Senate Education Committee
House Bill 96
Ohio Association of School Business Officials

Chair Brenner, Vice Chair Blessing, Ranking Member Ingram, and members of the Senate Education Committee, thank you for the opportunity to testify today on House Bill (HB) 96. My name is Katie Johnson, and I serve as the Executive Director of the Ohio Association of School Business Officials (OASBO).

Our organization represents public school district treasurer/CFOs and other school business officials from around the state who are dedicated to the effective management of school finances and operations in support of high-quality education.

Joining me today in representing our members and available to answer questions are OASBO Members Terrah Stacy (Springboro Community City Schools, Warren County), Kyle Smith (Bexley City School District, Franklin County), and Jared Bunting (Athens City Schools, Athens County).

OASBO urges this committee to consider and address several critical issues in HB 96:

<u>State Funding Formula: Phase-in with Updated Base Cost Inputs</u>

The House-passed version of HB 96 replaces the Fair School Funding Plan's phase-in with temporary "bridge funding." This represents a departure from the formula's intent—to provide transparent, student-centered funding based on the real cost of educating Ohio's students.

OASBO remains committed to the Fair School Funding Plan because it provides a fair, predictable, and reliable method to meet student needs. This formula is about preparing our students for success and ensuring strong, stable communities across Ohio. Full implementation is essential to promoting funding equity across districts.

Equally important is keeping the formula responsive to real-time economic conditions. For years, school districts across Ohio have advocated for updated inputs that reflect both local capacity and the actual cost of educating a student. However, if local share components—such as property valuations and income data—are updated without simultaneously updating base cost inputs, the formula becomes structurally imbalanced. This shift places more financial responsibility on local taxpayers and forces more districts onto state funding guarantees.

We are also mindful of the limited resources available during this biennial budget. If the state is not in a position to fully update all formula inputs—including the base cost components—we respectfully urge you to consider delaying the implementation of updated valuation and income data. This would help ensure that no single input outpaces the others and would preserve the integrity of the formula as a whole.

That said, we respectfully request the Senate:

- ***Remove the temporary "bridge funding" from the bill;***
- ***Maintain the formula phase-in as proposed by Governor DeWine;***
- ***Amend HB 96 to use updated data base cost inputs, ensuring the formula reflects current educational costs; and***
- ***Maintain guarantees until the formula has been fully implemented, including updates to categorical funding based on the state-commissioned cost studies.***

Remove the 30% Cash Balance Cap Provision and Reinstate the Five-Year Forecast

Under the House-passed version of HB 96, if a school district's carryover balance exceeds 30% of prior year expenditures, the County Budget Commission would be required to reduce property taxes in the following tax year.

It is important to recognize that Ohio collects property taxes in arrears— meaning taxes levied in a given tax year are collected in the next calendar year. As a result, any reduction triggered by a fiscal year-end balance would not impact district revenues immediately but would take effect approximately 18 months later. This delay creates uncertainty in financial planning and complicates efforts to maintain stability for students, staff, and taxpayers.[1]

Additionally, because of this lag, cash balances will still appear above the cap threshold during the next review period—before the full effect of any reduction is realized—putting districts at risk of additional, unnecessary cuts. This timing mismatch increases the likelihood of over-correcting, further destabilizing school budgets.

School districts build cash balances intentionally as part of long-term financial planning. These balances help manage local levy cycles, cash flow needs, capital and maintenance plans, and credit ratings—and they reflect board-adopted policies designed to safeguard against economic uncertainty.[2]

More importantly, these reserves are a direct reflection of the trust our communities place in us. Voters approve levies expecting their district to act as responsible stewards—planning ahead, avoiding unnecessary risk, and maintaining stability. A 30% cash balance cap would force many districts to return to the ballot more frequently, requesting smaller, short-term levies designed not

[1] See ***Exhibit A*** for historical monthly cash balances from Athens City School District. This exhibit illustrates the volatility of cash flow throughout the fiscal year and the need for sufficient reserves to manage timing of tax settlements and income tax distributions.

[2] See ***Exhibit B*** for a monthly spending plan from Athens City School District demonstrating the district's approach to managing expenditures and maintaining stability across fiscal periods.

to exceed the cap. This contradicts the expectations of our communities, undermines public trust, and weakens the district's ability to sustain high-quality education.

Ohio's system of school funding relies on a state-local partnership, where communities play a critical role in approving levies to meet local funding obligations. Cash balances reflect careful stewardship—not excess—and are essential to ensuring financial stability between levy cycles and transparency with voters.

We recognize that the Joint Committee on Property Tax Review and Reform has carefully studied Ohio's property tax system. School district leaders across Ohio support targeted, means-tested relief to help residents remain in their homes, particularly as valuations rise. However, we respectfully caution that the 30% cash balance cap is not a solution to these challenges. Instead, it would create instability in school funding, ultimately shifting costs back to local taxpayers through more frequent levies and increased financial uncertainty. We urge that any meaningful property tax reform be pursued separately from the state budget process, allowing for thoughtful review and implementation, protecting both taxpayers and educational stability.

Implementation of this provision would:

- Override voter-approved levy plans;
- Force premature or repeated levy attempts;
- Destabilize districts already working to avoid fiscal distress; and
- Create financial risks related to contractual obligations, such as lease-purchase agreements, Certificates of Participation (COPs), and economic development agreements—including Tax Increment Financing (TIF) arrangements—potentially increasing borrowing costs, legal exposure, and operational challenges for both school districts and local governments.

