

Ohio Republicans eye \$4.2 billion in school savings for one-time property tax cuts

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COLUMBUS, Ohio -- Ohio's public school districts have about \$10 billion sitting in their collective savings accounts, and House Republicans want them to give nearly half of it back.

"We believe those monies are better in the taxpayers' pocket than the school district's bank account," said state Rep. Brian Stewart, a Pickaway County Republican who oversees the House Finance Committee.

His plan, woven into the House version of the state budget, would cap school districts' "carryover balances" at 30% of their annual operating costs. Excess funds would need to be spent immediately or returned to homeowners as discounts on their property tax bills starting January 2027.

The discounts could be eye popping. Stewart called it "the largest property tax relief bill in Ohio history."

They could also be financially devastating to schools.

Districts say their cash reserves get inflated by the timing of levies, federal stimulus funds and ongoing projects. Balances that look large today, are usually meant for tomorrow's expenses.

"The reality is we are going to force school districts to spend money like drunken sailors by mandate of the Ohio Legislature," said Rep. Bride Rose Sweeney, a Westlake Democrat who is the ranking member on the House Finance Committee. "That is insane to me."

What might a homeowner save?

The GOP's plan would have county tax commissions check school districts' reserves and cut their tax rates until their savings dropped to 30% or less.

Homeowners would get a one-time tax cut starting in January 2027, though Republican Rep. Dave Thomas from Ashtabula thinks they could offer it in 2026.

Here are some estimates for what residential property owners might save, using school data from fiscal year 2024. It's important to note these numbers could change, because counties would use fiscal year 2025, which is ongoing.

Discounts per \$100,000 of a home's appraised value:

- Westlake \$305
- Buckeye Local \$1,400
- Solon \$390
- Olentangy \$485
- Columbus \$217

Districts below 30% (no discount):

- Cleveland Municipal
- Akron
- Cincinnati
- Shawnee Local
- Urbana City

Districts that might owe no school property taxes in 2027:

- Warrensville Heights
- Monroe Local
- Circleville
- Harrison Hills City
- Upper Scioto Valley Local

"Your money that you spent that has not been needed for the services you voted for should be given back to you," Thomas said.

But it wouldn't be given as a cash refund.

Warrensville Heights had a carryover balance that totals 146% of its annual operating costs in FY 2024--one of the highest in the state.

The estimated discount of \$3,138 per \$100,000 of home value was more than its residents pay in school property taxes.

Thomas said residents in districts like Warrensville would pay no school property taxes in 2027 and get another discount in 2028.

Basically, the tax commission would lower taxes until the school's savings totaled 30% or less of its annual operating expenses.

Cleveland.com contacted Warrensville Heights for comment.

Saving or hoarding?

District carryovers have increased since the state began tracking them in 2012, rising from \$3.6 billion to about \$10.5 billion in 2024.

Republicans say it's time for schools to stop "hoarding dollars" while asking voters for new levies.

"There's an extraordinary amount of cash going into these school districts," Huffman said. He pointed to rising property values, COVID relief dollars and Ohio's new school funding formula.

"The first 20 years of this century, adjusted for inflation, K-12 public school funding went up 50% and we had the Cupp-Patterson [school funding] plans in 2021 and 2023," Huffman said.

School district officials disagree.

Mayfield City School District Treasurer Scott Snyder said that like a lot of recent anomalies, it started with the COVID-19 pandemic.

At the beginning of the pandemic, schools emptied and districts spent less on building utilities, bus fuel and other expenses.

Then, Congress sent millions in federal stimulus money. Schools spent those dollars in different ways, but some used COVID funds on programming previously paid for with general fund dollars. That also increased cash balances.

There's also the levy cycle to consider.

If voters recently passed a new or renewed levy, district accounts may look full. But over time, they spend the money, said Snyder, whose district had \$32.7 million at the end of last year — 37.7% of its expenses.

Snyder compared levy cash in school district reserves to a worker's paycheck. An employee's account may look full after payday, but the balance shrinks quickly with spending on groceries, gas, housing, and other expenses.

Athens City Schools had a 55% carryover balance (about \$10 million) for FY 2024, but Chief Financial Officer Jared Bunting told Cleveland.com the district is below 25% now.

“We’re building a new high school,” Bunting said. “We had to transfer \$7 million into a capital project fund. If we would have had this cap at the beginning of this year, we might not have had the money to do that.”

