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Senate Education Committee**House Bill 96****May 5, 2025**

Chair Brenner, Vice Chair Blessing, Ranking Member Ingram, and members of the Senate Education Committee:

Thank you for the opportunity to provide testimony on House Bill 96. My name is William Wade, and I serve as the Chief Financial Officer for the Mentor Exempted Village School District in Lake County.

Mentor Schools is a suburban district serving approximately 6,550 students across 12 buildings. Our community takes pride in delivering a high-quality, well-rounded public education, supported by strong fiscal stewardship and transparency.

Fair School Funding Plan: Continue Phase-In and Update Inputs

Mentor strongly supports the Fair School Funding Plan (FSFP) as a student-centered, transparent, and predictable model that helps with long term planning. We urge the Senate to:

- Maintain the Governor's proposal to fully phase in the FSFP over six years;
- Update the base cost inputs, which remain frozen at FY22 levels despite rising staffing and service costs;
- Preserve existing guarantee structures until full phase-in is complete.

In districts like ours, local capacity is updated (through rising property values and income), while base costs remain static. This distorts the formula and results in reduced funding, shifting a greater burden to local taxpayers.

Impact on Mentor Schools and the 30% Cash Balance Cap

The House-passed version of HB 96 proposes a 30% cap on year-end general fund cash balances relative to prior-year expenditures. Exceeding this cap would trigger an offsetting reduction in property tax millage.

For Mentor, this would have immediate and severe consequences:

- Based on our current five-year forecast, we would need to cut **\$11,148,689 in revenue** to comply with the cap in FY2025;
- This equates to a **reduction of 4.1 mills** of local property tax support;
- In FY2025, our calculated reserve is **39.8%**, declining naturally to **33.4%** in FY2026, **24.1%** in FY2027, and into deficit in FY2029—without any intervention.

These reserves are not excessive—they are essential to responsible long-term planning. Mentor has only asked taxpayers for new operating dollars once since 2004 (in 2016). We have:

- Reduced staffing in alignment with enrollment declines;
- Consolidated school buildings;
- Made targeted budget cuts to extend our levy cycle.

Our board policy sets a **minimum 20% cash balance**, aligned with best practices recommended by ODEW, OASBO, and Moody's. These reserves allow us to:

- Sustain operations without constant ballot issues;
- *Navigate cash flow gaps due to the timing of tax collections and state payments;*
- *Sustain our five year capital maintenance and strategic plans*
- Preserve instructional programming during economic downturns;

Moreover, the influx of one-time federal ESSER stimulus dollars artificially elevated many districts' reserves. These are not ongoing funds. Penalizing districts for temporary balances established to respond to an unprecedented crisis is both shortsighted and inequitable.

College & Career Readiness: CTE and Workforce Development

Mentor Schools is committed to supporting Ohio's economy by expanding workforce readiness programs and strengthening career and technical education (CTE) opportunities. Through our strategic plan, we aim to increase student access to college credit opportunities, industry credentials, and workforce training. Initiatives such as expanding Advanced Placement (AP), College Credit Plus (CCP), and CTE courses, along with integrating career exploration at all grade levels, will ensure our students are well-prepared for the evolving job market.

However, reductions in state funding jeopardize these efforts. Career-technical education programs require substantial investment in specialized equipment, facilities, and instructors. Funding reductions would make it difficult to maintain these high-quality programs, particularly

in traditional high schools where CTE expansion is needed to meet growing workforce demands. Many career centers already have extended waitlists, and without adequate funding, students will have fewer opportunities to obtain the skills necessary for in-demand jobs.

As Director Dackin has emphasized, expanding CTE programs is critical to Ohio's workforce development. Budget cuts would not only hinder this expansion but also risk eliminating existing programs, reducing student access to industry-recognized credentials, and exacerbating the skilled labor shortage. The long-term economic impact of these reductions will be felt by both students and Ohio employers, particularly in industries reliant on specialized skills such as manufacturing, healthcare, and technology.

The Fair School Funding Plan represents more than a funding formula; it is a commitment to ensuring that every Ohio student has access to a high-quality education, every community has the resources necessary to support its schools, and every employer has access to a skilled workforce. By fully implementing this plan with inflation-adjusted inputs and maintaining funding guarantees, Ohio can continue to build a stronger education system, a more competitive workforce, and a more prosperous future.

Maintain Five-Year Forecasting

Eliminating the five-year forecast requirement in favor of a three-year model diminishes our ability to:

- Proactively respond to structural deficits;
- Communicate transparently with our board and community;
- Plan for future levies and long-term investments in student learning.

Forecast years four and five are often when deficits emerge—particularly for levy-dependent districts like ours. Cutting off these years narrows our planning window and could increase the frequency and urgency of ballot issues.

Summary

Mentor Schools respectfully asks the Senate to:

- Remove the 30% cash balance provision from House Bill 96;
- Reinstatement the five-year forecast requirement;
- Fully implement the Fair School Funding Plan with updated inputs and sustained guarantees.

On behalf of the students, families, and taxpayers we serve, thank you for your continued partnership in securing a strong future for public education in Ohio.

Chair Brenner and members of the committee, I appreciate your time and consideration.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Wade', with a large, stylized loop at the end.

William Wade

Chief Financial Officer

Mentor Exempted Village School District

Lake County, Ohio