At the same time, HB 96 proposes to eliminate the five-year forecast requirement, replacing it with a three-year projection. While we appreciate efforts to streamline reporting, a shorter forecast horizon limits a district's ability to identify and address emerging financial challenges.

The five-year forecast, first required by the General Assembly in 1998, has become an essential management tool that links a district's educational, capital, and strategic priorities to its long-term financial outlook.

It is not just a compliance document—it's the foundation for thoughtful, forward-looking planning. School boards and administrators use the forecast to prioritize investments, prepare for future levies, and monitor for early signs of fiscal distress. Eliminating the five-year forecast in favor of a three-year model weakens this planning horizon, increases the risk of delayed corrective action, and reduces transparency with voters. Maintaining the five-year forecast requirement is critical to responsible governance and financial accountability.

- Proactively communicate with their communities;

- Monitor long-term fiscal health;
- Plan for future levies, and
- Avoid triggering state fiscal oversight under O.R.C. § 3316.

Without this forward-looking tool, districts risk missing early warning signs of fiscal stress—reducing opportunities to take corrective action before educational programming is impacted or state intervention becomes necessary.

We respectfully request the Senate:

- ***Remove the 30% cash balance provision from HB 96, recognizing the importance of local financial planning, contractual obligations, and economic stability; and***
- ***Reinstate the five-year forecast requirement to ensure districts maintain transparency, accountability, and the ability to manage long-term financial obligations effectively.***

Categorical Funding

We appreciate the General Assembly prioritizing and funding the cost studies on special education, gifted education, economically disadvantaged students and English learners. Beyond the current budget, these cost studies will inform a structured approach to categorical funding necessary to ensure that funding accurately reflects student needs and actual service costs.

However, in this budget cycle, we respectfully request that HB 96 be amended to update the special education funding categories to align with the actual costs of services, as outlined in recent cost studies, to ensure that districts have the resources needed in the future to support all students with disabilities.

Educational Service Centers (ESCs): Strengthening Support Services

Educational Service Centers serve as vital partners to our school districts, providing essential shared services such as special education support, professional development, curriculum assistance, and technology integration. These services directly impact student achievement.

The current funding model for ESCs has not kept pace with service demands and operational costs. We support the adoption of a tiered funding formula that sets base funding levels using FY 24 operating costs as a baseline.

We respectfully request HB 96 be amended to adopt this updated ESC funding model.

Transportation: Establishing Long-term Solutions

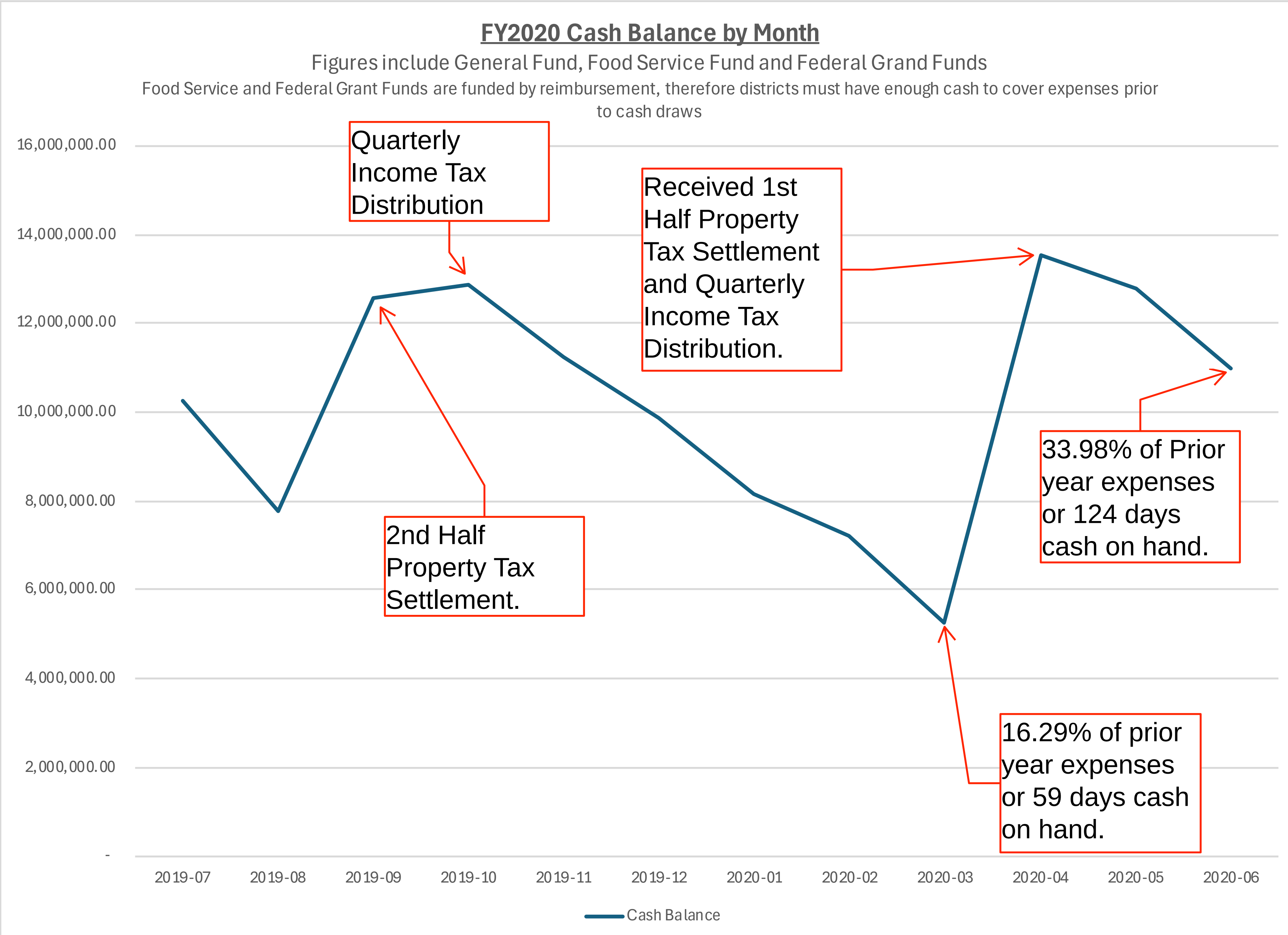
The complexity of pupil transportation in Ohio requires a comprehensive review and strategic planning approach. We appreciate the House-passed provision establishing a Student Transportation Workgroup to review Ohio's transportation system and provide recommendations for systemic improvements by June 30, 2026.

