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### **Income, Property Valuation and Local Taxes**

Chairman Cupp, vice chair Derickson, ranking minority member Phillips, and members of the K-12 Education Sub-committee. Thank you for allowing me the opportunity to share my thoughts and experiences with you this morning. I am Linda Reid, Superintendent of the South Euclid Lyndhurst Schools. Our district is located in northeast Ohio, an eastern suburb of Cleveland. We have approximately 4,000 students in our district. I have been a superintendent for six years, three years with the South Euclid Lyndhurst district and three years in a previous school district.

I would like to begin by telling the stories of a few districts with regard to the amount of dollars transferred whenever a student leaves a district to enter a charter school as well as the amount of money lost to charter schools compared to the level of state aid received.

### **South Euclid Lyndhurst Schools**

The *South Euclid Lyndhurst Schools* is listed in the top quintile of districts of being "wealthy" because of assessed property valuation; however this categorization is misleading when you consider other factors. Our total median household income is around \$37,515, and approximately 60% of our students are on free and reduced lunch. Our residents' property taxes are extremely high at \$3,625 per year on a \$100,000 home.

Currently, SEL receives \$1,350 per student in state aid.

In our district 118 students choose charter schools, as a result \$688,866 is deducted, at a rate of \$5800 per student from our state foundation. This amount of money is much greater than the \$1,350 per student or \$159,300 that we receive in state aid for those students.

In other words, for every student that leaves the SEL district and enters a charter school \$4,400 is made up through local tax dollars. SEL Schools pay more in local dollars to charter schools than is deducted from the state foundation on a per pupil funding basis.

Let me further explain, the \$5800 is the base cost per student from the state. It does not consider any additional costs that may be incurred for transportation services, special education services or other cost-related services; so in some cases the amount of money leaving the district could be closer \$7,000.

### **Brooklyn City Schools**

*Brooklyn City Schools* is listed in the top quintile of districts (519th) of being "wealthy" because of assessed valuation and the small population of students (1200). That ranking is unrealistic when Brooklyn's total median household income is less than \$30,000.

Brooklyn City Schools receives \$783,000 in state aid and \$1.4 million in TPP reimbursements which totals about \$1,600 per student.

One hundred (100) of their students choose charters and \$580,000 is deducted, at a rate of \$5800 per student. This amount is much greater than the \$1,600 per student or \$160,000 that is received in state aid.

The administration's funding proposal would reduce Brooklyn's per student state aid in fiscal year 2016 to \$1,419 per student and in fiscal year 2017 the amount of \$1,250 per student will be received in state aid which is considerably less than what is charged.

(Note: Again, the amount of funding leaving a district could be greater than \$5,800 based on student need)

### **Parma City Schools**

Parma City Schools is a larger suburban neighboring school district with about 12,000 students. The total deduction of dollars for students transferring to a charter schools is about one third of the districts state money for eleven (11) percent of their student count. Local tax dollars are already being shared by the suction of the funding formula.

### **Scenario**

For example, if "John Jones" enters a school district, that district only gets the state's share of the funding (for this example we will use SEL's state share amount of \$1,350). "John Jones" then transfers to a charter school and the \$5800 (potentially more) goes with him to that charter school. That same student then transfers back to SEL and only the state's share for SEL (\$1,350) follows him back.

The local community situations are not being adequately considered when planning for the financial impact. The state gives more money to charter schools than the districts they're leaving, which leaves districts in a lurch for filling that void. That void is filled through local property taxes, which is the opposite of what the Ohio Supreme Court ruled three times, which is the need to become less dependent on local property taxes.

### **Accountability, Impact on Local Taxes, and Gaps in Learning**

As a school superintendent in two separate school districts in Ohio I have had my share of levy campaigns. In each of these districts residents vote on local levies expecting that the money will stay in the local school system. One of the biggest concerns from local tax payers is ensuring that their tax dollars are paying for students who actually attend schools in the district.

During these campaigns local residents who support school levies ask that we are **accountable** and **fiscally responsible** with their tax dollars. It is difficult to ensure the same level of

accountability and fiscal responsibility with the flow of local tax dollars to charter schools when a student leaves a district.

In SEL we adhere to strict enrollment procedures that minimize fraud and ensure that the students we educate are residents of the community. In comparison, we found, the majority of registration procedures for the charter schools attended by SEL residents lacked strict guidelines and in many cases had no detailed registration requirements. Two of the most popular charter schools that students in our district attend, one on-line, the other a “brick and mortar” school have no detailed requirements for residency verification.

***The SEL Scenario in tracking students attending charter schools.***

Our pupil services’ department works to identify students attending charter schools that reside in SEL and thereby receiving SEL funding. An important activity is sending a letter to families to verify residency. Additionally, we send electronic inquiries to the charter schools to verify (or dispute) students who are on their school roster. The process is VERY time-consuming as it requires on-going and regular review and follow-up with the parent, charter schools and the courts (if custody or placement issues are present) to “catch” and correct discrepancies in a timely manner. If a student NEVER attended an SEL school, the verification process is more complicated because we lack history on the student. Therefore, if the family provides an SEL address, we must accept the student as an SEL funded student attending a charter school; the responsibility is on us (the district) to dispute the residency. Finally, with the 105 hour rule, a student could log-on ONE TIME and we (the district) are charged for 105 hours UNLESS the student withdraws from the charter school.

The tracking system just described is even more daunting in school districts with high student mobility rates. We find that many of our students enroll late and fail to complete one year of schooling. In addition to the financial implications for public school districts, we must address the negative impact of missed, lost and gaps in instruction when the student returns to the public school district.

I have worked in both the private and public sector of education. I am not opposed to parents having a choice of where they send their children to school; however, the funding and accountability issues need to be addressed, especially, since local governments are facing more revenue challenges than they ever have before.

Thank You.