

Lordstown Local Schools

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Substitute House Bill 49 Testimony (as introduced)

Before the Ohio House Finance Committee

**Terry Armstrong, Superintendent
Lordstown Local Schools**

Chairman Smith, Vice Chairman Ryan, Ranking Minority Member Cera and members of the Ohio House Finance Committee good morning. My name is Terry Armstrong and I am proud to be Superintendent of the Lordstown Local School District in Trumbull County, Northeast Ohio. I am here today to testify on behalf of our school community.

Thank you for the opportunity to testify today. I would like to express my grave concern about continuing the planned phase out of Tangible Personal Property tax reimbursements without any type of financial relief to districts. Prior to becoming an educator I worked in the private sector at a large company in Warren, Ohio. I consider myself pro-business and appreciate the fact that the intent of the elimination of the TPP taxes was to improve the business environment in Ohio. From my perspective that move was a success. In fact, business growth in Lordstown has greatly helped our school district. We work with businesses, the Village of Lordstown, and Trumbull County to help make our community attractive for business development. Unfortunately, the complete phase out of TPP replacement funds for districts would create financial hardships that would result in budget decisions that will hurt our students.

I encourage the committee to consider working with groups such as the Coalition for Fiscal Fairness in Ohio (CFFO) to develop a plan to help districts such as Lordstown. Prior to the change in state law to eliminate TPP taxes Lordstown Schools received millions of dollars in TPP revenue declining to the \$1.6 million dollars in TPP replacement dollars in 2015. This \$1.6 million dollars represents over 20% of the entire school district budget. The current law to completely phase out TPP replacement funds from the State of Ohio will be devastating to Lordstown Schools. In Lordstown it would take a 16 mill levy to replace this revenue.

Lordstown schools is also challenged by the inclusion of a gain cap on the funding formula. This year the cap resulted in Lordstown Schools losing nearly \$800,000.00. This is a cut of nearly 50% of funds the state formula calculates we should receive. Receiving all funds calculated in the formula, un-capped, would certainly be of great assistance in dealing with the loss of TPP replacement revenue. This would include

continuing to provide Capacity Aid exempt from the cap, not making it subject to the cap as some have proposed. To make matters even more challenging we currently have a State Share Index of 31% that results in very low per pupil funding as well as limits on all funds indexed by the State Share Index.

The challenges the loss of TPP replacement revenue will present our school is mirrored by what many in our community are facing. Last month General Motors Lordstown announced they were cutting the third shift which resulted in layoffs of over 1,000 workers. More recently it was announced additional cuts in staff would be coming. While we are taking measures to help those families such as eliminating Pay to Participate fees, waiving classroom fees for our school families and planning a food pantry at our school it would be unthinkable to go to these families and ask that they approve a property tax increase to make up the phased out TPP replacement funds.

Our staff has worked to continue creating a strong learning environment and positive culture for our students and school families despite these challenges. Our personnel expenses are below what they were a decade ago. Our staff worked with the district to join a health care consortium that represents a cost savings for the district budget, our district shares services with multiple districts as well as the Trumbull County Educational Service Center; and while our Lordstown-based student population has had a small decline we have made up for this by growing our open enrollment now representing nearly 20% of our student body. The revenue from open enrollment has helped our district survive. Without it our carryovers in 2015 and 2016 (\$95,000.00 and \$660,000 respectively) would have resulted in deficit spending. We are doing all we can to survive.

Though our school has financial challenges it is a very special place. I have had the pleasure of teaching here, serving as Principal and am blessed to be Lordstown Schools Superintendent. We have great kids, a wonderful staff and supportive families and community. We are what I believe what the State of Ohio wants schools to be.

Mr. Chairman and members of the committee, thank you for your time today and the opportunity to explain how this issue effects Lordstown Schools, its students, staff, community and school families. I am happy to address any questions you may have about our district and how we are affected by this important issue. Thank you.