



Westerville City Schools

Department of Treasurer/Fiscal Services
Nicole Marshall, Treasurer/CFO

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To: Senate Education Committee
Date: 5/12/2025

Re: Nicole Marshall, Angie Hamberg and Kristy Meyer testimony to Senate Education Committee regarding the State's Biennium Budget as it relates to School Funding

Vision

Our vision is
to be the benchmark
of educational
excellence.

Mission

Our mission is
to prepare students
to contribute
to the competitive
and changing world
in which we live.

Values

Respect
Inclusiveness
Community
Communication
Collaboration
Innovation
Nurturing
Trust
Accountability

Chair Brenner, Vice Chair Blessing, Ranking Member Ingram and Members of the Senate Education Committee, thank you for the opportunity to provide testimony on the State's budget. My name is Nicole Marshall and I serve as the Treasurer/CFO for the Westerville City School District, located in both Franklin and Delaware counties. With me today are our Superintendent, Angie Hamberg, and our Board President, Kristy Meyer.

Our District serves nearly 15,000 students and spans multiple municipalities. Our student demographics include 16% special education, 23% gifted education, and nearly 11% English learners. Over 43% of our students and their families are economically disadvantaged, yet we are still considered a wealthy suburban District.

Our local community provides for over 64% of our general operating revenue through local property taxes. We are not on the 20 mill floor and our voted levies are subject to the reduction factors from HB920. We also do not have a school district income tax.

We have seen our general fund balance grow due to our careful approach to increased costs and our strategic use of ESSER funds from the federal government, even with the state funding cuts we experienced during the pandemic. Given that funding for our district's students has been subject to caps and reductions in the state's funding formulas, as well as lack of revenue growth on voted levies due to HB920 over the last several years, we have worked hard to put our district in a place where we do not have to significantly cut programs for our students when funding is inevitably reduced during times of economic uncertainty.

Our District failed a levy in 2011 and had to shift a payroll date from late June to early July due to a lack of cash flows. That same levy failure resulted in programs being gutted across our District, including our middle schools. Up until 2019, some of our middle school students had 2 or 3 study hall periods due to the lack of available courses.

Our district has been working hard to build our programs back up, now offering electives in our middle schools like Extreme Engineering and Medical Detectives. We have also seen the needs of our students grow significantly in special education, gifted education, mental health, economically disadvantaged and English learners over the last several years.

We failed a levy in November of 2024 that would have provided needed operating funds and bond funds for facilities. We are not yet eligible for the state's facilities funding through the Ohio Facilities Construction Commission. We are part of the Expedited Local Partnership Program and have accumulated over \$25 million in credit from the state to date.

We had intended to use a portion of our general fund cash balance to help offset the cost of a new bond issue for facility work. However, since the levy failed in 2024, we now need those funds to keep our general fund in a positive cash balance throughout our five-year forecast period and allow us to sign long-term contracts. We have also worked on austerity measures due to the lack of additional operating funds, reducing over 30 positions for next school year and delaying curriculum and technology updates, among other things.

The state's share of funding for our students has decreased by 20 percent since FY2021.



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Our district lost \$4 million in state funding from FY2024 to FY2025 due to the state only updating our local capacity calculation and not updating the cost inputs in the formula. We gained over 100 students in the funding formula during the same time period.

Please understand that the volatility of our revenues with local property taxes and our state funding puts us in a position to need a substantial general fund balance to ensure that our programs remain consistent for our students and the community we serve. I have heard comments coming from general assembly members saying that "Westerville is making money off of the taxpayers' backs" in response to my testimony about our thoughtful investments. That is a complete mischaracterization of my comments. Our district believes that it is good public policy to spend taxpayer resources appropriately and to invest funds as they are available. Our investments are reducing the need for additional operating millage from our community, currently by approximately 2 mills. Our next property tax levy would need to be nearly 2 mills higher if that revenue was eliminated overnight.