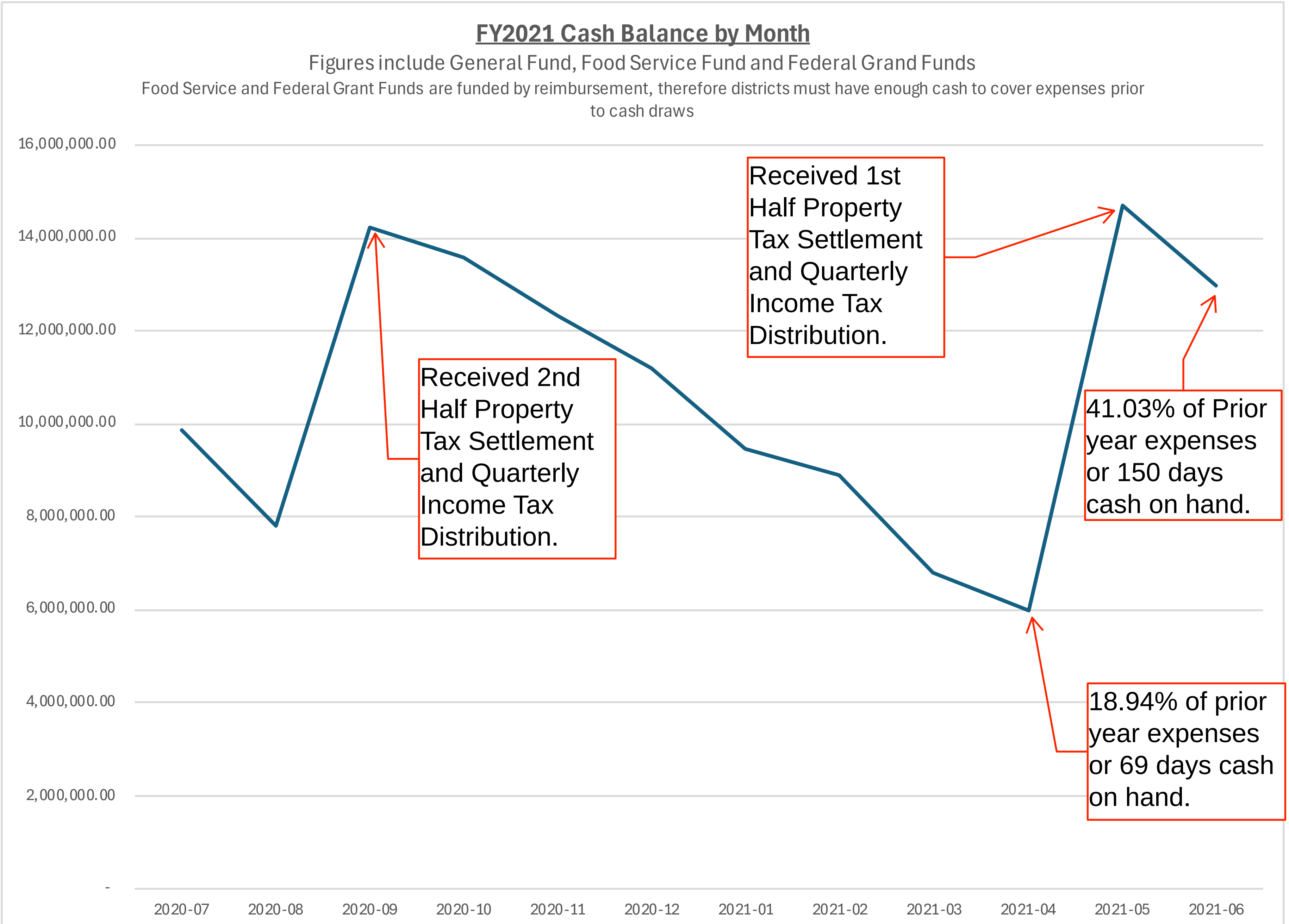
We respectfully request this provision be maintained in the bill.

