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WEST CLERMONT SCHOOL DISTRICT

Senate Education Committee
House Bill 96
May 6, 2025

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 96. My name is Natasha Adams and I serve as the Superintendent of West Clermont Local School District, Clermont County Ohio.

The West Clermont Local School District is the 24th largest of Ohio's 606 school districts in terms of average daily membership and the largest in Clermont County with a mixed typology of urban, suburban and rural spread over 47 square miles. The District is comprised of portions of several townships in Clermont County, including Union Township, Pierce Township, Batavia Township, Ohio Township and Monroe Township. Enrollment for this current year 2024-2025 school year is at 7,893 students in grades pre-K through 12. Clermont County is one of the fastest growing counties in Ohio with our projected enrollment growth exceeding 1,300 students by 2030.

I appreciate the work of this committee and the General Assembly in supporting Ohio's public schools, and I respectfully offer the following comments on several provisions in House Bill 96.

Fair School Funding Plan: Preserve the Guarantees, Phase-In and Update Base Cost Inputs

Like many of my colleagues across the state, I remain strongly committed to the Fair School Funding Plan (FSFP). It is a student-centered, transparent, and predictable model that reflects the actual cost of educating students in our communities.

Replacing the FSFP phase-in with temporary "bridge funding" moves away from this progress and reintroduces uncertainty into a system we've worked hard to stabilize.

Our Profile:

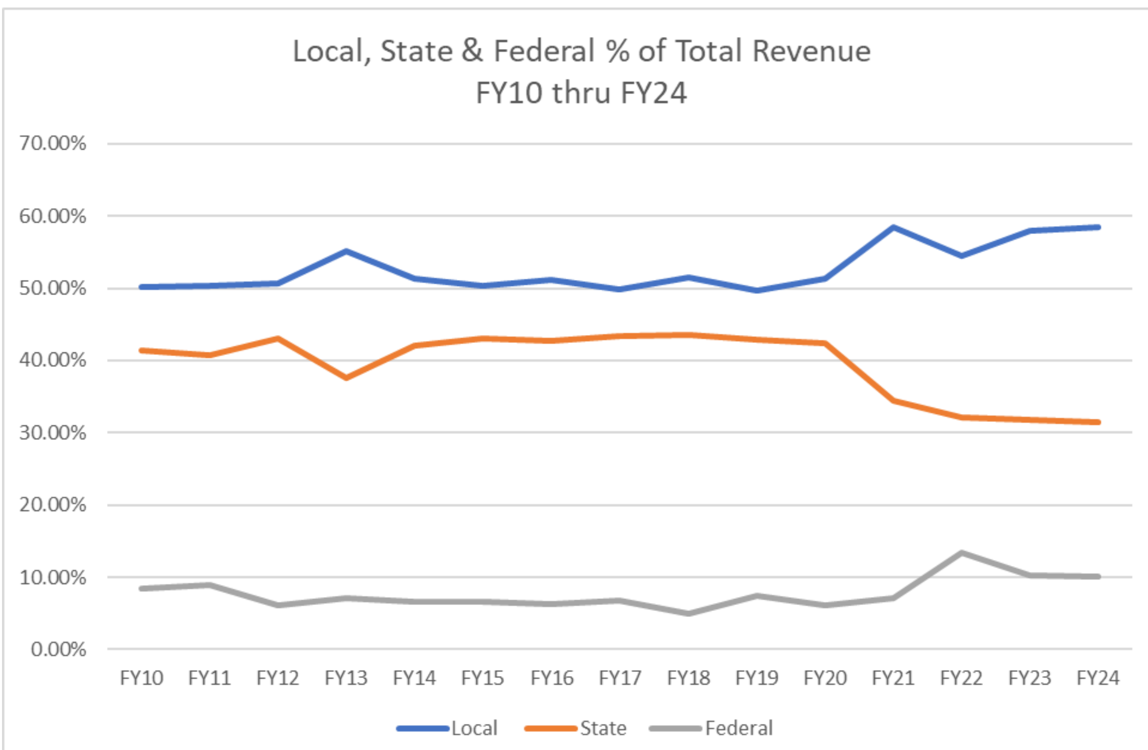
- WC is at the 20-mil floor.
- WC's inside millage is in the Permanent Improvement Fund and for the most part, dedicated to our 2017 HS COPS payment.
- WC has an Emergency Levy passed in 2020 due for renewal in 2030.
- WC has a Continuing Substitute Emergency Levy passed in 2009.
- WC has recently passed/failed a bond issue May 6, 2025. Our last successful bond issue was in 2007.
- WC anticipates the need for a ballot issue for operating expenses as early as calendar 2026.
- WC is a guarantee district for state funding.
- WC's receives 65% of its general fund revenues from local sources and 35% from state sources (FY24).
- WC spends in the bottom 16% of the state in expenditures per pupil (FY24).