I worked for the Auditor of State's Office for seven years between 2005 and 2012. During the recession of 2008 and afterwards, I worked with local governments and public schools on fiscal watch and emergency projects. Public schools were criticized for not having adequate reserves to help during times of economic downturn. Now public schools are being criticized for being fiscally responsible and keeping adequate reserves to help ensure that we can keep consistent programming in our schools to serve our students during times of economic downturn. We completely disagree with the requirement that the county should reduce our tax rates based on fund balances without considering plans made by our locally-elected officials. We ask that you remove this from the state's budget bill.

Our per-pupil expenses range from \$12,400 to over \$16,000 (depending on which measure you use), just above the state average, despite our higher cost of living in central Ohio. We receive only about \$3,000 per student from the state funding formula.

With declining revenue growth and increasing student needs, our financial model is unsustainable. No business can function by reducing revenue while increasing services. We urge the State of Ohio to fully fund the Fair School Funding Plan with updated cost inputs. Specifically, we request that you:

- Eliminate the clawback provision included in the House's budget
- Keep the Fair School Funding Plan
- Do not reduce the state's share of funding for our students in the next biennium budget
- Use more current data to account for inflationary increases in education costs, not outdated 2022 figures
- Increase special education funding
- Ensure no additional unfunded mandates on public schools

Thank you for your time. We welcome any questions you may have.

Attachments for Information:

- A. Slide showing how the funding formula is out of balance under the Governor's proposal by only updating the local capacity, but not the base costs from 2022
- B. Slide showing the special education funding vs cost study – red dot is Westerville's funding
- C. Specialized Learning Classrooms and Out of District Placement Information
- D. Slides showing how the clawback provision would affect Westerville Schools



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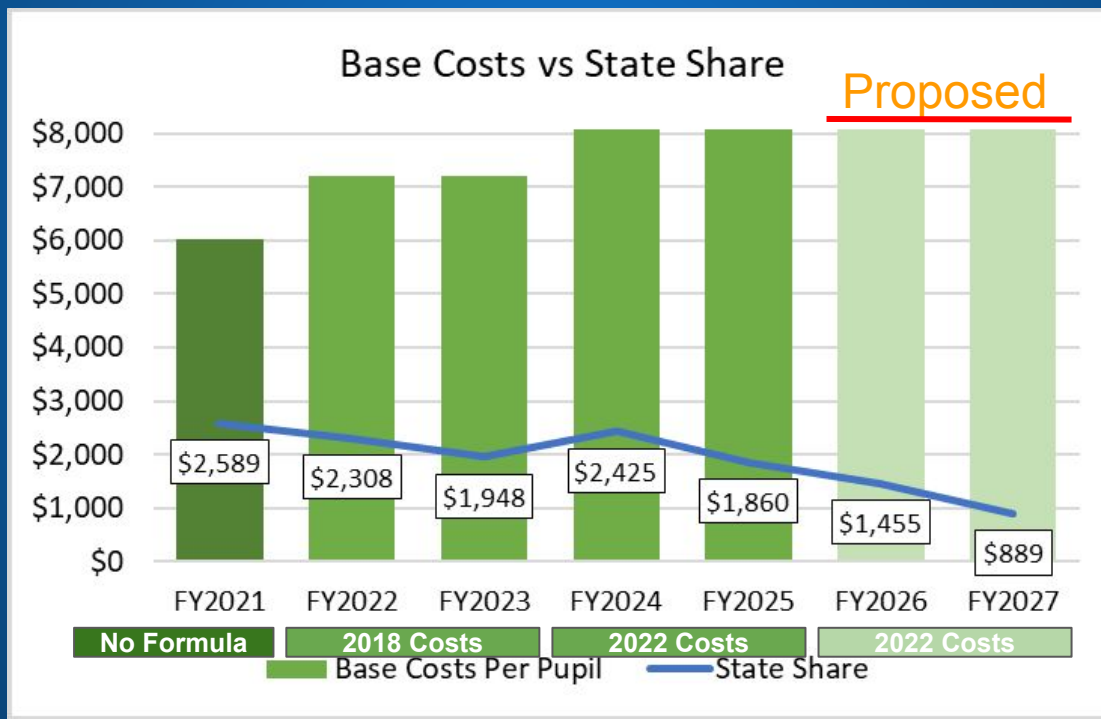
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- E. Recommendations from Joint Committee on Property Tax Review and Reform Committee – Cash balance cap not included
- F. Slides showing the State Auditor's Financial Health Indicators
- G. Slide showing information from Standard and Poor's brief on Ohio's property tax reform conversation
- H. Slide showing our student demographic shift over the last couple of decades

