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**Senate Local Government Committee
Substitute HB-335**

**Springboro Community City School District, Warren County
Terrah Stacy, Treasurer/CFO & Carrie Hester, Superintendent**

November 12, 2025

Chair O'Brien, Vice Chair Gavarone, Ranking Member Smith, and members of the Senate Local Government Committee, thank you for the opportunity to testify today on substitute House Bill 335. My name is Terrah Stacy, and I serve as the Treasurer/CFO, and with me is Carrie Hester our Superintendent of Springboro Community City School District in Warren County.

We share the goal of meaningful, responsible property-tax relief for Ohioans. But HB 335 does not deliver balanced or sustainable relief, it further destabilizes school funding and continues a long pattern of state decisions that shift the financial burden from the state and businesses onto local homeowners and children.

The House-passed version limits the growth of inside millage, the ten unvoted mills local governments may levy, by tying any revenue increases after reappraisal to the Gross Domestic Product (GDP) deflator over the prior three years.

Beginning in Tax Year 2026, every county budget commission must annually reduce inside-millage rates so that collections rise only by the GDP-deflator rate, even if property values rise faster. Reallocating the reduced mills to any other local entity is prohibited.

According to the Legislative Budget Office, this cap will reduce statewide inside-millage revenue by \$120–\$135 million in TY 2026, \$195–\$250 million in TY 2027, and \$305–\$378 million in TY 2028. Roughly half of that loss, up to \$180 million annually by 2028, will come directly from public schools.

HB 335 provides no backfill. There is no permanent fund, no credit, and no mechanism to make districts whole. The bill limits school revenues in perpetuity without replacing a single dollar. Ohio's school-funding imbalance is a direct result of decades of state policy decisions. In 1975, businesses paid 54% of local property taxes; today, they pay just 25%, while homeowners and farmers pay 75%. Public-utility tax receipts fell 74.5% after 2001's deregulation, while

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corporate-franchise-tax collections have barely grown. Meanwhile, personal-income-tax collections rose 2,000% as the state flattened brackets and cut top-rate contributions.

The state continues to grant billions in corporate and utility tax breaks while refusing to backfill the dollars those cuts drained from local schools. And now HB 335 caps the very revenue streams that allow communities to stay solvent. This bill, along with HB 186 and HB 129, doesn't solve the property-tax problem; it codifies the shift of responsibility onto local residents.

Inside millage is one of the only flexible revenue sources schools and local governments have, funds that respond modestly to inflation and prevent constant return trips to the ballot. By locking growth to an arbitrary economic index like the GDP deflator, the bill ignores the realities of public-sector inflation or actual costs. The cost of educating children rises far faster than general inflation: fuel, utilities, health care, and special-education services all outpace GDP growth.

For Springboro, this means an estimated \$2 million annual loss, which equates to about 27 positions, on top of projected losses from HB 129 and HB 186. Collectively, these bills will reduce our funding by more than \$10 million over the next few years, a staggering amount for a district already operating lean and ranked as the 11th-lowest spending district in Ohio.

These bills cannot be taken individually, they each need to be considered due to the domino effect they will have.

- HB 129 counts fixed-sum and substitute levies toward the 20-mill floor, removing growth from local voted levies.
- HB 186 caps reappraisal-year revenue growth through the Inflation Cap Credit, only temporarily offset by a short-term sales-tax-fund transfer.
- HB 335 now limits the remaining inside millage.

Each bill alone is harmful; together, they are devastating. They will permanently reduce school capacity without any plan to replace funding. The state is attempting to provide symbolic "relief" by cutting the dollars that educate Ohio's children.

Meanwhile, Ohio's Rainy-Day Fund holds nearly \$4 billion, the largest in state history, yet none of it is being used to offset the damage these bills will cause. Instead, lawmakers continue to approve corporate tax cuts, sports-stadium funding, and boutique credits for select industries

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while telling schools to tighten their belts.

The FSFP to fund Ohio's schools is the best plan the state has ever had. However, by not updating both sides of the formula, the state's share is projected to drop to 32.2% by FY 2027. By keeping cost inputs at 2022 levels, this will drive the state's share down to 32.2% by FY 2027, the lowest in Ohio's history, and well below the 50% state share envisioned by the Ohio Constitution and affirmed in the DeRolph decision. If the State would have updated both sides of the FSFP during HB96, while providing targeted tax relief for those who need it most using the rainy-day fund, we would not be in this position.

