Angie Hamberg testimony to House Finance Committee regarding House Bill 96

Chair Stewart, Vice-Chair Dovilla, Ranking Member Sweeney, and Members of the House Finance Committee:

Thank you for the opportunity to provide testimony today on the State's budget. My name is Angie Hamberg, and I am the Superintendent for the Westerville City School District, located in both Franklin and Delaware counties. Joining me today is Board President Kristy Meyer, who has also submitted written testimony to the committee.

Our District serves nearly 15,000 students and employs nearly 2,000 people and spans multiple municipalities. We take pride in our highly diverse community and our commitment to providing a high-quality education for all students.

Our student demographics include 16% special education, 23% gifted education, and nearly 11% English learners. Over 43% of our students and their families are economically disadvantaged, yet we are still considered a wealthy suburban District under Ohio's school funding formula.

Our treasurer, Nicole Marshall, has testified twice already this season on the budget bill, but we are here today to again emphasize the importance of the funding of our public schools. I want to thank you for the additions that were added to the governor's proposal, which had us losing funding over the biennium. While this change was helpful to most districts, as I talk to my colleagues, many of us have grave concerns about the amendment that would require the auditor to suspend property tax collections for any district with a cash balance over 25%.

As you are aware, many districts are in a unique position with higher than usual cash balances for a variety of reasons. For us, it is not due to the reappraisals, as we are not on the 20-mill floor; our balance is from being able to pay positions to sustain operations from ESSER funds, but as we shift those positions back to the general fund, we are deficit spending.

We appreciate the legislature's work on the Fair School Funding Plan, which provides a strong foundation for public school funding. However, without fully updating cost inputs to reflect inflation, the formula does not meet the true financial needs of our District or others. Since fiscal year 2021, our state share has decreased by 20%. In this year alone, we lost $4 million due to the updated local wealth calculations without updated cost inputs. Our funding formula currently only accounts for inflationary increases on the local wealth calculation. Because the funding formula was not fully implemented, we have lost the opportunity for over $29 million in revenue over the same time period.

While we saw a decrease in funding, we still had 124 new students. We strategically planned to use our cash as a stop gap until we could secure additional ongoing funding through a levy.

We actually placed a levy on the ballot in November, with plans to use some of our cash to accompany a small "no-new-millage" bond to address some of our buildings from the 1960s.

When our ballot issue failed, we decided to move the cash back to our operating fund to help keep our Five-Year Forecast in the black. Even with that shift, we have still had to eliminate positions and reduce budgets to attempt to reduce our yearly deficit. Our cash balance is part of our plan over the life of the Five-Year Forecast, and it keeps us with a positive unreserved cash balance, so we are able to sign longer contracts. With our cash balance and the reductions we have made, we are in the black until 2029. Under the new amendment, we would quickly run out of cash, and we would have to make major cuts to programming unless we continued to successfully ask for regular small levies. I am skeptical that we would be able to successfully pass a series of small levies.

Our cash is not sitting in the bank because we don't need it. We have many needs across the district, including technology, curricular materials, building maintenance, parking lot and playground equipment replacement, just to name a few. We are not using our cash to take care of those needs, because we need it for recurring operations over the life of the forecast. Only looking at a year of the forecast and reducing collections based on the cash balance in the first year is not in alignment with the way school districts typically are required to plan and operate.

With declining revenue growth and increasing student needs, our financial model is unsustainable. No business can function by reducing revenue while increasing services. The only band aid we have right now is our cash balance, and like many districts, losing it abruptly would be catastrophic for us.

Thank you for your time. I welcome any questions you may have.