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**Senate Education Committee
House Bill 96
May 12, 2025**

Chair Brenner, Vice Chair Blessing, Ranking Member Ingram, and members of the Senate Education Committee, thank you for the opportunity to share my written testimony on House Bill 96. My name is Theresa Permenter, and I serve as the Lakewood League of Women Voters Chairwomen.

The Ohio League of Women Voters Has supported the Fair School's Funding Act. The Lakewood chapter of the League of Women Voters of Greater Cleveland wishes you to know that we too believe wholeheartedly that it is your duty to fund public education as required by the Ohio constitution to all children.

Attached you will find a letter from Kent Zeman, the treasurer of Lakewood City Schools containing testimony that he gave before the education committee this past month.

This week we invited Mr. Zeman to explain Lakewood City School's current financial situation and the effect that the Proposed budget bill will have on the Lakewood school system. Since we value public education highly, we take seriously Mr. Zeman's testimony.

To reiterate we support the Fair Schools Funding Act which the legislature agreed four years ago would be the standard for funding public education in Ohio. We also agree with Mr. Zeman that the proposed cap on school reserves would be unreasonable and would have a highly detrimental effect on our school district and on our community.

Please consider seriously our advocacy for public education and Mr. Zeman's knowledgeable discussion of the proposed legislation.

Respectfully,

A handwritten signature in blue ink that reads "Theresa Permenter".

Theresa Permenter
LWV Lakewood Chair



LAKEWOOD CITY SCHOOLS

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**Senate Education Committee
House Bill 96
May 7, 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 Kent Zeman, and I serve as the Treasurer/CFO of Lakewood City Schools in Cuyahoga County.

The Lakewood City School District provides education to 4,200 Pre-K to 12 students, 150 vocational students, and 100 alternative school students in eleven buildings. Lakewood CSD is a First Ring Suburb of Cleveland and is approximately five square miles.

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 several 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.

Without updated base costs, districts like mine risk being penalized even as other formula inputs—such as property valuations or income data—are refreshed. This creates structural imbalance and shifts more of the funding burden onto local taxpayers.

I am writing to you on behalf of my students, my district, and the community I serve to request that the Senate continue the phase-in of the formula with updated base cost inputs. This will provide the stability and predictability our schools need to create accurate five-year forecasts and implement sustainable educational programming, and will account for the inflation we are all experiencing. Lakewood CSD is a guarantee district with stable enrollment. Our enrollment over the last four years has remained constant at 4,200 students. Under the FSFP, Lakewood is considered a wealthy District and currently is funded at the State minimum of 10%. Fully funding the FSFP is critical to our programming so that students are “workforce ready.” We need to invest in the formula in order to invest in the pipeline of future leaders and our future workforce. ODEW led a study to determine the cost of educating students who are economically disadvantaged. Over half of Ohio students are considered economically disadvantaged. In our district the percentage is 43% and we have seen this percentage increasing Year-over-Year. Providing the adequate resources for some of our most challenging students will continue to grow over the next biennium. In addition, as a refugee community our English Language Learners (ELL) population has significantly increased since 2020. Lakewood has traditionally had a large ELL population, however, the growth over the last four years has exceeded our historical increases. All the students mentioned along with those not mentioned are the fabric of the Lakewood community and the future of our great State.

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 districts like mine, this 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.

In Lakewood City School District, we build and maintain our cash reserves to provide high quality teachers and educators to the children of our community, manage levy cycles to avoid frequent ballot issues, the Lakewood community supported our last levy request of new and continuing monies by a 76% approval rate in May 2020. We also rely on our cash reserves to navigate cash flow gaps due to timing of tax collections and state payments. As an example, during the pandemic there were delays in both local and state support payments. If the district did not have sufficient cash balances, we would have had to borrow funds to cover every day operating costs at the expense of community dollars. In addition, we build and maintain our cash reserves to fulfill our commitment to our strategic plan as well as capital and facilities plan. Lastly, the district continually monitors our outstanding debt and has successfully refunded our outstanding bonds to reduce the overall tax burden to our community. Our cash balance was a determining factor in our ability to garner an Aa2 rating from Moody’s which resulted in lower interest rates for our refunded bonds.

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 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.

As stated earlier, our last levy request in 2020 was approved by our community at a 76% approval rate. Our community understands the value of high-quality education and continually supports our district, and we are thankful for that support. That level of support would not be possible without the relationship the district has cultivated with our community. Our community trusts the district to be good fiscal stewards of its dollars. The proposal to cap cash balances at 30% is contrary to what our community expects of our district; to be good fiscal stewards, to provide a high-quality education, and to communicate continually the finances of the district. Requiring a 30% cap on our cash balance would impact not only on the short-term financial stability of the district but would also create a need to return to the voters more frequently and for levy amounts that is only sufficient to cover one to two years of operating costs to not exceed the 30% cash balance cap requirement.

Beginning in 1998, the Ohio General Assembly required school districts to submit a five-year forecast which has become the fabric of school districts strategic plans as well as capital and facility plans. Linking the educational and capital goals of a district to a five-year financial forecast requires thoughtful planning, prioritization, and commitment. Reducing the requirement to a three-year forecast will create more challenges to align educational and capital priorities to the shorter time frame. In addition, reducing the requirement to a three-year forecast will create confusion to local communities. When proposing a new levy to a community it is often helpful for the stakeholders to see the impact a new levy will provide for a five-year period.

Thank you for your consideration of these crucial next steps in supporting Ohio's educational excellence.

Chair Brenner and members of the committee, thank you for your time and attention.

Respectfully,



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