

The Development of the Biennium Budget from the Perspective of the Delaware City Schools

Mr. Chairman and Committee Members,

You have heard informative testimony from our professional associations representing hundreds of districts. I wanted to take some time to illustrate the impacts of past and future funding decisions on a single school district, in this case the Delaware City Schools, to help provide context to your decision making over the next weeks and months.

The Delaware City School District is a somewhat unusual case of a steadily growing district that is not wealthy, unlike many of the fastest growing districts in the state. It is one of approximately 240 districts that are impacted by gain caps as well as one of the approximately 110 districts that still receive TPP reimbursements funds of \$1,000,000 or more per year.

This past year Delaware City received approximately \$7,500,000 less than the funding formula showed that it should. This represents almost \$1500.00 per student in lost funding, an amount that makes DCS one of the top 10 districts in the state for lost revenue per student. The combination of steady enrollment growth but capped formula funding is leading to a fiscal crisis for the district. Another way to look at it is that the Delaware City School District receives formula funding for 3600 students, our enrollment from 1990, rather than for its nearly 5600 students, our 2015 enrollment.

We currently spend nearly \$1,000 per student less than the state average, the lowest amount in central Ohio, even though our taxpayers are supporting the schools well above the state average, with a local tax effort of 1.12 last year. Even with both of those facts – well below average per pupil spending and well above average local taxpayer support – the district faces multi-million dollar deficits in the out years of our five year forecast (see attachment). The drivers of this looming fiscal cliff are not that the district is overspending or a lack of local support. It is, quite frankly, driven by the fact that the district is not receiving the funding it should according to the current, or the governor's proposed, formula. If the trajectory doesn't change, Delaware City faces massive cuts coupled with a large levy request to its taxpayers that would, if passed, move the district even higher in its local tax effort.

Given the discussion above, we as stakeholders of the Delaware City Schools call on the legislature to take the following actions as they develop the biennium K-12 education budget:

1. Aggressively move to fully fund the formula.
2. Do not apply TPP reimbursement reductions, if those are adopted, to districts impacted by the gain cap. Alternatively, allow additional formula funding growth for capped districts to offset any TPP reductions. To resume those deductions to districts that are not receiving their formula funding is a double hit for the students and taxpayers of those districts.
3. Apply variable gain caps so that districts most impacted by the cap can have more growth than districts less impacted by caps. As part of this, the legislature should

consider applying funds to reduce the overall percentage loss of funding based on a formula that takes into consideration a district's ability to pay (i.e. quintile), the amount a district is losing per pupil, and/or on district local tax effort.

Discussion:

1. Set a goal of fully funding the formula within this and next biennium. Budget accordingly, ensuring that the percentage of formula funding districts receive this biennium increases enough to close at least half the gap between formula and actual funding received.
2. Ending TPP reimbursements for districts that are also currently capped is a double hit. For Delaware City, the district already loses around \$7,500,000 per year in formula funding due to the cap. Ending the TPP reimbursement would reduce tax receipts by an additional \$1,600,000 per year when fully implemented. If the district were fully funded under the formula, this might be something that could be managed. With the district already losing nearly \$1500.00 per student in formula funding, removing the TPP reimbursement represents a further blow to an incredibly difficult financial picture.
3. Apply gain caps that vary by how much a district is losing per pupil, by how much local tax effort a district's taxpayers are exerting, and/or by the district's capacity measure. In Delaware's case, it is losing nearly \$1500 per pupil, had a local tax effort of 1.12 last year, and a capacity measure of 0.92. Each of these measures is very different from, say, a wealthy area district with a loss per pupil also around \$1500 per student, but with a local tax effort of 0.37 and a capacity measure of 1.75.

Thank you for your time and attention today. I appreciate the opportunity to try to illustrate the impacts of past and upcoming decisions on a unique school district and community that I know and care about very much. I stand ready to answer any question you might have today or in the future.