This is not partnership; it's abandonment. The state is breaking its constitutional duty to fund a "thorough and efficient" system of public schools and offloading the cost onto homeowners and students, while taking away the very tools this body created for us to operate. There is a better way. If the General Assembly is serious about tax relief, it must also be serious about sustaining public education. We urge you to:

1. Provide a permanent state backfill for any revenues reduced by HB 335 and its companion bills.
2. Update the FSFP base cost inputs to reflect current expenses so the state restores its constitutional 50% share.
3. Evaluate HB 335, HB 186, and HB 129 together, using a combined fiscal note that captures the compounded losses to schools and local services., and create a backfill to keep schools whole.
4. Utilize Rainy-Day Funds and corporate-tax credits rollbacks to fund school backfills instead of forcing communities to the ballot.

Ohio's Constitution does not call for a state-local transfer of burden; it calls for a shared responsibility to educate every child. Right now, the state is balancing its budget and corporate tax cuts on the backs of kids. If the state reduces local revenue, what is its plan to fund the difference so students don't lose? So far, there is none in HB 335, HB 186, or HB 129.

I respectfully urge this committee to reject HB 335 as drafted, or at minimum amend it to include a permanent backfill mechanism and updated funding inputs. Ohio's children and communities deserve real solutions, not temporary caps and empty promises that will hurt their futures.

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Respectfully submitted,

Terrah Stacy
Treasurer/CFO
Springboro Community City School District

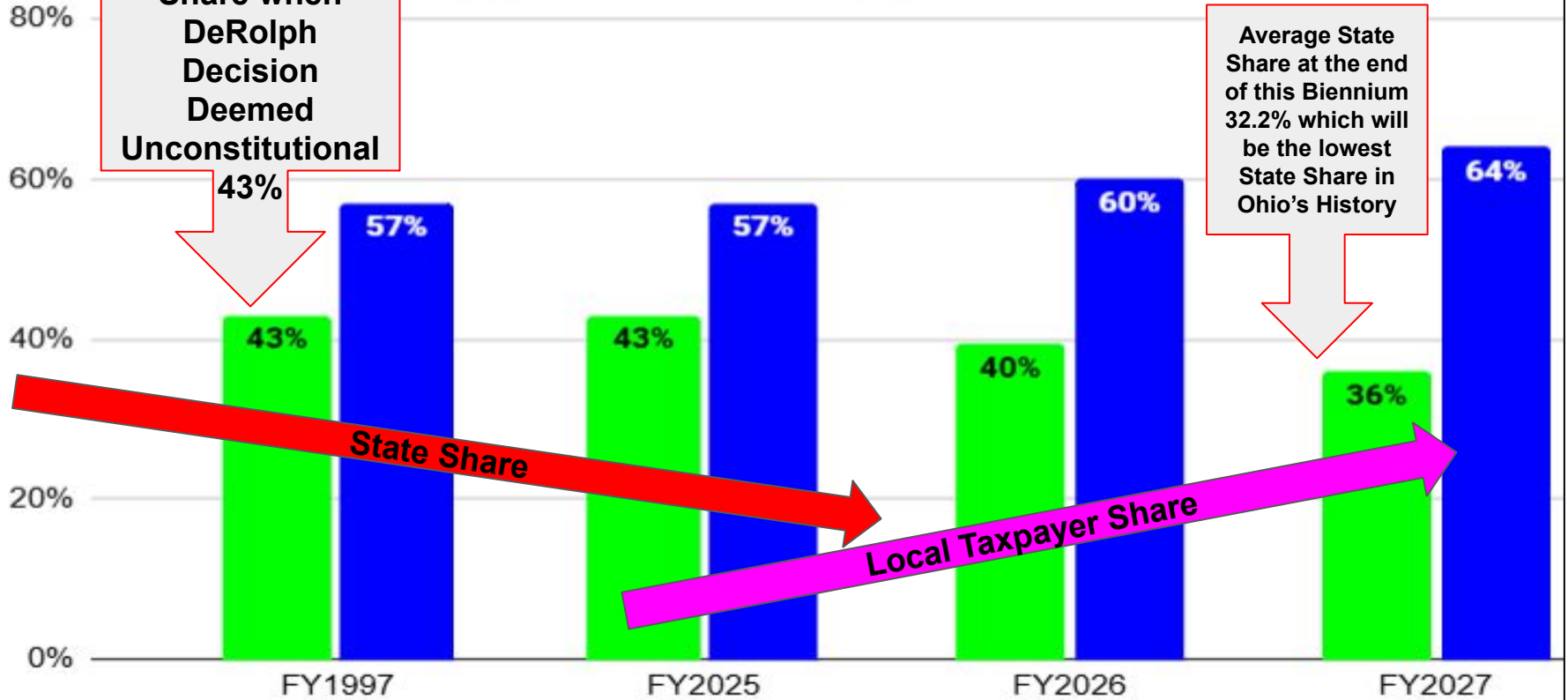
Carrie Hester
Superintendent
Springboro Community City School District

