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**Testimony on House Bill 96
Senate Education Committee
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Submitted by: Dr. Marci Shepard

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

Thank you for the opportunity to offer testimony on House Bill 96. My name is Marci Shepard. I serve as Director of the Ohio University Leadership Project, which supports superintendents, treasurers, principals, and central office leaders across 105 member districts across Ohio, especially Southeast Ohio.

Our region—Appalachian Ohio—is unique in both its challenges and resilience. We serve students in communities with low property valuations, high poverty rates, and limited local tax capacity. Even so, our districts remain committed to opportunity, equity, and fiscal responsibility. State funding isn't just supplemental for us—it's foundational.

The Fair School Funding Plan: A Path Toward Fairness and Stability

The Fair School Funding Plan (FSFP) is the most student-centered, transparent, and stable model Ohio has developed. It accounts for what it actually costs to educate students while recognizing differences in local revenue capacity. This plan matters deeply to our region, and we urge the Senate to:

- Maintain the FSFP phase-in as proposed by Governor DeWine
- Update the base cost inputs to reflect today's real costs—staffing, class sizes, and services
- Maintain guarantees until the plan is fully implemented, including updated categorical funding

If base costs remain outdated while valuation and income data are refreshed, districts in Southeast Ohio will be disproportionately harmed. The result is a growing funding gap that unfairly shifts the burden to already-struggling communities.

What's at Stake in Southeast Ohio

Workforce Readiness: Our local economies rely on a pipeline of career-ready graduates. Schools are partnering with career-tech centers to offer credentialing, apprenticeships, and hands-on learning. But without full FSFP funding, we can't scale these opportunities.

Special Education: Southeast Ohio has among the highest special education identification rates in the state—often 18–20%, compared to the state average of about 15%. This is driven by higher poverty, rural isolation, and limited healthcare access. Current funding falls short. Implementing the updated cost weights would move us closer to meeting our students' actual needs.

Disadvantaged Pupil Impact Aid (DPIA): With some of the highest poverty rates in Ohio, our districts rely on DPIA funding to provide tutoring, wraparound supports, and mental health services. The state's recent study confirms what we already know: it costs more to educate students living in poverty. We need the recommended DPIA weights fully implemented.

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Predictability and Planning: Responsible planning depends on reliable funding. We cannot retain staff, sustain programs, or serve students well if we are forced to guess what our future budget will look like. Predictability isn't a bonus—it's essential for survival.

Cash Balance Cap & Forecast Reduction: A Step Backward

House Bill 96's proposed cap on district cash balances—set at 30% of prior year expenditures—would penalize the very districts that plan responsibly. In Southeast Ohio, reserves are carefully maintained to:

- Avoid frequent levy requests —some Southeast Ohio districts do not run levies at all
- Manage cash flow during tax collection gaps
- Support maintenance and capital plans
- Prepare for economic downturns

Since Ohio collects property taxes the year after they're owed, any reduction triggered by a June 30 balance wouldn't take effect for 18 months—well after budgets are finalized. This lag creates more confusion than clarity.

Furthermore, shortening the five-year forecast to three years strips districts of a vital tool. In high-poverty, high-volatility regions like ours, the five-year forecast supports long-range planning, early risk detection, and transparent communication with boards and communities.

In Closing

Southeast Ohio districts are doing their part. We are budgeting carefully, making tough choices, and prioritizing students at every turn. But we cannot do this work alone. We need a state funding model that recognizes our context, reflects actual costs, and rewards sound financial stewardship.

I respectfully urge the Senate to:

- Preserve the FSFP phase-in and update base cost inputs
- Fully implement the special education and DPIA weights
- Remove the 30% cash balance penalty from HB 96
- Reinstate the five-year forecast requirement

Thank you for your leadership and for your service to Ohio's schools and students.

Sincerely,



Marci Shepard, PhD, EdD