Madeira City Schools
7465 Loannes Drive, Madeira, OH 45243
513.985.6070
513.985.6072 fax

April 3, 2025

The Honorable Representative Rachel Baker
77 South High Street, 10th Floor
Columbus, OH 43215

Dear Representative Baker:

We were able to speak to your Legislative Aide Abigail Kulewicz this morning who suggested we could share in writing significant concerns we have as members of District 27.

Madeira's Board and Leadership were made aware of drastic changes proposed to amend House Bill (HB) 96, the biennial budget, to include changes to district cash balances. Those changes include:

- Require districts to submit five-year projections of revenues and expenditures to the county budget commission.
- Budget commissions are then required to reduce property tax rates for any district whose cash balance exceeds 25% of their expenditures in the previous year.
- Budget commissions will reduce the property tax rates in the following tax year to reduce collections by the amount of the excess carry-over.
- Exempts districts whose levies have been reduced by the county budget commission from the requirement that it levy at least 20 mills to receive state foundation aid.

The changes are historically significant and highly problematic for a variety of reasons:

1. Madeira's budget would sustain a $6.8 million revenue loss, or 24% loss of its budgeted revenues, immediately.
2. This proposal is encroaching on the local control of school boards and the decisions made and voted on by the community members of our school district. Our community overwhelmingly supported our previous levy and has long supported the fiscally responsible budgeting guidelines and parameters that operate the district.
3. Madeira is not a district that is on the 20 mill floor. Therefore, because of House Bill 920, when home values increased in 2023, tax rates were pushed downward resulting in very little actual tax increases for our community and very little increased revenue for Madeira. This current provision being introduced to curb extreme tax increases attempts to solve a problem that does not exist for the residents of Madeira. In Madeira, House Bill 920 is doing its job in preventing inflationary increases in taxes.
4. Madeira's operating carryover balance is the result of years of discipline in managing our resources and the natural effects of being a district with low state funding and heavy reliance on our local tax base. The cyclical nature of levy approvals necessitates the buildup of reserves to maintain operations between levies. This broad sweeping legislation overlooks the unique circumstances of each district and the reasons for their carryover balances.
5. This proposal is not related to the state's biennium budget and a solution should not be rushed into the budget bill. It should be proposed as a stand-alone bill and considered by the state legislature as any other bill would be, after much more research, citizen input, and collaboration with public schools for long-term solutions.

6. This proposal accomplishes no short-term financial solution for citizens, or for school budgets, nor does it provide in any sense a long-term formula for success. Instead, it creates a complex and inconsistent new set of rules that shortens the cycle of fiduciary inputs, outputs, and communication, leading to a burden on taxpayers, county auditors, local communities, and school officials on an annual basis. Taxpayers across the state would not receive a uniform rollback. Districts with larger carryover balances would be subjected to larger rollbacks, while districts with a low carryover balance would avoid rollbacks entirely.
7. This plan penalizes a district for implementing cost saving strategies. Any realized savings would be penalized by further rollbacks in future years. This is counterintuitive to the work of public school officials and bad fiscal policy.
8. Healthy operating balances reflect conservative budgeting practices and the need to prepare for uncertainties.
9. A cash balance of 25% or more is one of the factors considered to secure a bond rating. Our most recent bond rating helped us to save dollars due in part to our healthy financial position as a district. This current legislation would create negative shift and increase future borrowing costs for building projects.

In summary, the Board of Education and the school officials of Madeira City Schools cannot support the proposed 25% rollback notion being circulated among legislators at the last minute, to attach to an already complex budget. Fundamentally changing the budgeting operations of Ohio's local schools that would have many negative consequences needs to be considered through a much more thoughtful process that allows for the time to discern and decipher all the ramifications.

To further assist you, the Ohio Association of School Business Officials has produced years ago the rationale and an understanding of this issue - General Revenue Fund Cash Balances – Management, Guidance and Best Practices.

If we can assist you in any way in understanding this issue, please text or call our cell phones – Kenji Matsudo 513-615-8365 or Emily Hauser 513-205-5285.

Sincerely,

Kenji Matsudo, Superintendent

Emily Hauser, Treasurer / CFO