Using Current Data to Determine Cost

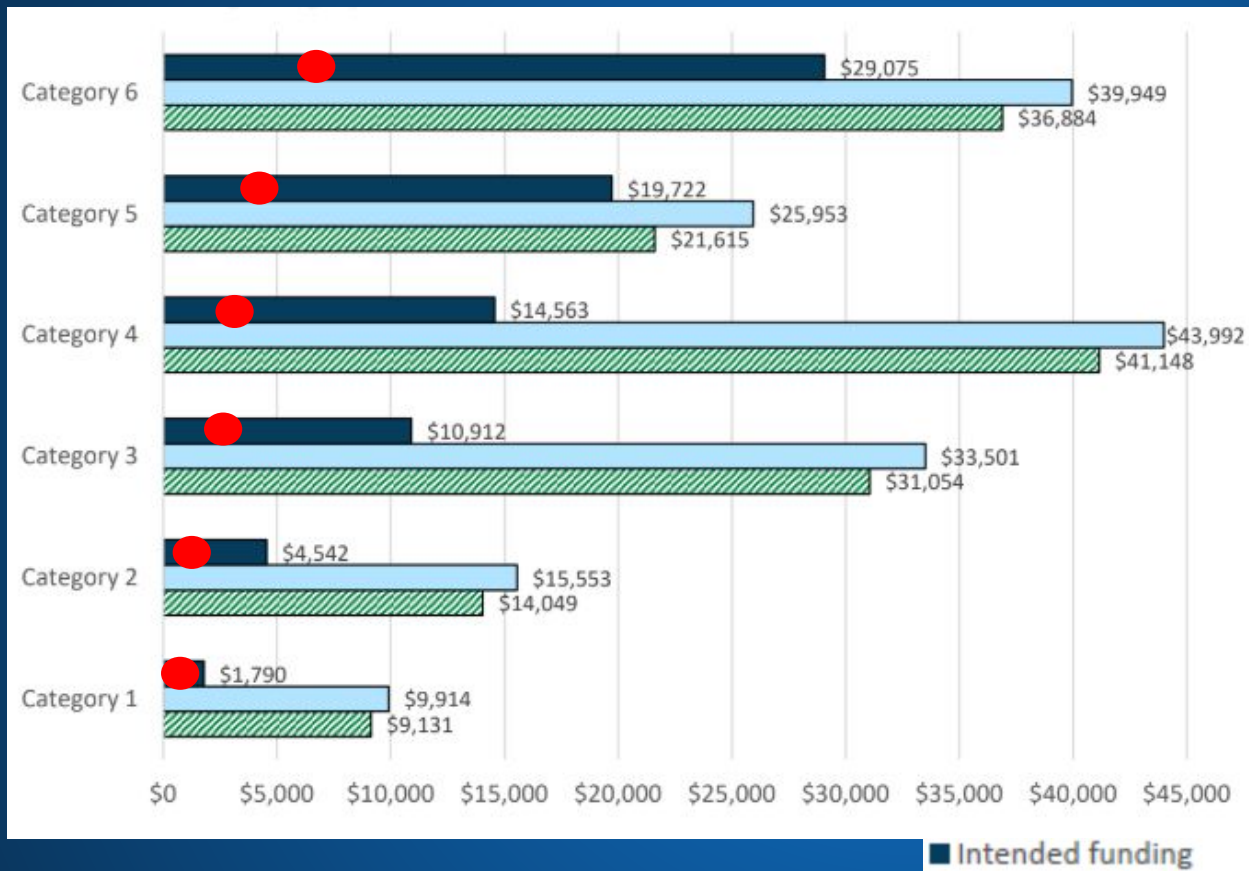
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Out of Balance formula under the Governor's Proposal



