



# Coalition for Fiscal Fairness in Ohio

The TPP group that wants to be part of the solution

Tim Pickana ■ 33800 Inwood Road ■ Solon, Ohio 44139 ■ 440-349-6207

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## Testimony before Ohio Senate Finance Committee

Tim Pickana, President, Coalition for Fiscal Fairness in Ohio (CFFO)

June 15th, 2017

### TPP reimbursements and TPP supplemental reimbursements to schools

Chairman Oelslager, Vice Chair Manning, Ranking Minority Member and the members of the Senate Finance Committee, thank you for the opportunity to submit testimony today. My name is Tim Pickana, President of the Coalition for Fiscal Fairness in Ohio (CFFO). I am here today along with Mike Sobul who will also be available to answer any technical questions.

Please note in the interest of time I have also included written testimony from just a few of our members from various Superintendents and Treasurers from across the state to reflect that there are many types of districts that are heavily reliant and would be negatively impacted if the Tangible Personal Property (TPP) funds were permanently eliminated. Those include Belpre, Avon Lake, Wickliffe, Mason, Twinsburg, and Lordstown School Districts. As we have expressed before our membership comprises a significant cross-section of districts that will be impacted by TPP loss and when taking into consideration the impact of TPP reductions. It is important to note that many districts will not be able to make enough reductions and/or pass additional millage great enough to maintain the integrity and quality of the education services they are providing to students if no statutory changes are made.

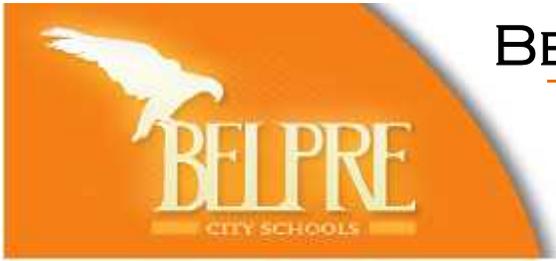
First and most importantly, we want to thank the members of the Finance Committee and the members of the Senate for continually recognizing the importance of this issue, as well as the overall school funding issue with the recent changes in the Senate substitute version of HB 49. We truly understand the gravity of the task before you with respect to the shortfall and your obligation toward balancing the budget and we thank you for your continued efforts as you continue to deliberate this issue.

Mr. Chairman and members of the Committee what we are proposing to you today is a plan to protect the most vulnerable districts and yield savings to cover the cost of the proposed changes to the TPP Fixed Sum and the TPP Fixed Rate phase out over the next biennium. Under the proposal, **Fixed Sum TPP funding** payments to school districts would be reduced by a total

of 2 mills over three years achieved by 0.75 mill reductions in 2018 and again 2019 and a 0.5 mill reduction in 2020. Based on the remaining millage of TPP fixed sum reimbursement funding districts are still receiving, the CFFO proposal would accelerate the phase out for 147 districts who are less impacted, while lengthening the phase out for the eight districts with higher fixed sum TPP funding. This results in a **net reduction in payments over three years by the state and protects the taxpayers in those communities with the most exposure to automatic tax increases** from the fixed sum millage reductions. **The savings over the next biennium from this proposal would be \$27.1 million** -- \$18.6 million in calendar year 2018 and an additional \$8.5 million in calendar 2019.

In addition, the CFFO combined proposal then uses the \$27.1 Million in savings yielded from the Fixed Sum Solution to fund a new proposed  $\frac{1}{4}$  mill phase out on the **TPP Fixed Rate funding** and retains the Senate's 3.5 percent of operating revenue solution for Fiscal 2018. By garnering the additional \$27 million in savings the plan reduces the current law fixed rate TPP funding phase out of  $\frac{5}{8}$  mill for fiscal year 2019 and beyond to a new  $\frac{1}{4}$  mill phase out. The fiscal year 2019 phase out change to  $\frac{1}{4}$  mill would cost an estimated \$19 million. In summary, **the changes proposed by the fixed sum solution saves \$27.1 million, and would cover more than enough the complete offsetting of both phase out changes for the next biennium.**

Mr. Chairman and members of the Committee, the CFFO member districts firmly believe we must be forthright in crafting a workable solution in order to ensure that the great state of Ohio grows stronger over the years and not weaker, we hope that you can appreciate our willingness to not only provide ideas to the committee but also do so to provide additional savings to the state. Thank you Mr. Chairman and members of the Committee for allowing me to testify today. At this time I would be happy to answer any questions that you or the committee may have.



# BELPRE CITY SCHOOL DISTRICT

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TONY DUNN – SUPERINTENDENT

LANCE ERLWEIN - TREASURER

## Testimony before the Senate Finance Committee

06/15/2017

### Tony Dunn, Superintendent

Good Afternoon, Chairman Oeslager, Vice Chair Manning, Ranking Minority Member Skindell, and members of the Senate Finance Committee. My name is Tony Dunn and I am Superintendent of Belpre City Schools, and I am here to testify on behalf of our school district. Belpre is a member district of the Coalition for Fiscal Fairness in Ohio (CFFO). Our TPP coalition is a very diverse group, both geographically and demographically, however we all understand the budget is tight and we need a partner to help us develop solutions for our students and communities.

Mr. Chairman and members of the committee, thank you for the opportunity to submit testimony today. I am here to express our opposition to the continued phase out of Tangible Personal Property (TPP) reimbursements and the funding limitations placed on us as a “Capped” district in the current funding formula. Belpre City Schools and other districts in Southeast Ohio are tasked with educating some of the most underprivileged and most deserving children in Appalachia. I am here today to continue to fight for those children and our community.

