



## **TWINSBURG CITY SCHOOL DISTRICT**

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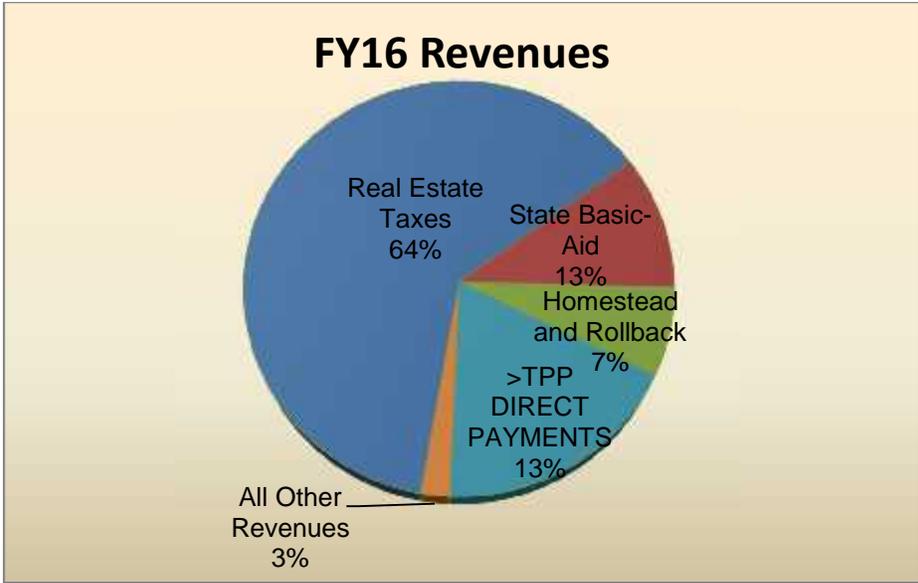
Ohio House Finance Committee, Sub HB 49  
Wednesday, April 26, 2017  
Kathryn M. Powers  
Superintendent, Twinsburg City School District

Good morning Chairman Smith, Vice-Chairman Ryan and members of the Committee. I am Kathi Powers the Superintendent with the Twinsburg City School District. My District is located geographically halfway between Cleveland and Akron in Summit County. The Twinsburg City School District has approximately 4200 students and a staff of nearly 500. The Twinsburg City School District is a culturally and socio-economically diverse school district which provides a rigorous and comprehensive academic experience, balanced with a breadth of extra-curricular and athletic programs. Such a high quality education is nurtured by the valuable partnerships and collaborations fostered with members of our school community to ensure student success and engagement.

I would like to begin my testimony by thanking Representative Roegner for listening to the concerns I presented to her about a month ago about the biennial budget bill and its implications on the Twinsburg City School District. As you know, Governor Kasich presented his fourth biennial budget on January 30, 2017. The Governor's proposed budget indicates that the Twinsburg City School District is projected to receive \$261,998. more in state aid in FY18 than in FY17 and \$272,717 more aid in FY19 than in FY18 totaling \$534,715 additionally over two years.

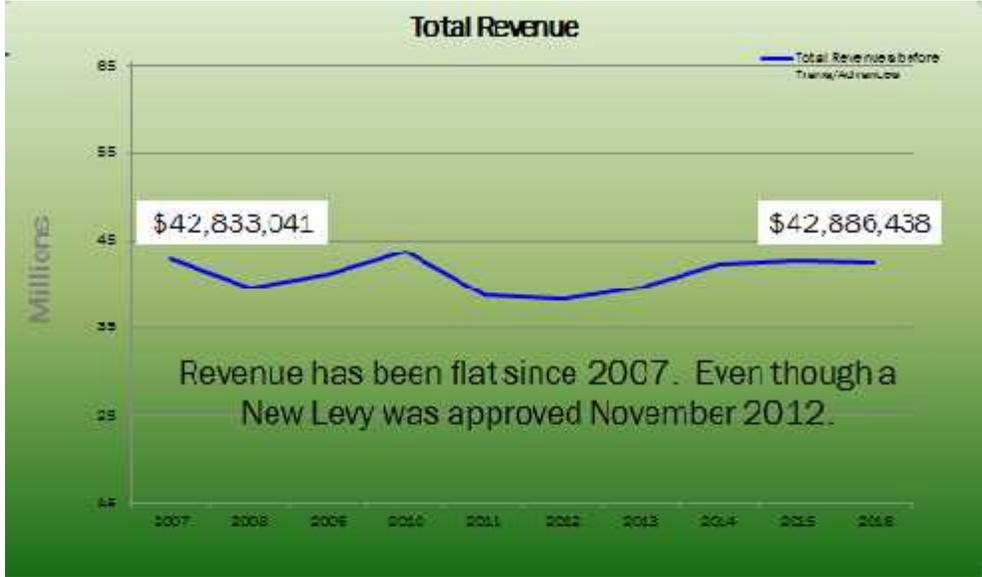
Although this may seem like a bit of a windfall, you must recognize that over the next two years, my school district will continue to be negatively impacted by the phase out of the Tangible Personal Property Tax/Commercial Activities tax. In FY17, the Twinsburg City School District received a supplement from the state of \$522,926. because of the lost revenue. However, under current law, this supplement will no longer be available in FY18 and beyond. With consideration of the Governor's proposed budget, the Twinsburg City School District will experience a reduction in Tangible Personal Property Tax reimbursement equaling -\$986,452 making the net reduction loss to my school district -\$451,737.