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State Share V Local Share

State Share Average Local Share Average



Average State Share when DeRolph Decision Deemed Unconstitutional

43%

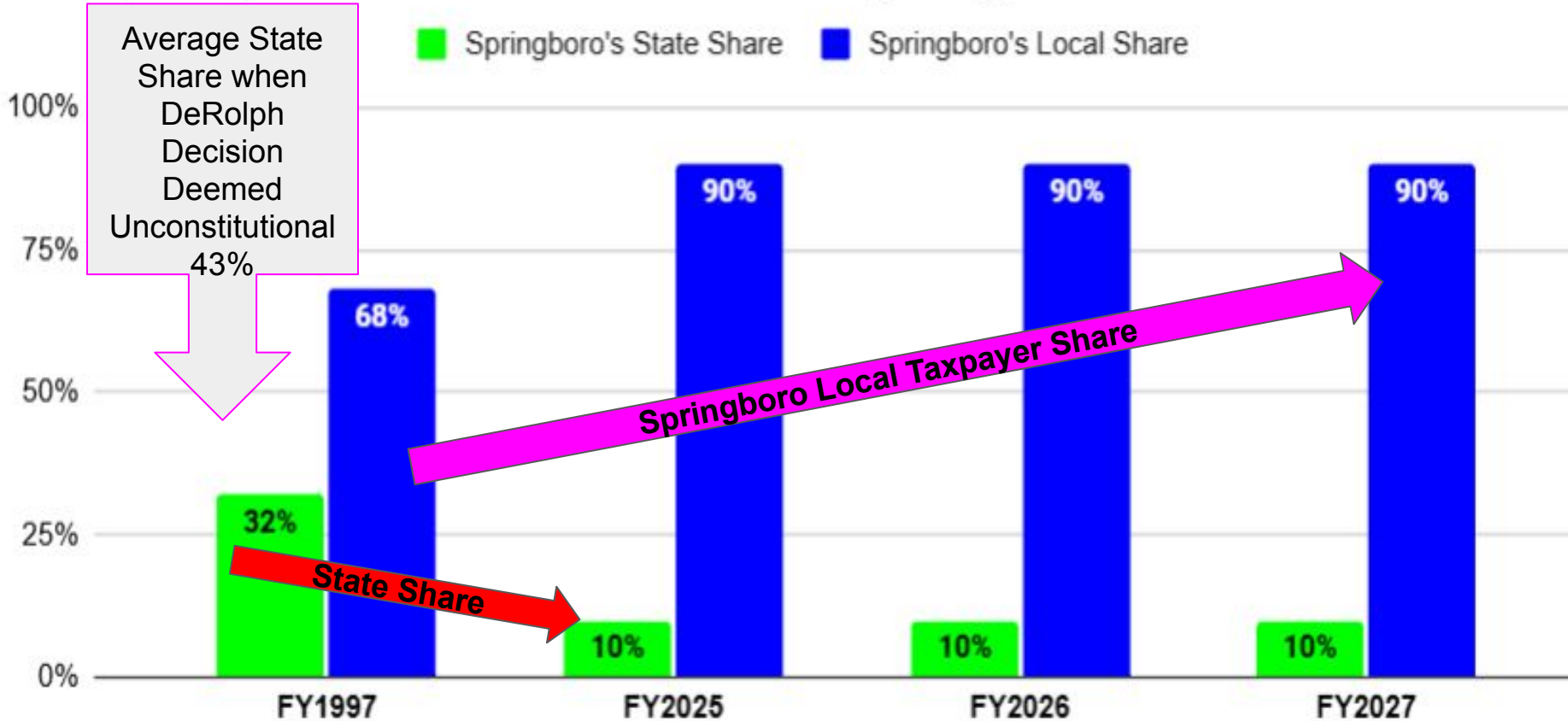
Average State Share at the end of this Biennium 32.2% which will be the lowest State Share in Ohio's History