Prior to the state’s 2005 tax reforms included in House Bill (HB) 66, TPP taxes made up over 30% of Belpre’s total revenues. At the time of the reforms, we were promised we would be “held harmless” until the legislature could install a Commercial Activity Tax (CAT) allocation

mechanism to replace this lost TPP revenue. This CAT allocation mechanism never materialized yet the TPP phase outs continued. By FY19 our district is projected to receive \$1,466,179 in TPP reimbursements, representing only 13% of our total revenues. Belpre's total cumulative loss of TPP reimbursements will total \$28,104,644 from 2010 until it is completely eliminated.

The pie charts in your packets illustrate how TPP tax payments once made up around 40% of our local tax base. The CAT was touted as the replacement for the loss of local TPP taxes. You can see by this year's pie chart that our district received nothing to replace the loss of TPP taxes at the local level, creating an entirely new tax base framework, with residential taxes making up 67% of the base, as opposed to 42% just 12 years ago. With the CAT now providing the state over \$1.6 Billion in revenues, these broken promises get harder and harder to explain to our stakeholders.

These TPP loses have been and will continue to be placed on the backs of our students, staff, and residents through decreases in curriculum, staffing cuts, and the need for local emergency levies just to avoid insolvency. Every emergency operating levy we place on the ballot takes us further away from what we need, a bond levy for new school facilities. How can a district thrive in this environment?

We are now struggling with the challenge of how to remain fiscally solvent after absorbing significant losses as a "Capped" district and through continued TPP reimbursement cuts. We have struggled to live within our means, we have been forced to make cuts over the last decade, and we are trying to do more with less. Our curriculum offerings and staffing levels are also well below those of "wealthier" districts around the state. It takes us 15-20 mills of local taxation just to equal 1 mill of taxable revenues from some of the wealthier districts around the state. We simply cannot absorb TPP and Cap losses as easily as others.

The City of Belpre is making efforts to encourage economic development in the face of stagnant growth in our area over the last few decades. Recently, community members identified the #1 barrier to entry in attracting new development into our community as “new school facilities.” Our school buildings were identified by the OFCC as not worthy of being renovated, and a bond levy could be funded at a 56% local share. With an aging demographic where 37.2% of the population is over age 55, many on fixed incomes and under the poverty level, we fail to see how we can expect the public to support a bond levy to give our students 21<sup>st</sup> century educational facilities, and at the same time ask them to support operating levies to avoid the budget deficits that are looming just two or three years away.

There is one additional burden we face that I would be remiss not to mention. It involves the “dichotomy of realities” that exists at Belpre City Schools when TPP reimbursements are considered in the state’s “local wealth” calculations. We received a “one-two punch” when we lost TPP funding that was promised to us in perpetuity, then we learned the TPP hold harmless reimbursements would count against us in the state funding calculations. This makes our district appear wealthier than it really is, and hurts us when the OFCC determines the local share required to construct new facilities. We could probably pass a building levy and save our students from deplorable facilities if our state share was 56%-60%. Currently those numbers are reversed with our local burden at 56%; and the double edged sword for us is this; as we lose TPP reimbursements, our OFCC state share increases. How are we supposed to explain this to stakeholders? We also “enjoy the benefits” of being a “Capped” district in our current school funding formula. Even if the formula “works” for Belpre, our loss of TPP reimbursements outweighs our benefit from the funding formula because of being a “Capped” district. We all know the cliché “win-win.” We are the antithesis of that, “lose-lose”. Our unique “perfect storm” leaves our

students and community wondering why the state of Ohio has forgotten us.

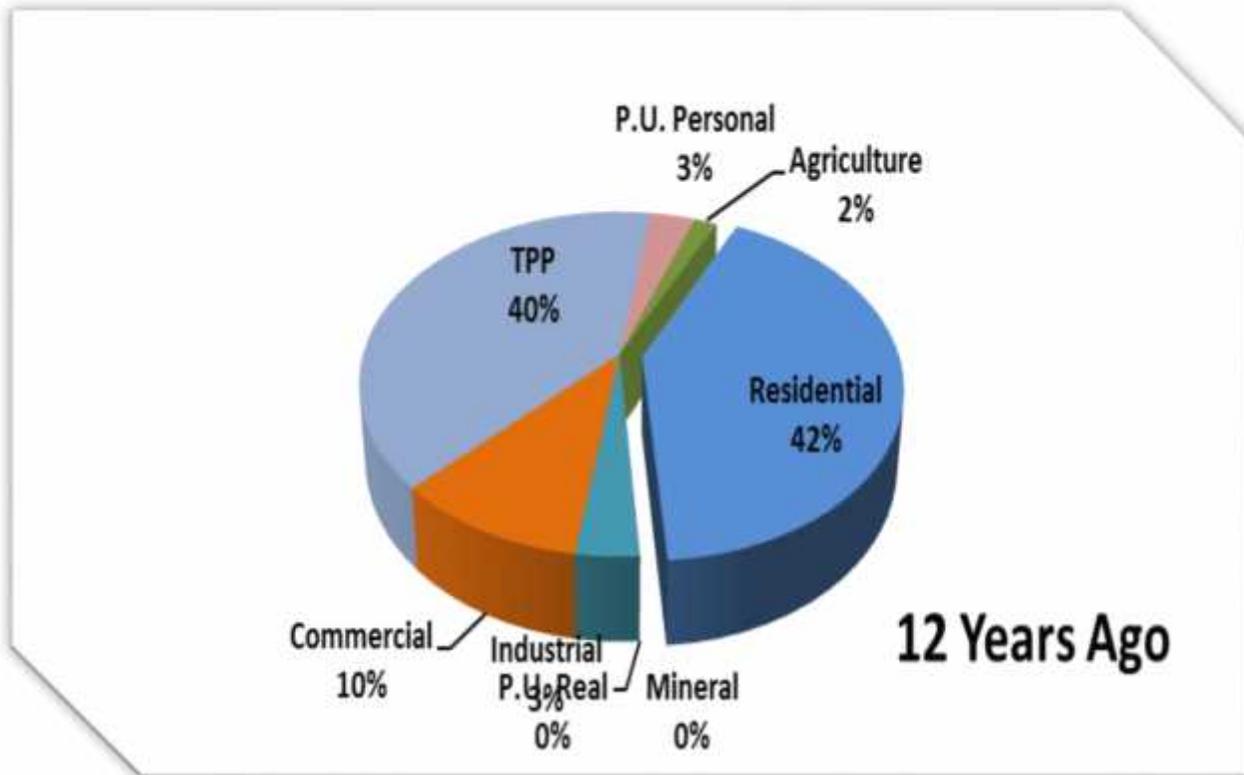
Please leave all forms of TPP reimbursement at their current levels or return them to levels promised when the tax was phased out. The projected impact of existing law poses serious challenges for the district over the next several years. We will continue to advocate on behalf of our students as budget legislation works its way through the legislature. We are also educating our parents and stakeholders on the state budget issues we face. We are all following your actions closely.

