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Ohio House of Representatives Extended Sub Committee on Primary and Secondary Education

August 22, 2012

The Senator Oliver R. Ocasek Government Office Building
Akron, Ohio

Chairman Amstutz and members of the Committee:

My name is Daniel L. Wilson and I am the Chief Financial Officer of the Mentor Exempted Village Board of Education. Thank you for conducting this hearing and the opportunity to provide input into the issue of school funding.

Over my career, I have observed that discussions of school funding always seem to be one inclusive discussion. I believe it is really two interrelated discussions. The first is how to equitably allocate state funding and to do so in a manner that encourages and supports educational reform and student learning. The second is how much should the state subsidize public education?

The first discussion on "how to allocate state funding" has, for many decades centered on the premise that per pupil funding is the proper funding unit. I respectfully suggest most school district's funding unit is not a student, but rather a classroom teacher. Spending decisions are based upon the number of teachers needed, which in turn leads to a decision on the number of classrooms and buildings needed. A growing body of research supports the belief that a high quality classroom teacher is the single most important component of a high quality education. By making a classroom teacher the funding unit, the State would ensure that State funding would go directly to educating our students. Additionally, it is my belief that funding quality classroom teachers would be the most equitable allocation strategies. Discussion on weighted funding for specific student groups could just as easily be weighted teacher units. Categorical funding could continue below the basic aid line or be included in

the teacher unit funding by adjusting the teacher student ratio definition of a teacher unit.

The second discussion is "how much should the State subsidize public education funding?" Unfortunately this discussion is splintered and all too often disconnected. Since the Northwest Ordinance of 1787, public education funding has been a partnership between the State and local communities. Historically, the majority of the funding responsibility has been placed upon local communities.

Over the past two decades, and especially over the past 10 years, major tax policy and educational policy decisions by the legislature has dramatically reduced the amount of local funding available for public education. Examples of these changes include the following:

1. Elimination of tangible personal property tax and a phase out of the "hold harmless" payments.
2. Elimination for reimbursement of loss of revenues from the first \$10,000 of personal property exemption.
3. The discontinuation of utility deregulation "hold harmless" payments.
4. Reductions in the State Foundation Program Funding.
5. Elimination of school bus purchase subsidies.
6. The diversion of local education dollars to community schools.
7. Proposed H.B. 136 would expand the voucher program to virtually any student, including those already enrolled in non-public schools.

Attached to this testimony is a chart showing the reductions in the local revenue to the Mentor Public Schools using 2004-2005 as the base year for comparison purposes. You will note for the upcoming school year, we have seen a reduction of \$10,316,942 in general operating revenues as a result of these tax policy and funding policy decisions. The cumulative reduction to date through the 2012-2013 fiscal year is \$31,849,000. Our budgeted 2012-2013 General Fund revenue is only \$70,000 more than our 2003-2004 revenue!

It is unrealistic to believe the quality of education can be maintained or improved with constant revenue reductions.

I urge the Extended Committee to carefully consider both issues of school funding. First, please revisit the funding unit for the allocation formula and give serious consideration to a teacher allocation model currently utilized in six states and proposed by the Ashland University School Funding Study Group. Second please reevaluate the respective responsibilities of local communities and the State of Ohio in providing the public education and resist efforts to further reduce local communities ability to fund their proportional share.

Mr. Chairman, thank you for allowing me to express my views on public education funding. I would be happy to respond to your questions.

MENTOR PUBLIC SCHOOLS
SUMMARY OF LOST REVENUE TO TAX POLICY AND FUNDING POLICY CHANGES

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
STATE FOUNDATION	\$ 236,244	\$ 326,533	\$ 247,919	\$ 178,709	\$ 359,647	\$ 497,836	\$ 1,743,568	\$ 1,743,568
BASE YEAR 2004-2005								
SCHOOL BUS SUBSIDY	\$ 223,553	\$ 179,479	\$ 196,688	\$ 145,417	\$ 244,059	\$ 244,059	\$ 244,059	\$ 244,059
BASE YEAR 2004-2005								
STATE T.P.P. HOLD HARMLESS	\$ -	\$ -	\$ 84,129	\$ 469,793	\$ 2,231,484	\$ 2,032,369	\$ 4,372,043	\$ 6,284,376
BASE YEAR 2006 (\$12,920,866)								
\$10,000 P.P. EXEMPTION	\$ 99,286	\$ 226,160	\$ 277,935	\$ 380,883	\$ 483,722	\$ 483,722	\$ 483,722	\$ 483,722
BASE YEAR 2004 (\$483,722)								
UTILITY DEREG. (Hold Harmless)	\$ 56,952	\$ 2,316	\$ 2,261	\$ 5,385	\$ 4,301	\$ 4,301	\$ 735,945	\$ 735,945
BASE YEAR 2004 (735,945)								
COMMUNITY SCHOOL DEDUCTIONS	\$ 321,838	\$ 420,879	\$ 511,835	\$ 525,005	\$ 699,935	\$ 722,774	\$ 825,272	\$ 825,272
ANNUAL LOST REVENUE	\$ 937,873	\$ 1,155,367	\$ 1,320,767	\$ 1,705,192	\$ 4,023,148	\$ 3,985,061	\$ 8,404,609	\$ 10,316,942
ACCUMULATED LOST REVENUE	\$ 2,093,240	\$ 3,414,007	\$ 5,119,199	\$ 9,142,347	\$ 13,127,408	\$ 21,532,017	\$ 31,848,959	
HOUSE BILL 136 POTENTIAL IMPACT							\$ 5,100,000	
ANNUAL LOST REVENUE AND H.B. 136 POTENTIAL IMPACT							\$ 15,416,942	
PERCENT OF TOTAL ANNUAL GENERAL FUND REVENUE LOSS	1.1%	1.1%	1.3%	1.7%	4.1%	4.0%	8.7%	17.2%
							WITHOUT H.B.136 IMPACT	11.5%