

Written Testimony Statement to the Ohio Senate Budget Committee

Regarding: House Bill 96:

Date: May 21, 2025

To the Esteemed Members of the Ohio Senate Budget Committee,

My name is Larry R. Dunlap, and I reside in Maineville, Ohio. This statement is submitted as written testimony regarding House Bill 96. I represent myself as the **Superintendent of Blanchester Local School District**, a small rural school district with a high percentage of economically disadvantaged students. I am submitting this on behalf of our district and other similar districts across Ohio.

Introduction and Purpose of Testimony:

Thank you for the opportunity to submit this testimony today. I am writing to express significant concerns and respectfully suggest amendments to House Bill 96. My primary concern, and the focus of this testimony, is the proposed budget's impact on school district finances, particularly regarding the limitation on carryover funds and its **long-term financial impacts on small rural districts with a high percentage of economically disadvantaged students**. This bill's current proposal, now before the Senate Budget Committee, poses significant challenges to our ability to plan for sustainable futures.

Background and Context:

Ohio's school districts strive to provide the best possible education for our students while managing public funds responsibly. In small rural districts, particularly those serving a high percentage of economically disadvantaged students, every dollar is critical. We often face unique challenges, including limited local tax bases and higher costs associated with maintaining older facilities and providing essential services to our vulnerable student population. Many districts, including mine, have implemented sound fiscal practices, resulting in prudent savings and carryover balances that are not merely excess funds, but rather strategic reserves earmarked for critical future needs.

Analysis of the Bill's Fiscal Impact:

I would like to draw your attention to the potential negative fiscal impacts of House Bill 96 on local school districts, especially concerning the proposed maximum 30% carryover limit.

- **Negative Impacts of the 30% Carryover Cap:**
 - This provision disproportionately penalizes districts that have demonstrated exceptional fiscal responsibility. These districts have meticulously managed their

budgets, often accumulating carryover funds above the proposed 30% threshold, not due to mismanagement, but as a deliberate strategy for long-term financial planning.

- For small rural districts with economically disadvantaged populations, these larger carryover balances are frequently reserved for substantial, multi-million dollar capital improvement projects, such as the renovation or construction of school facilities, major infrastructure upgrades, or essential maintenance that cannot be funded within a single fiscal year's operating budget. Our facilities are often older, requiring more significant and costly repairs.
- The intent behind accumulating these funds is to mitigate or entirely remove the need to ask district stakeholders for additional tax burdens through levies or bonds to cover these significant costs. By planning ahead and saving, districts aim to be good stewards of taxpayer money, avoiding sudden, large financial requests that are particularly challenging for communities with limited economic resources.
- Imposing a strict 30% cap could force districts to either hastily spend funds on non-priority items to avoid exceeding the limit, or, more likely, to defer critical long-term projects. Deferring such projects often leads to higher costs in the future due to inflation and increased deterioration, ultimately costing taxpayers more in the long run.
- This measure could inadvertently discourage fiscal prudence, as districts might feel less incentive to save beyond the cap if those savings cannot be strategically utilized for their intended long-term purposes.
- **Long-Term Financial Impacts on Small Rural Districts with Economically Disadvantaged Students:**
 - Based on available information and the realities of our district's financial landscape, the proposed budget, particularly with this carryover limitation, could severely hamper our ability to plan for future capital needs, technological advancements, or unforeseen emergencies without resorting to frequent and potentially unpopular tax increases. This is especially true for districts that lack the robust tax base to easily pass new levies.
 - The inability to maintain adequate reserves for large-scale projects means that essential facility improvements, which are crucial for a safe and effective learning environment, will be perpetually delayed or become contingent on the difficult passage of local tax increases. This places an undue burden on our already struggling communities.
 - Furthermore, a consistent inability to invest in long-term infrastructure and technology can lead to a widening resource gap between well-funded and less-resourced districts, ultimately impacting educational equity for our most vulnerable students. It creates a cycle where deferred maintenance leads to larger, more disruptive, and more expensive problems down the line.
 - It undermines the financial autonomy of local school boards to make decisions that best serve their communities' specific needs and long-term financial health.

Personal/Community Impact:

As the Superintendent of Blanchester Local School District, I can attest to the critical importance of strategic carryover funds. Our district, like many rural districts, faces the challenge of maintaining aging infrastructure with a limited local tax base. We have been diligently saving for the past four years to undertake crucial projects, such as the replacement of a sixty-one (61) year old roof on our middle school, estimated at \$3 million. Our current carryover reflects this careful planning, and a 30% cap would jeopardize our ability to complete this essential upgrade without seeking a new levy from our already stretched taxpayers, many of whom are economically disadvantaged and would find an additional tax burden particularly difficult. This would directly impact the learning environment for our students.

Recommendations and Call to Action:

Based on the points I have outlined, I respectfully urge the committee to reconsider the proposed 30% carryover maximum in House Bill 96. I recommend:

- **Removing the carryover cap entirely**, allowing local districts the flexibility to manage their finances based on their unique needs and long-term capital plans.
- **Alternatively, if a cap is deemed necessary, raising the percentage significantly** to a level that accommodates responsible long-term savings for major capital projects, perhaps with provisions for districts to justify higher carryovers for specific, pre-approved projects.
- **Engaging in further dialogue with school district financial officers** to understand the nuances of district budgeting and the critical role carryover funds play in sustainable financial management and avoiding unnecessary tax burdens on our communities.

I believe that House Bill 96, without amendments to address these carryover concerns, will inadvertently undermine fiscal responsibility in our school districts and place an undue burden on Ohio taxpayers for essential facility improvements, particularly in small rural districts with high percentages of economically disadvantaged students. The long-term financial stability and educational equity of our students depend on your thoughtful consideration of these impacts.

Thank you again for your time and consideration of this written testimony.

Sincerely,

Randy Dunlap, Superintendent
Blanchester Local School District
Contact information: (937)783-3523 ext. 7036 or dunlapr@blan.org