FY2022 Cost Inputs used for FY2024 through FY2027

Exhibit 13. Per-Student Annual Intended Funding Levels Represented by the State Funding Formula Versus Estimated Annual Per-Student Cost of Implementing Best Practices by Special Education Funding Category



■ Intended funding

■ Estimated per-student cost of implementing best practices

■ Estimated per-student cost, adjusted for time in general education

Westerville City Schools							
Special Education Additional Classrooms							
Buildings	2023-2024 Classrooms	New Classrooms for 2024-2025	New Classroom Type	# of New Students	# of New Teachers	# of New Aides	Anticipate New for 2025-2026
Hawthorne	2 Autism	1	Life Skills	7	1	3	
Fouse	2 Life Skills	1	Life Skills	8	1	3	1 Life Skills
R. Frost	2 Intellectual Disabilities	1	Life Skills	8	1	2	
M. Twain	2 Intellectual Disabilities	1	Life Skills	5	1	2	
Wilder	2 Life Skills	1	Life Skills	5	1	2	1 Life Skills
Whittier	2 Life Skills	1	Autism	12	1	3	1 Autism
Alcott	2 Life Skills	1	Autism	11	1	2	
Multiple Bldgs	20 OTs		Occupational Therapy		1		
Multiple Bldgs	27 SLP		Speech Therapy		1		1 SLP
24-25 SY Out-of-District Placed Students							
	Number of Students	Tuition/Fees					
Organization 1	1	\$78,000					
Organization 2	3	\$216,000					
Organization 3	1	\$80,500					
Organization 4	1	\$35,600					
Organization 5	5	\$215,000					
Organization 6	1	\$70,000					
Organization 7	1	\$98,000					
Organization 8	1	\$94,950					
Organization 9	10	\$709,840					
		\$1,597,890					

Specialized Learning Classroom Descriptions

Life Skills (LS): K-12 - 8 students

Students who benefit from this level of service have needs in multiple areas, profound cognitive needs, require direct instruction on adaptive skills and curriculum through essential life skills. Students access Ohio Extended Content Standards in a classroom with fewer students with the support of one intervention specialist and aide support. Students access the general education setting, with aide support, when they are able to benefit from the interaction with typical peers. Students typically receive related services in multiple areas. Most of the daily instruction is in the resource room.

Intellectual Disability (ID): K-8 - 16 students (12 per instructional period)

9-12 - 24 students(16 per instructional period)

Students who benefit from this level of service have an identified cognitive delay, require direct instruction on adaptive skills and may require simplified language to access curriculum. Students access Ohio Extended Content Standards or highly modified Ohio Learning Standards. The focus on modifications of the general education curriculum is for students to gain foundational academics. Students access academics in both the general education and resource room.

Emotional Disturbance (ED):K-12 - 12 students (10 per instructional period)

Students who benefit from this level of service have needs that relate to social/emotional development. Depending on the needs of the students, they access Ohio Learning Standards in the general education setting and/or the resource room. Students can access a reduced classroom size with a teacher and instructional aides. Staff and students consult with district behavior specialists and mental health staff. Adult support can be provided in many areas of the student day. Instruction includes general education curriculum, social skills and self regulation strategies. Students access academics in both the general education and/or resource room.

Multiple Categories: K-12 - 16 students (12 per instructional period)

Students who benefit from this program have needs identified in the area of social/emotional development, social pragmatics, and need direct instruction to access the general education setting with success. Students may have some related services and some behavioral deficits that need to be directly instructed but are developing independence, with faded adult support, and access to the Ohio Learning Standards. Intervention services are provided in the general education setting and/or resource room.