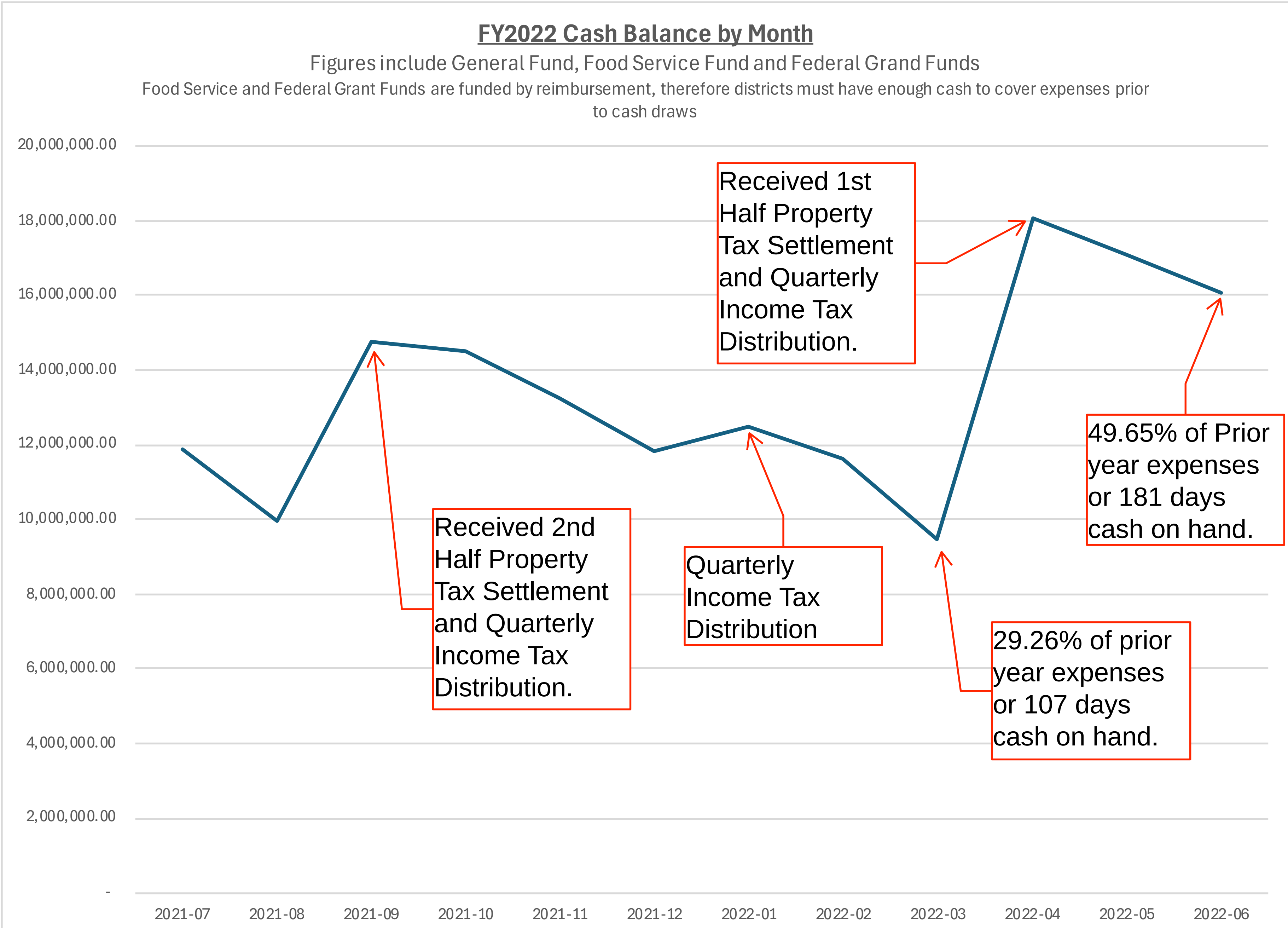
This biennial budget presents a crucial opportunity to ensure stability and sustainability in Ohio's public education system. By reinstating the Fair School Funding Plan phase-in, updating cost inputs, preserving long-term financial planning tools, and strengthening supports like ESCs and transportation, we can provide every district with the foundation needed to serve students effectively.