Of even more concern is the fact that my school district will lose an additional \$4,632,944. when the remaining Tangible Personal Property Tax/Commercial Activities Tax phase out is complete. This means that between FY16 and FY24, the Twinsburg City School District will experience the cumulative loss of Tangible Personal Property Tax/Commercial Activities Tax of \$27,358,552.

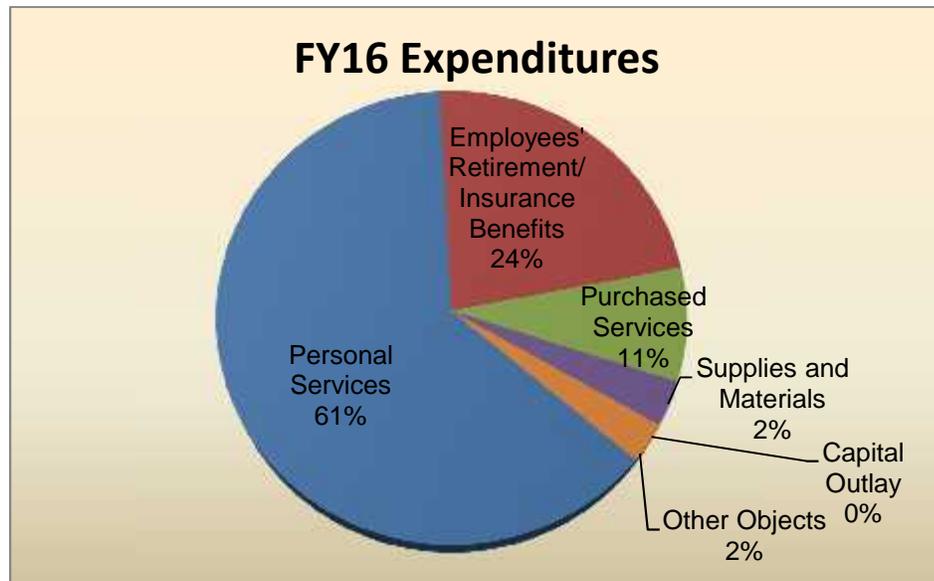


The Twinsburg City School District has been very concerned about the detrimental impact that the phase out of the state-controlled business tax would have upon our students and our school community. With Tangible Personal Property Tax diminishing with a total financial impact of \$9.8 million reduction in revenue to the General Fund, one of the District's goals was to set a course of action in play to insure a positive cash balance. After months of gathering feedback from members of our three communities, the Operational Change Plan was developed in 2012. Components of the plan included reductions in staff which equaled 45.647 full time equivalents or 57 individuals, implementation of Academic Fees and Pay-to-Participate Fees, along with the implementation of technological strategies which increased the efficiency of District operations. The \$3.2 million Operational Change Plan which included passages of a renewal levy and a new operating levy was developed after careful consideration of our community members' input and with the focus being the continuation of excellent educational programming for students. The Operational Change Plan was initially implemented in the 2012/2013 school year and continues to be in effect today.

Our school district continues to cut expenses and to "live within our means". According to the Cupp Report for FY15, our school district spends \$10,645 per pupil as compared to the state average of \$10,985 or the similar district average of \$10,875. Our year-to-year per-pupil expenses only increased a total of \$195 between FY11 and FY15.



In addition to the Operational Change Plan, the Twinsburg City School District participates in several group purchasing consortiums. Through the Ohio Schools Council the Twinsburg City School District purchases items such as buses, liability insurance, diesel fuel, paper, cleaning supplies, and receives discounts on natural gas and electricity. The District also participates in the Stark County Council of Government. This is a large health care consortium risk sharing pool. Recently our District completed two HB264 Energy Conservation projects. The project at our middle school replaced a boiler and lighting. The project at Twinsburg High School upgraded many parts of the heating and cooling system resulting in the reduction of utility expenditures.



