

Benjamin Logan Local School District

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Written Testimony

Before the

Senate Finance Committee

Robert Kuehnle

Treasurer/CFO, Benjamin Logan Local School District

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Chairman Oelslager, and Honorable Members of the Senate Finance Committee, thank you for allowing me to address you today. My name is Robert Kuehnle. I am the Treasurer/CFO of Benjamin Logan Local School District, and I am here to testify on behalf of my school district and as a member district of the Coalition for Fiscal Fairness in Ohio (CFFO).

Benjamin Logan provides education to 1,716 students. Located in Logan County, we are the 16th biggest school district in the state of Ohio based on land size, encompassing 218 square miles. Our buses drive over 2,000 miles a day!

Before House Bill 66, we worked with local businesses and elected officials to support economic growth, which brought a Honda manufacturing plant as well as a few manufacturing subsidiaries to my district. In 2013, two more businesses were granted abatements to grow their businesses on \$10 million of new property value. On Monday, we will be approving another abatement to help grow

Ohio's economy. Locally, we work with businesses to grow the economy. HB 66 siphoned local dollars from school districts on the premise that Ohio's tax structure was a hindrance to economic growth and development. I am not here to debate that, but I am here to convey to you that districts that had high values of TPP should not be penalized for assisting in economic growth.

In 2005, Benjamin Logan received almost \$3,000,000 in Tangible Personal Property (TPP) revenue. Last fiscal year, we received about \$2,000,000, a loss of \$1,000,000. When HB 66 was enacted, school districts were told that we would make-up the loss in TPP reimbursement through the formula. In 2005, we received \$3,124 per pupil in formula funding. In the executive budget proposal, which is the 4th funding formula since HB 66, we are estimating to receive \$3,116 per pupil. Therefore, ten years later, we would receive \$8 less per child when we were told that our funding would grow through the formula to make-up for the loss in TPP payments.

In 2005, residential homes and agricultural values made up 54% of Benjamin Logan's valuation. I like to think of it this way, for every dollar I need in levy money, farmers and homeowners would have paid \$0.54. Today, farmers and homeowners would pay \$0.79. In 2005, businesses paid \$0.09 of every dollar in property taxes. Businesses now pay \$0.17 of every dollar. Clearly you can see that this has shifted more of the tax burden on the local tax-payers.

I am here today discussing the revenue component of the state's budget, but I also want you to realize that Benjamin Logan has examined our spending as well. Over the past 5 years, we have reduced staff and spending. Our staff members pay 25% of their insurance premiums. They also participate in one of the most aggressive and progressive wellness plans within the public sector. Contributions into a Benjamin Logan employee's H.S.A. are based on meeting benchmarks with regards to BMI, glucose, cholesterol, blood

pressure, and nicotine. I share this with you today because I want you to know we are focused on both the revenue and expenditure side of the equation.

In closing, the TPP reimbursement represents 11.5% of our operating budget. I ask you to draft legislation that does not harm districts that worked with local business in the past and does not create a fiscal cliff 2 years down the road. While it is appreciated that the Senate, like the House, held districts harmless on total losses, it still allows the phase out of TPP to begin, creating a huge burden at the end of this biennium. Highly reliant districts such as ours will still face huge challenges to account for those losses after this biennium.

Unfortunately, no plan or solution has been offered in this proposal.