

Madison Local School District

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Senate Education Committee House Bill 96 May 14, 2025

Chair Brenner, Vice-Chair Blessing, Ranking Member Ingram, and members of the Senate Education Committee, thank you for your service to the great state of Ohio and for the opportunity to testify today on House Bill 96. My name is Rob Peterson, and I serve as the Superintendent of the Madison Local School District in Richland County.

Madison Local Schools is a suburban school district that covers approximately 50 square miles and houses 2,400+ students in 3 elementary schools, a middle school, and a comprehensive high school.

I appreciate the work of this committee and the General Assembly in supporting Ohio's public schools, and I respectfully offer the following comments on the following provisions in House Bill 96.

Fair School Funding Plan: Preserve the Phase-In and Update Base Cost Inputs

Like many of my colleagues across the state, I remain strongly committed to the Fair School Funding Plan (FSFP). It is a student-centered, transparent, and predictable model that reflects the actual cost of educating students in our communities.

Replacing the FSFP phase-in with temporary "bridge funding" moves away from this progress and reintroduces uncertainty into a system we've worked hard to stabilize.

We urge the Senate to:

- Remove temporary "bridge funding" and maintain the phase-in as proposed by Governor DeWine;
- Update the base cost inputs to reflect current costs, such as staffing, class sizes, and services; and
- Maintain guarantees until full implementation of the FSFP is complete, including updated categorical funding.

Madison is a "capped" district where we have been phased in to the funding formula at approximately 67% to date. Madison is certainly not a wealthy district. The average income of our residents from tax year 2022 (most recent data available) was \$50,253, lower than all of the following: the average of districts similar to us in Ohio (\$58,047), the average of all other Richland County districts (\$68,139), and the state average (\$75,823). Our assessed property

valuation per pupil from tax year 2023 (most recent data available) was \$199,499, again lower than all of the following: the average of districts similar to us in Ohio (\$207,052), the average of all other Richland County districts (\$264,269), and the state average (\$269,073). The point of this data is that it is difficult for our district to increase our local funding, even with the passage of a levy, and therefore the importance of state funding and its impact on our ability to educate our students. We were very fortunate in 2023 to pass an operating levy for new funds by the smallest of margins (33 votes, which required a recount). Looking at the fiscal year 2024 Local Tax Effort Index, which reflects the extent of the effort residents of school districts make in supporting public elementary and secondary education relative to their ability to do so, Madison's index is 1.0641, higher than the average of districts similar to us in Ohio (0.9577) and the state average (1.0000). As you can see, Madison is not a wealthy district, however as reflected by the Local Tax Effort Index, the district's residents support the schools at the local level as they are able to do so. We cannot go back to our taxpayers in the near future for additional support, which is why it is so important for a "capped" district such as Madison to have the last third (33%) of the FSFP phased-in in the next biennium budget.

In addition to the FY 26 and FY 27 phase-ins, updating the base cost inputs to FY24 levels is critical. Because the FSFP relies on a partnership between the state and districts for funding, it is necessary that as property valuation and income get updated according to Ohio law (reflecting the local share), the base cost inputs must be updated simultaneously. Otherwise the formula becomes unbalanced, resulting in an overreliance on property taxes and a higher local share. Additionally, I think it is obvious to all of us that the cost to educate students continues to increase year over year, and with recent inflation those costs have increased significantly over the last two years. As I'm sure you are aware, property tax levies allow for minimal growth in school funding as a result of HB920 and its tax reduction factor. Accordingly, local funding does not keep up with the ever-increasing costs to educate our children. Updating the base cost inputs allows for an appropriate balance between local and state funding, helps account for inflationary increases in the cost to educate our children, and therefore allows us to provide the necessary support to meet the needs of our students.

Concerns have been shared that districts do nothing to contain costs and that they just spend and ask for more money. Please note that this does not describe Madison Local Schools. Because we are a service industry, the majority of our expenditures are employee costs. Each spring we review staffing for the following year, and align staffing to enrollment. Since I became superintendent five years ago, we have reduced some combination of teachers, non-teaching staff, and administration each year, including for the 2025-26 school year. We also work diligently to negotiate employee salaries that are competitive, but not excessive as evidenced by our current teacher base salary of \$37,014. In our November, 2024 five-year forecast, our district end-of-year cash balances have been \$1.89 million (FY23), \$1.73 million (FY24) and are anticipated to be \$2.34 million (FY25), \$1.64 million (FY26), and \$0.54 million (FY27). To provide you with some context with our cash balance/carryover, a single payroll in our district is approximately \$900,000. As you can see, we work diligently to keep our operating costs in check as we continue to operate on an extremely tight annual budget with very little carryover.

Cash Balance Cap & Five-Year Forecast Elimination

Under the House-passed version of HB 96, districts with a carryover balance above 30% of the prior year's expenditures could face property tax reductions. For our district this is a non-issue currently, however, if we were to get into a position where our carryover reached the 30% threshold, it would create serious planning challenges.

Ohio collects property taxes in arrears, which means that any reduction triggered by a June 30 balance wouldn't affect collections until 18 months later—long after the budget for the affected year has been adopted.

Capping cash balances would undercut responsible financial planning and could increase long-term costs for both school districts and local taxpayers.

In addition, replacing the five-year forecast with a three-year projection would weaken our ability to plan ahead, monitor for emerging deficits, and communicate with our communities. Years four and five are often when deficits appear—particularly in districts dependent on levy renewals.

We urge the Senate to:

- Remove the 30% cash balance provision from HB 96; and
- Reinstate the five-year forecast requirement to ensure long-term financial transparency.

On behalf of the Madison Local School District community, I would like to thank you for taking the time to understand our needs and the priorities for which I've advocated. Most importantly I am asking that you consider the importance of the FY26 and FY27 phase-ins as well as updating the base cost inputs to FY24 levels. The children and families of Madison and other districts like ours in the state of Ohio need your support for these provisions. Thank you for your time and consideration, for all that you do for the communities you serve, and for all that you do for the great state of Ohio!

Sincerely,



Robert S. Peterson
Superintendent
Madison Local School District