

Testimony of Ryan S. Stechschulte, Treasurer/CFO, Toledo Public Schools In Opposition to House Bill 96

Chair Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson, and members of the Committee:

Thank you for the opportunity to provide testimony on behalf of Toledo Public Schools (TPS), a proud urban district serving over 20,000 students in Northwest Ohio. Every day, our educators, staff, and administrators work tirelessly to provide a high-quality, student-centered education that prepares our children for college, career, and life.

Today, I come before you to express deep concerns regarding provisions in House Bill 96—provisions that, if enacted, would jeopardize the financial stability of TPS and threaten the progress we've made for our students.

For decades, the state failed to fairly and adequately fund its public schools, despite court rulings and persistent community advocacy. In 2021, we saw long-overdue progress with the bipartisan passage of the **Fair School Funding Plan (FSFP)**—a thoughtful, transparent, and student-first formula designed to ensure the state pays its fair share in educating Ohio's children while reducing overreliance on local property taxes.

That progress is now at serious risk. HB 96 does not just stall the FSFP—it threatens to unravel it by halting its phase-in at year four, freezing funding levels that are already outdated. The FSFP was built around actual base cost inputs—educator salaries, classroom needs, and student services—that reflect the true cost of a quality education. Freezing these values, without updating them to account for inflation, regional labor markets, or changing student needs, undermines the entire formula and places urban districts like TPS at a disadvantage.

To ensure that the formula remains functional and equitable, I respectfully urge this committee to amend HB 96 to include updated base cost inputs. This is essential to keeping the formula balanced with capacity measures and aligned with today's educational and economic realities.

In addition, I urge you to **remove the temporary "bridge funding"** provision in the bill. While intended as a stopgap, temporary solutions distract from the need for a fully phased-in and updated funding formula that reflects the actual cost of educating students across Ohio.

A particularly concerning provision is the proposed **30% cap on school district cash balances**, which would trigger reductions in local property tax collections when balances exceed that threshold. While the intention to reduce tax burdens is understandable, this **one-size-fits-all** approach fails to account for local fiscal needs, levy cycles, and responsible long-term planning.

Instead, Toledo Public Schools supports a more flexible and reasonable framework, aligned with input from County Auditors across the state:

- **County Auditors should be empowered to work with Budget Commissions to collaborate with local governments—including school districts—to reduce tax burdens where possible.**
- **However, any blanket percentage cap is too rigid. We recommend a *guideline range of 30% to 100%* for carryover balances.**
- **If a district's balance exceeds 100%, that entity should be required to explain the rationale behind such reserves.**
- **The County Budget Commission would then need to *affirmatively vote* to allow carryover balances in excess of 100%.**

This approach respects local control, encourages financial transparency, and avoids penalizing districts like TPS that engage in prudent financial planning.

Another provision of concern is the reduction of the **five-year financial forecasting requirement** to three years, along with a narrowing of deficit analysis to just two. At TPS, long-term forecasting is a critical tool. It informs our community, guides our leadership, and ensures that we plan responsibly for both anticipated needs and unforeseen changes. **We strongly urge the reinstatement of the five-year forecast requirement** to maintain accountability and stability.

Finally, TPS reiterates our support for a **50% increase to Career & Technical Education (CTE) basic grants**. Our CTE programs provide students with practical, career-ready skills and pathways to postsecondary success. Students in our programs graduate at higher rates, earn college credit in high school, and often step directly into in-demand, high-skill trades. Increased support for these programs strengthens our workforce and meets the goals of both state and federal workforce development initiatives.

To summarize, Toledo Public Schools respectfully requests the following:

- **Fully implement and continue the phase-in of the Fair School Funding Plan using updated base cost inputs.**
- **Remove the temporary “bridge funding” mechanism in favor of a sustainable long-term solution.**
- **Reject the 30% carryover cap and adopt a flexible framework empowering Budget Commissions to evaluate reserves on a case-by-case basis with a 30–100% guideline.**
- **Reinstate the five-year forecast requirement to protect financial planning and public accountability.**
- **Increase Career & Technical Education basic grants by 50% to support Ohio's future workforce.**

Toledo Public Schools has consistently demonstrated fiscal responsibility, transparency, and a deep commitment to our students. We ask this committee to support policies that build on this record, not undermine it.

Thank you for your time and your consideration of these important matters. I welcome your questions and am happy to provide additional information.

Respectfully,
Ryan S. Stechschulte
Treasurer/CFO
Toledo Public Schools