



MADISON LOCAL SCHOOL DISTRICT

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Senate Finance Primary and Secondary Education Subcommittee Substitute House Bill 49 Testimony May 18, 2017

Good morning, Chairman Hite, Vice Chair Sykes, and members of the Senate Finance Primary and Secondary Education Subcommittee. Thank you for the opportunity to speak to you today regarding Substitute House Bill (HB) 49. My name is Michael Vaccariello and for the last six years I have been the Treasurer for the Madison Local Schools in Lake County.

As you are aware, House Bill 49 would reduce funding for school districts receiving transitional aid guarantee funds. The reductions are based on the changes made to the foundation formula and districts' enrollment loss over a five-year period. We are opposed this change.

This change would result in the Madison Local Schools in Lake County losing \$644,160 in Fiscal Year 2018 and subsequent losses over our five-year forecast that I will discuss later and have illustrated in several graphs attached to my testimony.

In order to understand what the effects of this loss would be, it might be helpful to understand what the district has already done to balance its budget.

When I was hired in Madison in 2011, the district realized that if spending was not reduced, the deficits facing the district would be astronomical. I have a chart that shows that if the same level of spending continued through FY2021, the deficit would be over \$43 million. (Chart 1).

Since there has been very little increase in revenue over the last ten years, the only way to eliminate this looming deficit would be to cut programs and staff. And cut we did. 82.5 positions over seven years. Forty of those were teachers. No raises for four of the seven years and those years that did have raises, they were well below the rate of inflation. At the same time, the staff continued to contribute more and more for their health insurance. District-wide, all staff did what it took to eliminate

most of the large deficit. All of these changes allowed us to reduce the estimated deficit to about \$6 million. (Chart 2).

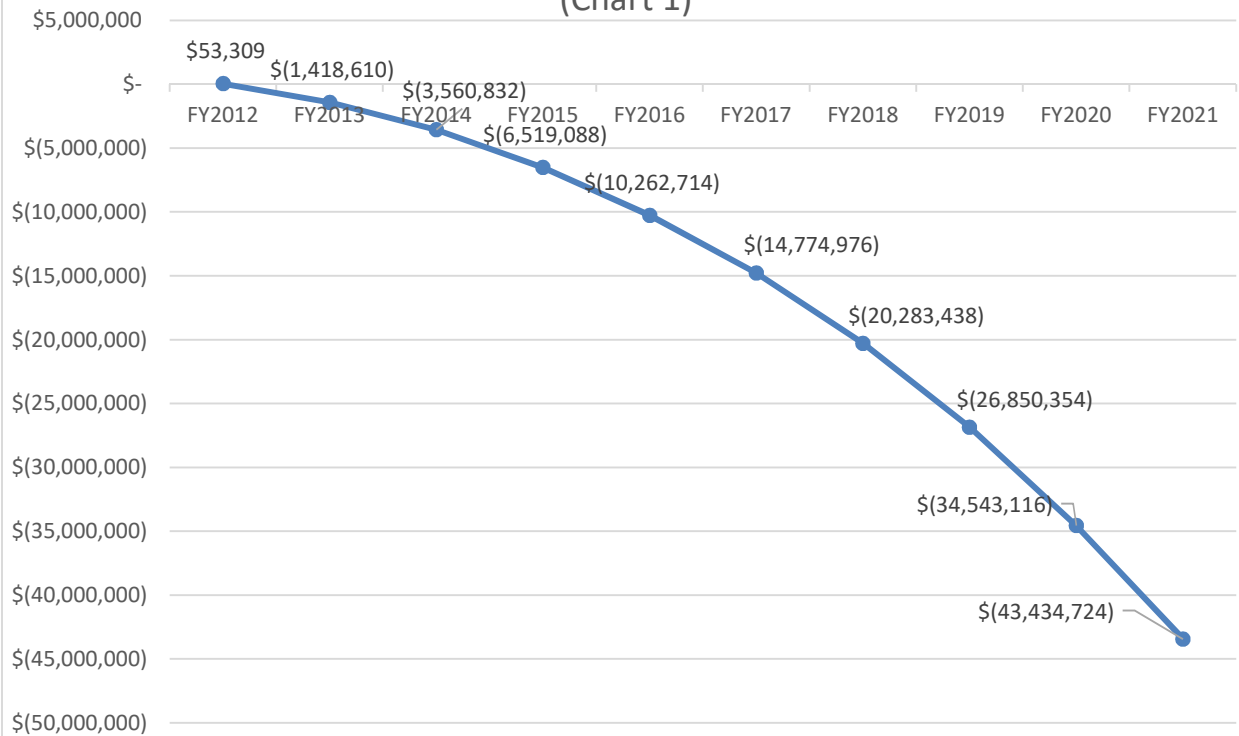
This estimated deficit was discussed with the Madison Local Board of Education and they voted to put a 4.99 mill levy on the May 2, 2017, ballot. We were successful for the first time since 1989, 28 years ago. The levy wouldn't bring back much, two teachers and two custodians, but it would allow us to be solvent through the last year of the five-year forecast for the first time in many, many years. Our estimated balance in 2021 would be \$54,928. Not a lot, but still better than the almost \$6 million deficit before the levy and the over \$43 million deficit before the massive cuts. (Chart 3)

