



Bexley City Schools
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Senate Finance Committee

House Bill 96

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Chair Cirino, Vice Chair Chavez, Ranking Member Hicks-Hudson, and members of the Senate Finance 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 written testimony on House Bill 96. I am joined in this letter by Superintendent Dr. Jason Fine.

Bexley is a 2-square mile inner-ring suburb of Columbus that serves roughly 2,500 students in buildings that have an average age of 85 years. It has been landlocked and fully developed for decades. Our residents have passed numerous operating levies in our city where 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, we 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, however, 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.

While we truly believe Bexley Schools would love more funding support from the state, we believe our community understands how the model uses data to fund Ohio's public 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 ours, this would create serious planning challenges and risks disrupting the education of our students. This also disrupts local control of primarily locally funded schools.

For nearly 20 years Bexley has successfully taken different approaches to address the funding challenges it takes to deliver the high expectations our community pays for. Since 2004, Bexley has passed a School District Income Tax, two traditional property tax levies, and a 5-year incremental property tax levy in 2024, just seven months ago. We did this despite being on the ballot three of these times with cash balances greater than 50% during the ballot year. Our community understands the long arc of school funding and planning. We believe this approach has served our students well and considered taxpayers at the same

time. Districts like Bexley, that will never be near the 20-mill floor, are constantly looking for ways to extend a levy. We can do that by carefully and transparently surviving on cash reserves.

For example, when considering our levy options about a year ago, part of our incremental-levy decision included a planned and thoughtful approach to spend down our cash reserves over the 5-year life of the levy. 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 the parameters of our Board of Education's Cash Reserves Policy, which our community Finance Council members also supported. This Cash Reserves Policy requires us to look forward into the future for four years and immediately report to the Board any projected cash shortfalls within that time. 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. These reductions equaled about 5% of our total annual revenues.***
- *Navigate cash-flow gaps due to the timing of tax collections and state payments*
- *Maintain our locally funded ageing facilities*
- *Utilize an essential and transparent forecasting and planning tool that spans five years, not three.*

In short, 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.
- Continue engagement and collaboration with superintendent and treasurer associations (BASA and OASBO) 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 Cirino and members of the committee, thank you for your time and attention. In addition, I am including our Board of Education resolutions recently passed regarding these issues.

Respectfully,

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

Dr. Jason Fine
Superintendent, Bexley City School District