



---

## **Joint Committee on Property Tax Review and Reform**

Perrysburg Exempted Village School District, Wood County  
Randy Drewyor, Treasurer/CFO

**8 May 2024**

Co-Chairs Blessing, and Roemer and members of the Joint Committee on Property Tax Review and Reform, thank you for the opportunity to testify today. My name is Randy Drewyor, and I am the Treasurer/CFO of the Perrysburg Exempted Village School District in Wood County.

Perrysburg is a suburban district covering approximately 28 square miles with ten buildings educating about 5,800 students. We are a growing district having added over 900 students over the last ten years. As a result of our student enrollment growth, we are adding 5-10 staff members per year.

For the most part Perrysburg is a bedroom community. Local sources provide 78% of the district's general fund revenue. Of our general fund revenues, over 50% comes from residential property taxes and an additional 13% from a traditional income tax.

I want to focus on two key aspects of property taxes and the financial management of a public school district. Both aspects are intricately tied to property tax decisions and to each other. I'm going to start with the punchline: It's no surprise but property taxation is complicated, and changes need to be well considered to avoid unintended consequences.

### **5-Year Forecast – Transparency and Planning Tool**

As you are aware, semi-annually, Boards of Education must adopt a 5-Year Forecast. The forecast includes the current fiscal year and the next four years. The 5-Year Forecast is the basis to engage the community and the board in discussions about the long-term financial health of the district; it key tool in planning for future revenue needs and/or expenditure reductions. For this to work we need a high level of predictability in our revenue stream, which is where we have the least control.

We recognize this past year of reappraisals and updates were very difficult for taxpayers in many counties due to the confluence of the significant increases in valuations and districts being on and/or reaching the 20-mil floor. HB920 worked as intended. For example, in Perrysburg our fixed rate voted millage is 45.6 mils with an effective rate of 15.7 mils. Our total voted millage is 77.7 mils with an effective rate of 47.4 mils.

As a result of tax rate reduction factors, we are regularly going to back to the voters. Not surprisingly this has resulted in complaints of ballot fatigue. We have purposefully managed our finances and levy asks with the 20-mil floor in mind. The amount of our ballot measure in 2019 was determined in part by district student growth and the understanding that we would hit the 20-

mil floor during the final years of this levy. In other words, our revenue trajectory was predictable within the current rules of play. Five years ago, we did not predict a 24% increase in residential valuations. The trend prior to that was clear that we would see an increase in local property taxes when we hit and remained at the 20-mil floor. I want to emphasize that with this expectation we were able to moderate our most recent levy ask.

The point is that for districts to plan with their communities to ensure the educational needs of students are met, we must be able to assume that the laws impacting our funding will not change dramatically. Addressing one piece of an interconnected system a chain reaction of unintended consequences is likely. The 5-Year Forecast process works because we are able to discuss the forecast’s construction with the Board and community and have confidence in its predictability.

**Fair School Funding Plan – Interconnectedness with Property Valuations**

The second point I want to discuss is the strong link between property tax and the Fair School Funding Plan. As you are aware, the major components of the Fair School Funding Plan are the base cost calculations and the split between local and state share. After the base cost is set, funding is determined by local capacity as expressed in wealth per student. The capacity calculation is driven by property valuations and household income with property values being the larger driver. Thus, as property values increase, local capacity increases, which results in an increase in the local share of base costs. While not perfect because there is no guarantee that districts with high capacities will choose to fund their prescribed share, there is a logic to this methodology. However, this logic breaks down when property valuations do not generate the expected revenue, which reduces actual local capacity without the balancing reaction of state share. If we were in a physics class, we might call this a violation of Newton’s Third Law of Motion.

While not a perfect illustration, the table below comes from Perrysburg’s current 5-Year Forecast, which demonstrates the impact of local capacity on funding. Perrysburg is a growing district, so we get some mitigation from enrollment growth. The ratio of local share vs state share is a function of enrollment and wealth (driven by changes in valuation). Muting the ability of the local capacity to generate the required resources greatly increases the difficulty of the school district to remain financially healthy without frequent trips to the ballot box.

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Enrollment	5134	5370	5446	5522	5598
Per Pupil Base Cost	\$ 8,123	\$ 8,150	\$ 8,544	\$ 8,545	\$ 8,965
State Per Pupil Share	\$ 2,036	\$ 1,612	\$ 1,837	\$ 1,531	\$ 1,736
Perrysburg Per Pupil Share	\$ 6,087	\$ 6,538	\$ 6,707	\$ 7,014	\$ 7,229
State's Share Base Cost Funding	\$ 10,452,824	\$ 8,656,440	\$ 10,004,302	\$ 8,454,182	\$ 9,718,128
Local Share Base Cost Funding	\$ 31,250,658	\$ 35,109,060	\$ 36,526,322	\$ 38,731,308	\$ 40,467,942

At the risk of being too repetitive, I want to emphasize the need for a reasoned and broad approach to the decisions you are wrestling with. For better or worse property tax decisions have many impacts outside the obvious.

Co-Chairs Blessing and Roemer and members of the committee, thank you for your consideration and attention to this important issue that affects all Ohioans. We appreciate the work of this committee. I am happy to answer your questions.

A handwritten signature in blue ink, appearing to read "Randy", with a long horizontal flourish extending to the right.

Randy Drewyor  
Treasurer/CFO  
Perrysburg Exempted Village School District