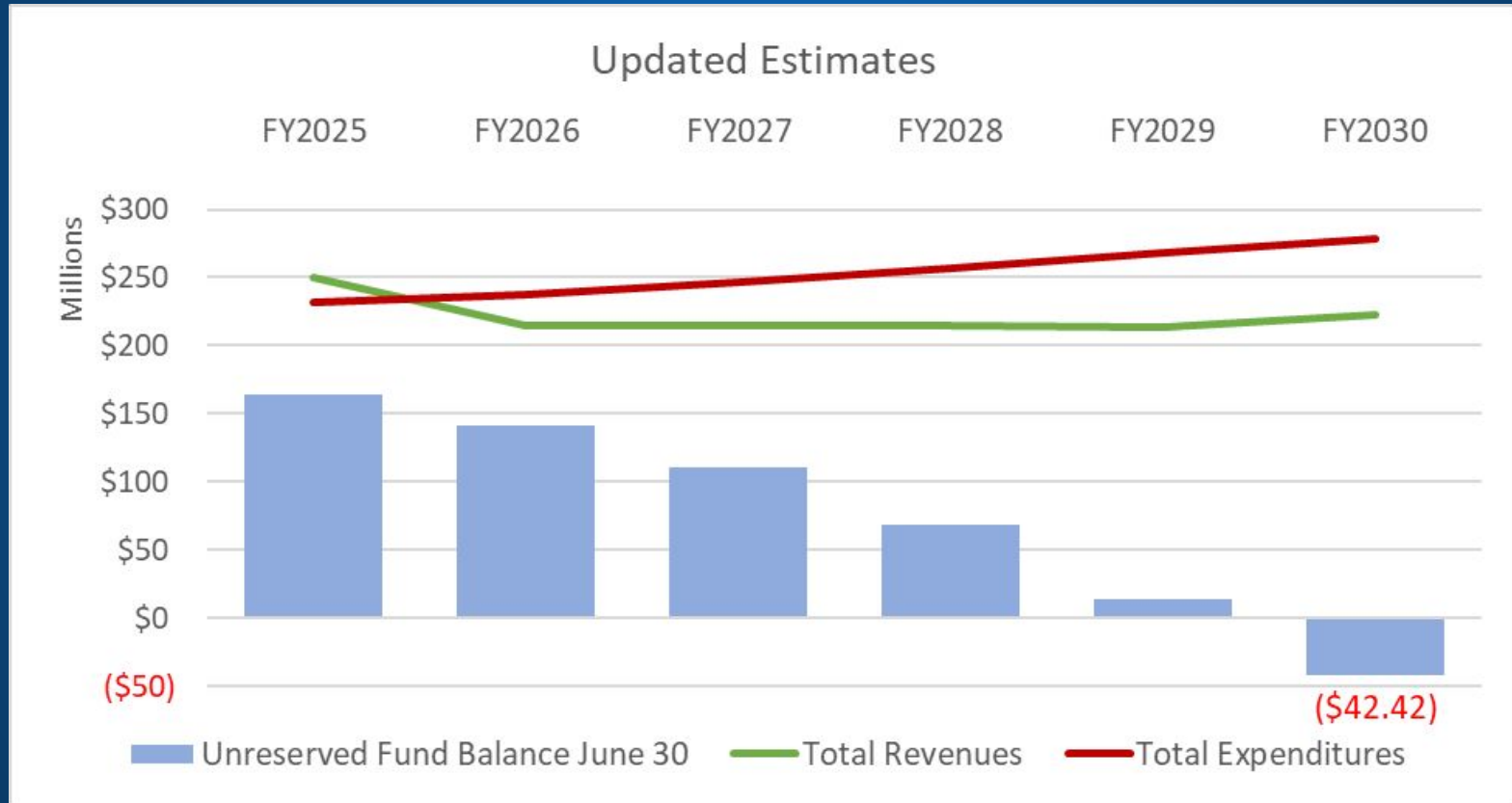
Cross Categorical (CC): K-8 - 16 students(12 per instructional period)

9-12 - 24 students(12 per instructional period)

