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**Crestwood Local Schools  
Opponent Testimony – H.B. No. 96  
Senate Finance Committee  
May 28, 2025**

Chair Cirino, Vice Chair Chavez, Ranking Member Hicks, and members of the Senate Finance Committee, thank you for the opportunity to submit written testimony on House Bill 96. My name is Kathryn Hoffmeister, and I serve as the Treasurer/CFO of Crestwood Local Schools in Portage County.

First, I would like it to be known, I am writing this letter not only as a school district treasurer but as a resident, voter, and property tax payer. My career choice as a public servant has given me the ability to understand first hand the potential repercussions of an ill funded education system and fast acted, heavy handed and unstudied approach to achieve the appearance of a tax relief.

I am here to express deep concern about two interrelated provisions in the House version of this bill: the legislative proposal to penalize districts with General Fund cash balances above 30% and the dismantlement of a heavily studied and vetted Fair School Funding Formula. These measures collectively threaten the financial stability of districts like Crestwood Local Schools and many schools across the state and directly impact the education of our youth.

**Crestwood Local Schools:**

Crestwood Local Schools, located in Portage County, serves a smaller rural student population. Like many districts across the state, it faces systemic underfunding and limited local revenue growth. Under HB 96, the 30% cap on carry over funds increases arbitrarily limits the district's ability to maintain a stable educational environment for our student needs.

Additionally, the newly proposed policy to penalize school districts that carry more than 30% of their annual expenditures in their General Fund reserves would only exacerbate the fiscal cliff districts are trying to avoid. As noted in the OASBO Cash Balance Whitepaper, carryover balances are not excessive; they are prudent,

especially in a state where funding predictability has historically been weak. These balances support bond ratings, allow for responsible long-term planning, and protect against state and local revenue volatility. It is important to know these balances have not been built overnight. It was a direct product of Federal COVID Relief funds, unprecedented interest rates, and a past of uncertain funding up until recent years. Capping these balances by way of a one time tax relief will most certainly disrupt the very plans to maintain our facilities, continued curriculum and technology turnovers which are purchased throughout the life of our 5 year forecast. What I mean by this is these items are purchased only after we budget and build the funds to make one time large purchases. For example, our plan is to purchase our math curriculum every 6 years, reading curriculum every 5 years, and technology has a similar lifespan and large \$100,000 plus expenses. I urge you to let this be a local controlled issue where school districts can work with their budget commission and tax payers to produce a plan that suits the needs of their very district.

Widespread reform will produce inequities in tax, lessen the local control, push districts into immediate fiscal cautions, and increase voter fatigue with the new levies this legislation unintentionally produces.

As Treasurer of Crestwood Local Schools, I am responsible for producing financial forecasts based solely on known information at the time of reporting. Every financial decision is made with great care, understanding that a single misstep can result in long-term repercussions for our district. In November 2024, our forecast reflected the funding structure under then-current law, which included the continued phase-in of state support that we had come to rely on.

By May 2025, however, I was required to revise our outlook drastically due to the proposed legislation in the House version of H.B. 96. This bill introduces sweeping changes that are unequivocally detrimental to Crestwood Local Schools. The updated forecast includes strategic cost-saving measures such as the retirement of three teachers (positions that will not be replaced) and a \$300,000 reduction in purchased services due to streamlined curriculum adoption focused on essential needs. Despite these efforts, we are also contending with a 19% increase in health insurance premiums, an unavoidable burden shared across all industries.

This revised version of the forecast also reflects the planned phase-down of our 45% cash carryover balance to 30%, as required. Due to the timing of when residential property taxes are paid to the county auditor and subsequently disbursed to local entities, this phase-down will not fully materialize until 2028. This all while Crestwood will be forcibly funded below the 20mil floor for multiple years. This 20 mill floor funding base has been studied since HB920 to be the basic funding needed to operate a school district. As a result, the district is facing multi-year operating deficits, but will not be in a legal position to pursue a levy until the cash balance reaches the new 30% threshold. This means that even if a levy were to be placed on the ballot in

late 2028 and passed, Crestwood would be nearly out of cash before any new funds could be collected in 2029, putting the district at risk of operational insolvency before it has a chance to act.

The side-by-side comparison of our November 2024 and May 2025 forecasts (shown below) underscores how severely H.B. 96 threatens our fiscal stability. These financial shifts are not a result of local choices or spending mismanagement, but of state-level policy changes that undermine years of planning and responsible stewardship.