Districts can keep construction dollars in dedicated funds that aren’t counted in their carryover balances, but Bunting thinks that can be confusing for residents.

“It doesn’t show up on our five-year forecasts,” he said. “We want to be as transparent as we can be with our community, so we leave it in the general fund.”

Less taxes today, more tomorrow?

Westlake City Schools hasn’t had a levy on the ballot since 2006.

“In the current financial outlook, we’re thinking we can stay off the ballot for another four years,” Superintendent Scott Goggins said. “That will be 23 years without going to the ballot.”

Goggins and Treasurer Todd Hopkins take pride in that fact. But they told Cleveland.com that this cap on carryover would push them to the ballot as early as next year.

It would also make it harder, if not impossible, to sign long-term contracts since the state requires districts to “reasonably predict that we can pay them.”

“The district is not against property tax relief, but we do feel it needs to be done in a way that is considerate of schools,” Hopkins said. “We feel very strongly that Westlake schools have been financially prudent.”

Cleveland Metropolitan School District’s carryover totaled 22% of its budget in FY2024, according to data from the Department of Education and Workforce. Homeowners there would not get a discount.

That seems unfair to Goggins and Hopkins, who asked why Westlake should be punished when they have “one of the lowest tax rates in the tri-county area.”

“I think the greater question is what is the goal of the legislative body,” Hopkins said. “If the goal is property tax relief, this cap does not do that for all homeowners across the state.”

Vanessa Tey Iosue, president of Cleveland-based Burges and Burges Strategies, has helped with more than 200 school levy campaigns over the past 25 years. She said

districts don't ask for new taxes lightly and often make cuts first to show shared sacrifice.

"The tension between ensuring you're serving students well, but you're also balancing taxpayer realities, is a very difficult place for these school districts to be," she said. "It sometimes takes a year or more to make that decision. One, to go on the ballot; but then, what are we going to ask for? And then, what are we going to reduce to show that we understand that we're all in this together?"

Uncertainty abounds

Solon City School District had \$42.9 million in savings at the end of last year, about 51.4% of its operating expenses. Nearly \$18 million would have needed to be spent immediately or deducted from Solon's tax collections if HB96 became law.

District spokeswoman Tamara Strom said it's too soon to say what those numbers might look like for 2025.

"We certainly understand the legislature's intention to provide property tax relief for Ohioans," she said. "However, this provision appears to infringe on the local decision-making authority and for our district could disrupt the compact we made with our community and our long-term financial planning."

Solon boosted its reserves in recent years after the General Assembly phased out the tangible personal property tax, once collected on business equipment and inventory. Solon, which has [several large businesses with operations](#) in the city, was especially hit by the revenue loss.

"The cash reserves now in question were built through significant sacrifices, including 3-year staff salary freezes, 4-year administrative salary freezes, and other benefit reductions," Strom said.

Based on last year's cash reserves, Chagrin Falls Exempted School District would also see tax collections cut since its \$21.5 million in reserves made up 59.2% of total spending.

Chagrin Falls and other districts try to follow best practices from groups like the Government Finance Officers Association or credit analysts, said Kathryn Garvey, a former school board member who tracks school finance with [All in For Ohio Kids](#), a group pushing for better funding across districts.

Garvey said districts build cash reserves early in a levy cycle to cover higher expenses later, allowing them to wait four to five years before asking voters for another levy.

"If voters in Ohio want to look at property tax levies every year or two, that's exactly what this is going to do," she said.

Why the budget?

One of the big questions Sweeney has about this plan to cap carryover balance is why the idea is being introduced now.

"We had a study on property tax relief," Sweeney said. "This was never mentioned in there."

Telling schools to spend \$5 billion or have future taxes withheld represents a "huge" change to how schools budget.

"We got this a week ago. It's never been vetted," Sweeney said. "It's insane we will make this big of a change without knowing the implications."

The House approved the budget Wednesday along party lines, but the budget process is just getting started in the Senate. Lawmakers have until the end of June to negotiate a deal and get it to Gov. Mike DeWine who says he's "not a big fan of that idea."

DeWine told [Strictly Speaking radio host Bob Frantz](#) that the House plan "has an appeal, but it penalizes schools for saving money, being frugal, and trying to manage for a rainy day or other problems."