efficiencies across the district.

WHAT PROGRAMS ARE AT RISK OF BEING AFFECTED IF THE LEVY DOES NOT PASS?

The district would continue operating under its current reductions and would need to implement additional cuts to address forecasted deficits. Those reductions would include:

- **Elementary art, music, and STEM eliminated**
- **World language offerings eliminated**
- **Secondary electives, Family & Consumer Sciences, Career-Technical Education, and advanced coursework reduced or eliminated**
- **Graduation requirements reduced from 26 credits toward the state minimum of 20 credits**
- **Fewer intervention specialists, tutors, speech-language pathologists, English-learner supports, and behavior support positions.**
- **Custodial staff reduced, with buildings moving to an every-other-day cleaning schedule**
- **Equipment and facility maintenance deferred**
- **Simplified packed lunches with fewer choices for students**
- **Technology support, contracted services, and other essential operations reduced**
- **Athletics and extracurricular clubs face heavy rollbacks or complete elimination**
- **Significant increases to pay-to-play, class fees, and student activity expenses**

WHY DOESN'T THE HIGH SCHOOL STOP USING THE BLOCK SCHEDULE TO SAVE MONEY?

A change to the secondary schedule is not off the table. If the levy does not pass and the district is required to eliminate a significant number of courses and teaching positions, there would be fewer courses and sections available to schedule. At that point, the district would need to determine whether the current block schedule remains the most efficient model.

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WILL STUDENTS STILL BE ABLE TO EARN AN HONORS DIPLOMA?

Students could still earn an honors diploma with the reduction in required graduation credits through CCP; however, it could prove to be more difficult due to a restriction on the number of CCP classes (hours) that can be taken and the courses offered.

WHAT ARE THE NEXT STEPS IF THIS LEVY DOES NOT PASS?

The district is currently in FISCAL PRECAUTION with the Ohio Department of Education and Workforce (ODEW). We have until November 30 to submit a plan of economic recovery to them that shows how we will become solvent before FY2028. Plan A is to pass the November 3 levy. Plan B is listed above under reductions. If the state does not like Plan B, they can declare a FISCAL EMERGENCY (as was recently done in Barberton) at which point THEY will make ALL decisions about our finances and will determine what will be cut and when. Whether it is plan B or a fiscal emergency, CUTS CAN BEGIN AS SOON AS SPRING 2027.

WHY ANOTHER LEVY, AND WHY NOT A PROPERTY TAX?

Taxpayers spoke clearly at the ballot box in November 2025 and again in May 2026, when proposed property tax levies were rejected. After two unsuccessful property tax requests, the Board chose a different approach: a 1% earned income tax rather than another property tax levy.

At the same time, the district continues to face a significant operating shortfall driven by declining state funding and rising operating costs. Closing the remaining gap requires either additional reductions, additional revenue, or a combination of both.

An earned income tax shifts the proposed new tax away from property ownership and bases it on earned income. It does not tax Social Security, pensions or retirement income. This means residents living solely on retirement income would not pay the new school income tax, while residents with taxable earned income would contribute based on what they earn.

WHY DON'T YOU JUST "TRIM THE FAT"? MAKE CUTS "AT THE TOP?"

Administrative staffing has already been significantly reduced.

Tallmadge currently operates three school buildings serving approximately 2,450 students with just seven building administrators: one principal and one assistant principal at both the high school and middle school, and one principal and two assistant principals at the elementary school, which serves more than 1,000 students.

The district has also eliminated several central-office administrative positions, including the Chief Operating Officer, Assistant Treasurer and MTSS Director. While those positions may have been eliminated, the required work did not disappear. Tallmadge has redistributed those responsibilities among the employees who remain.