32.2%

State Share

Local Taxpayer Share

Springboro's State Share V Springboro's Local Share



Property Tax Reform

As Passed by the House  Now in Senate

- **House Bill 129: School District Millage** (Rep. Thomas) Include all fixed sum levies in the calculation of a school district's millage floor.
 - House Bill 129 is similar to ***Vetoed Item 65*** which would include emergency, substitute, and other fixed sum levies in the 20-mill floor calculation. **Springboro Could lost 4.5 million over forecast for this provision**
- **House Bill 309: County Budget Commissions** (Rep. Thomas) Modify county budget commissions, property taxation, and apportionment formulas. **We carry low reserves, so I don't believe the budget commission would reduce us**
 - House Bill 309 mirrors ***Vetoed Item 55*** which would allow county budget commissioner's discretion to reduce non-debt voted levies to avoid "excessive" collections. This authority would be subject to some limits, but ***represents a significant shift away from local control of voter-approved levy proceeds.***
- **House Bill 186: School District Revenue; 20-mill & 2-mill Floors** (Rep. Hoops, Rep. Thomas)
 - Recently amended to apply retroactively to 2023 and 2024 reappraisals, but make districts whole for tax year 2024 and 2025 using 360 million from the Tax Holiday Fund **Springboro would lose 3,699,154 in FY27-FY29**
- **House Bill 335: Property Tax Overhaul** (Thomas D.) Limit revenue increases from inside millage levies due to a reappraisal or update **This would result in about a 4,165,115 in FY27-FY29.**
 - Recently amended to focus solely on capping inside millage, allowing growth of approximately by inflation.

Special Education Enrollment/Costs 11 Year Look



ADM Category	Special Education Enrollment and Disability Category											
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
K-12 Category 1 ADM	62	67	57	52	58	65	75	79	91	93	97	98
K-12 Category 2 ADM	412	363	327	331	315	319	339	358	352	382	413	379
K-12 Category 3 ADM	14	19	18	17	23	21	20	19	20	22	22	22
K-12 Category 4 ADM	9	6	6	4	3	4	2	2	2	1	1	2
K-12 Category 5 ADM	19	17	22	25	21	25	25	23	25	25	25	24
K-12 Category 6 ADM	49	60	71	76	78	83	88	88	73	78	85	97
Pre-School Category 1 ADM	9	6	7	15	26	22	24	31	38	34	32	38
Pre-School Category 2 ADM	27	28	41	32	28	15	21	23	27	20	19	22
Pre-School Category 3 ADM	1	1	1	0	0	1	3	2	1	0	1	2
Pre-School Category 4 ADM	0	0	0	0	0	0			0	0	0	0
Pre-School Category 5 ADM	2	1	2	2	3	2	3	3	3	1	0	0
Pre-School Category 6 ADM	3	5	4	3	5	6	11	10	8	11	12	9
Total Enrollment	606	573	554	557	561	563	611	639	640	666	707	693
% of Budget Spent on Spec Ed	15%	16%	16%	17%	16%	15%	15%	15%	16%	17%	19%	20%
Amount Spent on Special Education	\$ 6,444,540	\$ 7,284,841	\$ 7,296,092	\$ 7,577,934	\$ 8,391,209	\$ 8,620,917	\$ 9,019,742	\$ 9,350,718	\$ 10,060,881	\$ 10,617,964	\$ 12,213,626	\$ 13,521,038
Categorical State Funding for Special Education	\$ 1,297,642	\$ 1,388,400	\$ 1,471,116	\$ 1,573,046	\$ 1,462,045	\$ 1,536,430	\$ 1,538,966	\$ 1,538,966	\$ 647,020	\$ 421,845	\$ 702,347	\$ 612,526
Percentage of Expenses Covered by Categorical Funding	20%	19%	20%	21%	17%	18%	17%	16%	6%	4%	6%	5%

