

DEFIANCE CITY SCHOOLS

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BELIEVE*BELONG*BECOME

May 22, 2025

The Honorable Jerry C. Cirino
Senator, Ohio's 18th Senate District
1 Capitol Square, Room 127
Columbus, OH 43215

Chairman Cirino –

On behalf of **Defiance City Schools**, it is my pleasure to provide a few items for your consideration regarding House Bill 96 as it is currently written. While there are certainly many provisions of the bill that will serve both Ohio's children and public schools, we are significantly concerned about the implications that the bill will have on school funding—particularly relating to the future of Fair School Funding, as well as the proposed cap of 30% on carry-over balances.

First and foremost, Ohio's K-12 education structure relies on locally-elected school boards whose members are farmers, small business owners, nurses, and residents from dozens of other backgrounds, many of whom have lived in the school community for decades. They are best-equipped to make decisions impacting the financial position of local school districts. Generally, a "one-size-fits-all" change in education funding and regulations is not met with the best outcomes. The currently proposed carry-over balance cap removes this local control from every community in Ohio.

In the case of Defiance City Schools, the district has a long-standing record of sound financial management. According to our FY2024 Five-Year Forecast, the district's ending cash balance was approximately **\$15.3 million**, representing just over **42% of annual operating expenditures**. Importantly, this reserve took **nearly two decades to accumulate**, built slowly and strategically through careful budgeting and conservative spending practices. It serves as a financial safeguard that allows the district to manage funding volatility, cover unforeseen costs such as emergency building repairs or out-of-district placements, and invest in infrastructure and academic improvement without frequent reliance on new local levies.

A mandated 30% cap would effectively penalize this kind of long-term fiscal responsibility. It would force Defiance City Schools to reduce its cash reserves below prudent levels, potentially leading to fiscal instability and limiting our ability to plan for future needs. We strongly recommend that, if the Ohio Senate is determined to retain a carry-over balance policy, the cap be removed and each district instead be

required to adopt its own local policy establishing minimum and maximum reserve thresholds based on unique district needs.

Additionally, we ask that the Senate endeavor to preserve the principles embodied in the Fair School Funding Plan, even if full funding of all inputs cannot currently be achieved. FSF is the most effective and equitable model available to allocate education resources across Ohio. For Defiance City Schools, this plan ensures that we are funded according to our student population's actual needs, taking into account local capacity and the true cost of education.

Thank you for your consideration of these factors while developing Ohio's operating budget for the coming biennium.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Morton".

Robert Morton, Superintendent

A handwritten signature in blue ink, appearing to read "Cheryl Swisher".

Cheryl Swisher, Treasurer