



**Todd Puster, Treasurer & Chief Financial Officer**

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May 7, 2025

**Re.: Written Testimony on House Bill 96 Before the Senate Education Committee**

Dear Mr. Chairman and Members of the Senate Education Committee:

**Introduction**

I am Todd Puster, Treasurer/CFO of the Orange City School District in eastern Cuyahoga County, and I also serve as President of the Ohio Association of School Business Officials. I have 33 years of experience as a licensed Ohio school treasurer and this is the 17<sup>th</sup> biennial budget cycle I have witnessed.

The Orange City School District serves approximately 2,000 students on a 172-acre central campus. The District's educational offerings are highly regarded and the District has been recognized for academic performance that is above pre-pandemic levels in both reading and mathematics. The District also offers students a comprehensive program of extracurricular activities and athletic opportunities.

The Ohio Association of School Business Officials serves nearly all of Ohio's school district treasurers and more than 1,000 other school business officials and support staff. These individuals are employed in all of Ohio's 88 counties. The vision of the Association is "fostering financial and operational excellence to advance Ohio public education."

I have a number of concerns about House Bill 96 as passed by the Ohio House of Representatives last month. I am limiting my remarks to just two of those concerns: the sidelining of the use of the Fair School Funding Plan for distributing funds to Ohio's school districts and the limitation imposed on school district fiscal-year-end cash balances.

**Fair School Funding Plan**

Educators, legislators and other interested parties toiled for several years in a sincere bipartisan fashion to understand and to quantify the resources needed to educate the children of the State of Ohio, grades PK-12. The result is a detailed accounting of the essential resources that should be available to every child anywhere in the State.

An array of input factors is considered. These include additional resources for children who have special needs to receive a free and appropriate public education, additional resources for

children who face the challenges of poverty, and additional resources for gifted and talented children. Offsetting input factors include local property values and resident incomes.

For the current fiscal year, Orange City Schools is funded at the minimum state funding share percentage of 10%. This represents approximately 5% of total district operating funds.

While we must acknowledge that no plan is forever perfect, the Fair School Funding Plan was the best effort in decades to address equity and adequacy in school funding in Ohio. Providing proper resources for all of Ohio's children is essential if Ohio is going to have the workforce it needs to meet the economic challenges of the mid-21<sup>st</sup> Century.

### **Cash Reserve Limitations**

For the past 20 years, the Orange City School District Board of Education has required that the District maintain a cash reserve of at least 25% (90 days) of its end of fiscal year balance. The Resolution, first adopted on January 10, 2005, noted *“this practice is both prudent and sound fiscal management in the current environment.”*

Since January 2005, the entire membership of the Board of Education has turned over, and the District has transitioned superintendents and treasurers several times. Yet through all that change, the Orange Board of Education has remained steadfastly committed to maintaining this level of reserves.

Board members in Orange understand that they are highly dependent on local property taxpayers for funding. Approximately 80% of all District operating tax receipts are from property taxation. The second largest source of funding, accounting for approximately 10% of all District operating revenue, is homestead and rollback reimbursements. These two sources of revenue account for some 90% of District operating funding.

The 30% cash reserve limitation (previously 25%) has no basis in prudent financial management. In fact, major credit rating agencies that assess school district finances across the nation for the purpose of rating bonds set these levels as a minimum for considering top ratings.

Through the policy adoption process, elected local boards of education are best positioned to assess what local minimum (and maximum) cash reserves should be. The following factors regarding cash balances merit further consideration:

- ✓ Cash balances at the end of Fiscal Year 2023-2024 were abnormally high for many school districts due to the prudent supplanting of general operating dollars with pandemic-relief funding. That relief funding is now gone.
- ✓ Delays in mailing property tax bills and posting payments can delay local district receipt of funds, causing cash flow problems. In some cases, this can necessitate cash flow borrowing for a district to meet its payroll obligations. This was an acute problem this year for some districts as reappraisal data was late in being transmitted from the state to local officials. This delayed the mailing of tax bills in some counties, including Cuyahoga.
- ✓ Emergency reserves are necessary in the event a major piece of equipment, such as a boiler, needs repaired—or a tragic crisis occurs.

Cash reserve limitations also constrain the flexibility that local boards of education have in managing all assets, not only cash. This extends to plant, property and equipment. In November 2011, Orange City School District voters approved a 5-mill operating levy. Those funds not only were intended to pay for day-to-day operations but also to fund \$10 million in essential improvements to facilities throughout the campus.

Through the passage of that levy, more than \$18 million ended up being allocated to renovate both Orange High School and Brady Middle School. The current Orange High School was mostly built in the early 1970s, but has a core built in the 1950s that houses an auditorium and gymnasium. Brady Middle School was built in the 1960s. These are structurally sound buildings that needed major renovations to maintain their functionality. These prudent investments added approximately 20 years of useful life to these buildings and saved local taxpayers from the costs associated with structure demolition and reconstruction that could easily have been five times greater. Indeed, this was a wise use of local tax dollars and has saved community members millions of dollars.

Also, local electors have not been asked for additional funds for day-to-day operations since that vote in 2011. While additional funding will be needed at some point in time, no other nearby district in eastern Cuyahoga County has gone as long without asking local voters for additional financial support. Cash reserve levels have ebbed and flowed over time and are currently forecast to decline over the next few years.

### **Closing**

Mr. Chairman and Members of the Committee, thank you for the opportunity to share these concerns about several provisions of House Bill 96. My request is that House Bill 96 be amended to address the issues identified above:

- ✓ The Fair School Funding Plan needs to be restored fully as the mechanism for distributing funds to Ohio's public school districts.
- ✓ The 30% cash reserve level needs to be removed from the bill entirely as it upends the principle of local control and undermines the financial positions of school districts throughout Ohio.

Please contact me at 216-831-8600, ext. 6601 (office) or 440-991-7473 (cell) with any questions.

Respectfully submitted,

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Treasurer/CFO, Orange City School District  
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