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**Biennium Budget - Expected Impacts of House Substitute Budget Bill on RRCS**1 message

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Mon, Apr 28, 2025 at 9:28 AM

To: Bride.Sweeney@ohiohouse.gov, State Senator Nickie Antonio &lt;antonio@ohiosenate.gov&gt;

Cc: Lauren Negrey &lt;Negrey.Lauren@rrcs.org&gt;, Addie Olander &lt;Olander.Addie@rrcs.org&gt;, Jessica Wilson &lt;Wilson.Jessica@rrcs.org&gt;, Peter Corrigan &lt;Corrigan.Peter@rrcs.org&gt;, Elizabeth Anderson &lt;Anderson.Elizabeth@rrcs.org&gt;, Greg Markus &lt;markus.greg@rrcs.org&gt;

Dear Senator Antonio and Representative Sweeney,

We sincerely appreciate the thoughtful consideration you and your colleagues give to the complex issues surrounding school finance across the state, and for your historical support for Ohio public schools.

At Rocky River City Schools, we have long taken a conservative, forward-thinking approach to financial planning to ensure stability and predictability for our residents while enabling our district to provide one of the highest quality educations in the state. This year's budget cycle presents a unique convergence of priorities, particularly the push for property tax relief and the continuation of the Fair School Funding Formula.

As a district, we support the intent behind providing property tax relief for Ohioans. However, we strongly encourage lawmakers to pursue solutions that deliver tax relief without disrupting the predictability and stability of local property tax revenues for school districts.

We are grateful for your support for funding for public schools and for your advocacy in your respective chamber. Below are some points on the impact of the House Substitute Budget bill passed on April 9 that may be helpful to you:

- Our cash reserve, strategically built over time, is intended to extend the time between which we seek operating support from our community via levy. This reserve also allows us to retain funds for capital improvement projects through our Permanent Improvement fund. Given our strategic and conservative decision-making, we expect to extend our district levy cycle to five years.
- The House Budget proposal originally included a provision that targets districts with cash reserves exceeding 25% of prior-year expenditures. Under this plan, county budget commissions would be required to reduce property tax rates the following year to offset the excess reserves. For Rocky River, this could result in a reduction of approximately \$1.2M this year. These are locally provided funds that resulted from voted millage. While the change to a 30% level does not do the same level of harm to RRCS finances immediately, it still has the potential to harm our planning in the future.
- The proposal fails to recognize the deliberate and situational approach to financial planning that our district has taken, including:
  - Seeking diverse revenue streams. Our reserves stem from a combination of investment earnings and property tax revenues.
  - Long-term facility planning. Our strategy enables us to address critical facility needs without burdening taxpayers.
  - Local control. Our Board of Education, as elected by our residents, are the best positioned to make decisions about our community's resources for public education. This proposal would remove local decision-making control over cash balances, even of funds that are provided by local sources.

- Taxpayer predictability. Reductions and subsequent increases in tax rates could create a disruptive and unpredictable environment for taxpayers.
- Future financial harm: Our current five-year forecast already projects a decline in reserves over the next 3–5 years. A mandated reduction would further jeopardize our ability to operate sustainably without going back to our taxpayers with levy requests sooner and more frequently.

While we support the goal of providing meaningful tax relief, the current proposal is not a viable path forward due to its potentially damaging and uneven impact on school districts across Ohio. Other proposals—such as the circuit breaker approach—offer immediate relief while allowing time to develop a thoughtful, long-term solution to the property tax issue.

We welcome the opportunity to partner with you in crafting a responsible, conservative strategy that preserves financial stability for schools, provides relief to taxpayers, and lays the groundwork for future generations of Ohioans. We recently passed two resolutions, Support to Fair School Funding Plan and to Oppose the Cap on Cash Reserves and Carry Over Balance (<https://www.rrcs.org/BiennialBudgetInformation.aspx>). If there is more information we can provide about our district to help as you advocate for fair, sustainable funding for Ohio public schools, please contact us.

Thank you for your time and consideration.

Sincerely,

Members of the Rocky River City Schools Board of Education,  
Rocky River City Schools Interim Superintendent and Treasurer

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