

Clay Local School District



TODD WARNOCK, SUPERINTENDENT
BRANDI L. BLACKBURN, TREASURER

Board of Education

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

Chairman Cirino,

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

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 and who have often lived for decades in the school community. 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 often not met with the best outcomes. However, the currently proposed carry over balance cap removes this local control from every community in Ohio. However, if the Ohio Senate is determined to retain a carry over balance policy we ask that the cap be removed and that each district be required to establish their own policy for carry over balances that establish both minimum and maximum thresholds.

The Clay Local School District currently uses its general fund as a place to hold money for future improvements as we do not, and haven't for over a decade, had any levies including permanent improvement levies. Additionally, a significant portion of Clay's carry over balance was saved by our Board's careful allocation of Federal Covid relief funding. We used a large percentage of that money protecting salaries and funding activities that were not subsequently spent from our general fund. I would believe that many other small and low property wealth districts used this funding in a similar way.

In lieu of other concrete guidance our district has been attempting to operate under the Government Finance Officers Association recommendations to for small school districts to ensure financial stability and flexibility in case of unexpected financial challenges. The GFOA recommends that small districts such as ours should maintain up to six months of such operating expenditures (similar to what an individual family might strive to maintain in their own finances). Our current carry over balance is projected to be 42% of the CAP at the end of

this fiscal year. Even at that current CAP projection we would fall far short of the six months of an emergency fund level.

If, however, there are carry over caps instituted in Ohio law we respectfully request to give our district and districts like ours explicit permission in law to move some of our funds out of the general fund and to place them into permanent or capital improvement funds for future expenditures. Expenditures for emergencies where our school cannot fund by any other means than our careful long term savings like roof or mechanical replacements as that is why some of the funds are being held.

With a district like ours that has low property wealth we cannot ask our property owners to pass a levy in the amount that would be required to finance expensive emergencies. If our district property owners were asked to replace the amount we would forfeit if a 30% Cap were to be imposed at the end of this fiscal year to deal with some emergency we would likely be unable to do so. Our district would have to pass approximately 12.64 mils to recover this amount we had been carefully put aside for us to meet an unexpected million dollar financial crisis. We would not ask for it and even if we did it would not be approved.

Additionally, we ask that the Senate endeavor to preserve the principles embodied in the Fair School Funding plan even if inputs cannot be fully funded. FSF is currently the most effective and efficient way for the state to determine the costs to educate students across Ohio.

Our district has greatly benefitted from the Fair School Funding Formula and other changes in recent years. These changes have been impactful to our ability to educate our student population and we are thankful to the members of the Senate and House for the work you have done in the previous two budget cycles.

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

Sincerely,



Todd Warnock