- WC's performance has increased the past 4 years from a "C Rating" to a 4-Star rating
- WC is in the top 11% for performance/value-added, 5 Stars for Gap Closing
- WC has earned the Ohio's Momentum Award.

We urge the Senate to:

- Maintain guarantees within the FSFP;
- Remove temporary "bridge funding" and maintain the phase-in as proposed by Governor DeWine;
- Update the base cost inputs to reflect current costs, such as staffing, class sizes, and services.

Without updated base costs, districts are penalized even as other formula inputs—such as property valuations or income data—are refreshed. This creates structural imbalance and shifts more of the funding responsibility onto local taxpayers. Even worse, should the guarantees go away, districts like ours will have a greater structural imbalance shifting even more of the funding responsibility to our local taxpayers.



Source: Cupp Report / District Profile Data

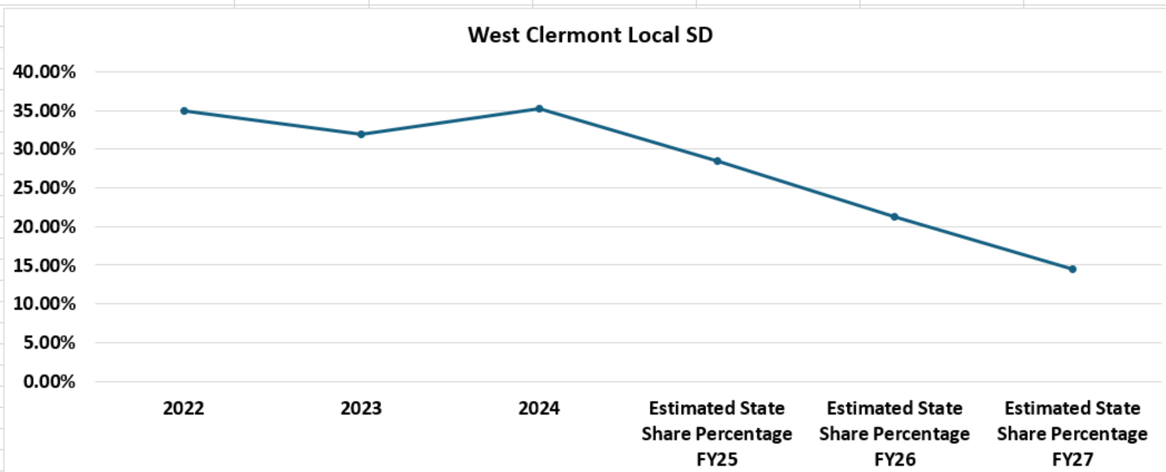
For the FY25 projected revenue mix, the end of the Federal relief dollars with the constancy of the guarantee on state funding will move the local funding to a higher percentage, i.e., increase pressure on our local taxpayers.

Should the guarantee begin to be phased out, the disproportionate share between local and state sources will grow to an alarming split by 2027 with local share escalating to 85% and the state percentage share to 15% (see the chart below).

Instructions: Enter IRN for desired district to visualize state share change over time.

