

Prepared Notes for House Education Committee
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Marc A. Schare –
614 791-0067
marc9@aol.com

Chairman Stebelton, Ranking Member Luckie, thank you for allowing public participation in this process. My name is Marc Schare and I am the President of the Worthington City Schools Board of Education. I come to you tonight both as an individual Board Member and as a taxpayer concerned that through House Bill 136, property taxes that I and other Worthington taxpayers voluntarily agreed to pay for a quality school district will be redirected away from the Worthington public school system and sent elsewhere, offering myself and my board colleagues no other choice but to replace those dollars with additional property tax increases.

Let me first start by saying that I was one of only a handful of board members in the state that testified as a proponent of Senate Bill 5. I believe in education reform and I believe wholeheartedly in the policy initiatives embedded in House Bill 136. In my experience, competition works every time it is tried and I think that competition will make public schools better. I also believe that most people in my community will choose a Worthington public school experience even if the private or charter school experience is free or subsidized. My problem with House Bill 136 is part pragmatic and part philosophical. I do not believe the State of Ohio has the moral authority to redirect local taxpayer dollars that are raised as the result of a voluntary property tax levy to an alternative provider and to do so would result in local property tax increases or programmatic cuts in my district.

Quoting from the LSC analysis of the legislation:

PACT students would be counted in the enrollments of their resident school districts for purposes of school funding, and then those students' scholarships would be deducted from their school districts' state payments.

Under the funding formula contained in HB153, Worthington will receive approximately 13.6 million dollars in state aid and approximately 12.8 million dollars in TPP reimbursements in FY12, however, as the grade levels eligible for the PACT scholarships increase, our TPP reimbursement will decrease, eventually going to zero, and I will add parenthetically that no one in Worthington believes that future legislatures will extend those payments indefinitely as is promised in HB153. When HB136 is fully phased in (FY15) and assuming stable enrollment, we'll be down to 19 million dollars from the state, inclusive of TPP reimbursements, or approximately \$2000 per student. This proposal indicates that the deduction of a PACT scholarship is around \$5600/student. This means that proportionately, **\$3600 per student receiving one of these scholarships will be paid for by local property taxes.** I have to pause here, and I know it is perhaps inappropriate to ask questions in this format, but what possible justification is there to

confiscate local property tax dollars that you aren't even using to pay the scholarship? It is almost as if the intent is to do whatever is necessary to drive the state's share of my districts revenue to zero.

Asking my neighbors to increase their taxes to benefit my school district is not something that comes easy to me. When a community makes that choice, it is simply not right to have those dollars ripped away from the cause which justified the tax increase and sent elsewhere, and I say this while agreeing that in many cases, the "elsewhere" may be a better option for the child and the family. It would be as if this legislature took dollars from a local library levy and used those dollars to fund gift certificates for Barnes and Noble. They might do a better job for some people, but that isn't why the money was generated in the first place.

I've heard the argument that this is fair because the public school district no longer has the responsibility to educate the child. If Worthington spends \$12,000 per student and the state takes \$5,600 but removes the student, I should be \$6,400 to the good. The argument is incorrect because removing a student here or there does nothing to reduce my fixed costs. If all students receiving PACT scholarships were in the same part of my district and I could reduce staff or close a school, the argument would be correct, but they are not. Just as adding a student does not increase my fixed costs, decreasing a student does not help my bottom line. Moreover, as these scholarships will soon apply to kids that are already in non-public schools, this represents a loss to my district because the value of the scholarship exceeds the incremental benefit of adding one to my ADM.

I've heard the argument that this is fair because my neighbors voted their tax dollars to educate the children in the community and those children are still being educated with those tax dollars. Most levy campaigns are run using a variation on the theme that a strong public school district maintains strong property values and that there is some inherent benefit to living in an area with strong public schools even if you don't have children using those schools. Most campaigns also use an explicit or implicit threat that items that a community values such as busing, extracurricular activities and so forth are at stake. No campaign ever has or ever would make an argument that the local money is needed so that your neighbor's kid can go to a private or charter school. I hazard a guess that most levys would not be successful using that tactic, yet, HB136 would have exactly that result.

Members of the committee, the legislative session began with HB30, a bill that promised to repeal some of the recent unfunded mandates inflicted on school districts. I submit to you that HB136 is a huge, unfunded mandate that dwarfs any savings I might get from HB30. In fact, the greatest irony of HB136 is the impact this legislation could have on my district's all day Kindergarten program as early as next year. Our program is cost neutral to the taxpayer and enormously successful. HB30 saved the program as we would have killed it absent the ability to charge and the nominal tuition covers our expenses. This legislation will destroy it. Why? Because parents who are currently paying the nominal fee will be eligible for PACT scholarships from private providers and those providers will be able to offer their programs heavily subsidized by taxpayer dollars whereas for

my district to do that, I'd have to increase taxes and as one board member, I'm not willing to do that for a non-required component.

I want to take just one additional moment to talk about the big picture. It seems clear that the legislature wants to send state money to non-public school institutions. Eventually, this legislation would have the effect of raising the local share requirement in my school district to close to 100% as the relatively small amount we receive from the state now is spent elsewhere. You might make the argument that Senate Bill 5, if upheld, would give me the tools I need to compete with private schools. It simply isn't true. Even under Senate Bill 5, it will be against the law to reduce the salary of a public school teacher even if I was willing to commit the immoral and perhaps illegal act of firing someone just because they are expensive. Under Senate Bill 5, the process of establishing a normalized labor market in a best case scenario will still take decades. Under this legislation, I see no alternative but to ask our residents to raise local taxes to make up for lost dollars because there is no viable alternative for reducing costs dramatically in the timeframe contemplated by this bill. If I'm wrong about that, please speak up, but it seems to me that through HB136, you are essentially transferring the responsibility for paying for a private school education from the individual to the individual's neighbor.

In summary, I applaud the policy objective; however, I believe that if the state wants to mandate PACT scholarships, the state should pay 100% of the cost of those scholarships. You can accomplish this with one minor change. If a student accepts a PACT scholarship, do not add that student to the public school districts ADM and have the state pay the provider directly rather than using the public school district as a middleman. I thank you for taking the time to hear my thoughts and I will attempt to answer any questions you may have.