



Testimony before the House Finance and Appropriations Committee
on

Sub HB 64

Submitted by

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Mr. Chairman and members of the committee, thank you for allowing me the opportunity to share my serious concerns about the dire impact eliminating TPP reimbursements as called for in the proposed budget bill (HB 64) would have on the Solon Schools, the residents of Solon and our business community.

I have lived in Solon for 31 years and believe I have a unique perspective on the important financial issues that face our state, our city and our school district. I am the mother of three grown sons, who were educated in Solon. During their school years, I dedicated my time and talents as a leader and volunteer in the Solon Schools. Currently, I am an elected member of the Solon Board of Education. And last but certainly not least, I am the majority owner of a manufacturing business in Solon. So, it is safe to say that the critical financial matters you are deliberating in this budget will have a major impact on not only the students and residents I serve, but also on the business I own.

When school districts were asked to join forces with the governor, legislators and the Ohio Business Roundtable in 2004 to help create a more business friendly climate in Ohio, we did so to be good corporate partners. Local school districts like ours that have a diverse tax base and had collected significant TPP revenue from local levies passed by their communities, were **promised** their lost revenue would be replaced with proceeds from the new CAT. With the CAT currently collecting more than a \$1 billion more than is needed to continue funding the TPP reimbursements, I urge you to honor the commitment to school districts like Solon.

In Solon, we have done the hard work to be fiscally responsible to our local taxpayers, implementing some of the same cost-reduction and containment measures used successfully in the private sector, such as multi-year pay freezes for all employees, frequent bidding for health insurance coverage, restricting coverage options, mandating mail-order and generic formularies, increasing co-pays and eliminating primary spousal coverage.

Solon is one of Ohio's most high-performing, cost-efficient and locally funded school districts. The district's high ratings – as measured by the state's own accountability standards – are good for business in our community. The schools attract families who value quality education and a well-prepared workforce.

We have developed a trust with our community and have been successful passing all levies required to sustain the quality programming our students deserve and our residents expect. In Solon, we have walked the walk and our results speak volumes. However, the prospect of Solon and many other exceptional school districts being dismantled through the loss of this TPP reimbursement is disturbing beyond words.

Prior TPP funding reductions have already shifted the tax obligation in our district and any changes in the education formula will come nowhere close to reversing that trend. Currently, our district receives only 5 percent of our budget from the state funding formula. Even if the proposal you put forth emerges in final form, our district will experience staggering losses as the TPP funding erodes year after year – for us in Solon at a rate of \$1.3 million per year.

Making up those losses will have a profound effect on our local business community. My own company, Glavin Industries Inc, is a commercial sign and industrial identification manufacturing firm and we own a 72,000 square foot building in Solon. My company is a prime example of a manufacturing business that legislators sought to help through the tax reform eliminating TPP.

If school districts like ours are forced to go back to the voters again to pass the 7.25 mill levy it would take to replace our \$8.3 million in annual TPP funding, the effect on residential property owners will be substantial. However, the impact on commercial property owners – and our entire business community – will be far more severe. With our school district's responsible 50 mill effective rate, my own company currently is paying \$36,824 in commercial property taxes to the Solon Schools a year. Passing the 7.25 mill levy to recoup the TPP losses would add \$4,000 to our company's annual property tax bill, pushing it over \$40,000. So, in an effort to create a more business friendly environment in Ohio, my tax obligation and that of businesses like mine could be substantially increased if my community decides to maintain the quality educational product our district is providing for our students.

In theory, replacing TPP with the CAT was a wise decision for the economic future of Ohio and the intention was good for

business. However, in reality, taking that local revenue away from school districts without a means to replace it fully has proved to be short-sighted and counter-productive. If the TPP funding is phased out, the end result will be gutting our quality school district or businesses like mine will face the prospect of significant tax increases.

By not maintaining the current provision in law that keeps TPP funding in perpetuity, the administration and legislature would in effect be forcing tax increases at the local level to replace the promised reimbursement for lost local revenues erased in prior budget bills. This may seem palatable here at the Statehouse, since it would be the local school district asking for the tax increase, not those in the General Assembly or the Governor's office. Our Solon residents have been traditionally supportive at the ballot box and pulled the "yes" lever in favor of school levy issues by comfortable margins. But if we lose the TPP revenue on top of regular operating needs, I question our ability to repeat that past levy success. Many residents are already asking me why they should vote for a future local levy if the Governor or legislature could come in again and capture that millage.

Our community and others like ours facing the specter of continued TPP funding losses fully understand this issue and who is making the decision to reduce and ultimately eliminate these needed dollars. Like many Ohio communities, our citizens and business owners are savvy. They already are keenly aware of the redistribution of resources and that they are shouldering a greater percentage of the tax obligation in our city. This is the crux of the broken TPP promise to our schools, our community, our businesses, and, ultimately, our children.

I urge you to honor the General Assembly's past actions in keeping TPP funding permanent. Don't simply "pass the buck" to us at the local level because it is politically expedient. The budget decisions you face are many and certainly challenging, but I ask that you reevaluate the TPP phase-out proposal and make good on the commitment made to school districts like Solon. There are real taxpayers, business owners, schools and children who will bear the brunt of this onerous funding drain.

Thank you Mr. Chairman and members of the committee for the opportunity to appear before you today. I would be happy to answer any questions you may have for me.