

**House Bill 96**  
**Interested Party Testimony**  
**Jermaine Ferguson, School Board Member**  
**Marysville Exempted Village School District**

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, the biennial budget.

My name is Jermaine Ferguson, and I serve on the Marysville Exempted Village School District Board of Education in Union County. I am here to request H.B. 96 to be amended to phase in the fair school funding formula with updated cost inputs but more importantly to eliminate the cash balance provision.

Marysville Schools serve 5,656 students in grades pre-k through 12, and our student enrollment is projected to grow on average by 100 students per year. In 2028, we are projected to have our largest kindergarten class of 525 students, not based on the rising number of new housing permits alone but on a high and positive birth rate from 2023.

Continuing the Fair School Funding formula allows the local school districts to plan and communicate with our local taxpayers with more certainty. Currently, state revenue represents 38.3% of our revenue in general fund and without a consistent formula, it can be very difficult to forecast in years 3-5 in our financial forecast. Using a formula with updated cost inputs will also provide local property tax relief to all taxpayers because it will bring more balance between the state and local burden.

Please eliminate the provision that will require the county budget commission to reduce school district property tax rates based on the district's carryover balance which will be limited to 30% of the previous fiscal year general fund expenditures. Why?

- **Voters elect individuals to their local Board of Education to set policies** and if they are displeased with the cash balance policy, they can share their concerns at a public meeting, individually, and at the ballot box when candidates run for election or when a tax levy option is presented. As an elected official, I work on behalf of my local taxpayers and our students to ensure that our tax and grant dollars are allocated and managed in the most responsible manner and in a way that is easy to communicate to our residents. We are not irresponsible and we the elected nor our voters should lose our local control over this issue.
- **Ending cash balances is not the root cause for high property taxes!** Our ending cash balance remained relatively consistent, with 4-7 months of cash on hand, until this year. I took the following data from our 5-year forecast going back to 2018. In my opinion, we should have a healthy ending cash balance, especially when interest rates are comparatively high, because it can help generate revenue and protect the taxpayer and the district from an unexpected crisis or loss of revenue. The tight housing and labor markets and a temporary destabilized supply chain combined with the COVID-19 stimulus packages created a period of high inflation

causing historic property tax valuations spikes. This provision does not address the root cause.

<u>FY</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Difference</u>	<u>Cash Balance</u>	<u>% of Previous FY</u>
2018	\$ 53,933,920	\$ 49,884,896	\$ 4,049,024	\$ 22,981,750	46%
2019	\$ 55,875,215	\$ 52,148,036	\$ 3,727,179	\$ 27,233,129	52%
2020	\$ 55,166,969	\$ 53,255,413	\$ 1,911,556	\$ 26,490,532	50%
2021	\$ 59,487,377	\$ 55,397,414	\$ 4,089,963	\$ 30,580,495	55%
2022	\$ 57,786,795	\$ 56,413,970	\$ 1,372,825	\$ 29,813,679	53%
2023	\$ 56,515,708	\$ 59,619,728	\$ (3,104,020)	\$ 26,709,659	45%
2024	\$ 64,429,948	\$ 61,609,719	\$ 2,820,229	\$ 29,529,888	48%
2025	\$ 62,531,368	\$ 66,644,402	\$ (4,113,034)	\$ 25,416,854	38%

- **The unexpected crisis does occur!** The County Board of Developmental Disabilities provided a shared services model, operating a preschool center for students with disabilities in the community. They had a calculation error in their most recent levy request and are now not able to operate the preschool and have transferred the responsibility back to the local school districts. This move will result in an 11% increase in our expenditure, just north of \$3 million for the upcoming fiscal year. Now, I will admit that this is a very unique situation, but the fact remains that every school district has its own unique circumstances and reasons for their ending cash balance levels. A healthy and reasonable ending cash balance is a defense against the unexpected crisis and the taxpayer.
- **The taxpayer experience will be further complicated.** While a one-time property tax rebate will provide taxpayers with relief and great news, it would create uncertainty for upcoming tax years in what tax rates would be and what they would owe. Some residents would expect rebates year after year or their taxes to stay the same, but this may not be the reality they face. Predictable and stable funding models and tax rates allow for more user-friendly experience.
- **Lastly, we cannot afford an unexpected loss in revenue.** I have spent three years striving to educate our voters on our district's financial outlook and earn their support for a 5.5 mill property tax levy, which will generate \$6.8 million annually. Our voters just approved our property tax levy with 60% of voters in support. Yet, if this provision remains in H.B. 96 and becomes law, we will experience a one-time loss of \$5 million and increased uncertainty.

In closing, I value our partnership in ensuring that Ohio provides our students with high quality education while respecting and working to limit the tax burden on our families. Fully funding the Fair School Funding formula with cost input will lessen the burden on local taxpayers and provide more certainty in our financial forecast. While removing the 30% cap on district ending cash balance requirements will allow locally elected to manage their resources in the most responsible manner and answer to their voters.

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