Mr. Chairman and members of the subcommittee, thank you for your time today. I am happy to address any questions you may have about our district and how we are negatively affected by this important issue.

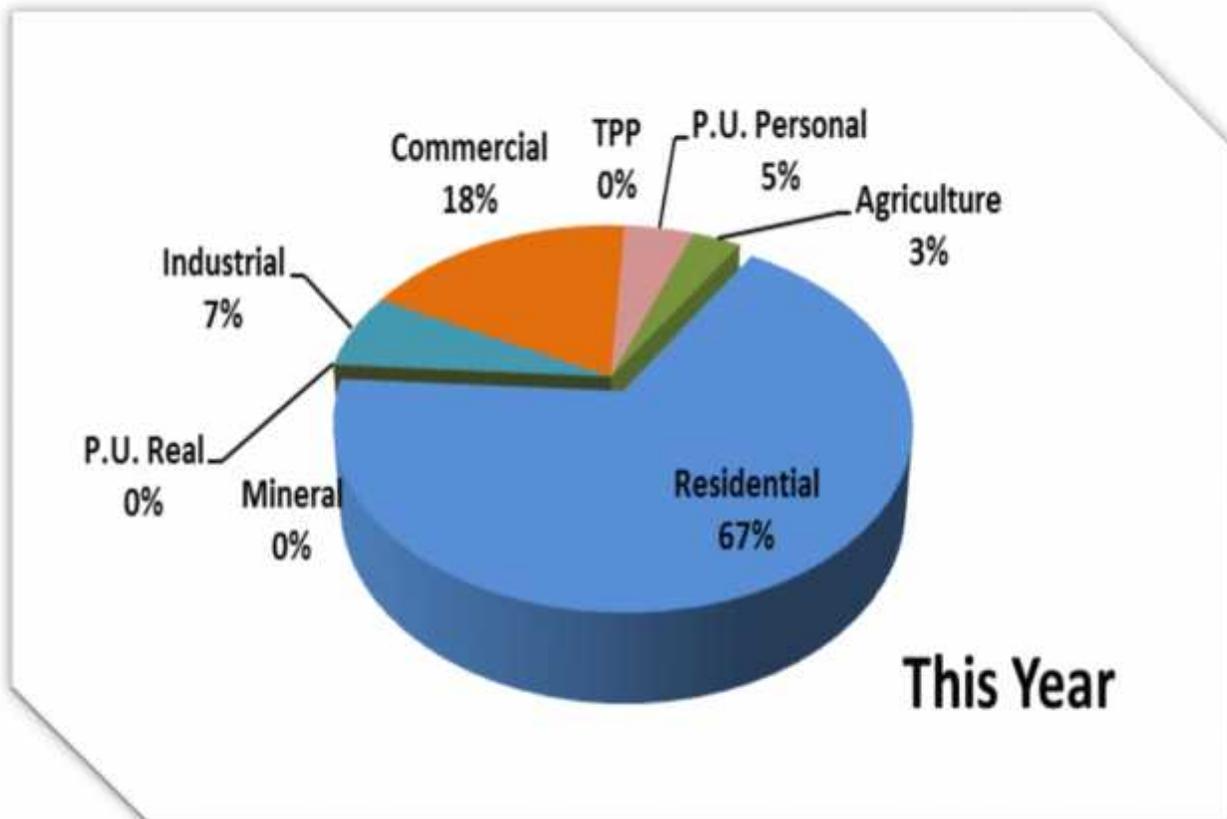
Respectfully,

Tony Dunn  
Superintendent

## 2005 LOCAL TAX BASE – BELPRE CITY SCHOOLS



## 2017 LOCAL TAX BASE – BELPRE CITY SCHOOLS



**Avon Lake City School District**  
**Testimony before the Ohio Senate Finance Committee**

Bob Scott, Superintendent Avon Lake City Schools  
June 15, 2017

Chairman Oelslager, Vice Chair Manning, Ranking Minority Member Skindell, and Members of the Ohio Senate Finance Committee, thank you for allowing me to testify and for listening to the testimonies of my dedicated and knowledgeable colleagues. An education that prepares every student for success in 2017 and beyond (incoming Kindergarteners are the Class of 2030) has never been more important. Future Ohioans and Americans who are positive contributors to a growing economy and are good citizens are key to our future regardless of whether they live in Avon Lake, elsewhere in Ohio or anywhere in the U.S.A.

