



# CLARK-SHAWNEE ADMINISTRATIVE OFFICE

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## Senate Finance Committee House Bill 96 May 28, 2025

Chair Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson, and members of the Senate Finance Committee, thank you for the opportunity to submit testimony on House Bill 96. This testimony is being submitted by Mr. Brian Kuhn, Superintendent, and Mr. Thomas Faulkner, Treasurer, serving the Clark-Shawnee Local School District in Clark County.

The Clark-Shawnee Local School District is a rural district comprising Shawnee Elementary School serving Preschool through 6<sup>th</sup> grade students and Shawnee Middle/High School serving 7<sup>th</sup> through 12<sup>th</sup> grade students. Clark-Shawnee has an educated enrollment of 1,664 students and, while we have been experiencing a slight decline in enrollment for the past several years, we are poised to see an increase in students based upon four new housing developments in our district attendance area.

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

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

Like many of our colleagues across the state, we 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.

As a District, we urge the Senate to:

- 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; and
- Maintain guarantees until full implementation of the FSFP is complete, including updated categorical funding.

Without updated base costs, districts like ours 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.

## 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 ours, this would create 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.

In Clark-Shawnee, we view cash reserves not as idle funds, but as essential tools for managing unexpected revenue losses or cost increases. In fact, with over 1,500 residential homes slated to come online within the next 2-10 years, we must prepare financially to educate these students as every one of these homes was granted some form of abatement which diverts property tax revenue away from our district to reimburse the developer. These are abatements in which we had no say or vote.

Furthermore, maintaining a cash reserve is necessary to obtain a good bond rating in the event we need to construct new facilities for the students that will be attending school here from these new developments.

Capping cash balances would undercut responsible financial planning and could increase long-term costs for both school districts and local taxpayers. In fact, the Ohio Auditor of State issues Financial Health Indicator Reports to Ohio School Districts. In these reports, school districts are rated on their General Fund Balances because "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 financial planning adjustments." A Cash Balance Cap, as proposed in HB96, is in direct conflict with the Financial Health Indicators stipulated by the Ohio Auditor of State.

In addition, replacing the five-year forecast with a three-year projection would weaken our ability to plan, 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. These additional two years are critical to ensuring sound financial planning and long-term fiscal health.

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.

As we look ahead to the fiscal stability of our school district in the future, we see several big question marks.

- How do we adequately educate and transport the unknown number of students we will receive from the 1,500-plus homes that will be constructed in the next 2-10 years when we will see little to no tax revenue from these homes due to TIF and CRA abatements?
- How do we plan for fiscal stability when the state's funding model is volatile and unpredictable?
- How do we plan for fiscal stability when the legislature seeks to alter tax revenue structures upon which school districts rely? We do not know if you will adjust the 20-mill floor; limit property valuation increases; or implement some alternate plan that would be a departure from the property tax processes that have been in place for a long time.

- How do we recruit and retain excellent teachers, support staff, and administrators when we hear the Director of the Ohio Department of Education and Workforce state that teaching is a noble and highly-regarded profession but the OEPI's analysis of the Proposed Executive Budget reduces \$103.4 million dollars in public school funding over the biennial budget yet increases voucher funding by \$265.5 million over the same time period?

*Funding for Special Education:* Like many public-school districts across the nation, our costs to educate students with special needs continues to rise. And as you are likely aware, the funding we receive to subsidize these costs is only a fraction of what we spend. It is important that the Ohio Department of Education and Workforce establish a formal review of the true costs and modify weights associated with Special Education. In our District, our estimated Special Education expenditures for FY25 total \$5,446,592 with an estimated revenue of \$1,812,806. This means our general fund must supplement \$3,633,786 which comes from local taxes.

Ohio's communities depend on public schools day in and day out. Parents and families rely on us to provide a quality education to their children. Just as communities rely on their public schools, our public schools should be able to rely on the State of Ohio. We need a school formula fully implemented to ensure sustainability throughout the state. When the future of funding is unpredictable districts are not able to plan for student needs and implement the programming necessary in their communities and schools.

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

Please feel free to contact us should you have any questions.

Respectfully submitted,



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