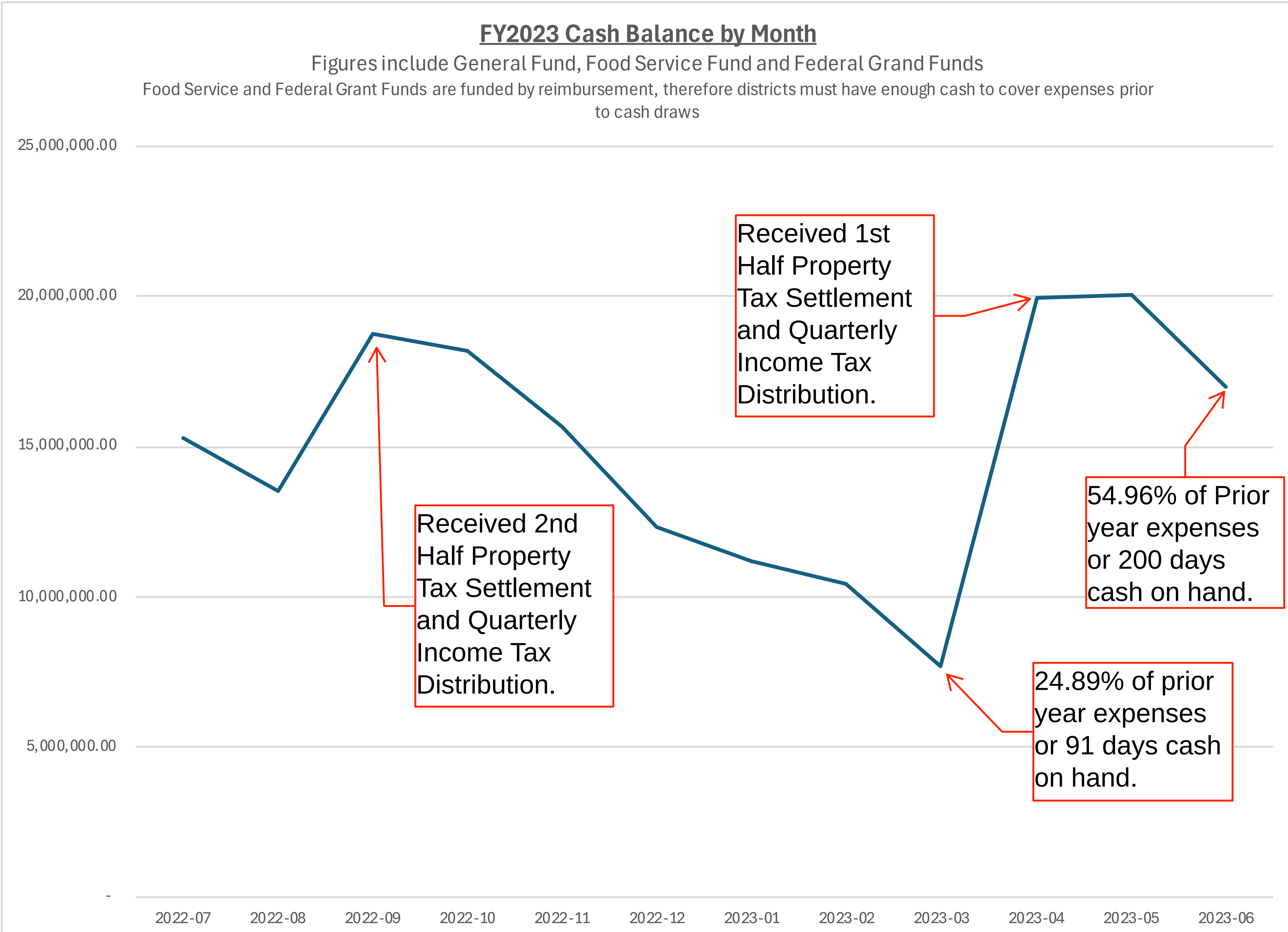
Thank you for your time and attention. We are happy to answer any questions you may have.