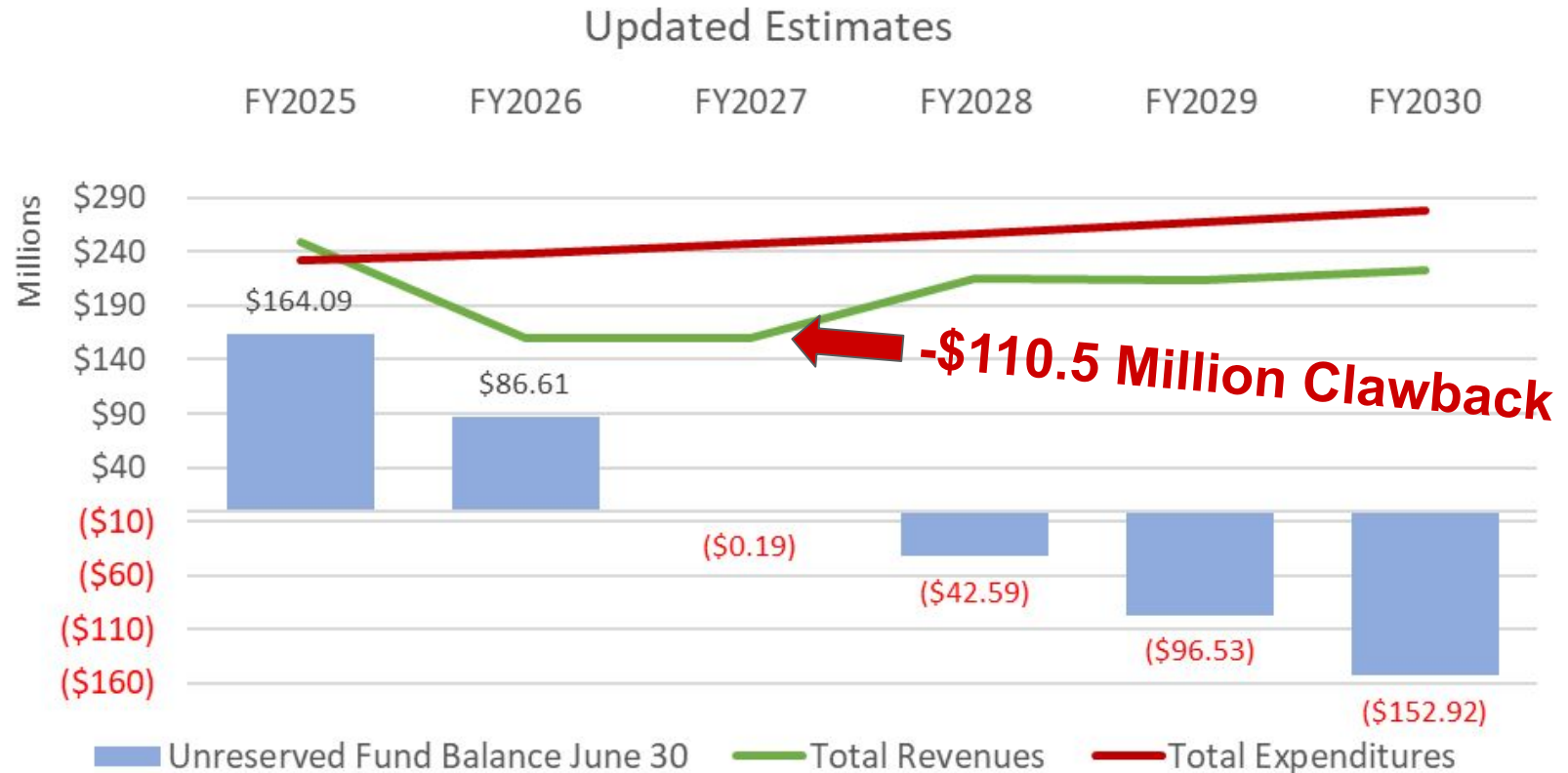
Students who benefit from this level of service have needs that may include academic, (and/or) behavioral and/or executive functioning that require targeted skill intervention. Students may

have some related services but are able to maintain independence and access to the Ohio Learning Standards. Intervention services are provided in the general education setting and/or resource room.

Current Projections - Fund Balances^D



House's Proposal - Clawback ^D



Recommendations

The Joint Committee on Property Tax Review and Reform presents the following recommendations. Given the complexities of the property tax system, these recommendations should not be considered as a comprehensive package. Some proposals may contradict others.

Recommendation: The Ohio General Assembly should consider expanding the traditional Homestead Exemption and an enhanced exemption for disabled veterans including a means-tested increase in the benefit.

Recommendation: The Ohio General Assembly should review the Senate Select Committee on Housing report and consider pursuing the recommendations in which there are direct connections between housing and property taxes.

