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Testimony before the Senate Finance Committee

Beth Weber, Treasurer
Sycamore Community School District
June 10, 2015

Chairman Oelslager, Vice Chairman Coley, and members of the Senate Finance Committee, thank you for the opportunity to submit testimony today. My name is Beth Weber and I am here to speak on behalf of the Sycamore Community School District, located in Hamilton County. I have been the Treasurer at Sycamore for sixteen years. I am thoroughly vested in the success of the district as a parent and in the vitality of its community as a resident.

Representatives from my district have testified before Legislative committees three times this budget cycle in opposition to the phase-out of Tangible Personal Property (TPP) reimbursements to school districts. As we work through this process, it is important that I return today and voice our concern and opposition to the phase-out originally proposed in House Bill 64. Our district greatly appreciates the work of both the Senate and the House to hold districts harmless this upcoming biennium. We would be remiss, however, not to remind you of possible long term unintended consequences of elimination of TPP reimbursements for highly reliant districts such as ours.

Our community, which includes the cities of Blue Ash and Montgomery and portions of Symmes and Sycamore Townships, is a great example of what happens when governments work together with a vision to create a great place to live and work for our residents and our employers. Sycamore has worked diligently to make our community attractive for business and residential development. We've worked with our municipalities and townships to approve incentives and abatements to attract businesses and build supporting infrastructure. We've provided high quality education drawing people to live in our neighborhoods and enhance residential values. We've maintained moderate property tax rates to attract business and residential development. We've been an economic driver for Ohio.

The elimination of TPP reimbursement puts business and residential development for the Sycamore community and others who are heavily reliant on this funding source at risk. Sycamore will be forced to seek a significant increase in local property taxes to fill the gap created by public policy shifting funds away from local communities to the State. This is in a community that has approved local tax issues for all of its school facilities and currently funds nearly 80% of its operations. Of the State's 20% contribution, 12% is TPP reimbursement. Once this funding source is completely phased out through this policy change, the State will pay less than 10% of the cost to operate our school district, shifting the rest to our community and its taxpayers and making it a less desirable place to locate or maintain a business or to raise a family. Again, our local community, both our residents and our corporate citizens, does its part to fund education, but they should not sit back and accept single digit contributions from the State for its public schools.

Sycamore was heavily reliant on the tangible personal property tax (TPP) as a local funding source and remains very dependent on TPP reimbursements. Prior to elimination of the TPP, Sycamore received approximately \$13 million annually. The State never reimbursed nearly \$1 million in TPP utilized for bond retirement and then cut an additional \$3 million from the \$12 million in TPP reimbursement we received for operations. This was part of a total annual cut of nearly \$4 million or almost 6% of our total operating budget in the 2012-13 fiscal year as we did our part to help the State close its funding gap and put Ohio on the path to recovery. Currently, we receive \$9 million in TPP reimbursement which funds about 12% of our day to day operations.

The district was able to shoulder the 2012-13 cuts without asking our community for additional funds, but that will not be the case going forward. The loss of the remaining \$9 million in TPP reimbursement equates to almost 6 mills in property taxes for our community. This before we consider any additional funds for normal inflation, to meet the ever increasing cost of mandates, and to meet the needs of our students and families.

Unfortunately, since 2005, the State has not developed a system to offset the losses from elimination of the TPP with other funding sources. At that time, State Legislators recognized the unintended consequences of the loss of these local funds to schools, and earmarked 70% of the proceeds from the CAT tax to reimburse them until a sustainable replacement mechanism could be established. For Sycamore and many other districts that were highly reliant on TPP, the likely replacement mechanism – increases from the funding formula - have not replaced TPP funds lost and likely will fall far short of ever reaching this goal. Sycamore receives less than \$600 per student in Core Aid from the State to support teaching and learning for our students, an amount that has varied little since this change in tax policy occurred. For our residential and corporate citizens to pay an additional 6 mills of property tax as the “replacement mechanism” for taxes originally levied and utilized locally seems an ineffective approach

to stimulate the economic development originally cited as the reason for this policy change. That being said, our district along with many others that are heavily reliant on TPP reimbursement, continue our willingness to work with the Legislature develop a long-term, sustainable, replacement funding mechanism.

Mr. Chairman and members of the committee, thank you for your attention today and for your commitment to the State of Ohio and its citizens. Please consider the negative impact of elimination of the TPP reimbursement on highly reliant communities like Sycamore and our ability to bring economic development to the Great State of Ohio.