

# BELPRE CITY SCHOOL DISTRICT

2014 ROCKLAND AVENUE, BELPRE, OHIO 45714  
(740) 423-9511 ♦ FAX (740) 423-3050

TONY DUNN – SUPERINTENDENT

LANCE ERLWEIN - TREASURER

## Substitute HB 49 Testimony

### Before the House Finance Committee

#### Tony Dunn, Superintendent

Good Afternoon, Chairman Smith, Vice Chairman Ryan, Ranking Minority Member Cera, and members of the House 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).

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 tax reforms in 2005, 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.” In FY19, the district is projected to receive \$1,466,179 in TPP reimbursements from the state, which now represents

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BELPRE HIGH SCHOOL  
612 THIRD STREET  
BELPRE, OHIO 45714  
740-423-3000

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2000 ROCKLAND AVENUE  
BELPRE, OHIO 45714  
740-423-3010

only 13% of our total revenues. Under current law, our TPP reimbursement will continue to phase-out at a rate of \$103,595 per year until it is completely eliminated. Belpre's total cumulative loss of TPP reimbursement will total \$28,104,644 from 2010 until it is completely phased out.

The pie charts in your packets illustrate how TPP tax payments once made up around 40% of our local tax base. As you know, the Commercial Activity Tax (CAT) was touted as the replacement for the loss of local TPP taxes. You can see by this year's pie chart that nothing replaced 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.

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.

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. One of the top barriers to entry in attracting new development into our community was identified as new school facilities. Our 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 an

operating levy 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. First, we could read the writing on the wall when the state eliminated the TPP tax, but then turned around and made it a function of state funding (also with the promise of holding us harmless in perpetuity). 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 remove our students from deplorable facilities if our state share was 56%-60%. Right now those numbers are reversed with our local share 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.

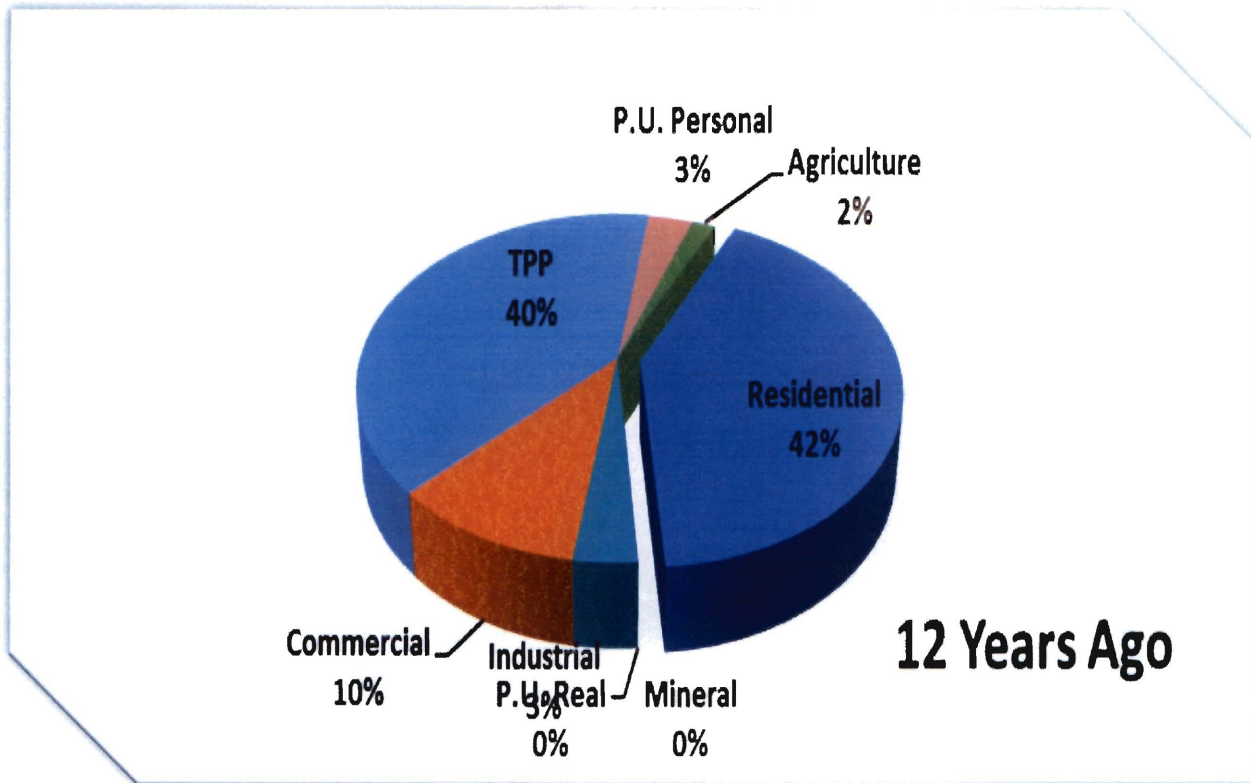
Mr. Chairman and members of the committee, thank you for your time today. I am happy to address any questions you may have about our district and how we are negatively affected by this important issue.

Respectfully,

A handwritten signature in blue ink that reads "Tony Dunn". The signature is written in a cursive style with a large, stylized initial "T".

Tony Dunn  
Superintendent

## 2005 LOCAL TAX BASE – BELPRE CITY SCHOOLS



## 2017 LOCAL TAX BASE – BELPRE CITY SCHOOLS

