

Strongsville City Schools

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Biennium Testimony before the Ohio House Finance Committee

George Anagnostou, Treasurer, Strongsville City Schools

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Chairman Smith, Vice Chair Ryan, Ranking Member Cera, and members of the Ohio House Finance Committee, my name is George Anagnostou and I am the Treasurer of Strongsville City Schools. As a way of background, I graduated from Youngstown State University with a Bachelor of Science in Business Administration, completed a Strategic Data Fellowship in conjunction with Harvard University, and before I came to Strongsville I served as the Executive Director of Budgets and Grants for the Cleveland Metropolitan School District. I have been very fortunate to work with some amazing partners in the Strongsville community and because of that I remain proud to be one of only three Treasurers in the state of Ohio to be recognized with the Meritorious Budget Award.

Mr. Chairman and members of the committee, thank you for the opportunity to submit testimony today. As a representative of Strongsville City Schools and our Strongsville community, I would like to respectfully express our opposition to ending the tangible personal property tax reimbursements and supplement payments to school districts, as well as our opposition to the proposed change in core aid funding to guarantee districts.

I am proud to be part of the Strongsville community, a community that has worked cooperatively to be an economic driver in Cuyahoga County, as well as our state. Our community is a great example of what can happen when the city and schools work together with a vision to create a great place to live and work. As a district, we provide a high quality education drawing people to live in our neighborhoods and enhance residential values. As a city, we maintain competitive property tax rates to attract business and residents, sending a lot of tax dollars to Columbus, but not getting much back in return.

With regard to TPP, for this current fiscal year, Strongsville receives \$857,432 in TPP reimbursement and \$2,252,656 in TPP supplement dollars. These dollars do not include the loss of roughly \$600,000 in TPP funds removed in FY 16 based on the current biennium budget. Additionally, with the current system of the 5/8ths mill reduction on TPP reimbursements, Strongsville City Schools is set to lose both the reimbursement and supplement dollars in FY 18, a 25% reduction, or \$3.1 million of our state funding dollars will be eliminated in just one year. If that was not enough of a burden to place on the local taxpayer, the budget under current review has piled on an additional reduction of \$463,665 in our core aid beginning in FY 18, increasing to a \$3.5 million dollar reduction to Strongsville City Schools.

With the state poised to eliminate all TPP reimbursement and supplement dollars, as well implement the 5% reduction in core aid dollars the district receives, the Strongsville taxpayers will be forced to locally generate a 3 mill property tax levy to fill the massive hole left based on these decisions. Three mills may not sound like a large number, but keep in mind that this just fills the hole left by the state. It doesn't address additional operational funds needed by the district within our five year forecast to address normal inflation, to meet the ever increasing cost of mandates, and to meet the needs of our students and families.

This will necessitate an operating levy with millage that may be untenable for local voters to support. Strongsville residents move to the city and stay due to the wonderful amenities. Based on this fact, our 55 and over population is growing and our school age population has declined. This further exemplifies the challenge of a district like Strongsville to pass additional tax levies with such a larger percentage of residents on a fixed income or without children in the district.

Strongsville City Schools has not been sitting back waiting for someone else to fix this problem. We have been proactive in our financial prudence through a balanced approach in promoting opportunities for growth and success in academics, athletics, and arts, while maintaining our fiscal stability despite continued unfunded mandates and reduced State support. Through the proactive diligence of local Board members, administration, staff, and community, Strongsville City Schools has generated significant savings and efficiencies:

- Since 2009, there are 212 less positions compared to FY 17, a 23% decline keeping pace with declining enrollment and placing salary and benefit costs at only 79.5% of our total expenditures. Staffing reductions from FY 16 through FY 19 will save the district \$3 million.
- Since 2010, we eliminated six (6) buildings and repurposed one (1) building to save resources and maximize educational efficiencies.
- In 2012, the Strongsville community approved an \$81 million bond issue to address our deteriorating facilities. These bond dollars provided critical repairs to our elementary schools, renovations to our preschool, transportation complex, and high school, the construction of a new middle school, and the integration of new technology throughout the district. This initiative was 100% funded by the Strongsville community and we will only see a 7% credit from the OFCC if Strongsville ever reaches the top of their list.
- Since 2014, we switched to a self-insured health care plan, which has saved the district \$2.8 million through FY 16. Due to the collaborative work on plan design changes with our Associations and the effective management of our benefit plans, the district has averaged an annual increase of 4% to health insurance costs over the past two years, significantly below industry standards.
- Since 2015, the District has implemented an online learning platform to retain students in the District, which is now saving the district \$200,000 annually.
- Since 2016, the district has contracted out the management of its food service operations, as well as implemented new procedures to address delinquent fee payments, which is projected to save the district \$300,000 annually.

As is evidenced in our current five year forecast, these proactive decisions to ensure financial prudence and stability have taken our FY 21 expenditures from \$88.8 million to \$79.5 million, a \$9.3 million reduction in spending. This does not happen by chance.

Based on the tireless work that has just been shared, the district has been able to shoulder the reduction of TPP dollars thus far without asking our community for additional funds for operations, but that will not be the case moving forward. The loss of the remaining \$3.1 million in TPP reimbursement and supplement dollars, in addition to the roughly \$500,000 loss in core aid will necessitate we go back to the voters. Based on the decision of our legislature, solely focused on the TPP elimination, our deficit in FY 21 is currently negative \$13.5 million. Yet, if the TPP reimbursement and supplement dollars were reinstated, our deficit would be reduced to a more manageable negative \$2.1 million.

Strongsville City Schools currently receives \$563 per student in core aid from the State to support teaching and learning for our students, an amount that has been reduced in recent years. This is in a community that currently funds nearly 73% of its operations through local tax dollars. Of the State's 27% contribution,

19% is TPP reimbursement. Once this funding source is completely phased out through this policy change, the State will pay 20% of the cost to operate our school district, shifting the rest to our community and its taxpayers and making it a less desirable place to locate or maintain a business or to raise a family. Again, our local community, both our residents and our corporate citizens, does its part to fund education.

Mr. Chairman and members of the committee, thank you for your attention today and for your commitment to the State of Ohio and its citizens. In Strongsville City Schools, we have a vision to be a premier district, not just in our region, but across the state; to be a district that attains excellence in academics, athletics, and the arts to meet the needs of all students and our community at large. We need to ensure that our students are prepared to meet the demands of college and career, to be prepared to find success in life after K-12 school. We cannot continue to achieve the vision of our Governor and the expectations of our legislature and community if the decisions made at the state level alleviate those very opportunities we have been challenged to create through the continued erosion of the state's financial obligation to appropriately fund and support public education.

Please consider the negative impact of the elimination of TPP reimbursement and supplemental dollars, as well as the reduction of core aid funding has on communities and school districts like Strongsville. I urge you to maintain the current level of TPP reimbursement and supplement dollars, as well as core aid funding for all school districts. Thank you.

Mr. Chairman, members of the committee, thank you for the opportunity to speak with you today. I am happy to address any questions you may have at this time.