For the past 12 years, I have been the Superintendent of Avon Lake City Schools. I started my career as a Superintendent in Southeast Ohio at Belpre City and Warren Local School Districts. Before becoming a Superintendent I was a Principal for 10 years in Texas and taught for 11 years in Texas and Illinois. My experience has taught me, first and foremost, that kids are kids (young men & women) and that their needs to be successful differ very little, regardless of where they live. Secondly, my experience has taught me that student success is directly related to a school or school district's ability to supply a rigorous, consistent, secure learning environment with exciting educational opportunities for all students Pre-School through 12<sup>th</sup> grade.

As a representative of the Avon Lake City School District, the Avon Lake community, as a parent, and as an Ohio taxpayer I would like to respectfully express my dismay that we are again working on a biannual budget for the State of Ohio and that the replacement of funds received by Avon Lake and similar school districts from the State, due to the elimination of the Tangible Personal Property tax at the State level, is still an issue. Arguing about how the State and school districts got to where we are today on school funding is frustrating at best. School districts continuing to lose revenue due to the elimination of the TPP replacement reduces learning opportunities for students and creates a burden on local taxpayers that only exacerbates funding challenges Avon Lake and other districts are facing due to reductions in state and federal funds.

The citizens of Avon Lake understand the importance of a world class education and have supported our schools by supporting levies that fund over 84% of the cost of educating a student in Avon Lake City School District. The phase-out of TPP is just one of the financial burdens that our community has dealt with and must continue to deal with as we battle to offer an education that is second to very few in the state or nation. In FY 2015 Avon Lake City School District received \$2,240,782 from the State for TPP reimbursement. In FY 2019 the current budget will have reduced the State TPP reimbursement to \$0. Please note that revenue dollars lost play havoc on Avon Lake programming but just as important are the estimated \$143,575 that will be shifted annually from the State to local taxpayers because of Fixed-Sum Emergency Levies.

- Please note that Avon Lake City School District is also a “capped” school district and the amount that we “do not” receive in foundation payments is more than we receive.
- Avon Lake is also the home of a coal-burning power plant that continues to operate at the same capacity it has for years, but the owner of the plant has appealed to the BTA to drop the valuation of the plant by almost 90%. On behalf of our taxpayers we are scheduled to have our appeal heard before the Ohio Supreme Court later this year.
- PUPP appeals for Tax Years 2015 & 2016 (power plant)
- Loss of funds for open enrollment, online schools, and charter schools continue to mount as almost 85% of the payments to the above entities are local dollars.
- Avon Lake City Schools is also one of the public school districts that receives less state funding than all non-public schools in Ohio.

All school districts have financial challenges and I am proud of the proactive and collaborative approach that the Avon Lake community and schools have used to handle revenue losses outside of our control. At a cost of just over \$10,000 per student, it is obvious that the Avon Lake School Board is financially prudent. Our community passed a \$6,500,000 per year emergency levy in 2013 that merely “backfilled” lost revenue to that point (not new money). Going forward our community should not have to contemplate additional taxes due to a lack of continued State funding or support including the phase out of TPP.

Avon Lake High School was recently ranked by *U.S. News & World Report* as one of the top High Schools in the state and nation in preparing students for college. Our STEM ranking is 165th in the nation. I only bring this up to emphasize that Avon Lake City School District is a school district that all of Ohio can be proud of both inside and outside the classroom and that we are not alone. Ohio has many, many schools, and school districts that are making us proud every day by offering a high quality education to every student.

Mr. Chairman and members of the committees, thank you for your time and energy as you consider the TPP phase-out/replacement issue. The Coalition for Fiscal Fairness in Ohio (CFFO) has presented a solution that would save Avon Lake approximately \$262,000 in FY18. If making school districts across the State whole on the projected TPP revenue loss for this budget is impossible, consideration of the CFFO proposal is appropriate.

I appreciate the opportunity to testify before you today on this issue. I am happy to address any questions that you might have about Avon Lake and how we will be impacted by the TPP phase-out or school funding.

Bob Scott

Superintendent

Avon Lake City School District

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## *Written Testimony*

Before the

Senate Finance Committee

Joseph Spiccia

Superintendent, Wickliffe City School District

June 15, 2017

Chairman Oelslager, Vice Chair Manning, Ranking Minority Member Skindell, and Honorable Members of the Senate Finance Committee, thank you for allowing me to address you today. My name is Joseph Spiccia. I am the Superintendent of the Wickliffe City School District, and I am here to testify on behalf of my school district and as a member district of the Coalition for Fiscal Fairness in Ohio (CFFO).

Wickliffe is a four square mile community serving 1,420 pupils. Approximately 17% of residents have children attending public schools. A majority of the community are senior citizens on fixed incomes. Median income reported as of TY2016 is \$32,929. In 2005 approximately 21% of our students were economically disadvantaged, today 42% percent of Wickliffe students are economically disadvantaged; 14% of our students are special needs.

Before House Bill 66, our district received \$2.8 million from Tangible Personal Property Taxes, representing 14% of our total budget. In FY15, the district received \$2,100,000.00 from Tangible Personal Property Tax reimbursements, representing 10% of our total budget. In FY17, the district received \$1,639,000 million, representing 6.6% of our total budget. Even with the increase of economically disadvantaged families the voters supported an additional operating levy of 7.9 mills in 2010 and an additional operating levy of 7.9 mills in 2015. In total the voters have generously supported the district with 15.8 mills of additional revenue since 2010. To say the voters in the Wickliffe City School District have done their share to

support the district is a fair statement. Since the passage of those levies, the district has consistently cut over \$1,000,000.00 out of its budget as a pledge to the community to keep costs down and continue to provide a quality educational program to our students. Even with the passage of the levies in 2010 and 2015, and the reductions in expenditures the district has made, we are again will be faced with a budget deficit as early as FY 2019.

