



Administrative Service Center
621 Mount Vernon Road Newark, Ohio
43055

**Senate Finance Committee
House Bill 96
May 23, 2025**

Chair Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson, and members of the Senate Finance Committee, thank you for the opportunity to testify today on House Bill (HB) 96. My name is Julio Valladares and I serve as the Treasurer/CFO of Newark City Schools in Licking County.

The Newark City School District is a district with a high-poverty population located approximately 33 miles east of Columbus. The district serves 6,000 students in 12 buildings, including 7 elementary, 3 middle schools, 1 high school and 1 digital school withing an area of nearly 19 squares miles and 55,000 residents. Additionally, our Special Education Student population is currently almost 25% of the general education students and continues to increase year over year.

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. When the future of funding is unpredictable, districts are not able to plan for student needs and implement the programming necessary in their communities and schools. Without updated base costs, many districts like mine risk being penalized, create structural imbalance and shift more of the funding burden onto local taxpayers. **Without updates to the base cost, Newark City Schools will be forced sooner than later to be on the ballot for additional funding since expenditures (inflation) are outpacing revenues year over year.**

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.

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 Newark City Schools, we build and maintain our cash reserves to:

- Manage levy cycles and avoid frequent ballot issues;
- Manage multiple years of existing unions negotiations;
- Navigate cash flow gaps due to the timing of tax collections and state payments;
- Sustain capital, maintenance, or strategic plans; and
- Support the district's bond rating and financial stability.

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.

Below is a summary of our current five-year forecast showing the financial situation of our district over the FY25 through FY29. Again, without updates to the base cost and not removing the cash balance provision under the House-passed version of HB96, the district's deficit spending will increase even more than shown on the table below, meaning the district to go on the ballot for additional local funding.

	Actual (In Millions)			Forecasted (In Millions)				
	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Total Revenues	78.90	81.70	91.50	97.20	97.90	96.30	96.10	96.20
Total Expenditures	75.70	78.50	88.60	98.40	98.10	103.60	109.40	115.50
	3.20	3.10	2.90	(1.20)	(0.20)	(7.30)	(13.30)	(19.30)
Cash Balance July 1	46.70	49.90	53.10	56.10	54.80	54.70	47.40	34.10
Cash Balance June 30	49.90	53.10	56.10	54.90	54.60	47.40	34.10	14.80
Encumbrances and Reserve	4.60	3.60	3.80	3.60	3.60	3.60	3.60	3.60
Unreserved Fund Balance June 30	45.30	49.40	52.20	51.30	51.00	43.80	30.50	11.20
True Days Unencumbered Cash	219	230	215	190	190	154	102	35

Our general fund balance from FY22 to FY4 was due mainly to one-time events including federal pandemic funding (COVID19) and temporary shifts to virtual learning. However, now that those funds are gone and such expenditures have been reverted to the General Fund, we see our cash balance deteriorating year over year. We spent a great deal of time providing factual information regarding district finances and the importance of maintaining a cash balance to meet multiyear bargaining contracts as well as multiyear educational purchased services. Establishing a cap to the cash balance will significantly affect the ability to maintain financial stability.

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

Chair Cirino and members of the committee, thank you for your time and attention. I would be happy to answer any questions you may have at this time.

Sincerely,

Julio Valladares
Treasurer/CFO
Neawarkj City Schools