Recommendation: The Ohio General Assembly should consider temporarily revising the Sexennial Reappraisal and Triennial Update schedule so that there are an equal number of counties or parcels being reassessed each year.

Recommendation: The Ohio General Assembly should consider allowing counties to temporarily, for 3 years, implement a 3-year averaging for property valuations. Additionally, a mechanism should be explored to allow the usage of either the current formula or the 3-year averaging, whichever produces a better result for taxpayers.

Recommendation: The Ohio General Assembly should consider lowering the acceptable percentage of market value from 90% to 85% used when calculating market value changes during a mass appraisal sales ratio assessment.

Recommendation: The Ohio General Assembly should consider increasing the number of public meetings required to be held by a taxing authority prior to levying a tax to promote transparency to taxpayers.

Recommendation: The Ohio General Assembly should consider authorizing a property tax circuit breaker as proposed in Senate Bill 271 and other bills pending before the Ohio General Assembly.

Recommendation: The Ohio General Assembly should consider adopting a property tax deferral program for homeowners.

Recommendation: The Ohio General Assembly should review the how and when LLCs transfer and record property with the county auditor.

Recommendation: The Ohio General Assembly should consider expanding the limitations at the board of revision on property value and tax complaints initiated by parties other than the property owner and consider limiting the options for appeal by these non-owners.

Recommendation: The Ohio General Assembly should review the effectiveness of property tax exemption programs and evaluate the efficacy of their use and potential misuse.

Recommendation: The Ohio General Assembly should consider clarifying or expanding, if needed, the powers of each County Budget Commission to oversee the application and collection of voted and unvoted millage for all jurisdictions inside the county.

Recommendation: The Ohio General Assembly should find ways to simplify the process of levying and collecting property taxes and investigate ways to make it easier for all Ohioans to understand. Including, but not limited to,

- Simplifying the types of levies
- Simplifying ballot language being stated in mills vs. dollars
- Simplifying the timing of property re-evaluations
- Publishing the collection and distribution amounts of all voted and unvoted millage
- Ensuring taxing billing notices contain a breakdown of all taxes charged
- Ensuring basic educational information such as the types of levies, how taxable property value is calculated, and availability of tax exemption and credit programs is publicly accessible.

Recommendation: The Ohio General Assembly should consider removing the authority of the Department of Taxation to order adjustments to county auditors' proposed property values.

Recommendation: The Ohio General Assembly should consider requiring that emergency and substitute tax levies be included in the calculation of a school district's 20-mill floor and consider requiring a public hearing before changing unvoted property tax millage in order to increase revenue as proposed in Senate Bill 308.

Recommendation: The Ohio General Assembly should consider reducing the maximum term and renewal options for emergency, substitute, and continuous tax levies.

Recommendation: The Ohio General Assembly should consider eliminating replacement tax levies.

Recommendation: The Ohio General Assembly should consider clarifying the terminology and narrowing the uses of emergency and substitute tax levies to prevent the use of funds for non-emergency purposes.

Recommendation: The Ohio General Assembly should consider reviewing current tax increment financing (TIF) law. Including, but not limited to,

- Public input prior to the creation of a TIF
- Enhanced revenue sharing and cooperation between local governments within a TIF
- Limitations on TIFs used for residential development
- The eligible uses of TIF dollars and the definition of public infrastructure as it relates to TIFs

- Ensuring taxing authorities have reasonable safeguards and clawback mechanisms from TIF non-payment and failed TIFs.

Recommendation: The Ohio General Assembly should consider reviewing the distribution formula for guaranteed inside millage to promote fairness based on taxing authorities' current day services and funding needs.

Recommendation: The Ohio General Assembly should consider reforms to the Ohio Constitution that promote transparency and predictability for the taxpayer and provide more flexibility to the Ohio General Assembly.

Auditor of State - Financial Health Indicators (FHI)

F



Defining FHI | Schools

DESCRIPTIONS AND EXAMPLES OF THE INDICATORS

The Ohio Department of Education and Workforce and the Auditor of State's Office work together to determine fiscal watch and emergency designations. The agencies work with each affected school district to help prevent the financial condition from getting worse. Ohio school districts fall into fiscal watch or emergency only after an analysis is conducted by the Auditor's office.



