



**Senate Finance Committee
Am. Sub. House Bill 96
Ohio School Boards Association
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 present testimony today on Am. Sub. House Bill (HB) 96, the biennial budget. I'm Jennifer Hogue with the Ohio School Boards Association. We represent boards of education for public school districts, career technical education centers and educational service centers.

Investing in Ohio's public school students

The future of Ohio depends on how well we support and invest in our students today. We appreciate that Governor DeWine chose to include the next two years of the phase-in as a part of his budget proposal, and we are grateful for the work done by the House to ensure that every school district in Ohio receives an increase in funding over what they are receiving in this fiscal year. Our members remain committed to the Fair School Funding formula, and it is our hope that the framework of the current funding formula will be used in future budgets.

When we invest in education, we're not just helping students in the classroom—we're helping to equip them with skills and knowledge they need to contribute to Ohio's economy, workforce, and society. These students will become the future leaders, workers, and citizens who will shape our state. ***We strongly urge you to prioritize funding for public education students in this budget.***

Cash balances

The Ohio House added language that requires county budget commissions to reduce local funding for districts with a cash balance or carryover of more than 30%. This could lead to massive cuts in student programs or force schools to put a levy on the ballot sooner than expected.

These cash balances are not an emergency fund or savings account — just the money needed to keep things running. Think of it like your checking account at home. This money is used to pay for day-to-day expenses like student services, buses, salaries, food service, utilities and instructional materials. Attached to my testimony, you will find

a handout with information about cash balances and the reasons a district should have and will have a cash balance each year.

The House presented this change as a property tax relief proposal. However, this change will force districts to seek levies much more often. The Ohio School Boards Association supports thoughtful, targeted property tax relief that helps those most in need without undermining the essential funding public schools rely on. We believe any discussion of property tax relief must begin with a clear recognition of the vital role local taxes play in funding public education. For most school districts across Ohio, local property taxes are not just a revenue stream — they are the foundation that enables schools to provide quality instruction, support services, and safe learning environments.

While we are open to reform, we cannot support measures that limit local control or compromise a district's ability to meet the needs of their students. Any changes must protect the stability and predictability of school funding. We welcome ongoing collaboration to ensure reforms are fair to taxpayers and preserve the educational opportunities all Ohio students deserve. ***We strongly urge you to remove the cash balance provisions from the bill and consider replacing it with a provision requiring districts to adopt a cash balance policy setting a floor and ceiling tailored to their district's unique circumstances.*** These policies will provide an additional layer of transparency in districts that do not currently have a policy.

Educational Service Centers

Educational Service Centers (ESCs) serve as a vital link and partner in the educational process. ESCs provide a wide variety of direct and support services, including curriculum development, staff development, technology assistance and special education services to the public school districts they serve. ***We request that you include an updated three-tiered funding model to ensure that ESCs of all sizes have an adequate base funding level to operate their organizations and provide the required services to students.***

In the interest of time, we have also included a list of House changes that we support and would like to see retained by the Senate. Chairman Cirino and members of the committee thank you for your time and attention. We would be happy to answer any questions you may have at this time.

Provisions OSBA supports retaining

Unused school facilities

The governor's version would have made changes to the definition of unused school facility to include any building that has been used for direct academic instruction and the building's student enrollment is less than 60% of either the OFCC maximum enrollment, or the highest student enrollment over the last ten years. Each district's situation and facilities plans are different. This type of change could have unintended consequences for many districts. For example, a district might have full buildings except for one building and be projected to experience growth based on new economic development in the state. Under this definition, the district could be forced to close the school without the capacity to place students in another building. As the district realizes that projected growth, they would need to construct additions to existing buildings or construct new facilities at an increased cost to local taxpayers. Additionally, this change could hamper the creation of school-based health centers by closing buildings rather than allowing schools to use available space to house these centers and increase services provided to their students. ***We ask that the House-passed version that removed the governor's provisions be maintained.***

Career Technical Education

Ohio is blessed to have amazing career technical education opportunities that provide students a pathway for lifelong success. Many of these programs are experiencing waitlists because they do not have the capacity necessary to serve all the students interested in enrolling in their programs. ***We ask that you retain the language added by the House to create a study committee to look at career technical education facilities and make recommendations on facilities investments to serve additional students.***

