



April 8, 2025

IH Board Update - Ohio Budget Bill



Agenda:

1. Overview of current Budget Bill proposal for HB 96
2. Impact on our Budget if passed into law
3. Rationale and Action Steps
4. IH Board of Education Stance



Background:



- The State approves a biennial budget in 2025
- Legislators want to provide “Property Tax Relief”
- Legislators have proposed a “25% Rollback” amendment attached to HB96
- HB 96 would structurally change how voted millage in school budgets work annually, the most significant legal overhaul of public education funding since the 1970s



HB 96: 25% Budget Rollback Proposal



Proposed 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.

IH Budget Impact: Immediate



- Indian Hill's budget would sustain a \$3.1 million revenue loss, or 6.6% loss of its budgeted revenues, immediately.
- This loss of funding will effectively wipe out the revenues approved in our 2021 operating levy by our taxpayers.



IH Budget Impact: Immediate



- A cash balance of 25% or more is one of the factors required to secure a AAA bond rating. Indian Hill's historic high rating and bonding capacity would be put at risk immediately at a time when our enrollment is growing. This negative shift would increase future borrowing costs for building projects.
- Indian Hill EVSD has a TIF that is exempt from property tax valuation but the District is made whole by the property owners using a formula consisting of the millage calculations. This plan would decrease District income for TIFs placing our carryover under the 25%.





	School Year 2025
Revenue	\$47.5 Million
Expenditures	\$47.5 Million
Surplus/Deficit	\$0
Estimated Carryover	\$14.9 Million

**All numbers are carried from the November 2024 five-year forecast which is estimated*





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$$0.25 \times \$47.5 \text{ Million} = \$11.9 \text{ Million}$$

$$\begin{aligned} \$14.9 \text{ Million} - \$11.9 \text{ Million} = \\ \$3.0 \text{ Million} \end{aligned}$$

**All numbers are carried from the November 2024 five-year forecast which is estimated*





	Current Forecasted School Year 2026	With Proposed Changes School Year 2026
Revenue	\$47.5 Million	\$44.0 Million
Expenditures	\$48.7 Million	\$48.7 Million
Surplus/Deficit	-\$1.2 Million	-\$4.7 Million
Estimated Carryover	\$13.7 Million	\$9.0 Million

**All numbers are carried from the November 2024 five-year forecast which is estimated*





2025 District Cash-Flow:

	Revenue	Expense	Cash Balance
Jun-24	\$ 497,784	\$ 3,677,527	\$ 14,841,836
Jul-24	\$ 12,732,494	\$ 3,363,113	\$ 24,211,216
Aug-24	\$ 3,429,395	\$ 4,903,585	\$ 22,737,027
Sep-24	\$ 5,278,031	\$ 4,033,459	\$ 23,981,598
Oct-24	\$ 424,593	\$ 4,142,651	\$ 20,263,541
Nov-24	\$ 736,135	\$ 4,160,728	\$ 16,838,948
Dec-24	\$ 295,618	\$ 3,323,736	\$ 13,810,830
Jan-25	\$ 4,082,505	\$ 4,114,708	\$ 13,778,628
Feb-25	\$ 13,226,906	\$ 4,406,490	\$ 22,599,044
Mar-25	\$ 347,098	\$ 4,197,028	\$ 18,749,113
Apr-25			\$ 18,749,113
May-25			\$ 18,749,113
Jun-25			\$ 18,749,113





2024 District Cash-Flow:

	Revenue	Expense	Cash Balance
Jun-23	\$ 640,141	\$ 3,673,965	\$ 16,064,941
Jul-23	\$ 11,818,819	\$ 3,337,254	\$ 24,546,507
Aug-23	\$ 374,615	\$ 3,838,490	\$ 21,082,632
Sep-23	\$ 2,368,886	\$ 4,660,833	\$ 18,790,686
Oct-23	\$ 5,288,535	\$ 3,453,624	\$ 20,625,597
Nov-23	\$ 263,755	\$ 4,218,784	\$ 16,670,568
Dec-23	\$ 213,667	\$ 3,704,217	\$ 13,180,018
Jan-24	\$ 1,190,934	\$ 3,903,731	\$ 10,467,220
Feb-24	\$ 7,159,930	\$ 3,590,185	\$ 14,036,966
Mar-24	\$ 307,293	\$ 3,636,457	\$ 10,707,802
Apr-24	\$ 10,557,700	\$ 3,793,593	\$ 17,471,910
May-24	\$ 4,999,685	\$ 4,450,016	\$ 18,021,578
Jun-24	\$ 497,784	\$ 3,677,527	\$ 14,841,836

Problematic Proposal:



- Cash reserves reflect conservative budgeting practices and the need to prepare for uncertainties. Indeed, a cash reserve balance does not reflect on only one (1) fiscal year of conservative stewardship, it reflects on the entire history of the district's strategic leadership, of which Indian Hill has a proud history.
- This plan creates a temporary relief for taxpayers and only for taxpayers of districts that exceed the 25% threshold.
- Once a district reaches the threshold after year one, the rollback of tax factors would be removed, thereby increasing the taxpayer's burden to prior levels.
- 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.



Problematic Proposal:



- 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 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.
- 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.



Problematic Proposal:



- The cyclical nature of levy approvals necessitates the buildup of reserves to maintain operations between levies.
- Indian Hill's history of rarely seeking operating levies would shift drastically for community members and the District, in ways we cannot currently imagine, quantify or proactively communicate.
- This proposal has nothing to do with the state's budget. 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.



Action Steps:



- Indian Hill's Board of Education and Leaders rarely publicly on speak on political agenda items. HB 96's rollback proposal requires scrutiny.
- This historic, flawed proposal affects all taxpayers and Ohio students, requiring a rationale to be shared so all citizens in our school community are aware of the facts of our situation.
- We have shared a letter outlining this rationale to every Ohio legislator and their aides.
- We have asked our state associations and their advocacy arms to relay or concerns in both House and Senate Committees.
- Solutions to public school funding that implicates voted millage and unique cash reserves should be proposed as a stand-alone bill and considered by the state legislature after much more research, citizen input, and collaboration with public schools.



IH Board Stance:



- Each school district in Ohio has unique circumstances and reasons for their cash balance.
- To classify or quantify a long-term, annual impact of the annual cash balance changes for Indian Hill EVSD will be highly complex, lead to timing issues for communication to taxpayers, and place a burden on the organization associated with auditing on an annual basis.
- The Board of Education and the school officials of Indian Hill EVSD are vehemently opposed to the proposed 25% rollback notion being circulated among legislators at the last minute, to attach to an already complex budget.
- Forcing this significant change to the Ohio school funding formula via a last minute amendment attempt to change the Ohio Biennial Budget, will have disastrous consequences for countless Ohio students. It also clearly violates the practice of local voter authority.