Now, with the changes in House Bill 49, this would all change. The \$644,160 loss per year for the Madison Schools, as proposed in this Bill, would change the estimated ending balance in 2021 to a negative \$2.5 million. After all of the hard work, cutting staff, pay freezes, and paying more for health insurance to have to cut even more would seem to be penalizing a district for doing what it needed to do to eliminate a deficit.

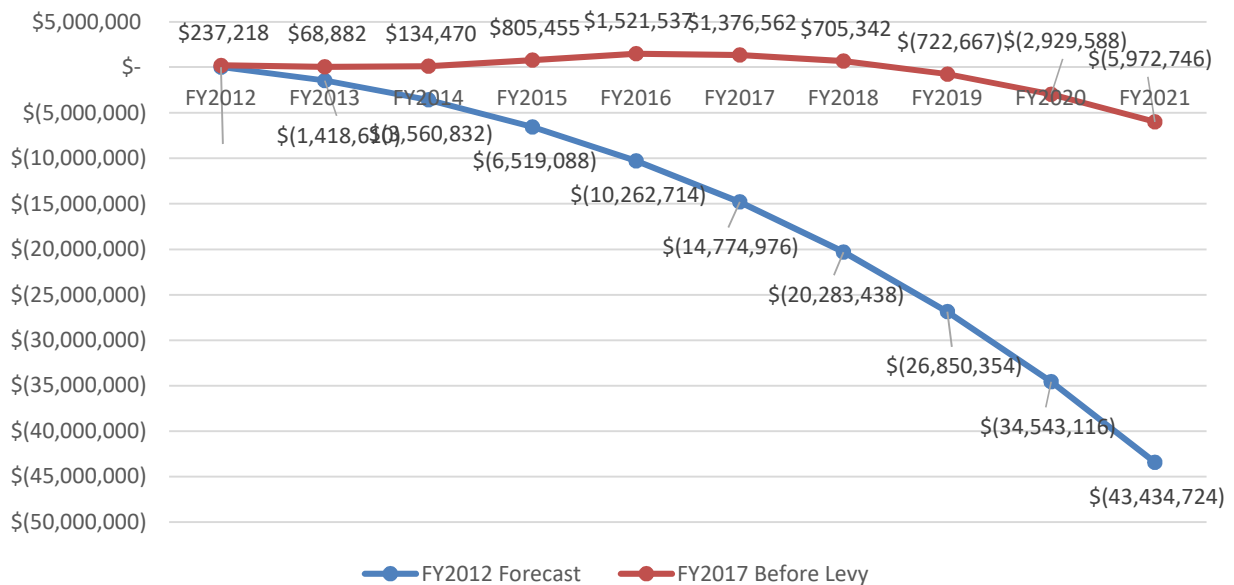
We spent \$8,527 per pupil in 2016. The statewide average was \$11,164. Clearly, we are not overspending. If the legislature chooses to adopt the governor's ADM formula loss methodology, a methodology that has been flawed due to a lack of adequate growth in the base cost number which drives the formula calculations, the state foundation formula should not penalize any district with a loss in revenue, especially those districts spending below the statewide average expenditures per pupil. We already do not have enough resources to adequately serve our students. The legislature should not further penalize our district or any district with a decrease in funding.

