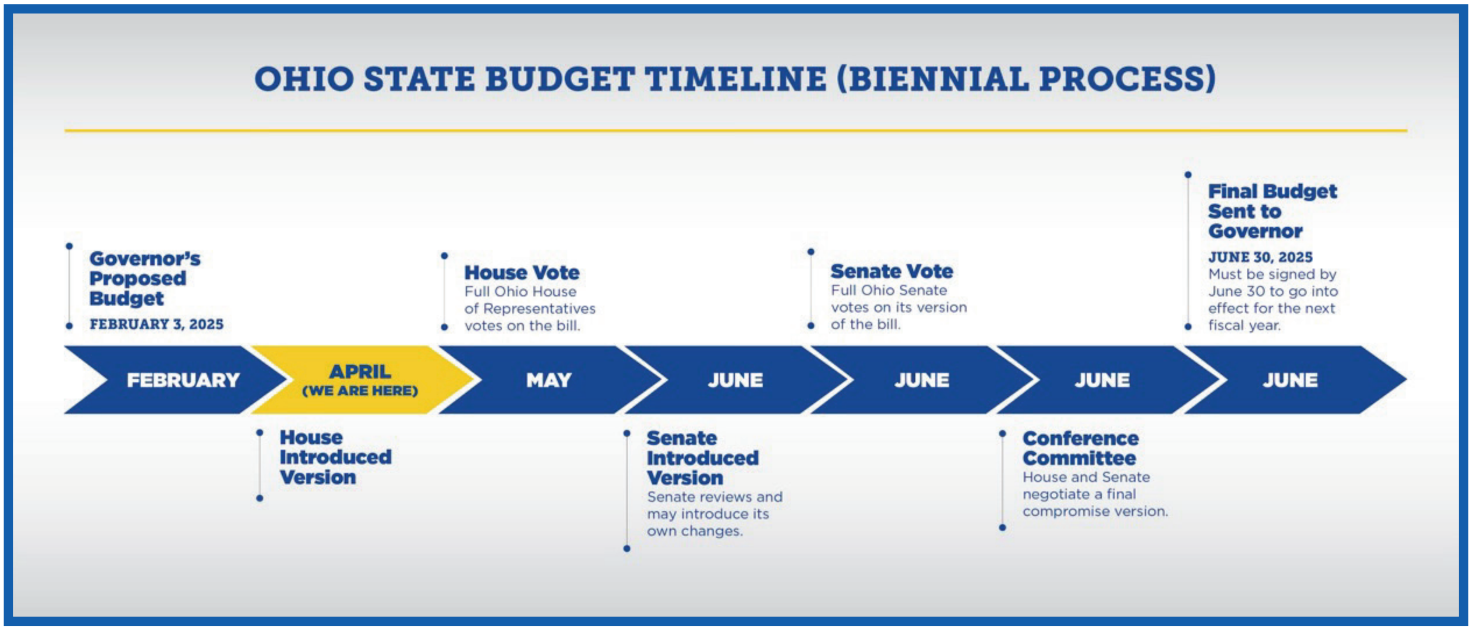
State Budget Update & What It Means for Madeira City Schools (as of April 23, 2025)

Every two years, Ohio lawmakers approve a new state budget. The budget is introduced in stages, beginning with the Governor's proposal (see what the Governor proposed below) and moving through both chambers of the legislature before a final version is signed into law.

We are currently at the House-Introduced Version of the budget. And in just five days of discussion, they are proposing a monumental shift in how public schools in Ohio operate.



Similar to the Governor's proposed budget, the House version increases public dollars for private and charter schools along with the state's voucher program.

Where the House version differs significantly is its proposed language to restrict how public schools manage their funds – including local dollars voted for and paid for by district property owners.

The House budget proposal imposes a cap on public school district cash balances to 30%. This type of restriction (never before done in the state's history of school funding) would significantly impact our district's ability to plan long-term and maintain financial stability.

There is no cap being proposed or placed on private schools in how they utilize public tax dollars or how they manage their private school resources.

How Does Madeira Use Its Cash Balance to Provide Stability?

