



WRITTEN TESTIMONY ONLY

**Regarding the TPP/ Education Funding Provisions of House Bill 64
FY 16-17 Biennium Budget**

Ohio House of Representatives

Finance Subcommittee on Primary and Secondary Education

Representative Robert R. Cupp, Chair

**Ronda C. Johnson, Treasurer
Mason City School District**

March 19, 2015

Chairman Cupp and members of the committee, thank you for the opportunity to offer testimony regarding the proposed changes to public education funding proposed in House Bill 64. On behalf of over 10,700 Mason City Schools students, I want to share my concerns about the proposal to reduce TPP reimbursement payments.

Mason City Schools is located predominantly in Warren County in southwest Ohio, encompassing 25 square miles and home to about 50,000 residents. We are the 16th largest school district in the state of Ohio, and our nearly 3,500 high school students are served in Ohio's largest public high school. Our students are consistently among the highest performing in Ohio - performing among the top 10 school districts in the state for over a decade - while our spending is less than the state average.

Mason City Schools Taxpayers Support Their Schools

Mason City Schools grew quickly, doubling in a decade that saw Mason's enrollment go from 5,364 in 1998-1999 to 10,707 in 2007-2008. This growth was due in many ways to the strong economic development efforts of the City of Mason that attracted businesses and their workers who were looking for a diverse community with strong schools. Our community was strategically developed with targeted industry to balance the tax base. In response, families moving to our community supported numerous bond issues and operating levies to fund our educational programs. Our current effective millage rate for residential/agricultural is 47.11 - 30% above the state average. Our taxpayers are contributing to our schools - arguably more than their capacity to do so.

State Tax Changes Grew OH Coffers from Business Taxes that Used to Stay Local

In the middle of our growth as a school community, we suffered the elimination of the Tangible Personal Property Tax (TPP). In 2007, Mason City Schools was collecting nearly \$14 million in TPP revenue and we were on track to see significant growth in that revenue line item. We built new facilities to accommodate our growth and ran our operating millage based on the revenue from this tax base and its projected growth. When the law changed in 2005, Mason City Schools worked in good faith with the legislature to support the tax policy change with the understanding that public schools would not bear the brunt of this tax relief that was enacted to make Ohio more competitive. We appreciated the commitment of the legislature in the early years of the CAT tax to fulfill their commitment to public schools by making the reimbursement payments. Mason received those reimbursement payments in full until the law was changed again in HB153, the FY12-13 biennium budget bill. For FY 13, 14 and

15, our reimbursement payments have been \$7 million annually - half of our TPP revenue - even if it had remained flat.

Community Did Not Support Levy to Make Up for State-Shift

Losing \$7 million per year has impacted our budget significantly, as our taxpayers were not willing to support an additional 6.95 mill property tax in 2010 to make up the difference. We heard loud and clear from our constituents that they did not support the shift in tax base. Instead, we were forced to reduce staff by over 150 positions at a time when our enrollment was relatively flat. We increased pay-to-participate fees, consolidated bus stops, and relied heavily on the partnership with our staff who agreed to two years of wage freezes.

Securing Permanent TPP Reimbursement is Critical for Districts like Mason

Our community is strong and supportive of our schools, but we know from experience that they will not support another shift in tax base that will raise their local property taxes. The school funding formula and HB 920 guarantees school districts engage in a levy cycle and Mason has been able to survive in that cycle through the mechanisms outlined above. Our last operating levy was passed in 2005. We have been exceptional stewards of our state and local revenue and our staff and students have risen to the challenges of changing standards and increased rigor – doing so all the while with less resources.

On behalf of our students and families, we implore you to craft a solution to keep permanent what remains of our TPP reimbursements. The budget process must include a long-term commitment to avoid creating unforeseen, gaping holes in our school district budgets. ***Anything other than maintaining the TPP reimbursement payments in perpetuity will significantly jeopardize our fiscal stability, which will in turn adversely impact our 10,700 students and their families.***

About Mason City Schools

The Mason City School District is one of Ohio's highest-performing public school districts. Students in every grade level consistently score above the state and national average in reading, writing, math, science, and social studies, and on the SAT, ACT and AP tests. Mason City Schools spend \$10,185 per student - \$261 less per student than the state average.