Additionally, the district has made the difficult decision to close a school building and reconfigure its remaining buildings in 2018 to further reduce costs. I will also note that the district is operating two buildings that are nearly 100 years old and its newest building is 60. Therefore, the district is also faced with making decisions about replacing some of its physical facilities in the near future. Passing a tax increase is difficult in the best of circumstances. However, with the increase of economically disadvantaged students in our district coupled with the continued phase out of the TPP reimbursement, the ability to continue to pass tax increases to meet our expenses, make-up for the lost reimbursements, and support facilities may be beyond the means of our voters.

In closing, the TPP reimbursement represents 6.6% of our operating budget. Less than half of what it once was. Our school district has reduced costs in an effort to live within the budget. The further loss of TPP tax reimbursements would continue to harm our district and its taxpayers. As a small district, it is difficult to continue to make budget cuts because we have limited resources (Human and otherwise) because we have fewer resources with which to start. Our residential and business taxpayers already support our excellent schools. Like you, we are committed to providing all students a rich educational experience and we ask that you assist us in ensuring the educational experience all students receive continues to be a rich one. On behalf of the residents of Wickliffe, I ask you to continue to support the Wickliffe City School District by providing appropriate funding through TPP reimbursements. Thank you for allowing me to address you today.



**Testimony Regarding Amended Substitute House Bill 49  
FY 18-19 Biennium Budget  
Ohio Senate Finance Committee  
Senator Scott Oelslager, Chair**

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

**June 15, 2017**

Chairman Oelslager, Vice Chair Manning 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 49. My name is Ronda Johnson and I am the Treasurer of the Mason City School District. On behalf of over 10,500 Mason City Schools' students, I want to share my concerns regarding fixed-rate operating direct reimbursements for TPP tax losses.

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 while our spending is less than the state average.

**Mason's History of TPP revenue and reimbursement**

Mason City Schools worked in good faith with the legislature in 2005 to support the tax policy change that eliminated the local Tangible Personal Property Tax – but did so with hesitation because of the lack of firm definition (only a promise of a return of funds from the new CAT Tax) of how public schools would NOT bear the brunt of this tax policy shift. Prior to the tax law change, Mason was collecting nearly \$14 million in TPP revenue and was on track to realize significant revenue growth as economic development boomed in Mason. Today, our hold harmless *promise* is down to \$3.5 million, while State receives \$XXXX in CAT tax revenue.

**Mason City Schools Taxpayers Support Their Schools – but did not support the tax policy shift**

Mason City Schools grew quickly, doubling in a decade that saw Mason's enrolment go from 5,364 in 98-99 to 10,708 in 07-08. This growth was due in many ways to the strong economic development efforts of the City of Mason and Deerfield Township, who 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, Mason City Schools strategically built school buildings and passed operating levies (at a 100% passage rate) to fund our educational programming. Included in that strategy was TPP revenue/reimbursement.

When the legislature began to go back on their promise to public schools and began to slash TPP reimbursement payments, the impact to Mason's financial stability was significant. In 2010, Mason suffered it's first ever failure on an operating levy when our community did not support a 6.95 mill tax increase to support the shift in tax base. Mason was forced to reduce staff by over 150 positions, close a school funding, and implement many, many other cost reductions measures.

## The School Funding Formula

Just after the 2010 levy failure, Mason's financial stability was further threatened by school funding formula changes. Mason was on the guarantee (no increase), then capped (underfunded by \$4.5 million), on the formula, and now projected to be on the guarantee.

FY11-12	Bridge Formula	Guaranteed against Evidence Based Model phase-in
FY12-13	Bridge Formula	Guaranteed against Evidence Based Model phase-in
FY13-14	Current Formula	1.0625 Cap – Mason underfunded by \$3.3 million
FY14-15	Current Formula	1.105 Cap – Mason underfunded by \$1.2 million
FY15-16	Current Formula	Formula – TPP revenue at \$6.9 million
FY16-17	Current Formula	Formula – TPP revenue at \$5.2 million
FY17-18, 18-19	HB49	Guarantee – TPP loss over biennium is \$2.2 million additional

Chairman Oelslager, two years ago, I stood before this Committee and advocated for TPP funding to be guaranteed in perpetuity. I discussed many of the same issues I have shared with you today. At that point, Mason had already lost \$7 million in TPP – per year - and was on path for a fiscal cliff. We appreciated your consideration of the importance of TPP replacement payments to our financial stability and acknowledge the legislative effort to address our concerns. After our TPP payments were line-item vetoed, Mason City Schools moved closer to the fiscal cliff and lost \$5.1 million dollars in TPP replacement funding over the last biennium. **We urge you to find a way to restore those TPP funds to Districts.**

## School Districts Need Stable Funding

School funding in Ohio continues to be incredibly complex. Ohio's public schools are advocating for stable funding and a formula that works. Until we have one, on behalf of the Mason school community, we ask that restore TPP reimbursement payments to Districts and eliminate the phase-down.

### 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 \$10,342 per student - \$822 less per student than the state average.*



## **TWINSBURG CITY SCHOOL DISTRICT**

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**Kathryn M. Powers, Superintendent**  
**Martin Aho, Treasurer**  
**Jennifer C. Farthing, Director of Curriculum**

**Belinda McKinney, Director of Human Resources**  
**Denise P. Traphagen, Director of Pupil Services**  
**Chad C. Welker, Business Manager**