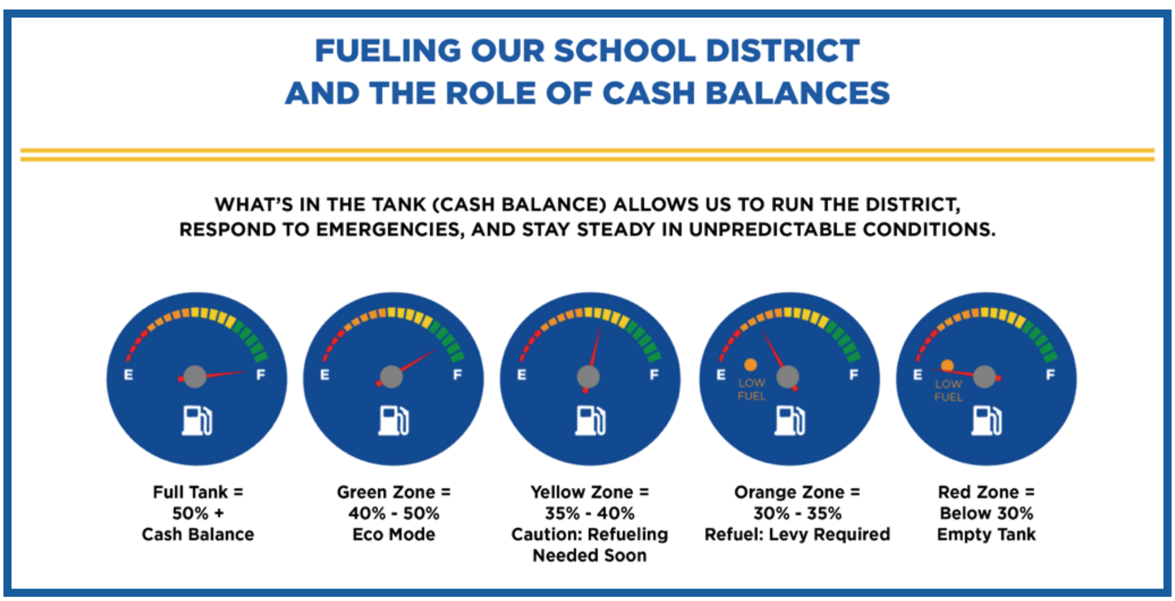
Madeira City Schools has a long history of strategic and transparent financial planning laid out in our Financial Guidelines and Parameters. This provides the "owner's manual" for how we operate the district - a proactive way that manages district resources and builds trust in our community. Our model prioritizes consistency, predictability, and stability for residents and students.

A key part of that strategy is not just how we save but how we use our cash balance as a planning tool. We don't wait for the tank to hit empty before taking action.
Our guidelines state that our carryover balance should be between 4-10 months of operating expenditures (33%-83%). When we see the carryover cash balance dipping below the low amount, it is an indicator to begin planning for the next levy.

Madeira's cash balance model has allowed us to:

- Only return to voters every 3-6 years.
- Keep levy requests modest and manageable for taxpayers.
- Maintain competitive compensation for our most valuable resources, our teachers and staff, to retain the best staff for our students.
- Manage unforeseen expenses and changes in state funding.
- Consistently maintain our district facilities without having to ask taxpayers for additional funding.
- Maintain community trust through fewer surprises and fewer ballot requests.
- Obtain lower interest rates on bonds directly saving local taxpayer money because our financial health is rated strong.

The graphic below shows how we monitor our reserves like a fuel gauge to begin planning for the next levy.



This forward-thinking approach and strategic use of our cash balance has allowed to create and maintain Madeira's Permanent Improvement Strategy - a long range plan that cares for the district's facilities.

In addition to routine maintenance, major improvements without placing undue burden on the taxpayers have included:

- Renovation of the MHS Perin Learning Commons
- Construction of a new transportation & bus lot
- Renovation on the MHS cafeteria & theatre
- Renovation of our MHS Athletic Facilities - locker rooms, turfed baseball field, new gym floor, bleachers, paint

What the Proposed Cash Balance Cap Would Do?

