

**Testimony Before the Ohio House Finance and Appropriations Subcommittee  
on Primary and Secondary Education**

**Thomas S. Tucker, Ph.D., Princeton City School District**

**April 26, 2017**

**Presentation and discussion related to the permanent elimination of TPP reimbursements  
and TPP supplemental reimbursements to schools**

Chairman Smith, Vice Chair Ryan, Ranking Member Cera and Members of the Committee. I am Thomas Tucker, superintendent of Princeton City School District, and I thank you for the opportunity to present testimony today on behalf of Princeton students, parents, citizens and businesses in our school district. I appreciate your willingness to hear what I have to say today in an effort to understand Princeton's side of the complex tangible personal property tax issue.

Nothing is more important than the education of our children. By the elimination of TPP tax reimbursement, we have plunged into the most severe financial crisis in our history, compromising the success of our students and the great work that our professionals do every day.

It is, perhaps, perception that all TPP tax districts are wealthy and can absorb the loss—we are a district that has changed drastically in the last 20 years becoming an urban district rather than a suburban district. We embrace our diversity in Princeton. Our student population speaks 38 languages with 20% as English Language Learners. Our diverse student body consists of children that are 40% African American, 25% Hispanic, 24% Caucasian, with the balance being Asian, Pacific Islander and multi-racial.

Of our 6,000 students, 67.8% live in poverty, and as that number continues to increase, so do the challenges of educating our children to be productive Ohio citizens who will thrive and have full lives. With those challenges come the cost of crossing the language and poverty barriers, not to mention educating our special needs students and those that are homeless and foster-placed in our district. All children deserve an education to meet their needs in order to succeed.

Districts like Princeton have relied for decades on the TPP funding source paid by local business directly to the school districts. Since 2004, we have lost \$5.3 million in revenue due to the change in TPP tax reimbursement and, without a change in the Governor's budget, will have a total phase-out of \$14.4 million annually which is 19.7% of our operating budget. A budget cut this size would result in staff reduction, increased class sizes, less services and a compromised education...to name a few.

Testimony Before the Ohio House Finance and Appropriations  
Subcommittee on Primary and Secondary Education

Page 2

April 26, 2017

We are committed to strong fiscal stewardship by ensuring every tax dollar is spent wisely and have shared in the sacrifice of these tough times with our Princeton communities through already adding levies to the ballot. Anticipating the crisis that has been and is still occurring, our district has slashed our budget \$13 million in employees and operations, which included three- and four-year salary freezes of our staff members.

In order to absorb the loss of the TPP tax reimbursement, we have reducing cost per pupil by almost \$3,000, making us extremely lean while still offering our students the very best in academics. Education is a service industry with most of the budget devoted to helping students succeed. We can reduce no further without lowering the quality of education, as well as services, to our children.

The original intent of eliminating TPP tax was to help businesses but not at the expense of local schools. In its current form, this budget promises devastating, long-term ramifications for Princeton and the other highly impacted TPP districts like ours. The result will be a further shift in the tax burden onto our residential and commercial property taxpayers or staggering cuts to our educational program for our students.

Making up the loss of TPP tax in the six communities that comprise Princeton schools with additional levies on our residential and commercial taxpayers would result in burdens on our residents and additional taxes on our commercial taxpayers since they already are paying the Commercial Activities Tax. To compensate for the loss of TPP tax, our residents would have to pay an additional 10.1 mils in taxes; our residents and small businesses simply cannot afford that much of an increase in taxes.

It is difficult to explain to our taxpayers that the state of Ohio took our school funding dollars, and we were left to find a replacement for such a large sum of money each year when the Commercial Activity Tax is outperforming the TPP tax. CAT is generating approximately 1.7 billion dollars per year. The TPP tax reimbursement for all 133 school district is approximately 470 million dollars. CAT could fund and fix this TPP tax reimbursement issue and still have money left over.

The legislators stated in 2011 that schools would be made whole and would not see a loss of TPP tax revenue. Legislators should be accountable and keep the promises they made in the final budget to maintain the CAT Tax/TPP reimbursement funds and extend the reimbursements for all fixed sum levies indefinitely; we need a permanent fix to this long-standing problem.

I ask that you please consider that districts that relied on TPP tax reimbursements be made whole again with the reinstatement of the TPP tax money to our schools, or our schools continue to be held harmless as long as state aid is not increasing enough to offset the TPP tax reductions. I am happy to answer any questions you or the committee may have about this important issue.

Again, thank you Chairman Smith, Vice Chair Ryan, Ranking Member Cera, and Members of the Committee for your time today and for your efforts in resolving this issue that affects so many residents of the great state of Ohio.