IRN 46359

	2022	2023	2024	Estimated State Share Percentage FY25	Estimated State Share Percentage FY26	Estimated State Share Percentage FY27
West Clermont Local SD	34.97%	31.9%	35.19%	28.4%	21.2%	14.5%



Source: K12 Simulation

Cash Balance Cap & Five-Year Forecast Elimination

Under the House-passed version of HB 96, districts with a carryover balance above 30% of the prior year's expenditures could face property tax reductions creating serious planning challenges. Ohio collects property taxes in arrears, which means that any reduction triggered by a June 30 balance wouldn't affect collections until 18 months later—long after the budget for the affected year has been adopted.

Additionally, operating balances contain funding obligations not always apparent. For example, over $4 million dollars will be included in West Clermont's June 30th 2025 cash balance due to two anomalies. First, as notified by the Clermont County Auditor on April 3, 2025, we were informed that our first half settlement advances were calculated based upon estimates, and as a result our district was overpaid by $2,190,000. Following this notice, the County Auditor notified all districts in Clermont County about the pending Duke Energy reassessment appeal. The estimated refund of taxes to all Clermont County school districts is $7.5 million, the amount estimated for our district is $2.4 million dollars. These anomalies happen, misrepresenting a district's true cash balance.

In West Clermont we build and maintain our cash reserves to:

- Prepare for unpredictable state funding reductions; For example, our district is on the guarantee, as the guarantees are only committed every two years, districts such as ours need to plan for possible reductions and/or the elimination of the guarantees.
- Manage levy cycles and avoid frequent ballot issues; For example, as our district is on the 20-mill floor, when the valuation reappraisal in 2023 collected in 2024 occurred, the district was able to extend coming back to voters by at least two additional years.
- Navigate cash flow gaps due to the timing of tax collections and state payments; for example, in early 2021 our district issued $11 million dollars in Tax Anticipation Notes prior to receiving our tax advances.
- Prepare for student enrollment growth, including special needs and English Learners. Especially when students arrive before funding.
- Sustain and have continuity of a workforce compensation plan; For example, our inability to maintain a competitive wage schedule and amicable collective bargaining was hampered during the school years 2020/21 through 2024/25 due to low balances. Economic increases during that period were:
    - 2020/21 - 0%, After May 2020 levy passage of 7.99 mills
    - 2021/22 – 1%
    - 2022/23 – 1%
    - 2023/24 – 1%
    - 2024/25 – 3%
- Sustain capital, maintenance, or strategic plans; For example, the ability to plan multi-year curriculum, technology updates, and replacement cycles. Prior to the FY21 school year our district went without curriculum updates for over a decade.
- Support the district's bond rating and financial stability. For example, in August 2024 Moody's Ratings (Moody's) upgraded our district to Aa3 from A1 noting our improved financial position with increases in our reserves (cash balances).

We believe there is current oversight of cash balances through the Ohio Department of Education and Workforce and the Auditor of State's Office with the twice-a-year review of the Five-Year Forecast. The main purpose of the review is for fiscal health. These two agencies review the forecast for fiscal distress and should various metrics indicate the district is in distress (low cash balances and deficit spending) the agencies request the district to provide a plan of action to remedy the fiscal distress. Similarly, we believe the option exists for those agencies to review the Five Year Forecast and identify a possible surplus in the cash balance. This would trigger a request for the district to provide the rationale for the balance and/or to submit a plan of action to utilize the balance.

Capping cash balances would undercut responsible financial planning and could increase long-term costs for both school districts and local taxpayers.

In addition, replacing the five-year forecast with a three-year projection would weaken our ability to plan ahead, monitor for emerging deficits, and communicate with our communities. Years four and five are often when deficits appear—particularly in districts dependent on levy renewals.

We urge the Senate to:

- Remove the 30% cash balance provision from HB 96; and
- Reinstate the five-year forecast requirement to ensure long-term financial transparency.

Thank you for your consideration of these crucial next steps in supporting Ohio's educational excellence.

Chair Brenner and members of the committee, thank you for your time and attention. I would be happy to answer any questions you may have at this time.