



Impact of Ohio's HB 96 on Chardon Local Schools

Background

Ohio's General Assembly approves a statewide operating budget every two years. The process begins with the Governor's Executive Budget in February, the House of Representatives revises the as-introduced budget and it moves to the Senate. Differences between the House and Senate versions are resolved in Conference Committee in early-June and sent to the Governor can line item veto or sign the bill into law by July 1.

The current budget bill, HB 96, includes a number of provisions that will adversely impact school funding in Ohio:

- **Property Tax "Reform":** Includes property tax reform proposals that will impact Chardon Schools funding and likely speed up the need to place a new operating levy on the ballot for the public's consideration.
- **Eliminates Ohio's Fair School Funding Formula:** This could lead to budget shortfalls for Chardon

Schools increasing reliance on local taxpayers to fund schools. This reduction may result in larger class sizes, fewer resources, reduced curricular materials and technology, and potential staff layoffs.

Fair School Funding Plan

Ohio's public school funding formula was developed by 16 Ohio school funding experts including Chardon Schools' Superintendent, Michael Hanlon, and was overwhelmingly supported by the Ohio legislature in the past two budget bills.

- **Caps on Districts' Cash Reserves:** HB 96 includes provisions to cap the amount of cash reserves that school districts hold. This limitation could hinder districts' ability to manage unexpected expenses or invest in long-term projects.

- **Expansion of Public Funding for Private Education:** HB 96 further expands public funding for private schools through voucher programs. This shift diverts funds from public schools to private institutions, potentially exacerbating resource disparities .

Financial Implications

Cash balances are part of responsible fiscal planning for public school districts. Maintaining a balance ensures that districts keep up with the cost of inflation and navigate unforeseen circumstances without impacting students' educational experiences.

The 30% “cap” on carryover fund balance in HB 96 would reduce the school district's cash balance. This reduction is calculated by the percentage difference between the year-end cash balance and the previous year’s total expenditures. According to the state-filed November 2024 Five-Year Forecast for Chardon Local Schools, this would result in approximately \$6 million in suspended property taxes for fiscal year 2026. Figure 1 demonstrates that this does not result in property tax reform, but a one-time cut to Chardon Schools.



Figure 1. Chardon Local Schools Property Tax Revenue Actual/Projected with Proposed 30% cap

Property tax collection would be reduced in fiscal year 2026, and return to previous levels in 2027.

As shown in Figure 2, this temporary reduction would deplete the district's cash balance, necessitating placing a levy on the ballot in 2027, before funds are exhausted in 2028. In fact, to maintain current levels of operation while also remaining below the 30% threshold in the future, the district would need to make difficult financial decisions.

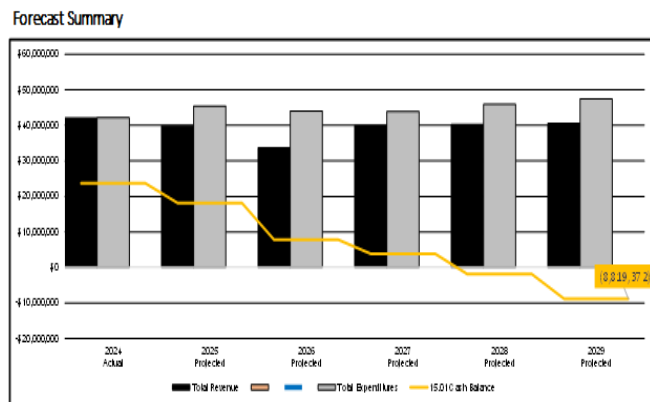


Figure 2. Chardon Local Schools November 2024 Forecast (Cash Reserve in Yellow)

Chardon Local Schools has been diligent in managing district funds since our last operating levy in 2018, listening to our community concerning the importance of managing resources and staying off the ballot. Cash reserves play a key role in accomplishing that goal. The proposed 30% cap may prompt the need to place a new levy on the ballot for the public’s consideration every two to three years.

Facilities and Programs

In 2018, the Chardon Schools’ community approved a 3.9 mill operating levy. Since then, the district has enhanced security and responsibly invested in our schools adding new roofs, windows, doors, door locks, cameras,

security vestibules, weapons detection software, chillers, gutters, and a new Transportation/Business Compound that will improve traffic flow and other conditions at CHS. These were completed using existing funds through careful fiscal management. The proposed budget would reduce this initiative.

We continued our focus on academic programs post-COVID maintaining high academic achievement, implementing dynamic program growth to meet student needs, eliminating fees to help all learners, enhancing school transportation efficiency and many other improvements.

Next Steps

As this proposal continues to wind its way through the legislature, our district is actively advocating for local control by elected Board of Education members and to protect the investment that our community made into our schools. We have reached out to our state legislators to voice our concerns, testifying before the legislature, and continuing to work with our state professional organizations such as the Buckeye Association of School Administrators, the Alliance for High Quality Education, the Ohio Association of School Business Officials and the Ohio School Boards Association, all advocating on behalf of school districts like ours.

Chardon Schools are the heartbeat of this community. One in which local decision-making is valued and high-quality educational experiences are the cornerstone of our mission: *We commit to high achievement for all students.* HB 96 has the potential to

undermine both local control and responsible financial planning, impacting the stability of our educational programs. We will continue to monitor the progress of the biennial budget proposal and the potential impacts it could have on our schools, and we will keep you informed along the way.

Community Engagement

Please take a moment to reach out and voice your concerns to our elected officials. Let them know that Chardon Local Schools and districts like ours across the state will be negatively impacted—*our students deserve better.*

State Representative
Honorable Sarah Fowler Arthur
Ohio House of Representatives
77 South High Street
Columbus, OH 43215

Sarah.FowlerArthur@ohiohouse.gov

Ohio Senator
Honorable Sandra O'Brien
Ohio Senate
1 Capitol Square
Columbus, OH 43215

obrien@ohiosenate.gov

Key messages:

1. Retain the Fair School Funding Plan
2. Separate property tax reform from the budget bill to avoid unintended consequences on school funding.
3. Protect local control in managing district resources.

We need them to know that House Bill 96, in its current form, is unacceptable. It hurts public schools and taxpayers while offering no long term benefits and threatens to undo decades of responsible financial planning.