

Testimony in Opposition of The Ohio Biennial Budget

Respectfully Submitted,

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Chairman Smith, Vice Chair Shuring, Ranking Member Driehaus and Members of the Finance Committee,

I am Patti Engelman, a 23 year resident of Hudson, Ohio, an active school and community volunteer, and in my 6th year serving on the Hudson City School Board. After a career in finance, accounting and strategic planning, I was fortunate to become a stay at home mom. We chose to move to Hudson in 1992 for the outstanding schools. My husband has worked for companies outside of Ohio since 2003. Though it would have been easier to move, we stayed in Hudson because of the high quality education our children were receiving.

I am here to testify, on my own behalf, in opposition to the proposed Biennial Budget, which would reduce state funding to Hudson and other districts in Ohio. I appreciate your recent efforts to amend HB 64 with a provision to keep the state funding formula at the current level through FY2016 and FY 2017. It is imperative to maintain this new provision throughout the legislative process. I strongly encourage each House member to support additional amendments that would preserve the amount of Tangible Personal Property Tax (TPP) reimbursement that we currently receive. Let me explain why this is critical for Hudson Schools.

Under the Governor's original proposal, Hudson's 4,600 plus students would lose a total of \$2.98 million over the next 2 years. This equates to 28% of the Districts' income from state funding. The adoption of the funding formula amendment mitigates this loss by \$1.2 million. However, as of this writing, Hudson is still slated to lose our entire TPP Reimbursement of \$1.8 million.

Hudson is consistently a top performer – 2nd this year in the state; 64th in the nation according to US News and World Report, for example. This tradition of excellence was built on local support from the community and the TPP tax. In the mid-2000's, TPP was replaced by the CAT tax to improve the business climate in Ohio. At the time, State Legislators recognized the unintended consequence of the loss of these local funds to the schools, and created the reimbursement until a sustainable replacement mechanism could be established. This mechanism has been "forgotten" and, over the years, instead of receiving the \$5 million TPP reimbursement determined in 2007, we currently receive only \$1.8 million. In the proposed Budget, and as it stands now, the TPP reimbursement will be further reduced to ZERO in 2017.

Our Board of Education wrote a letter to the Governor explaining our concerns. In his response, the Governor explained that, “Guarantees shield schools from (financial) reality and undermine the system’s intention to drive resources to where they are needed”. Guarantees – keeping funding at the previous level - were created because the state funding formula changed 4 times without being fully funded or implemented by the state since 2009. This 5th formula change provides for an increase in the formula from \$5,800 per student to \$5,900 and \$6,000, respectively, over the next two years. Even at these levels, budgeted per pupil amounts fall far short of the actual cost to educate Ohio students in 2015.

Hudson’s reality is that we currently receive only 23% of the per pupil amount as calculated from the state funding formula. And though we applaud the inclusion of a provision to maintain our current funding level over the next two years, it is still a very small amount relative to the total funds being allocated and the true cost to educate our kids.

Over the years, our share of state funding has continued to erode. It seems like Hudson is being punished for the effective and efficient management of our financial resources. Our District continues to do everything possible to keep up with the losses in state funding by reducing our expenses. We have significantly reduced the workforce, increased class sizes, renegotiated every contract, increased benefit costs to employees, reduced programming, etc. We passed a levy on the 3rd try to help replace some, but, not all, of the lost state funding.

Since our community provides almost 70% of our schools funding now, passing future levies to make up for any additional losses in state funding, seems unlikely. We will be forced to make damaging cuts to programs and services for our students. School Districts can’t cut their way to excellence.

I recognize that there are many Ohio schools that need additional funding. Our District, however, is already doing more than our fair share by receiving a fraction of the state funding other schools receive. Additionally, our District shares educational initiatives with other Ohio schools and provides leadership at the state level.

I am not asking for more money for Hudson Schools. I am asking that you keep our formula funding and TPP reimbursement at the current level for the next 2

years. Chairman Smith recently commented, “We are trying to bring the bottom level up. I don’t expect it to be even, but I do expect it to be adequate.”

Assuming a substitute bill includes the provision to hold the formula funding levels steady, the loss of \$1.8 million in TPP reimbursement means that Hudson’s total state funding will be less than 20% of our needs. Is this your definition of “adequate”? Hudson students need your support too. I urge you to keep them in mind as you continue your deliberations and thank you for giving me the opportunity to speak with you today.

Questions?