Pursuant to Ohio Revised Code [§ 3316.03](#) the Ohio Department of Education and Workforce in consultation with the Auditor of State may declare a school district in fiscal caution for engaging in certain fiscal practices or budgetary conditions. In addition to these fiscal caution guidelines, the Auditor of State has developed Financial Health Indicators (FHI). FHI are a collection of financial information, percentages, and ratios gathered from annual financial statements filed by the local

General Fund and All Governmental Funds

General Fund and All Governmental Fund information is from the governmental fund type financial statements — Balance Sheet and Statement of Revenues, Expenditures and **Changes in Fund Balances.**

From the audit reports, the Auditor's staff gathers information as to whether the entity is complying with Ohio budgetary law and/or proper accounting methods.

FHI #5 General Fund Balance F

Total General Fund (GF) Balance /
GF Revenues

What it means: This indicator identifies reserves available in the General Fund. The larger the reserve the better the entity is able to absorb, in the short term, the impact of sudden revenue loss or significant increases in operating costs and begin planning financial adjustments.



Cautionary Outlook — Low percentage ($< 1/12$ th or 8%) OR if fund balance is less than a two-month carry-over (17%), a declining trend defined as a drop of 5%-10% over a three year period, OR if the fund balance represents less than 6 months (50%) of current year revenues, a decline in each of the last three periods.

S&P Credit Rating Agency

G

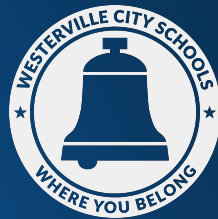
U.S. Local Governments Credit Brief: Ohio School
Districts Means And Medians
March 28, 2025



Local credit factors

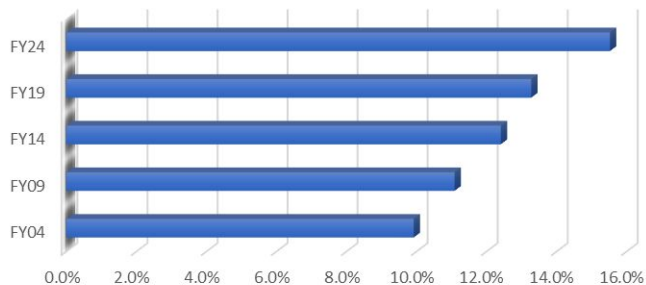
- Frequent and significant state-supported economic diversification efforts, which have resulted in positive business development and expansion across the state's traditionally heavy manufacturing base. Over the past several years, Ohio has received multiple large-scale investments in advanced manufacturing, data centers, life sciences and medical innovation, advanced air mobility, and energy, among other areas. As of 2023, the manufacturing sector accounts for 12.3% of the state economy.
- Districts with wealthier tax bases tend to have better voter support, making them more able to absorb rising costs.
- Potential for property tax reform: Property taxes are a foundational credit strength for Ohio schools given their relative stability as a source of revenue. In response to double-digit appraisal increases, state legislators are exploring property tax reform legislation, potentially leading to reduced property revenues for school districts, which could materially affect our view of school districts' institutional framework and revenue and expenditure balance.

Increased Needs for Students

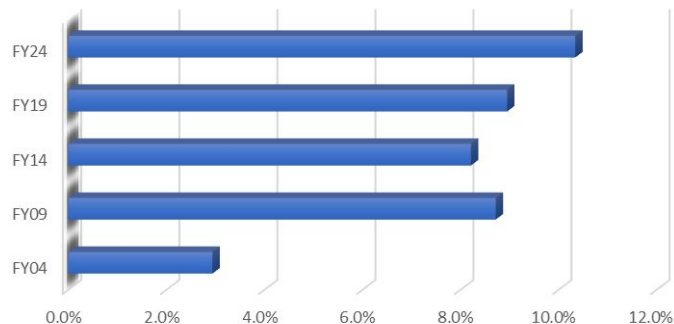


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Special Education K-12 Program Participation



EL Program Participation



Economically Disadvantaged