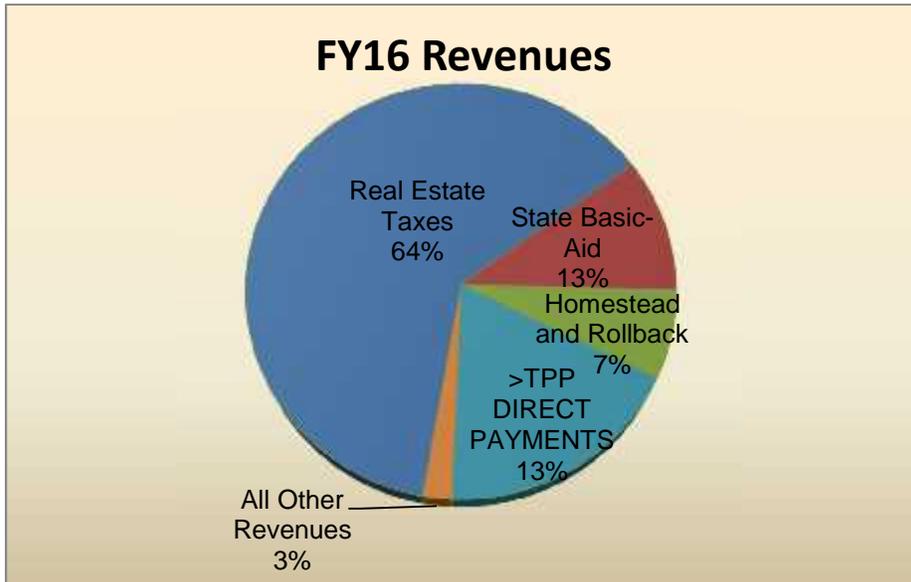
Ohio Senate Finance Committee, Sub HB 49  
Thursday, June 15, 2017  
Kathryn M. Powers  
Superintendent, Twinsburg City School District

Good afternoon Chairman Oelslager, Vice-Chairperson Manning, Ranking Minority Member Skindell and members of the Committee. I am Kathi Powers the Superintendent with the Twinsburg City School District. Today I represent my school district as well as the Coalition for Fiscal Fairness in Ohio (CFFO). My District is located geographically halfway between Cleveland and Akron in Summit County. The Twinsburg City School District has approximately 4200 students and a staff of nearly 500. The Twinsburg City School District is a culturally and socio-economically diverse school district which provides a rigorous and comprehensive academic experience, balanced with a breadth of extra-curricular and athletic programs. Such a high quality education is nurtured by the valuable partnerships and collaborations fostered with members of our school community to ensure student success and engagement.

According to the HB49 State Foundation Aid Estimates released by the Ohio Senate this week, the Twinsburg City School District is projected to receive \$499,980. more in state aid in FY18 than in FY17 and \$170,872. more aid in FY19 than in FY18 totaling \$670,852. additionally over two years.

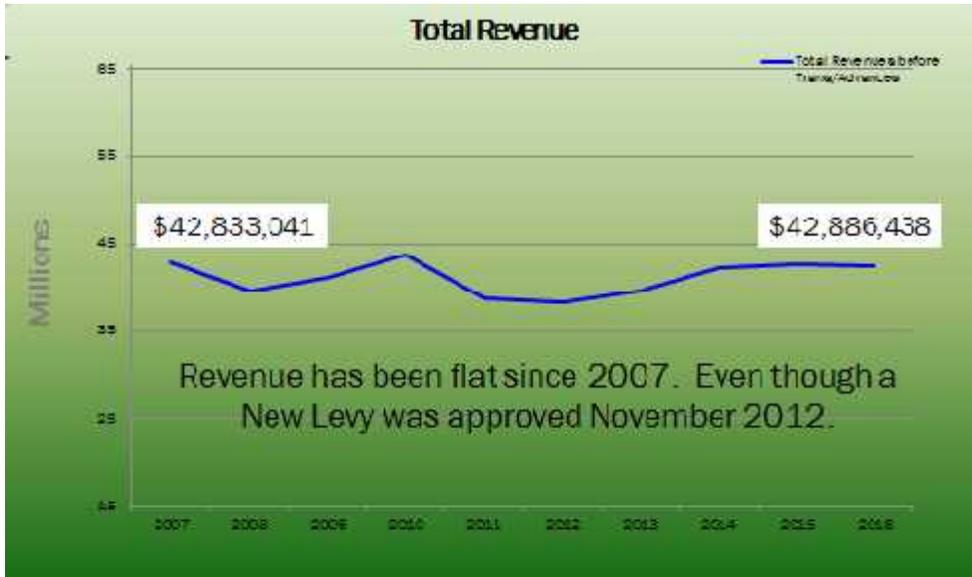
Although this may seem like a bit of a windfall, you must recognize that over the next two years, my school district will continue to be negatively impacted by the phase out of the Tangible Personal Property Tax/Commercial Activities tax. In FY17, the Twinsburg City School District received a supplement from the state of \$522,926. because of the lost revenue. However, under current law, this supplement will no longer be available in FY18 and beyond. With consideration of the proposed budget, the Twinsburg City School District will experience a reduction in Tangible Personal Property Tax reimbursement equaling -\$986,452 making the net reduction loss to my school district -\$838,526 when you also consider the loss of the TPP supplement.

Of even more concern is the fact that my school district will lose an additional \$4,632,944. when the remaining Tangible Personal Property Tax/Commercial Activities Tax is phased out. This means that between FY16 and FY25, the Twinsburg City School District will experience the cumulative loss of Tangible Personal Property Tax/Commercial Activities Tax of \$27,226,023.

