

Testimony to the Ohio Senate Finance Committee

Re: Opposition to House Bill 96 – 30% Cash Reserve Limitation

Submitted by the Hillsdale Local Schools Board of Education

Date: 05/22/2025

Thank you for the opportunity to provide testimony on House Bill 96. The Hillsdale Local Schools Board of Education and administration appreciates your service and commitment to public education in Ohio. I come before you today to express our strong opposition to the provision in HB 96 that places a 30% cap on school district cash reserves.

This provision, though well-intended, undermines prudent fiscal management and threatens the financial stability of districts like ours across Ohio.

Cash reserves are critical for responsible school operations. Like many school districts, Hillsdale relies on multi-year forecasting to ensure we can weather fluctuations in state funding, property tax revenues, and unanticipated costs. A 30% cap on cash reserves limits our ability to plan ahead, address emergencies, and avoid unnecessary levy requests to taxpayers. Cash reserves are not excess funds—they are essential buffers for long-term sustainability and stability.

The state funding formula is not stable. As this committee is well aware, Ohio's school funding formula is subject to change every two years with the passage of a new biennial budget. This constant volatility makes it difficult for districts to project revenue accurately and reinforces the need for financial reserves. The proposed 30% limitation assumes a level of funding predictability that simply does not exist.

The cap discourages sound financial stewardship. For decades, school boards have been encouraged to adopt business-like financial practices, including setting aside reserves for the future. No private enterprise or local government would be advised to operate with so little in reserve. This clause penalizes districts for acting with caution and care, which is neither good business practice nor good public policy.

Unique district realities are ignored. Hillsdale Local Schools, like many rural and small districts, face unique challenges that require us to maintain higher reserves. These include transportation costs across wide geographic areas, rising special education expenditures, and the need to maintain facilities without the benefit of large commercial tax bases. One-size-fits-all policies do not account for these differences and can cause unintended harm.

We urge the Senate Finance Committee to strike the 30% cash reserve provision from HB 96. Districts should not be penalized for planning ahead. Preserving local control over financial decisions ensures that the Board of Education can responsibly serve its students and communities.

Thank you again for the opportunity to testify and for your consideration of our concerns.

Respectfully submitted,

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a series of connected loops and a long, sweeping horizontal line extending to the right.

Cathy Trevathan

Superintendent, Hillsdale Local School District