

**Testimony on Education Funding Provisions of House Bill 64,
FY 16-17 Biennial Budget**

**Ohio House of Representatives
Finance Subcommittee on Primary and Secondary Education
Representative Robert R. Cupp, Chair
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Lakota Local School District**

Chairman Cupp, Vice Chairman Derickson, Ranking Member Phillips and members of the House Finance Subcommittee on Primary and Secondary Education, thank you for the opportunity to speak to you today regarding the proposed changes to the State Share Index (SSI) calculation. My name is Jenni Logan and I am the Treasurer of the Lakota Local School District in Butler County.

Lakota Local School District is the 8th largest district in the state of Ohio with more than 16,000 students. We are a high performing district with our spending per pupil 7% below the state average. We have nearly 20% of our students who live in poverty. At the same time, 99.5% of our 3rd graders met the 3rd grade reading guarantee requirement.

Our district encompasses 63 square miles and our 22 school buildings are located in West Chester and Liberty townships with a population of approximately 98,000 collectively.

Our tax base of over \$2.5 billion is holding steady and has increased with our recent revaluation completed in 2014 by 1% and is slightly trending upward. Our effective millage for residential/agricultural is 36.54. At this time, the financial health of the district is stable. This was achieved through a combination of expenditure reductions and a levy which was approved in November, 2013.

Our district experienced three (3) failed levies before our November, 2013, levy attempt was successful. This was the first new money passed in our district since November, 2005. And, the levy did not reinstate all previous cuts. We took time to listen to our community and strategically develop a plan that was targeted to specific areas such as technology, student safety, and modernization of programming.

From 2011-2013, the District reduced its expenditures by \$20 million which is 12% of our general fund. Some of the reductions included offering state minimums for transportation, increasing student participation fees for extra-curriculars and reducing our staff by over 140 positions or 10%.

We believe our community has healed tremendously in the past few years and we are on the right track for our students, and its taxpaying citizens. Our cost containment practices implemented during our expenditure reduction phase remain in place. As an example, a secondary course audit is part of our overall staff management philosophy.

We believe our financial health is at jeopardy with the capacity formula being recommended in House Bill 64. When the district by district spreadsheets were made available my first reaction was shock. It

didn't take me long to realize Lakota Local School District loses more money than any other school district in the state under this plan. It also didn't take long for our community to react. Their perception of this change is a way for the state to reach in and take away the levy dollars they just approved.

During the biennium, the total decrease to our district is projected at \$9.7 million. While I am not clear on all the data points being utilized in the spreadsheet, I am clear that this means 2.4 mills less to our district in 2017. To replace this loss, we have few options. We would be forced to return to the ballot or make cuts to the existing levy promises which the community just approved.

I realize this is the beginning of this budget process, but the numbers and discussion surrounding capacity are very concerning.

When I think of fiscal capacity I think of a wealth measure that should depict the ability of a community to pay for its public schools. What also goes hand in hand with this discussion is fiscal effort. One way to measure a community's fiscal effort is by its effective millage.

On the most recent Cupp report, Lakota's effective millage is 16% higher than the state average of 30.4 for class I property. This measure does not include the most recent levy our community approved. By this measure, our residents are exceeding the fiscal effort standard. But, according to the new capacity measure this isn't good enough.

According to the print-outs, our state share is being reduced in 2017 by 3.4%. The most alarming part to this reduction to our state share is the fact that this is at a 40% phased-in rate. Where is the bottom of this state share percentage for Lakota Local Schools?

During my tenure as a school Treasurer, the state funding formula has always included a wealth calculation. We are requesting the current SSI (state share index) to remain in the next biennial budget. The new capacity measure is not the answer.