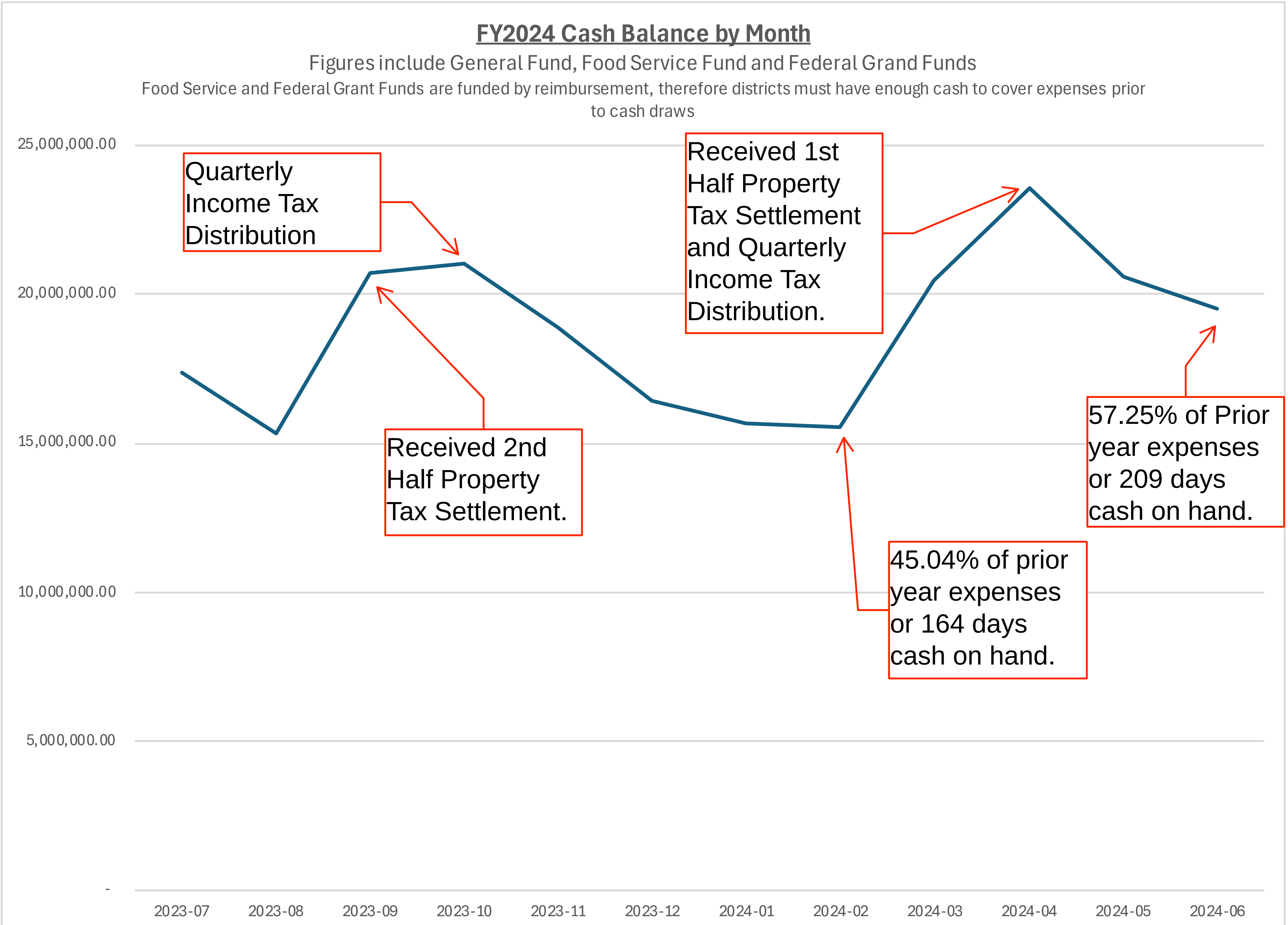
Appendix A

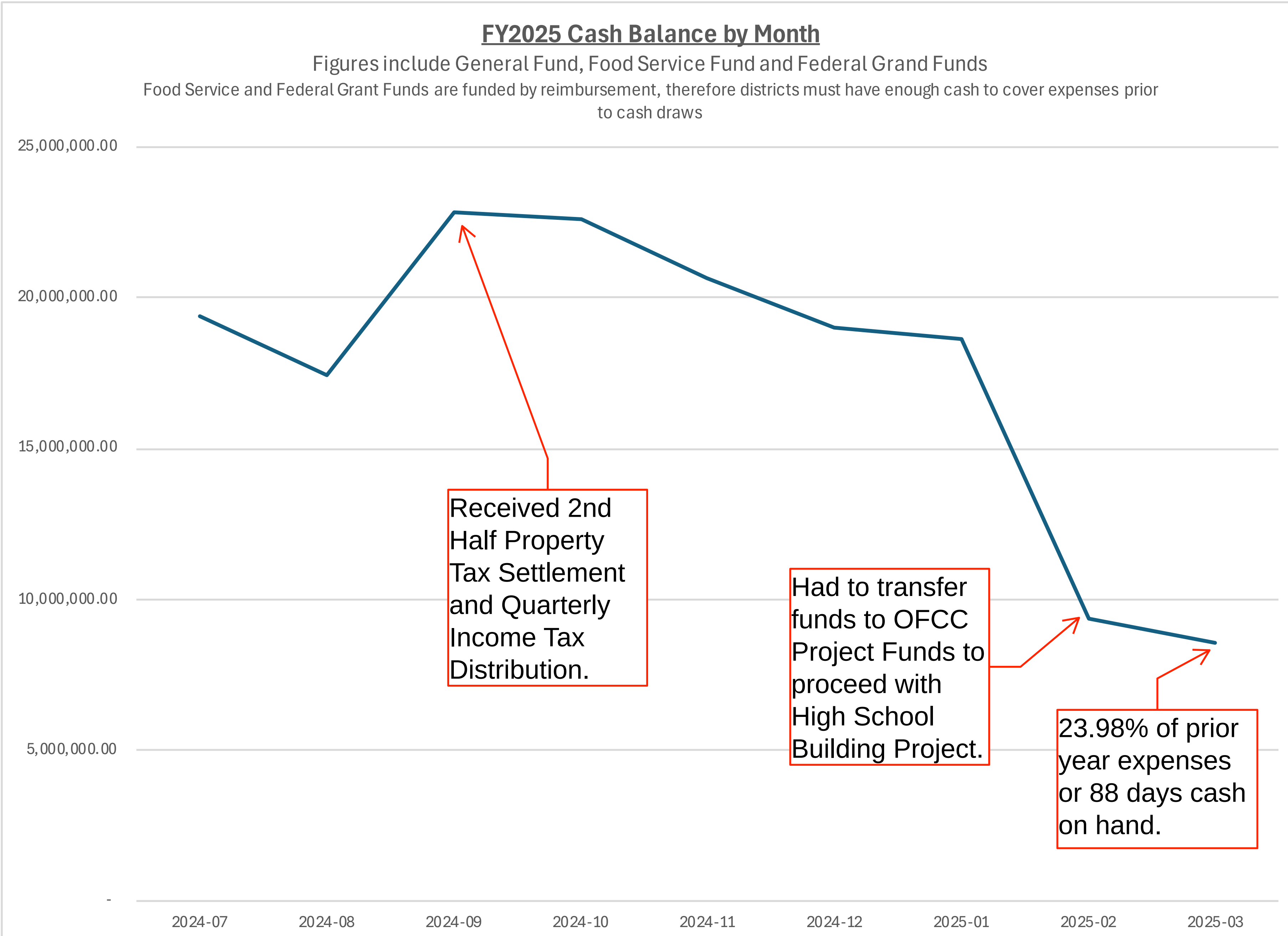

FY2020 Cash Balance by Month
Figures include General Fund, Food Service Fund and Federal Grand Funds
Food Service and Federal Grant Funds are funded by reimbursement, therefore districts must have enough cash to cover expenses prior to cash draws
16,000,000.00
14,000,000.00
12,000,000.00
10,000,000.00
8,000,000.00
6,000,000.00
4,000,000.00
2,000,000.00
-
2019-07
2019-08
2019-09
2019-10
2019-11
2019-12
2020-01
2020-02
2020-03
2020-04
2020-05
2020-06
Cash Balance
Quarterly Income Tax Distribution
Received 1st Half Property Tax Settlement and Quarterly Income Tax Distribution.
2nd Half Property Tax Settlement.
33.98% of Prior year expenses or 124 days cash on hand.
16.29% of prior year expenses or 59 days cash on hand.