Although the District will continue to implement the changes brought forth in the Operational Change Plan during the 2012/2013 school year, doing so will not fully meet the District's goal of a positive cash balance. Therefore, the Twinsburg Board of Education determined that a new 6.9 mill operating levy would be placed on the May 2, 2017 ballot. Without the passage of the levy and due to the continued phase-out of the Tangible Personal Property Tax reimbursement, the District will need to meet the financial shortfall with additional reductions in staff and reductions to our programs and services. With the expected phase-out of the remaining Tangible Personal Property Tax/Commercial Property Tax equaling \$4.6 million, I shudder to think of the negative impact that additional reductions in staff will have upon my excellent school district. Recall that 57 individuals were impacted during the initial implementation of the Operational Change Plan when my task was to reduce \$2 million in personnel costs. Obviously, none of these options will positively impact our students. Further reductions in staffing and academic and extracurricular programming for my students will likely impact the value our residents place on the Twinsburg City School District, ultimately resulting in lower home values. The fact that 89% of residents participating in the recent phone survey rated the District's quality of education positively truly shows that our community believes in our school district. Regardless, I am very concerned about the continued over-reliance on our local tax dollars and the personal burden we are asking our residents to assume. Currently, the District only receives \$1,280.95 in Foundation Funding per student when our per pupil expenditure is \$10,645. Failure to pass the operating levy on May 2<sup>nd</sup> compounded by the continued phase out of the business tax will result in an extremely detrimental impact upon the Twinsburg City School District.

Given the personal scenario I just shared with you regarding the financial landscape in the Twinsburg City School District, I respectfully make the following recommendations:

- In the last biennium budget, the Legislature included language for the 2016/2017 biennium that kept districts like the Twinsburg City School District from having a net decrease in funding from FY15 in the combination of state aid and Tangible Personal Property reimbursements, for which Governor Kasich vetoed in the 2017 provision. Thankfully, the Legislature salvaged a portion of the vetoed language in SB 208. This provision came to be known as the TPP supplemental dollars. I respectfully request that the language be returned to the last budget bill language but with the provision made in permanent law, rather than in temporary law.
- With the aforementioned placed into permanent law, Tangible Personal Property Tax reimbursements would continue to be phased-out, but districts would continue to be held harmless to FY15 as long as state aid is not increasing enough to offset the Tangible Personal Property Tax reductions.
- Further, since the Twinsburg City School District is a “capped” school district, I recommend that the budget bill address the situation where a district such as mine has capped state aid but is continuing to receive Tangible Personal Property Tax reimbursements. To further illustrate, the Twinsburg City School District received \$5,258,385.91 in Foundation Funding in FY17 but would have received \$9,261,528.43 if the funding had not been capped by more than \$4 million. By allowing the capped aid to replace Tangible Personal Property Tax reimbursements, the District’s Tangible Personal Property Tax reimbursements would be fully phased out, which is a goal of the Legislature, without additional cost to the state and without my school district losing additional funding.
- Although the Twinsburg City School District is not on the guarantee for the purposes of state funding, I would like to say a few words regarding the reduction in the guarantee amount being proposed in the budget bill. I believe that reductions in ADM cannot possibly translate into proportionate reductions in costs. With a 5 or 10 percent ADM reduction, you can’t close a building, layoff teachers, mothball buses, reduce food service personnel, cut administrative staff etc. therefore the district would still operate however, at a greater reliance on local taxpayer dollars due to the reduction in state funding. Again, this would be very problematic to the impacted school districts, therefore, I respectfully request that you reconsider this language and reference the amendment proposed by Representative Roegner.
- Finally, with regard to the fair funding amendment proposed by Representative Roegner, I support the concept. Public schools must provide the same types of support to our students as chartered non-public schools provide to their students. Therefore, public school districts should receive at least as much per pupil. Recall, public schools are required by law to provide education to all Ohio’s youth. Chartered non-public schools are not under any legal requirement to do so. It would seem to me, then, that public school districts should receive as much per pupil as the statewide per pupil amount paid for chartered non-public schools in Auxiliary funds and for administrative cost reimbursement.

I am privileged to be the Superintendent of the Twinsburg City School District. I am very proud of my students, in fact, I like to say I am very Tiger Proud of them as they attain excellence in academics, co-curricular and extracurricular activities, the arts and in community service. As a school district, we continue to foster partnerships with our residents and local businesses as evidenced by the creation of a new workforce development program we are calling “The Academy at Twinsburg High School”. Students who participate in the Academy will have opportunities to gain skills in areas related to business & manufacturing, health care & administration and human performance & recreational management by participating in seminars, volunteer opportunities, shadowing experiences and internships at partner area businesses. Likewise, our Board of Education just entered into agreements with four (4) local businesses who through their very generous monetary and value-added sponsorships, will provide the funds to bring enhancements to our facilities including a new scoreboard at Tiger Stadium, a new scoreboard and stats board for the high school gymnasium and new large LCD screens which will provide for simulcasts from our auditorium to the high school commons. Through these types of business partnerships, we are able to enhance our facilities at no cost to our residents. It is through partnerships such as these that our

district can continue to “live within its means” while still providing opportunities which prepare our students to meet the demands of college or a career and a successful adulthood.

Thank you for your attention today and for your commitment to Ohio’s students. I am hopeful that you will consider the projected negative impact of the Governor’s budget proposal, existing law as well as the reductions in federal funding which are proposed by President Trump in his preliminary budget as you work to address the concerns being raised about our state’s biennium budget. I am happy to address any questions you may have at this time.