Thank you for your time this morning.

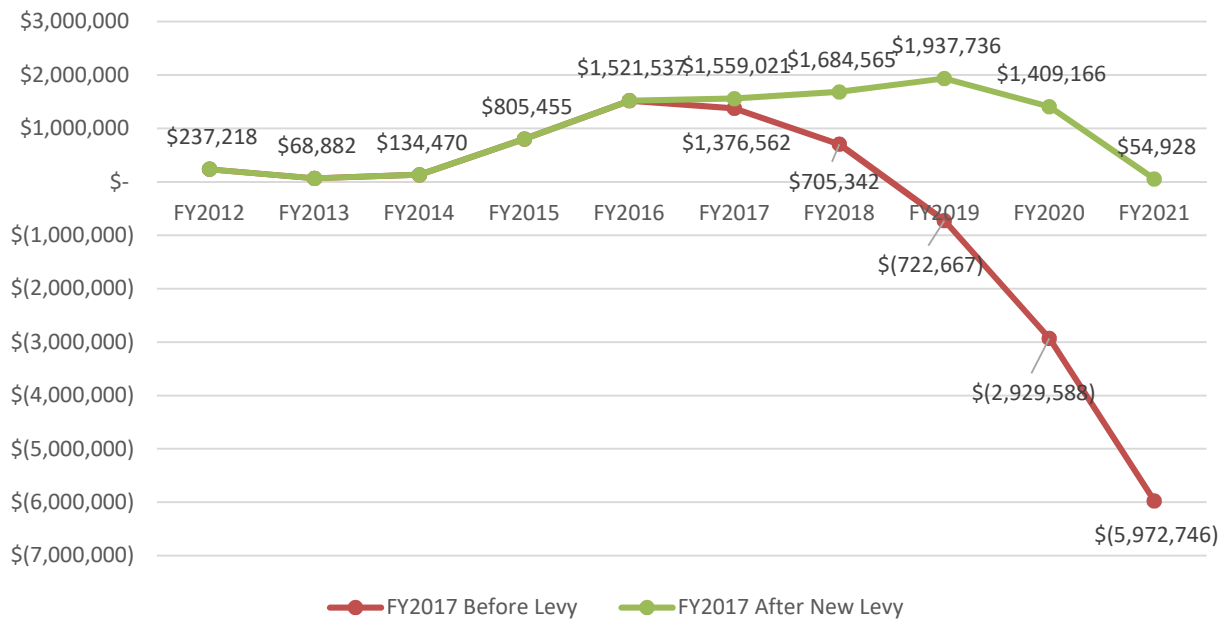
FY2012 Forecast Ending Balances
(Assumes No Changes in Programs or Staff)
(Chart 1)



FY2017 Forecast Ending Balances Compared to FY2012 Forecast
Ending Balances
(Change In Ending Balance Due to Cutting Programs and Staff)
(Chart 2)



FY2017 Forecast Balances Before and After Tax Levy Passage
(Change in Ending Balances Due to Passage of First New Levy in
28 Years)
(Chart 3)



FY2017 Forecast Ending Balances With Levy Passage and With
Effects of Proposed Ohio Cuts to State Funding
(Change in Ending Balances Due to Reduction in State Funding)
(Chart 4)

