



**Testimony Regarding the TPP/ Education Funding Provisions of House Bill 64  
FY 16-17 Biennium Budget  
Ohio Senate Finance Committee  
Senator Scott Oelslager, Chair**

**Ronda C. Johnson, Treasurer  
Mason City School District**

**June 10, 2015**

Chairman Oelslager, Vice Chairman Coley and members of the Senate Finance Committee, thank you for the opportunity to offer testimony regarding the proposed changes to public education funding in House Bill 64. My name is Ronda Johnson and I am the Treasurer of the Mason City School District. On behalf of over 10,700 Mason City Schools students, I want to share my concerns about TPP reimbursement payments.

Mason City Schools is located predominantly in Warren County in southwest Ohio, encompassing 25 square miles and home to approximately 50,000 residents. We are the 16<sup>th</sup> largest school district in the state of Ohio, and our nearly 3,500 high school students are served in Ohio's largest public high school. Our students are consistently among the highest performing in Ohio - performing among the top 10 school districts in the state for over a decade – while our spending is less than the state average.

For the past few months, we have been discussing TPP across our school community. Our constituents are well aware that our TPP revenue was cut in half - from \$14 million in 2007 to \$7 million in reimbursements this year. This is my fourth visit to the Ohio legislature during this budget debate to advocate for the needs of our District to maintain TPP reimbursements payments. Last Thursday, I stood alongside City of Mason Mayor David Nichols and other community and business leaders to jointly address this issue. To quote the Mayor:

*The City of Mason and Mason City Schools are strong partners in economic development. The School District is among the very best in the State and the City has a track record of aggressively pursuing business development and strong job growth. Since 2008, the 38 new businesses, 65 business expansions and 6000 new jobs that located in our community have played a significant role in Ohio's revival under Governor Kasich. Our community is proud of this partnership and the benefits we share.*

*Future economic development efforts to attract tier one international companies could be compromised if the school district is not financially stable. It is a mistake for Columbus to punish the very communities that helped turn Ohio around. I strongly urge state lawmakers to not harm this momentum and keep their commitment to TPP reimbursement for school districts like Mason.*

Mason businessman Steve Osborne echoed that sentiment:

*People who know me know that while I'm an entrepreneur and a risk-taker, I'm also very fiscally conservative. As an entrepreneur I also understand the necessity of investment. Investing is how you drive growth, stability, and value. And an investment that is vital to our community, and our future, is Mason City Schools.*

*There will be an extremely negative economic impact on our local business community if the TPP reimbursements end without a suitable alternative. If our schools are forced to go back on the ballot to recoup further TPP*

*funding cuts, our businesses will in effect be double taxed – first with the CAT increase and then again with a local ballot issue. The result would be the exact opposite of the original goal of the 2005 tax reform.*

We appreciate that the Senate, like the House, held Districts harmless on total losses for the next two years, but we remain concerned about the continued phase out of TPP. Highly reliant districts such as Mason will face significant challenges as we attempt to recover from additional revenue losses after this biennium. Unfortunately, no plan or solutions are offered under this proposal.

Mason City Schools remains committed to finding a long-term solution to this important issue. We have continued to offer suggestions and we remain committed to collaborating with the Legislature. The Ohio General Assembly had previously inserted language to keep TPP reimbursements in perpetuity (2013 and thereafter) as a way to further future discussions on a long-term solution. Until that permanent solution is crafted, we respectfully ask that you remove the Governor's phase-out language. We simply cannot sustain further gaping holes in our budget.

### **Mason City Schools Taxpayers Support Their Schools**

Mason City Schools grew quickly, doubling in a decade that saw Mason's enrollment go from 5,364 in 1998-1999 to 10,707 in 2007-2008. This growth was due in many ways to the strong economic development efforts of the City of Mason that attracted businesses and their workers who were looking for a diverse community with strong schools. Our community was strategically developed with targeted industry to balance the tax base. In response, families moving to our community supported numerous bond issues and operating levies to fund our educational programs. Our current effective millage rate for residential/agricultural is 47.11 - 30% above the state average. Our taxpayers are contributing to our schools – arguably more than their capacity to do so.

### **State Tax Changes Grew OH Coffers from Business Taxes that Used to Stay Local**

In the middle of our growth as a school community, we suffered the elimination of the Tangible Personal Property Tax (TPP). In 2007, Mason City Schools was collecting nearly \$14 million in TPP revenue and we were on track to realize significant revenue growth. We built new facilities and ran our operating millage based on the revenue from this tax base and its projected growth. However, the tax law changed in 2005. Mason City Schools worked in good faith with the legislature to support the tax policy change – but did so with hesitation because of the lack of firm definition (only a promise) of how public schools would not bear the brunt of this tax relief. Our hesitation has turned to grave concern as I stand before you today – concerned about the proposed short-term TPP hold harmless payments that would result in a fiscal cliff for Mason City Schools in two years.

### **Community Did Not Support Levy to Make Up for State-Shift**

Losing our first \$7 million in TPP has impacted our budget significantly, as our taxpayers were not willing to support an additional 6.95 mill property tax in 2010 to make up the difference. We heard loud and clear from our constituents that they did not support the shift in tax base. Instead, we were forced to reduce staff by over 150 positions at a time when our enrollment was relatively flat. We closed a school building, increased pay-to-participate fees, consolidated bus stops, and relied heavily on the partnership with our staff who agreed to two years of wage freezes.

### **Securing Permanent TPP Reimbursement is Critical for Districts like Mason**

Our community is strong and supportive of our schools, but we know from experience that they will not support another shift in tax base that will raise their local property taxes by approximately 5 mills. The school funding formula will not produce additional revenue for Mason and we know that HB920 guarantees school districts have to run local levies to collect more local dollars. Our last operating levy was passed in 2005. We have been exceptional stewards of our state

and local revenue and our staff and students have risen to the challenges of changing standards and increased rigor – doing so all the while with less resources. But we simply cannot absorb another loss of \$7 million.

On behalf of our students and families, we implore you to craft a solution to keep permanent what remains of our TPP reimbursements. The budget process must include a long-term commitment to avoid creating unforeseen, gaping holes in our school district budgets. ***Anything other than maintaining the TPP reimbursement payments in perpetuity will significantly jeopardize our fiscal stability, which will in turn adversely impact our 10,700 students and their families.***

To view the June 4, 2015 press conference with our City of Mason and business partners, please visit:  
<http://www.icrctv.com/video/keep-tpp-funding-media-conference>

#### **About Mason City Schools**

*The Mason City School District is one of Ohio's highest-performing public school districts. Students in every grade level consistently score above the state and national average in reading, writing, math, science, and social studies, and on the SAT, ACT and AP tests. Mason City Schools spend \$10,185 per student - \$261 less per student than the state average.*