FY2021 Cash Balance by Month
Figures include General Fund, Food Service Fund and Federal Grand Funds
Food Service and Federal Grant Funds are funded by reimbursement, therefore districts must have enough cash to cover expenses prior to cash draws
16,000,000.00
14,000,000.00
12,000,000.00
10,000,000.00
8,000,000.00
6,000,000.00
4,000,000.00
2,000,000.00
-
2020-07
2020-08
2020-09
2020-10
2020-11
2020-12
2021-01
2021-02
2021-03
2021-04
2021-05
2021-06
Received 2nd Half Property Tax Settlement and Quarterly Income Tax Distribution.
Received 1st Half Property Tax Settlement and Quarterly Income Tax Distribution.
41.03% of Prior year expenses or 150 days cash on hand.
18.94% of prior year expenses or 69 days cash on hand.


FY2022 Cash Balance by Month
Figures include General Fund, Food Service Fund and Federal Grand Funds
Food Service and Federal Grant Funds are funded by reimbursement, therefore districts must have enough cash to cover expenses prior to cash draws
20,000,000.00
18,000,000.00
16,000,000.00
14,000,000.00
12,000,000.00
10,000,000.00
8,000,000.00
6,000,000.00
4,000,000.00
2,000,000.00
-
2021-07
2021-08
2021-09
2021-10
2021-11
2021-12
2022-01
2022-02
2022-03
2022-04
2022-05
2022-06
Received 1st Half Property Tax Settlement and Quarterly Income Tax Distribution.
Received 2nd Half Property Tax Settlement and Quarterly Income Tax Distribution.
Quarterly Income Tax Distribution
49.65% of Prior year expenses or 181 days cash on hand.
29.26% of prior year expenses or 107 days cash on hand.


FY2023 Cash Balance by Month
Figures include General Fund, Food Service Fund and Federal Grand Funds
Food Service and Federal Grant Funds are funded by reimbursement, therefore districts must have enough cash to cover expenses prior to cash draws
25,000,000.00
20,000,000.00
15,000,000.00
10,000,000.00
5,000,000.00
-
2022-07
2022-08
2022-09
2022-10
2022-11
2022-12
2023-01
2023-02
2023-03
2023-04
2023-05
2023-06
Received 1st Half Property Tax Settlement and Quarterly Income Tax Distribution.
Received 2nd Half Property Tax Settlement and Quarterly Income Tax Distribution.
54.96% of Prior year expenses or 200 days cash on hand.
24.89% of prior year expenses or 91 days cash on hand.


FY2024 Cash Balance by Month
Figures include General Fund, Food Service Fund and Federal Grand Funds
Food Service and Federal Grant Funds are funded by reimbursement, therefore districts must have enough cash to cover expenses prior to cash draws
25,000,000.00
20,000,000.00
15,000,000.00
10,000,000.00
5,000,000.00
-
2023-07
2023-08
2023-09
2023-10
2023-11
2023-12
2024-01
2024-02
2024-03
2024-04
2024-05
2024-06
Quarterly Income Tax Distribution
Received 2nd Half Property Tax Settlement.
Received 1st Half Property Tax Settlement and Quarterly Income Tax Distribution.
45.04% of prior year expenses or 164 days cash on hand.
57.25% of Prior year expenses or 209 days cash on hand.



FY2025 Cash Balance by Month
Figures include General Fund, Food Service Fund and Federal Grand Funds
Food Service and Federal Grant Funds are funded by reimbursement, therefore districts must have enough cash to cover expenses prior to cash draws
25,000,000.00
20,000,000.00
15,000,000.00
10,000,000.00
5,000,000.00
-
2024-07
2024-08
2024-09
2024-10
2024-11
2024-12
2025-01
2025-02
2025-03
Received 2nd Half Property Tax Settlement and Quarterly Income Tax Distribution.
Had to transfer funds to OFCC Project Funds to proceed with High School Building Project.
23.98% of prior year expenses or 88 days cash on hand.

