



WARREN LOCAL SCHOOLS

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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 the opportunity to testify today on House Bill 96. My name is Melcie Wells, and I serve as the Treasurer/CFO of Warren Local School District in Washington County.

The Warren Local School District is a rural school district in western Washington County made up of 196 square miles which is more than 3 times the average district size in Ohio. Despite being large geographically, we do not have a single traffic light in our District demonstrating our rural makeup. The District is located on a single campus allowing for educational and operational efficiency and serves approximately 2,100 students.

The 30% carryover balance provision under the House-passed version of HB 96, would greatly affect the Warren LSD. Current simulations show this provision using cash balances only; however, I argue this does not give an accurate view of true cash balance at the end of the fiscal year. Because of the timing of how school employee salaries are structured, the fiscal year end cash balance still includes funds needed to be paid out in July and August for salary and benefit obligations that are still due at June 30th. After applying these liabilities to our fiscal year 2024 cash balance, our percentage goes from over 41% to 25%. If a balance is going to be analyzed, this true unencumbered balance should be considered.

When I started at Warren LSD 17 years ago, the District was in fiscal caution due to deficit cash balances in years three and beyond on the forecast. As part of that designation, the District was required to submit a plan to the Department of Education outlining what the District planned to do to remedy the low cash balance. I would like to propose that a similar system be applied today to high unencumbered cash balances in place of any percentage cap. As a public school CFO, I take seriously the necessity to provide transparency and that is true both when the District is experiencing financial difficulties and when the District is doing well. Requiring District's to plan, based on their own local needs, what they are doing with higher cash balances is not only good financial policy, but good governance. Warren LSD has kept their cash balance at a reasonable (as determined locally by the finance committee, administration, and the Board of Education) percentage to meet obligations of the District, stay off the ballot for new money, and remain financially prudent to the taxpayers. We are proud that we have kept our costs per student low while maintaining academic excellence, which has been possible with good local decision making and fiscal responsibility.

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 and are essential to financial management.

I would like to also advocate today for the fair school funding plan and feel that keeping it in place and updating its inputs would allow school districts to make fiscal decisions from a known and equitable funding model. In addition, our district has proudly implemented the Community Eligibility Provision (CEP) program, which provides free breakfast and lunch to all students, regardless of income. When students no longer have to worry about where their next meal is coming from, they are better able to focus, participate, and succeed in the classroom. Programs like CEP only thrive when backed by sufficient funding. That is why the increase that CEP has provided in our district's Disadvantaged Pupil Impact Aid (DPIA) is absolutely crucial to our overall budget and mission.

In a rural district like Warren Local, where economic hardship is a daily reality for many families, every additional dollar in DPIA funding helps us close gaps and create real education opportunities. It ensures that students not only have food security, but also the academic support they need to thrive from kindergarten through graduation.

Chair Brenner and members of the committee, thank you for your time, attention, and your consideration of these crucial next steps in supporting Ohio's educational excellence. I would be happy to answer any questions you may have at this time.

