

HB 96 Interested Party Testimony Submitted by Kevin Stockdale
Chief Financial Officer, Cleveland Metropolitan School District
Before the Ohio House of Representatives Finance Committee
March 11, 2025

Chairman Stewart, Vice Chair Dovilla, Ranking Member Sweeney, and members of the House Finance Committee, thank you for the opportunity to submit testimony today. My name is Kevin Stockdale, and I serve as the Chief Financial Officer of the Cleveland Metropolitan School District (CMSD). I appreciate the opportunity to share CMSD's perspective on the importance of continued investment in Ohio's schools.

CMSD is the third-largest school district in Ohio, serving approximately 35,000 students, the vast majority of whom come from economically disadvantaged backgrounds. Our district is committed to providing a high-quality education to every child, and we are proud of the progress we have made in recent years. Most notably, our state report card rating improved from 2.5 stars to 3 stars – the highest rating among large urban districts – reflecting the hard work of our educators, students, and families. While this improvement is encouraging, we recognize that significant challenges remain, and sustained financial support is critical to continuing our upward trajectory.

Last year our district began a multi-year process to improve our financial outlook. Facing the end of federal pandemic relief and the inflationary increases experienced by all school districts in 2024, we developed and implemented a Board-approved deficit reduction plan eliminating a two-year cash deficit of \$168 million. We began our reductions at the central office, cutting positions by 12% and overall spending by \$25 million this fiscal year. While we reduced or eliminated some of the pandemic relief investments, we protected school-directed funding and preserved 1:1 technology and nurses in every school. We are continuing to examine our operations, with \$150 million in cost-cutting targets over the next three years, including the process of evaluating our facilities. In order to improve central office coherence and responsiveness, all staff returned full-time to the office last summer.

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I would like to begin by expressing our deep appreciation for the ongoing commitment of Governor DeWine and the General Assembly to education and for the continued phase-in of the Fair School Funding Plan. This plan provides a much-needed framework for ensuring that school districts receive equitable and predictable funding. However, to fully realize its intended impact, the formula's inputs must be updated to reflect current economic conditions. Without these necessary adjustments, districts like CMSD are forced to absorb the rising costs of inflation, placing additional strain on our ability to serve students effectively.

Additionally, we have concerns about the reduction in the funding guarantee. While we understand the goal of transitioning districts toward a fully implemented funding model, decreasing the guarantee without completing the phase-in of the formula and updating inputs does not fulfill the intent of protecting funding while the formula is implemented. A more measured approach would help ensure that schools have the resources necessary to maintain progress and meet the diverse needs of their students.

A critical component of the Fair School Funding Plan for CMSD and similar districts is Disadvantaged Pupil Impact Aid (DPIA). The state provides DPIA to districts to meet the unique educational needs of students in poverty. The state relies upon eligibility for free and reduced-price meals as a gauge of economic disadvantage. Using this measure, all students in CMSD are economically disadvantaged. Unfortunately, due to changes in the way DPIA is distributed under the FSFP, the fully phased-in funding estimates for CMSD have already decreased from \$64.5 million in 2022 to an estimated \$35.5 million this year. These reductions, and those that we project as more districts participate in the free and reduced-price meals program, will strain resources for academic interventions, mental health services, family engagement programs, and other wraparound supports that directly impact student success. However, without full phase-in, adequate funding levels, and returning the distribution of DPIA funding to districts serving the most students in poverty, the effectiveness of DPIA is limited. We urge the legislature to ensure continued investment in DPIA to reflect the true needs of economically disadvantaged students.

We also recognize that ensuring long-term fiscal stability requires making several difficult decisions. CMSD is committed to being responsible stewards of public funds and taking the necessary steps to balance financial sustainability with the needs of our students. However, without necessary updates to the funding formula and full DPIA funding, the burden of inflation and declining guarantees will make these decisions even more difficult, potentially impacting the services and programs that have contributed to our recent progress and further shifting the financial burden to local taxpayers.

The Fair School Funding Plan represents a major step forward for Ohio's schools, but to truly fulfill its promise, it must be maintained and refined over time. We urge the legislature to ensure that the funding formula continues to align with the actual costs of educating students and that districts are not left to bear the burden of rising expenses on their own.

On behalf of the Cleveland Metropolitan School District, I sincerely appreciate your time and consideration. Thank you for your leadership and your commitment to Ohio's students.