### November 2024 Forecast :

	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Beginning Balance (Line 7.010)	9,352,943	9,641,261	10,323,013	9,802,395	8,471,559
+ Renewal/New Levies Modeled					
+ Revenue	22,683,977	23,961,604	24,055,315	24,277,990	24,525,395
- Expenditures	(22,395,659)	(23,279,852)	(24,575,933)	(25,608,827)	(26,731,328)
= Revenue Surplus or Deficit	288,318	681,751	(520,617)	(1,330,837)	(2,205,933)
Line 7.020 Ending Balance with Renewal/New Levies	9,641,261	10,323,013	9,802,395	8,471,559	6,265,625

### May 2025 Forecast:

Financial Forecast	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Beginning Balance (Line 7.010) Plus	9,352,943	9,649,954	8,579,511	6,654,013	4,747,172
+ Revenue	23,287,646	22,696,825	23,250,356	24,156,886	23,677,936
+ Proposed Renew/Replacement Levies	-	-	-	-	698,888
+ Proposed New Levies	-	-	-	-	-
- Expenditures	(22,990,634)	(23,767,268)	(25,175,854)	(26,063,727)	(27,378,068)
= Revenue Surplus or Deficit	297,011	(1,070,443)	(1,925,498)	(1,906,840)	(3,001,244)
Line 7.020 Ending Balance with renewal/new levies	9,649,954	8,579,511	6,654,013	4,747,172	1,745,928

*Crestwood Local Schools has chosen to maintain consistent financial planning until a finalized two-year state budget/funding framework for fiscal years 2026-2027 is signed into law. Once the budget is enacted, a revised forecast will be conducted while convening meetings with both the Permanent Improvement Committee & the District Finance Committee to develop & implement permanent strategies for aligning the district's financial operations with the new funding realities. A revised forecast is expected to take place in July 2025.*

## **Ohio State Auditors Association:**

School districts need to work hand in hand with their local county auditor. We in Portage County are extremely lucky to have a supportive, reliant, and responsive team under the supervision of our County Auditor Matt Kelly. A positive working relationship between schools and their county auditor and also the county budget commission is vital to success. The Auditors Association of Ohio (CAAO) has released their concern of the most recent attempts at property tax reform. While the CAAO supports reasonable reform and more explicit authority for budget commissions to manage tax levies and carryover balances it opposes a rigid, one-size-fits-all 30% carryover limit. They argue such limits could cause volatility in tax rates, lower school bond ratings, lead to more levies, encourage budget manipulation, and place undue burdens on counties. Instead, they propose a flexible 30%-100% carryover guideline with oversight and exceptions based on local needs. The CAAO warns that this one-size-fits-all mandate could create significant challenges, particularly for schools. They argue it would cause short-term tax reductions followed by immediate increases, harm school districts' bond ratings, increase the need for new levies, and incentivize fund-shifting to avoid restrictions. The CAAO instead advocates for a flexible 30%-100% carryover guideline, requiring justification and approval for balances exceeding 100%, allowing local entities to plan responsibly while still achieving meaningful tax reform.

## **House Rejection:**

The House proposal falsely characterizes district cash reserves as evidence of overfunding. In reality, school districts have been encouraged to maintain reserves to navigate levy cycles, manage delayed revenues, and buffer against the expiration of one-time federal stimulus funds. Penalizing districts for following state-recommended fiscal best practices is not just unjustified....it is dangerous.

County budget commissions would gain broad and often uncertain discretion under the new provision to reduce locally voted tax levies which alone question the constitutional validity of this legislation. Not to mention potentially dropping effective millage below the 20-mill floor. Once a district's carryover balance falls below the 30% threshold, no automatic mechanism is provided to restore funding even though such levies were publicly approved. This fundamentally undermines local control and raises serious constitutional concerns.

Districts like Crestwood that are finally beginning to make gains under the Fair School Funding Plan. We have been able to now afford our standardized district wide curriculum in math and purchasing literacy this year. This was a huge step that was supported by our community. This once every 6 year purchase would have been unachievable if we had not saved and strategically planned for the purchase over time.

This approach contradicts the foundational principle of the FSFP that funding should be based on student need and district capacity, not on political convenience or temporary fiscal optics. I completely and fully understand taxpayers need relief but I do not believe a one time approach will achieve the relief needed but most definitely jeopardizes the educational stability of our youth.

### **Full Implementation of FSFP and Local Financial Autonomy**

I respectfully urge the Senate to reject the House's proposal to not penalize districts with responsible cash balances and I urge the Senate to reinstate the Fair School Funding (FSFP) to its original intent.


- **Fully fund the FSFP phase-in by Removing temporary “bridge funding”** and maintain the phase-in through 83% in FY26 and 100% in FY27 with its updated inputs to reflect current costs, such as staffing, class sizes, and services. In most cases, This alone will produce a property tax relief because it shifts the pressures of school funding off the local tax payer. It balances out the funding levels between state share and local share to more manageable levels. The Constitutional ruling in the DeRolph case states this very clearly.
- **Maintain guarantees** until full implementation of the FSFP is complete, including updated categorical funding.
- **Protect the ability of districts to manage their own reserves with their stakeholders at the local level**, which serve as an essential tool for financial planning, stability, and creditworthiness. Most important impowers the local stakeholder by maintaining the local control our state prides itself in.

### **Conclusion**

Ohio has taken meaningful and commendable steps toward more equitable school funding through the Fair School Funding Plan. House Bill 96 must continue that trajectory...not reverse it. Let us trust local boards, respect voter intent, and build a funding system that is both fair and sustainable while keeping the local capacity/property tax portion lighter. Please do not use the pressure of tax relief to unintentionally rob our youth of their educational needs.

Thank you for your time and consideration.

Sincerely,

  
Kathryn Hoffmeister  
Treasurer/CFO  
Crestwood Local Schools