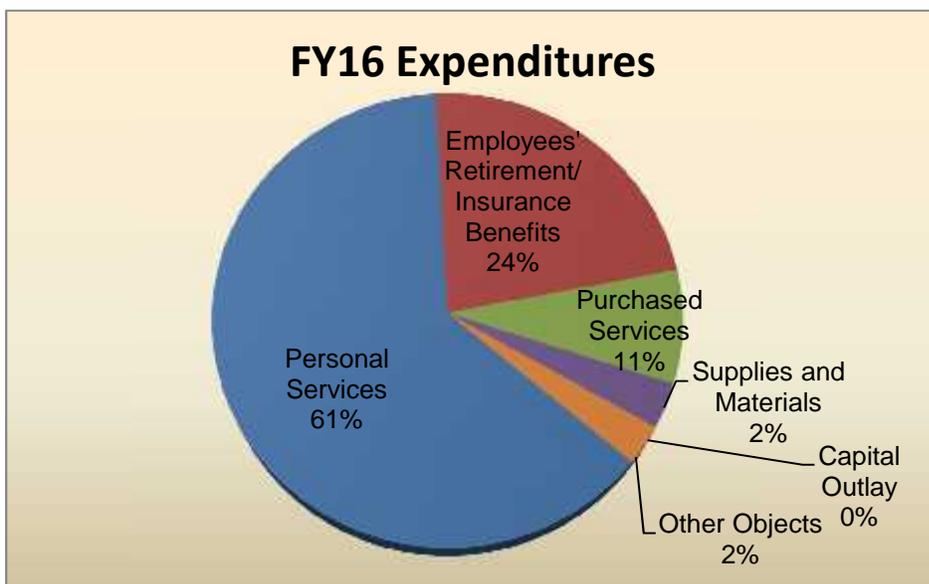


The Twinsburg City School District has been very concerned about the detrimental impact that the phase out of the state-controlled business tax would have upon our students and our school community. With Tangible Personal Property Tax diminishing with a total financial impact of \$9.8 million reduction in revenue to the General Fund, one of the District's goals was to set a course of action in play to insure a positive cash balance. After months of gathering feedback from members of our three communities, the Operational Change Plan was developed in 2012. Components of the plan included reductions in staff which equaled 45.647 full time equivalents or 57 individuals, implementation of Academic Fees and Pay-to-Participate Fees, along with the implementation of technological strategies which increased the efficiency of District operations. The \$3.2 million Operational Change Plan which included passages of a renewal levy and a new operating levy was developed after careful consideration of our community members' input and with the focus being the continuation of excellent educational programming for students. The Operational Change Plan was initially implemented in the 2012/2013 school year and continues to be in effect today.

Our school district continues to cut expenses and to "live within our means". According to the Cupp Report for FY16, our school district spends \$10,672 per pupil as compared to the state average of \$11,164 or the similar district average of \$10,936. Our year-to-year per-pupil expenses only increased a total of \$195 between FY11 and FY15.



In addition to the Operational Change Plan, the Twinsburg City School District participates in several group purchasing consortiums. Through the Ohio Schools Council the Twinsburg City School District purchases items such as buses, liability insurance, diesel fuel, paper, cleaning supplies, and receives discounts on natural gas and electricity. The District also participates in the Stark County Council of Government. This is a large health care consortium risk sharing pool. Recently our District completed two HB264 Energy Conservation projects. The project at our middle school replaced a boiler and lighting. The project at Twinsburg High School upgraded many parts of the heating and cooling system resulting in the reduction of utility expenditures.



Although the District will continue to implement the changes brought forth in the Operational Change Plan during the 2012/2013 school year, doing so will not fully meet the District's goal of a positive cash balance. Therefore, the Twinsburg Board of Education determined that a new 6.9 mill operating levy would be placed on the May 2, 2017 ballot. I am most grateful to the residents of the Twinsburg City School District as they approved the 6.9 mill operating levy last month. Without the passage of the levy and due to the continued phase-out of the Tangible Personal Property Tax reimbursement, the District would have had to meet the financial shortfall with additional reductions in staff and reductions to our programs and services. Passage of this levy places my District on much more sure financial footing, however, it does not resolve our situation. In the next three or four years, my Board of Education will seek the renewal of three operating levies for \$4.6 million, \$4 million and \$5 million respectively. Failure to secure the passage of any one of these three renewal levies will have a hugely detrimental impact on my District. I am very concerned about the continued over-reliance on our local tax dollars and the personal burden we are asking our residents to assume. Currently, the District only receives \$1,280.95 in Foundation Funding per student when our per pupil expenditure is \$10,672. I sincerely appreciate the consideration provided in the Ohio Senate's substitute budget in which the Senate has provided approximately \$8 million in the budget to address the TPP fixed rate by introduced a component that ties a FY18 reduction of TPP to a number of 3.5% of total operating revenues as opposed to the 5.8<sup>th</sup> mill reduction. This language will help slow the phase out of TPP in the future, however it falls short of retaining this critical TPP funding and ultimately, my District will be left with an overreliance upon our local tax dollars and a personal burden upon our residents.

Given the personal scenario I just shared with you regarding the financial landscape in the Twinsburg City School District, I respectfully make the following recommendations:

- In the last biennium budget, the Legislature included language for the 2016/2017 biennium that kept districts like the Twinsburg City School District from having a net decrease in funding from FY15 in the combination of state aid and Tangible Personal Property reimbursements, for which Governor Kasich vetoed in the 2017 provision. Thankfully, the Legislature salvaged a portion of the vetoed language in SB 208. This provision came to be known as the TPP supplemental dollars. I respectfully request that the language be returned to the last budget bill language but with the provision made in permanent law, rather than in temporary law.
- With the aforementioned placed into permanent law, Tangible Personal Property Tax reimbursements would continue to be phased-out, but districts would continue to be held harmless to FY15 as long as state aid is not increasing enough to offset the Tangible Personal Property Tax reductions.