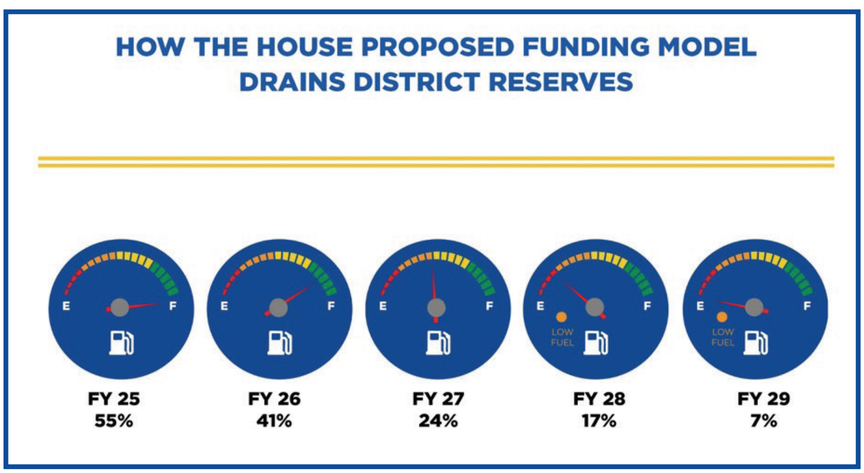
MADEIRA
CITY SCHOOLS

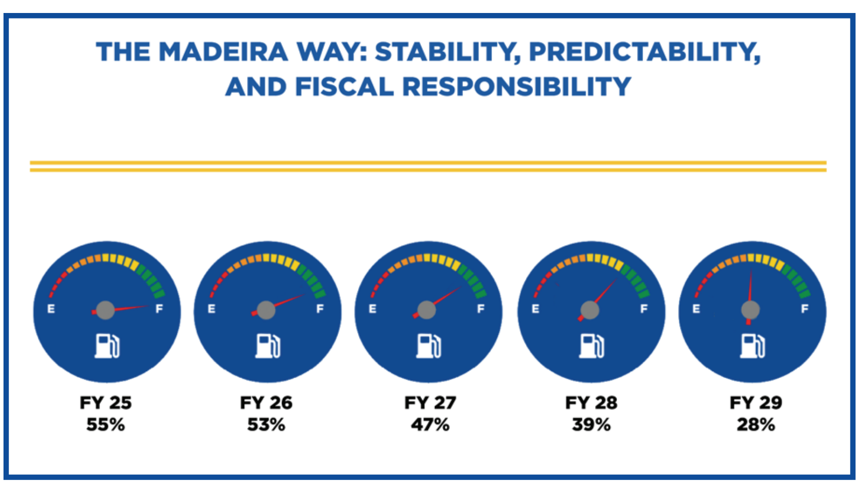
State lawmakers are attempting to provide tax relief on the backs of public schools by limiting their ability to plan for and manage the district funds voted for by our Madeira residents. The House budget proposes a new state budget rule limiting the amount of cash reserves public school districts can hold. Districts must return any reserves exceeding 30% of their yearly expenses to the local taxpayers.

This proposal is being sold as a property tax reduction, but it isn't—especially in communities like ours that get minimal state funding and want and expect high quality schools. Sure, taxpayers would see a lower property tax bill for a year or two, but that bill would quickly increase with the need for additional operating levies every 1-2 years to keep the school district running.

Here's what the proposed cash balance cap would really do:
- Reverse the outcome of Madeira's recent voter-approved operating levies by requiring the district to return $6-$7 million, effectively wiping out the results of the last two levies.
- Force the district to spend down its cash balance faster than planned.
- Eliminate the district's ability to be prepared for unexpected expenses and plan for the long term.
- Trigger the need for new levies every 1–2 years creating financial instability for both the school district and local taxpayers.

The charts below show the difference between Madeira's financial outlook with and without this proposed limit. If it passes, our district would enter what we've historically considered a "caution zone" almost immediately. At Madeira, when our tank hits a third full, the gas light comes on, and we begin to make a plan so students never feel the impact and we can maintain the excellent schools our community deserves and expects.





The Bottom Line for Madeira

If this version of the bill passes, the new normal will likely be requesting operating levies every 1-2 years, and the risk of not being able to keep excellent staff and maintain effective programs and services will be real. While this would mark a stark shift from Madeira's long-standing financial model, it would not result from mismanagement or overspending. It would be the direct result of state-imposed limits on how we can save and plan. No organization can sustain flat revenue, rising costs, and limited reserves while maintaining high-quality outcomes. In the long run, this proposal would create more instability for schools, staff, students, and taxpayers.

Recent News/Media Reports about School Funding in the State Budget:

Ohio schools, parents concerned as lawmakers debate voucher and public school funding

Why Ohio districts are pushing back against House school funding, property tax plan

Vouchers for Ohio private schools score double funding over public schools

Ohio school leaders say GOP plan for 25% cap to trigger tax refunds could cost districts $5B

Ohio House GOP budget proposal slashes public school funding

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** Credit: Thanks to our friends at Mariemont City Schools for sharing graphic resources.*