



Bexley City Schools
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Senate Education Committee
House Bill 96
May 14, 2025

Chair Brenner, Vice Chair Blessing, Ranking Member Ingram, and members of the Senate Education Committee, my name is Kyle Smith, and I serve as the Treasurer/CFO of Bexley City School District in Franklin County. Thank you for the opportunity to submit testimony today on House Bill 96.

Bexley is a 2 square mile inner-ring suburb of Columbus that serves roughly 2,500 students in buildings that are an average of 85 years old. It has been landlocked/fully developed for decades, passed countless operating levies and about 95% of the property valuation is residential. These factors have made it the most densely populated district in the state, per square mile.

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

Even though the Fair School Funding Plan (FSFP) contributes about 8% of our operating revenues, I remain committed to its fair implementation. It is a student-centered, transparent, and predictable model that reflects the actual cost of educating students in our communities.

Without updated base costs, districts like mine risk being 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 burden onto local taxpayers.

While I truly believe Bexley would love more funding support from the state, I think the community understands how the model uses data to fund the state schools in a fair way. Despite that meaning more of a local contribution than most.

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. For districts like mine, this would create serious planning challenges and risks disrupting the education of our students. This disrupts local control of primarily locally funded schools.

For nearly 20 years Bexley has successfully taken different approaches to address the funding challenges it can take to deliver the high expectations the community pays for. Since 2004 Bexley has passed a School District income tax, two traditional property tax levies and an incremental property tax in 2024. Despite being on the ballot 3 of these times having cash balances greater than 50% in the ballot year. Our community understands the long arch of school funding and planning. We believe this blend has served our students well and considered taxpayers at the same time. Districts like Bexley, who will never be near the 20 mill floor are constantly looking for ways to extend a levy. We can do this by carefully and transparently surviving on cash reserves.



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Specifically, to Bexley, part of our incremental levy decision was a planned and thoughtful approach to spend down our cash reserves over the next five years. The knowledge of a secure 5-year incremental levy and the projected cash reserves that entire time allowed our community Finance Advisory Council to feel comfortable with this new plan. It also allowed us to stay within their supported and Board of Education approved Cash Reserves Policy which looks forward into the future for four years. This is an example of a locally controlled decision to spend down cash reserves.

In Bexley, we build and maintain our general fund cash reserves to:

- *Reduce disruptions to student programming and services*
- *Manage and extend our levy cycles in consideration of our taxpayers*
 - *Estimated extensions: 2004 SDIT levy extended 2 years, 2010 Levy extended 6 years, 2019 Levy extended 2 years.*
 - *A note : Our **effective tax rate has been consistent** the last 30-40 years because of HB920. Our community understands the “tax rate” and shared responsibility it takes to fund education.*
- *Weather funding volatility within our School District Income Tax – **which has seen reduction swings of 15% and 20% in recent years. This was about 5% of total revenues.***
- *Navigate cash flow gaps due to the timing of tax collections and state payments;*
- *Maintain our locally funded ageing facilities.*
- *Utilizing an essential and transparent planning tool that spans five years, not three.*

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

We urge the Senate to:

- Remove the 30% cash balance provision from HB 96; and
- Reinstated the five-year forecast requirement to ensure long-term financial transparency.
- Continued engagement and collaboration with our associations to find ways for property tax relief for the long-term.

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.

Respectfully,

Kyle F. Smith
Treasurer/CFO, Bexley City School District