

# *Minford Local Schools*

*Home of the Mighty Minford Falcons*

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## **Senate Finance Committee House Bill 96 May 27, 2025**

Chair Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson, and members of the Senate Finance Committee:

Thank you for the opportunity to provide testimony on House Bill 96. My name is Claudia Zaler, Treasurer/CFO of Minford Local School District in Scioto County—a small rural district serving approximately 1,100 students across 98 square miles.

Today, I respectfully share concerns regarding HB 96's proposed changes to school funding and fiscal policy. While we appreciate the House's intent to protect public education funding, key provisions threaten to disrupt the Fair School Funding Plan (FSFP), penalize sound financial management, and reduce transparency. I urge the Senate to protect the integrity of the FSFP, preserve long-term planning tools, and remove provisions that create fiscal uncertainty for districts like ours.

We are grateful for the House's proposed increase in public education funding within the budget. Ensuring that no district receives less than they did in FY25 is especially important for traditional districts like ours. However, this well-intentioned guarantee disrupts the integrity of the FSFP—a model developed by education professionals to reflect the true cost of educating the whole child.

The FSFP offers a student-centered, transparent, and predictable model based on updated inputs that balance state and local responsibilities. A statewide guarantee undermines this design and risks a return to inequitable funding levels, which remain below those at the time of the DeRolph decision that declared Ohio's funding model unconstitutional.

Replacing the FSFP phase-in with temporary "bridge funding" reintroduces uncertainty into a system we have worked hard to stabilize.

We respectfully 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 staffing, class sizes, and services;

- Maintain guarantees only until full implementation of the FSFP, including updated categorical funding.

Without updated base costs, districts like mine risk being penalized while other formula inputs, such as property values or income, are refreshed. This creates a structural imbalance and shifts the funding burden onto local taxpayers.

We all recognize the importance of a balanced state budget. Yet, we must prioritize the adequate funding of schools educating 85–90% of Ohio's children. Discussions continue to focus on property tax relief, but insufficient state support pushes the burden back onto local taxpayers. This often forces districts to pursue levies just to maintain essential programs.

The state's strategic goal of attracting businesses and families relies on a strong public education system. As a parent, grandparent, and small business owner, I know firsthand that the quality of schools heavily influences where people choose to live. This is true for families and businesses alike.

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 Minford Local, this creates serious planning challenges. Ohio collects property taxes in arrears, so any reduction based on a June 30 balance would impact collections 18 months later—well after that year's budget is finalized.

This provision appears to single out school districts, despite other local entities also levying taxes. Our fund balances reflect prudent fiscal management and our reliance on the state for roughly 80% of funding, with no certainty beyond each biennial budget. Planning beyond two years is difficult under these circumstances.

Additionally, recent fund balances were affected by federal pandemic relief. Many districts used these funds responsibly to support students and ease general fund strain. As those dollars vanish, expenses shift back to local budgets. Conversations around cash reserves must consider this context.

At Minford Local, our FY24 cash balance equals about 17% of our general fund—a reflection of not having a permanent improvement levy and of our efforts to invest in facilities and equipment aligned with regional workforce needs. We are currently developing a District Plan to responsibly allocate these funds. Capping our balances could halt critical projects.

Further, placing the responsibility of restricting property tax collections on the Budget Commission invites confusion, inefficiencies, and diminished public trust. As Dr. Howard Fleeter's analysis shows, levy passage rates are already low. Added volatility would only worsen this.

Likewise, replacing the five-year forecast with a three-year projection limits our ability to identify emerging deficits and communicate with our communities. Often, years four and five are when gaps appear—particularly in levy-dependent districts.

We urge the Senate to:

- Eliminate the 30% cash balance provision from HB 96; and
- Reinststate the five-year forecast requirement to promote fiscal transparency and long-term planning.

Thank you for your leadership and dedication to Ohio's public schools. We welcome the opportunity to partner with you in building a funding system that is fair, sustainable, and focused on student success. I invite any of you to visit Minford Local and see firsthand the value of your investment in action.

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