Transportation

Pupil transportation presents a significant challenge for many districts. From the challenges of finding drivers to rising fuels costs, districts find themselves needing to pivot and be creative as they work to ensure safe delivery of students to and from school each day. ***We ask that you retain the House's creation of a pupil transportation workgroup that will review the current transportation system and recommend changes to better meet the needs of all Ohio students.***

Literacy

The governor's version removed the exemption from annual reading assessments for students with significant cognitive disability or other disabilities as authorized by ODEW on a case-by-case basis. This would have an impact on students who previously would have qualified for these long-standing exemptions. ***We request that the Senate maintain the House-passed version that removed the Governor's provisions.***

Diagnostic assessments

The governor's version removed the ability of districts to select their own diagnostic assessments and instead would have required districts to use a state mandated

assessment. Districts select the diagnostic that best meets the needs of their students. ***We request the House-passed version that removed the governor's language be maintained.***

Report cards

The governor's version removed the inclusion of students being promoted to fourth grade from the early literacy measure on the report card. This measure ensures that districts are recognized for students that are reading at grade level and are promoted to fourth grade. With the change in the promotion requirements for the third grade reading guarantee, it is worth exploring how to accurately reflect these students, but eliminating the measurement of this group of students is not the answer. ***We request that the Senate maintain the House-passed version that amended the measure to count students that are promoted to fourth grade based on state assessment and alternative assessment scores.***

DPIA spending requirements

The governor's version required each district with a required reading improvement plan to spend 50% of their disadvantaged pupil impact aid (DPIA) on either reading improvement and intervention aligned with the science of reading and evidence-based strategies for effective literacy instruction or professional development in the science of reading and evidence-based strategies for effective literacy instruction for teachers of students in grades K-3. All other districts would be required to spend 25% of their DPIA on those two initiatives. ***We request that the Senate maintain the House-passed version that removed the governor's provisions around DPIA spending requirements.***

Regional support system

The governor's version proposed major changes to Ohio's regional support system. These changes will have a direct impact on student services throughout the state. A shift of this magnitude requires careful consideration and deliberation. ***We request that the Senate maintain the House-passed version that removed these provisions.***



WHAT IS A CASH BALANCE/CARRYOVER, AND WHY DOES IT MATTER?

The Ohio House passed its version of HB 96, the state's biennial budget, which would require county budget commissions to reduce local funding for districts with a cash balance or carryover of more than 30%. This could lead to massive cuts to student programs or force schools to put a levy on the ballot sooner than expected.

The money on hand in a district on June 30 of each year is referred to as the cash balance or carryover. Think of it like your checking account at home. This money is used to pay for day-to-day expenses like student services, buses, salaries, food service, utilities and instructional materials. This is not an emergency fund or savings account — just the money needed to keep things running.

WHERE DOES THE MONEY COME FROM?

State Funds

The Ohio Department of Education and Workforce gives districts money twice a month based on a formula.

Local Funds

Property and income taxes collected twice per year.

Grants

Special funds for specific projects.

HOW IS THE MONEY USED?

This funding covers the district's day-to-day expenses, such as bus fuel, teacher pay, utility bills, special education services and more.

WHY WOULD A DISTRICT HAVE A CASH BALANCE OR CARRYOVER?

State vs. Local Funding

School funding in Ohio is a shared responsibility between the state and local communities. The state share of funding varies from district to district, with a minimum state share of 10%. In these districts, the local community must generate the other 90%. Local funding is given to the district two times a year. The leftover money will cover future costs and student needs.

Levy cycle

Some districts seem to have extra funds right after a levy passes. But this doesn't mean the district has more money than it needs. It's planned that way to make sure there's enough to support students over the life of the levy. As time goes on, things become more expensive. The money collected at the start will cover rising costs in the later years. This helps the district meet student needs and reduces how often a district brings a levy to voters.

Pipeline payments

The Nexus and Rover pipelines have been added to local tax records, increasing the amount of money some school districts have received. Most recently, the Nexus pipeline settled with some districts, resulting in larger payments deposited into their accounts. Districts are using the money to improve education and student opportunities over time.

Grant funding

When a school receives a grant, it may receive all the money upfront but spend it over the course of the project.

Growth

Schools plan for building new facilities, so extra funds are reserved to cover those future costs.



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