- Further, since the Twinsburg City School District is a “capped” school district, I recommend that the budget bill address the situation where a district such as mine has capped state aid but is continuing to receive Tangible Personal Property Tax reimbursements. To further illustrate, the Twinsburg City School District received \$5,258,385.91 in Foundation Funding in FY17 but would have received \$9,261,528.43 if the funding had not been capped by more than \$4 million. By allowing the capped aid to replace Tangible Personal Property Tax reimbursements, the District’s Tangible Personal Property Tax reimbursements would be fully phased out, which is a goal of the Legislature, without additional cost to the state and without my school district losing additional funding.
- Finally, with regard to the fair funding amendment proposed by the Ohio House, I support the concept. Public schools must provide the same types of support to our students as chartered non-public schools provide to their students. Therefore, public school districts should receive at least as much per pupil. Recall, public schools are required by law to provide education to all Ohio’s youth. Chartered non-public schools are not under any legal requirement to do so. It would seem to me, then, that public school districts should receive as much per pupil as the statewide per pupil amount paid for chartered non-public schools in Auxiliary funds and for administrative cost reimbursement.

I am privileged to be the Superintendent of the Twinsburg City School District. I am very proud of my students, in fact, I like to say I am very Tiger Proud of them as they attain excellence in academics, co-curricular and extracurricular activities, the arts and in community service. As a school district, we continue to foster partnerships with our residents and local businesses as evidenced by the creation of a new workforce development program we are calling “The Academy at Twinsburg High School”. Students who participate in the Academy will have opportunities to gain skills in areas related to business & manufacturing, health care & administration and human performance & recreational management by participating in seminars, volunteer opportunities, shadowing experiences and internships at partner area businesses. Likewise, our Board of Education just entered into agreements with four (4) local businesses who through their very generous monetary and value-added sponsorships, will provide the funds to bring enhancements to our facilities including a new scoreboard at Tiger Stadium, a new scoreboard and stats board for the high school gymnasium and new large LCD screens which will provide for simulcasts from our auditorium to the high school commons. Through these types of business partnerships, we are able to enhance our facilities at no cost to our residents. It is through partnerships such as these that our district can continue to “live within its means” while still providing opportunities which prepare our students to meet the demands of college or a career and a successful adulthood.

Thank you for your attention today and for your commitment to Ohio's students. I am hopeful that you will consider the projected negative impact of the Governor's budget proposal, existing law as well as the reductions in federal funding which my District as well as other school districts in Ohio will experience due to the reductions made to funding public education by President Trump in his budget as you work to address the concerns being raised about our state's biennium budget. I am happy to address any questions you may have at this time.

**Lordstown Local Schools**  
**Written Testimony**  
**Before the**  
**Ohio Senate Finance Committee**  
**Terry Armstrong, Superintendent**  
**Lordstown Local Schools**  
**June 15, 2017**

Chairman Oeslager, and Honorable Members of the Senate Finance Committee, good afternoon and thank you for allowing me to address you today. My name is Terry Armstrong and I am Superintendent of Lordstown Local Schools in Trumbull County, Northeast Ohio. I am here to testify on behalf of Lordstown Local Schools today and with my colleagues in the Coalition for Fiscal Fairness of Ohio (CFFO).

I would like to express my grave concern about continuing the planned phase out of Tangible Personal Property tax reimbursements in Ohio. Prior to becoming an educator I worked in the private sector at a large company in Warren, Ohio. I consider myself pro-business and appreciate the fact that the intent of the elimination of the TPP taxes was to improve the business environment in Ohio. From my perspective that was a success. In fact, business growth in Lordstown has greatly helped our school district survive the accumulated millions in TPP reimbursement losses we have already experienced. We work with businesses, the Village of Lordstown and Trumbull County to make our community attractive for business development. Unfortunately, the complete phase out of TPP replacement funds for districts would create financial hardships that would result in budget decisions that will hurt our students.

Prior to the change in state law to eliminate TPP taxes Lordstown Schools received millions of TPP revenue declining to the \$1.6 million dollars in TPP replacement funds in 2015. This \$1.6 million dollars represents over 20% of our entire school district budget. The current law to completely phase out TPP replacement funds from the State of Ohio will be devastating to Lordstown Schools.

Lordstown Schools is also challenged by the inclusion of a gain cap on the funding formula. This year the cap resulted in Lordstown Schools losing nearly \$800,000.00. To make matters even more challenging for our district we currently have a State Share index of 31% resulting in a very low per pupil funding.

The challenges the loss of the TPP replacement revenue will present our school is mirrored by what many in our community are facing. Earlier this year General Motors Lordstown announced they were cutting the third shift which resulted in layoffs over 1,000 workers. More recently it was announced additional cuts in staff would be coming. While we are taking measures to help those families such as elimination of pay to participate for athletics, waiving classroom fees for school families and establishing a clothing and food pantry on-site it would be unthinkable to ask that they approve a property tax increase to make up the phased out TPP replacement funds or pick up the cost of fixed- sum portion of our TPP replacement funds.

Our staff has worked to continue creating a strong learning environment and positive culture for our students and school families despite these challenges. Our personnel expenses are below what they were a decade ago. Our staff worked with the district to join a healthcare consortium that represents a cost savings for our district budget, our district shares services with multiple districts as well as the Trumbull County Educational Service Center; and while our Lordstown-based student population has had a small decline we have made up for this by growing our open enrollment which now represents nearly 20% of our student body. The revenue from open enrollment has also helped our district survive the cuts in TPP reimbursements we have already experienced.

Though our school has financial challenges it is a special place. I have had the pleasure of teaching here, serving as Principal and am truly blessed to be Lordstown Schools Superintendent. We have great kids, a wonderful staff and supportive families and community. We are what I believe the State of Ohio wants schools to be.

Mr. Chairman and members of the committee, thank you for your time today and the opportunity to explain how this issue effects Lordstown Schools, its students, staff, community and school families. I am happy to address any questions you

may have about our district and how we are affected by this very important issue.  
Thank you.