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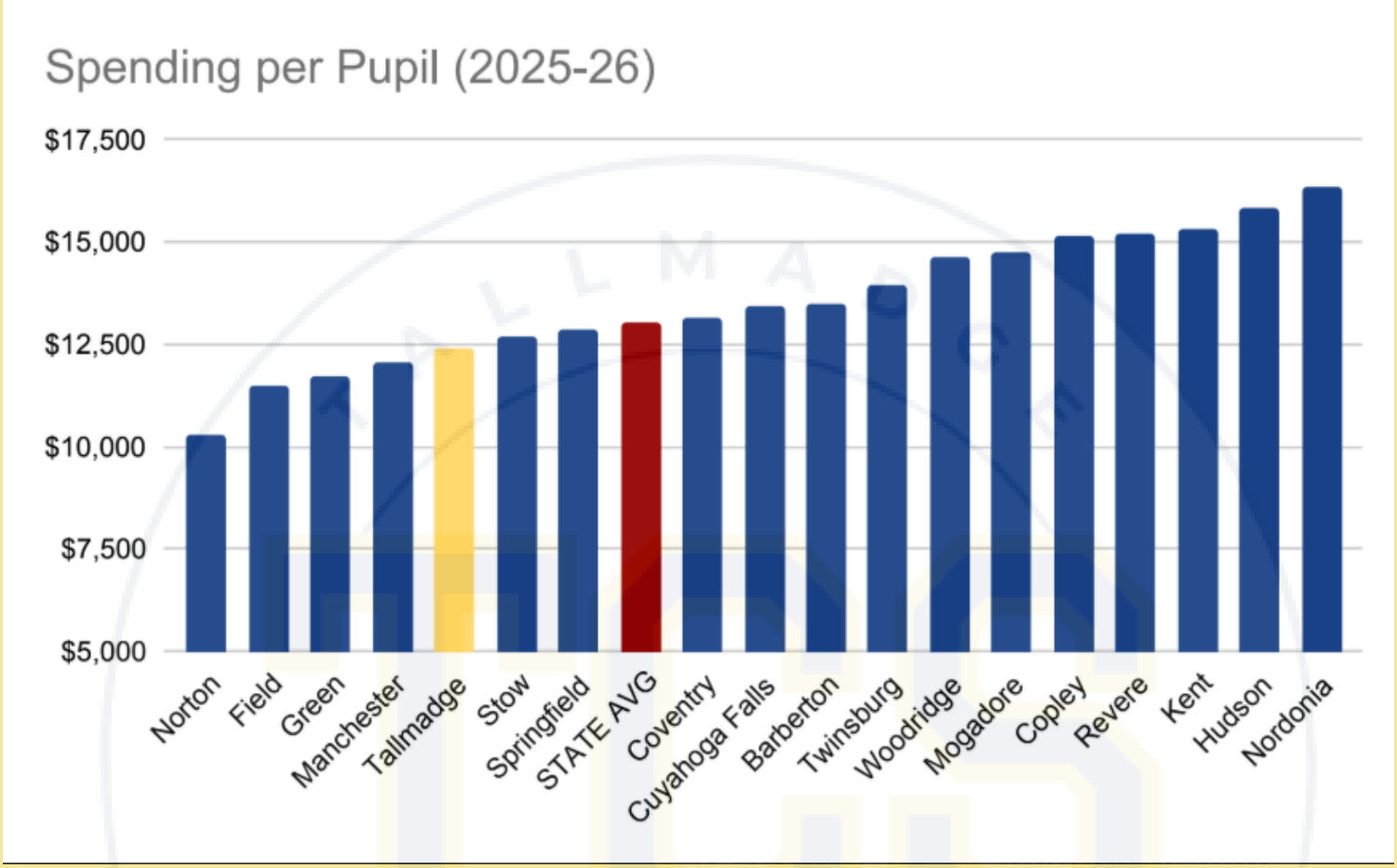
HOW DOES DISTRICT SPENDING COMPARE TO OTHER LOCAL DISTRICTS?



Tallmadge spends less per student than the statewide average and less than most comparison districts shown. This provides important context for the district's current financial situation: Tallmadge is facing financial challenges despite operating at a comparatively low level of per-pupil spending. Last year, Tallmadge spent an average of $12,418 per pupil.

IF STATE FUNDING INCREASES IN THE FUTURE, WHAT HAPPENS TO THE INCOME TAX REVENUE?

If state funding or the state funding model changes favorably, the Board would evaluate revenues and restructure local taxes to prevent overtaxing residents.

Furthermore, state law imposes strict financial restrictions that limit a school district's ability to collect more revenue than necessary. Tallmadge's Board has consistently demonstrated strong financial stewardship—maintaining nearly the lowest per-pupil spending in Summit County while continuing to deliver strong academic performance and comprehensive extracurricular opportunities.

Under Ohio law, the Board also has the specific authority to reduce the income tax rate in increments of 0.25%, and voters retain the legal right to petition for a repeal.

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DID BUILDING THE NEW SCHOOLS CAUSE THE CURRENT DEFICIT?

No. The construction of Tallmadge's new schools is not what created the district's current operating deficit .The construction of the new schools has resulted in efficiencies as we have consolidated campuses down from 5 to 2 over the past 15 years.

School construction and day-to-day school operations are funded differently. Money approved for bonds and permanent improvements is restricted for those purposes and cannot simply be moved into the General Fund to pay for teachers, transportation, classroom programs or other regular operating expenses.