Appendix B

Athens City School District

Monthly Spending Summary

Fiscal Year 2025

Line	Description	FYTDEstimate	July	August	September	October	November	December	January	February	March	April	May	June
01.010	General Property (Real Estate)	15,764,665.00	-	-	6,439,790.29	-	-	-	-	-	-	-	-	-
01.020	Tangible Personal Property Tax	3,852,382.00	-	-	1,888,642.31	-	-	-	-	-	-	-	-	-
01.030	Income Tax	5,576,447.00	1,638,797.70	-	-	1,200,159.83	-	-	1,136,901.09	-	-	-	-	-
01.035	Unrestricted Grants-in-Aid	9,502,095.00	764,143.84	863,056.82	764,489.15	765,373.38	792,731.90	879,475.81	813,196.74	817,828.25	782,097.35	-	-	-
01.040	Restricted Grants-in-Aid	2,191,961.00	68,445.50	65,082.72	65,082.70	564,550.75	187,565.51	190,675.07	175,180.01	170,521.46	178,759.82	-	-	-
01.045	Restricted Federal Grants-in-Aid - SFSF	-	-	-	-	-	-	-	-	-	-	-	-	-
01.050	State Share of Local Property Taxes	1,618,773.00	-	-	-	808,226.19	14,417.33	-	-	-	-	-	-	-
01.060	All Other Operating Revenue	1,871,852.00	107,457.69	70,946.13	139,272.18	115,642.60	324,482.55	84,149.24	89,676.79	195,090.03	322,869.61	-	-	-
01.070	Total Revenue	40,378,175.00	2,578,844.73	999,085.67	9,297,276.63	3,453,952.75	1,319,197.29	1,154,300.12	2,214,954.63	1,183,439.74	1,283,726.78	-	-	-
02.040	Operating Transfers-In	-	-	-	-	-	-	-	-	-	-	-	-	-
02.050	Advances-In	-	-	-	-	-	-	-	-	-	-	-	-	-
02.060	All Other Financial Sources	-	-	-	-	-	-	-	-	-	-	-	-	-
02.070	Total Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-
02.080	Total Revenues and Other Financing Sourc	40,378,175.00	2,578,844.73	999,085.67	9,297,276.63	3,453,952.75	1,319,197.29	1,154,300.12	2,214,954.63	1,183,439.74	1,283,726.78	-	-	-
03.010	Personal Services	22,072,537.00	1,561,421.82	1,640,961.17	1,490,829.96	2,540,840.67	1,881,461.68	1,668,149.18	1,696,191.15	1,669,910.63	1,784,377.24	-	-	-
03.020	Employees' Retirement/Insurance Benefit:	11,620,733.00	814,152.30	912,567.53	949,056.88	963,191.32	1,123,147.56	942,444.11	924,970.65	919,674.75	935,812.09	-	-	-
03.030	Purchased Services	3,034,207.00	123,861.43	95,421.49	179,117.16	131,754.48	498,685.79	166,059.21	373,163.28	196,175.18	258,619.96	-	-	-
03.040	Supplies and Materials	711,427.00	33,431.05	73,623.39	60,971.13	60,268.18	50,993.44	39,427.44	42,311.42	61,273.88	52,179.66	-	-	-
03.050	Capital Outlay	35,323.00	-	-	470,452.95	2,182.11	1,675.28	2,540.30	173.48	61,188.04	-	-	-	-
04.300	Other Objects	726,112.00	31,883.13	680.00	168,550.86	25,780.81	8,761.33	62.75	27,855.42	1,459.71	8,200.00	-	-	-
04.500	Total Expenditures	38,200,339.00	2,564,749.73	2,723,253.58	3,318,978.94	3,724,017.57	3,564,725.08	2,818,682.99	3,064,665.40	2,909,682.19	3,039,188.95	-	-	-
05.010	Operational Transfers - Out	7,916,810.00	3,857.70	-	-	-	-	-	-	7,270,560.00	-	-	-	-
05.020	Advances - Out	-	-	-	-	-	-	-	-	-	-	-	-	-
05.030	All Other Financing Uses	33,586.00	-	-	-	-	-	-	-	-	-	-	-	-
05.040	Total Other Financing Uses	7,950,396.00	3,857.70	-	-	-	-	-	-	7,270,560.00	-	-	-	-
05.050	Total Expenditure and Other Financing Use	46,150,735.00	2,568,607.43	2,723,253.58	3,318,978.94	3,724,017.57	3,564,725.08	2,818,682.99	3,064,665.40	10,180,242.19	3,039,188.95	-	-	-
06.010	Over/(Under) Lines 02.080/05.050	(5,772,560.00)	10,237.30	(1,724,167.91)	5,978,297.69	(270,064.82)	(2,245,527.79)	(1,664,382.87)	(849,710.77)	(8,996,802.45)	(1,755,462.17)	-	-	-
07.010	Beginning Cash Balance	19,582,023.60	19,582,023.60	19,592,260.90	17,868,092.99	23,846,390.68	23,576,325.86	21,330,798.07	19,666,415.20	18,816,704.43	9,819,901.98	-	-	-
07.020	Ending Cash Balance		19,592,260.90	17,868,092.99	23,846,390.68	23,576,325.86	21,330,798.07	19,666,415.20	18,816,704.43	9,819,901.98	8,064,439.81	-	-	13,809,463.00
08.010	Encumbered Funds	1,563,163.73	2,629,935.09	2,761,532.94	2,017,233.78	1,920,012.73	1,997,664.84	1,818,657.16	1,455,582.47	1,203,000.97	1,095,184.69	-	-	-
	Unencumbered Funds	18,018,859.87	16,962,325.81	15,106,560.05	21,829,156.90	21,656,313.13	19,333,133.23	17,847,758.04	17,361,121.96	8,616,901.01	6,969,255.12	-	-	13,809,463.00
	Cash Balance of Prior Year Budget	54.9%	54.9%	54.9%	50.1%	66.8%	66.1%	59.8%	55.1%	52.7%	27.5%	0.0%	0.0%	0.0%
	Unencumbered Funds of Prior Year Budget	50.5%	47.5%	42.3%	61.2%	60.7%	54.2%	50.0%	48.7%	24.2%	19.5%	0.0%	0.0%	38.7%

Estimate from February Forecast Update submitted to the Ohio Department of Education & Workforce.

Cash Balance Percentage for Next Year	**29.9%**
Estimated	
Obligated Wages	3,416,395.98
Board Share Retirment	478,295.44
Board Share Medicare	49,537.74
Board Share Insurance	1,238,034.20
Total Wage Obligations	5,182,263.36
Unencumbered Fund less Total Wage Obligations	8,627,199.64
Unobligated Funds as Percentage of Budget	**18.69%**