

## House Finance Committee Hearing

Chair Stewart, Vice Chair Dovilla, Ranking Member Sweeney, and members of the House Finance Committee, thank you for giving us the opportunity to testify today on behalf of public school districts.

I am Tony Thomas and this is Ann Ferraro. I serve as the Superintendent and Ann serves as Treasurer for Northmont City Schools in Montgomery County. We are a district composed of 3 cities, 1 township, and 1 village. We look rural in the northern part of the district, suburban in the middle, and fairly urban to the south where we border Dayton. We are a great cross-section of Ohio's demographics. While the majority of our population is caucasian we have a diverse population, racially, culturally, and religiously. We were a district that was considered a 50/50 district which meant 50 percent of our income came from our community and 50 percent from the state. Over the past few years, the trend has been that the state is paying less of this percentage. If the executive budget is not adjusted, we will receive less than 35% from the State at the end of the biennium. We are on the formula, so any adjustments or no adjustments to the Fair School Funding Plan can and will continue to significantly impact the monies we receive. The recent re-evaluation in our county (which was 36 percent) has resulted in a loss of state funds making us more dependent on local property taxes. We saw no increase in revenue from our voted millage. While we had traditionally seen great support from our community with the passage of renewals, bonds, and operating levies in the past, unfortunately, that support has weakened as we have failed two levies. This may be because the burden has shifted too heavily to our citizens.

As we have previously testified when property values increase, a district appears wealthier in the formula, and its capacity to pay more is adjusted upward, resulting in less state aid. The property valuation reappraisals have illustrated the real-time impact valuation increases have on districts' state funding. Since we are not at the 20-mill floor, House Bill 920 reduces the effective tax rate of our levies, and we will see no growth in funding from our voted mills. Therefore, the 36 percent increase in property values increased our property tax revenue on our inside mills by \$1,825,000. While we appreciate the increase in property tax revenue, the effect of the increase in property valuations has reduced our state funding. We experienced a \$1,650,000 reduction in state funding due to the impact of valuation increases. The net effect is a 0.26% increase in state and local revenue. This does not keep pace with inflation and results in fewer services for our students. Therefore, freezing inputs at FY22 levels for the next budget exacerbates the problem. We have always been an outstanding district but will not maintain these ratings at the pace we are cutting services.

On a side note regarding House Bill 920, because of the real estate bubble that crashed in 2008, our district's effective mills on two of our levies increased back to the originally voted mills. However, the property values were lower than when the levies were voted on, causing the

property tax monies that we receive to be lower than what was originally voted. We have lost \$579,303 each year since 2012, for a total loss of property tax funding of \$7,530,939. We have elected to place an emergency levy on the ballot this time because it guards against this mechanism in the future.

Before the re-evaluation, Northmont was projected to receive a base cost per student of \$3,943. Unfortunately, the formula took money away from the district after the re-evaluation as we will now receive \$3,570 per student, a loss of \$373 per student which totals \$1,650,800. The district was proactive in May of 2023 knowing that a loss could be on the horizon by cutting over 40 positions (including administrative positions) across the district. We also closed one of our elementary buildings to save the district a million dollars a year. This year we have continued more cuts through attrition. The result is fewer services for our students and larger class sizes in our classrooms. I understand that members of the General Assembly passed a budget 2 years ago that increased funding across the state and we are thankful, but unfortunately for Northmont, those dollars are not reaching our school buildings and we are doing more with less. Inflation continues to eat away at our budget. In our situation, revenue is not increasing and expenses hit us hard just like everyone's household has witnessed. All the while our residents are saying we are sending money to Columbus, but it is not returning to our community, and while they have supported us for many years by passing levies we have now failed two levies. We are attempting a third time to pass an additional tax levy in May. If this levy fails, there will be significant cuts that will result in Northmont not looking like a typical school district in Ohio. Parents will have to drive their students to participate in athletic events. There will be no prom or homecoming because class advisors and other supplemental contracts will be eliminated. These are memories that students will miss. We need to remember that students are impacted by the policies made in the state budgeting process. Our community knows the base cost to educate a child is \$8,150 and they are asked to pay \$4,579 and they are asking why. Why is a district like ours so heavily dependent on the local taxpayer? Why has the state prioritized spending on other entities over public school children? Please help the local homeowners, Ohio citizens, by relying less on local property taxes and more on state funding. After all, even the private and charter schools receive thousands of dollars more per pupil in state funding than Northmont's public school students. It appears Ohio can afford to alleviate property taxes on suburban homeowners. Which would also make us an attractive destination to help support the state's workforce crisis.

An argument being made is that public schools should receive less money because their enrollment is dropping. Northmont educates approximately 4500 students based on our ADM. We have more students than that, but for instance, funding is reduced if our students attend the career center or enroll in satellite career-tech programs in our buildings. The point I would like to make is over the last three years our enrollment is down 18 students. This is out of 4,500 students, and it is insignificant in our operations. However, in the proposed executive budget we will lose \$1.8 million over the next two years because the inputs have not been adjusted. Where is the math that justifies a loss of \$1.8 million of funding for a drop of 18 students? Cutting more than \$100,000 per student seems excessive. There has to be a stopgap/guarantee in place to

prevent this. The release of the executive budget that cuts state funding only heightens school districts' need to hold to our cash balance to remain in the black.

For the Fair School Funding Plan to work properly, the inputs used in the formula need to be adjusted for inflation. Increasing property valuation on one side of the formula which reduces state funding and not increasing the inputs on the other side of the formula intensifies the problem of the local community carrying a heavier burden. At this time, even with increased inputs, we cannot determine if we will end up on the plus side of the equation. The math is not working for us and it is time to roll up our sleeves and recognize an investment in our students is an investment in workforce development. The state needs to take seriously the role public education plays in preparing our workforce. We should not rank 45th in the nation, according to the Ohio Education Policy Institute, in percentage of state support of public education. Together we can do better.

Thank you for your time. We will be happy to answer any questions committee members may have.