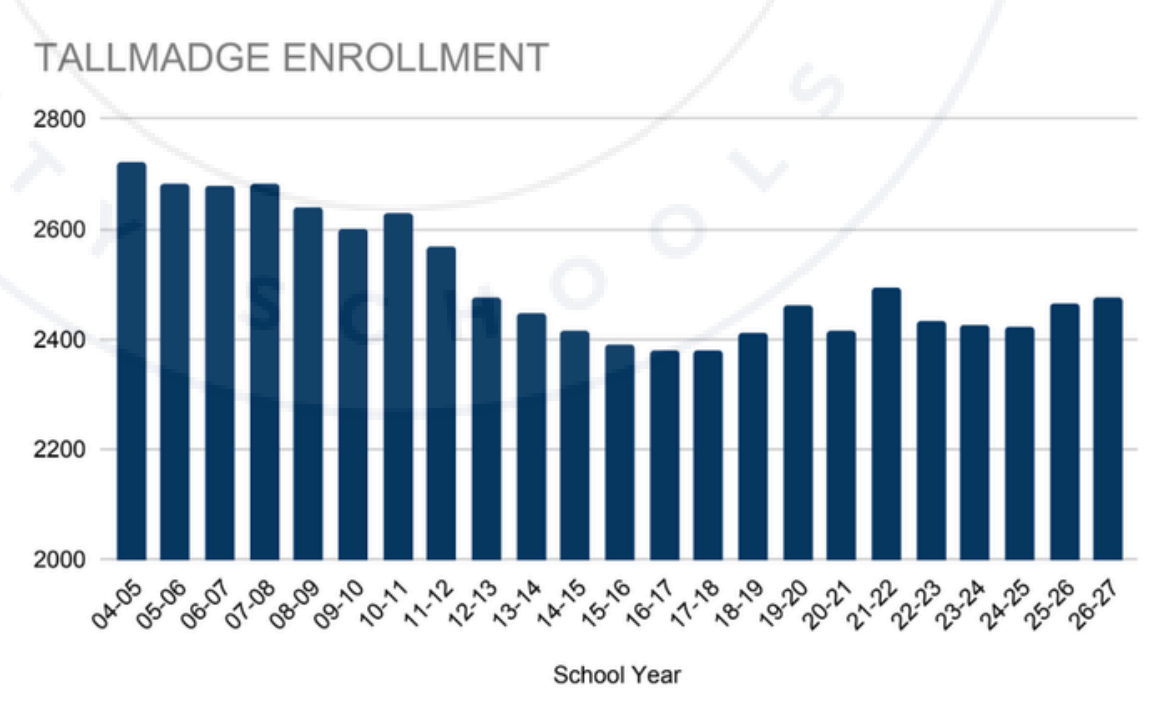
The district's current financial problem is an operating-fund problem. Tallmadge's Five-Year Forecast identifies declining state funding as a significant factor, including the impact of increased local property valuations on the state's calculation of Tallmadge's ability to fund its schools. At the same time, the cost of operating the district has continued to increase.

The new buildings do have ongoing costs; utilities, maintenance, custodial services, and other expenses must be paid from appropriate district funds. However, those operating costs should not be confused with the debt incurred to construct the schools.
The district is still responsible for paying its facility-related debt, but those obligations and the General Fund operating deficit are separate financial issues. The current levy request is for day-to-day operations, not construction of new schools or facilities.

WHAT IS THE ENROLLMENT TREND?

Tallmadge's enrollment declined from roughly 2,700 students in the mid-2000s but has remained relatively stable, and has recently increased from its low point in the mid-2010s.

Many school costs are fixed or do not decrease proportionally with enrollment; the district still must staff grade levels and required courses and maintain buildings, utilities, technology and student services.



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IF THE LEVY GENERATES APPROXIMATELY $5 MILLION ANNUALLY, WHY DOES THE DISTRICT NEED THAT MUCH WHEN THE DEFICIT IS SMALLER?

The current deficit is a one-year snapshot—and it already reflects nearly $2 million in reductions made by the district last year.

Those reductions included staffing and administrative cuts, reduced transportation, fewer educational opportunities, and other cost-saving measures. In other words, the current projected shortfall is not what the deficit would have been if the district had continued operating at previous levels. Significant reductions have already been made to bring expenses down.

The financial challenge also extends beyond one year. Without additional revenue or further reductions, the gap between the district's existing revenues and expenses is projected to grow in future years. The district must address not only today's deficit, but also maintain a positive cash balance throughout the Five-Year Forecast.

The approximately $5 million generated annually by the earned income tax would not simply be "spent" because it is available. Revenue that exceeds expenditures in a particular year remains in the district's cash balance and carries forward to help cover future operating costs and projected shortfalls.

Additionally, the district would not receive a full $5 million immediately. Collections would begin in 2027 and revenue would ramp up as the tax is collected and distributed. The goal of the levy is not simply to fill this year's deficit. It is to address a structural funding gap that remains even after nearly $2 million in reductions, stabilize the district's finances over the Five-Year Forecast and reduce the likelihood of additional cuts or another operating request in the near future.

FOR MORE INFORMATION