

Board Work Session

Topics for Discussion in February and March

- Fair School Funding Plan (FSFP)
- ESSER Funds
- Tax Base Changes
- May Financial Plan Update

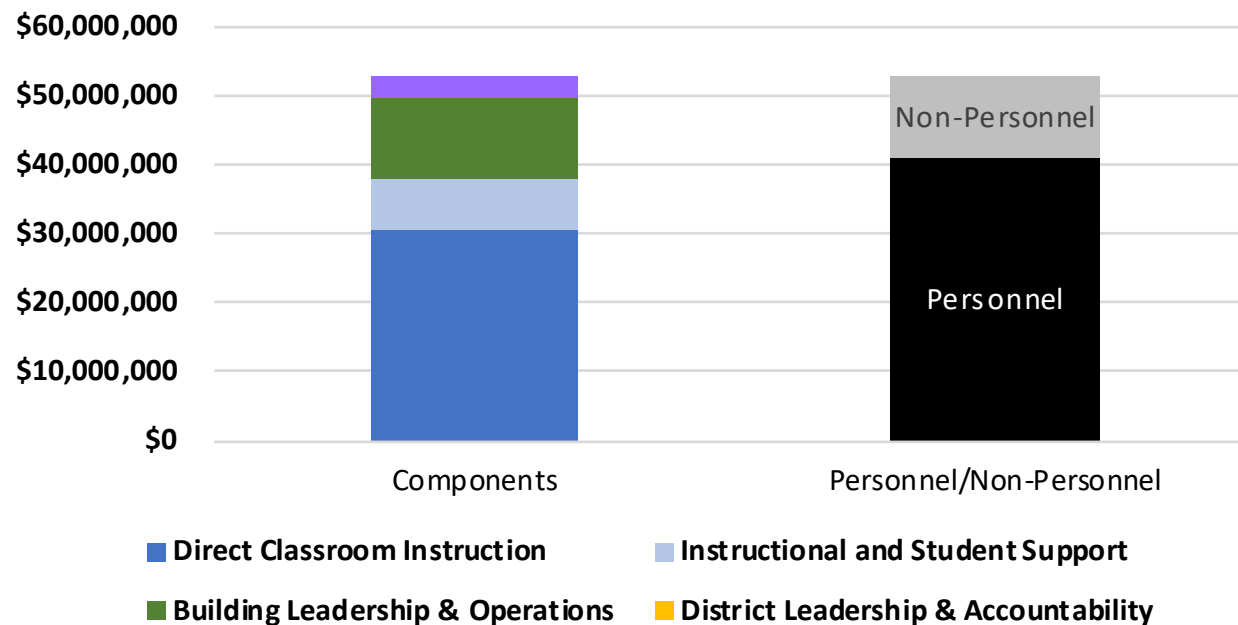




Fair School Funding Plan

Ohio's Fair School Funding Plan Base Cost State Share Overview - FY 2022

FY 2022 Base Cost



Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

For Kettering City School District the calculated Base Cost total is \$52,857,475 in FY 2022.

There are four Base Cost component areas: Direct Classroom Instruction \$30,585,081, Instructional and Student Support \$7,418,278, Building Leadership and Operations \$11,694,621, Leadership and Accountability \$3,159,495. Of the total base cost about 78% is estimated for personnel related cost.

Fair School Funding Plan

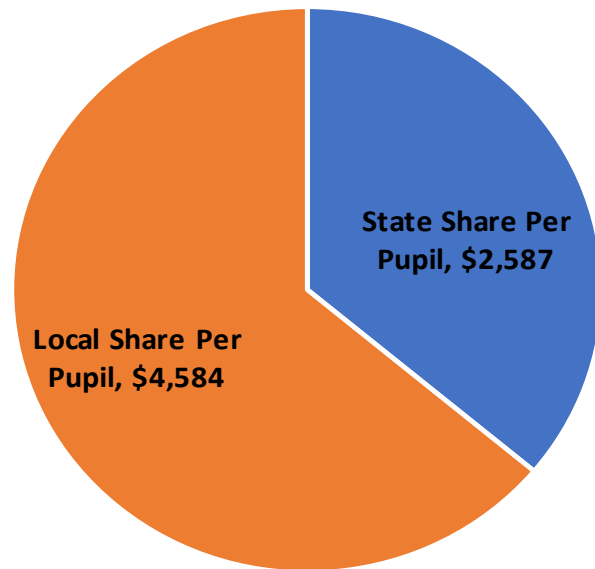


- Beginning in FY 2022 Ohio passed the Fair School Funding Plan (FSFP) as part of House Bill 110.
 - Driven by a base cost methodology that incorporates four components
 - Direct Classroom Instruction
 - Instructional and Student Support
 - Building Leadership & Operations
 - District Leadership & Accountability
- Base Cost is calculated using a statewide average from historical actual data.



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FY 2022 Total Base Cost Per Pupil = \$7,171



Using the total Base Cost of \$52,857,475 shown above, with an enrollment of 7,371 the total per pupil base cost is \$7,171. The FSFP local capacity methodology, using a per pupil wealth/capacity of \$202,736 calculates that the local portion of total base cost is \$4,584 per pupil in FY 2022. The local per pupil portion is updated each fiscal year and is projected to go up \$604 by FY 2026. At the same time, the total base cost per pupil is estimated to increase by \$580 to a total per pupil base cost of \$7,751.

Note: Enrollment used for base cost calculations is the higher of the three year average (district educated) for years 2019, 2020, and 2021, or 2021.

- The base cost to educate a student is unique to each district in Ohio.
- The calculation uses enrollment and student demographics to determine the cost of teachers, staff and supplies, etc.
- A local share is calculated on District's capacity to pay. Capacity is based on property value, income and student demographics.
- A state share is determined based on these calculations and applied.



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- In addition to Base Cost Funding the FSFP provides categorical funding in the following areas:
 - Student Success and Wellness (SSW)
 - Career Technical Education (CTE)
 - Disadvantaged Pupil Impact Aid (DPIA)
 - Gifted
 - English Language Learners (ELL)
- The remaining items of state funding are as follows:
 - Casino Funding
 - Preschool Funding
 - Special Education Transportation Funding
 - Special Education Catastrophic Cost Reimbursement



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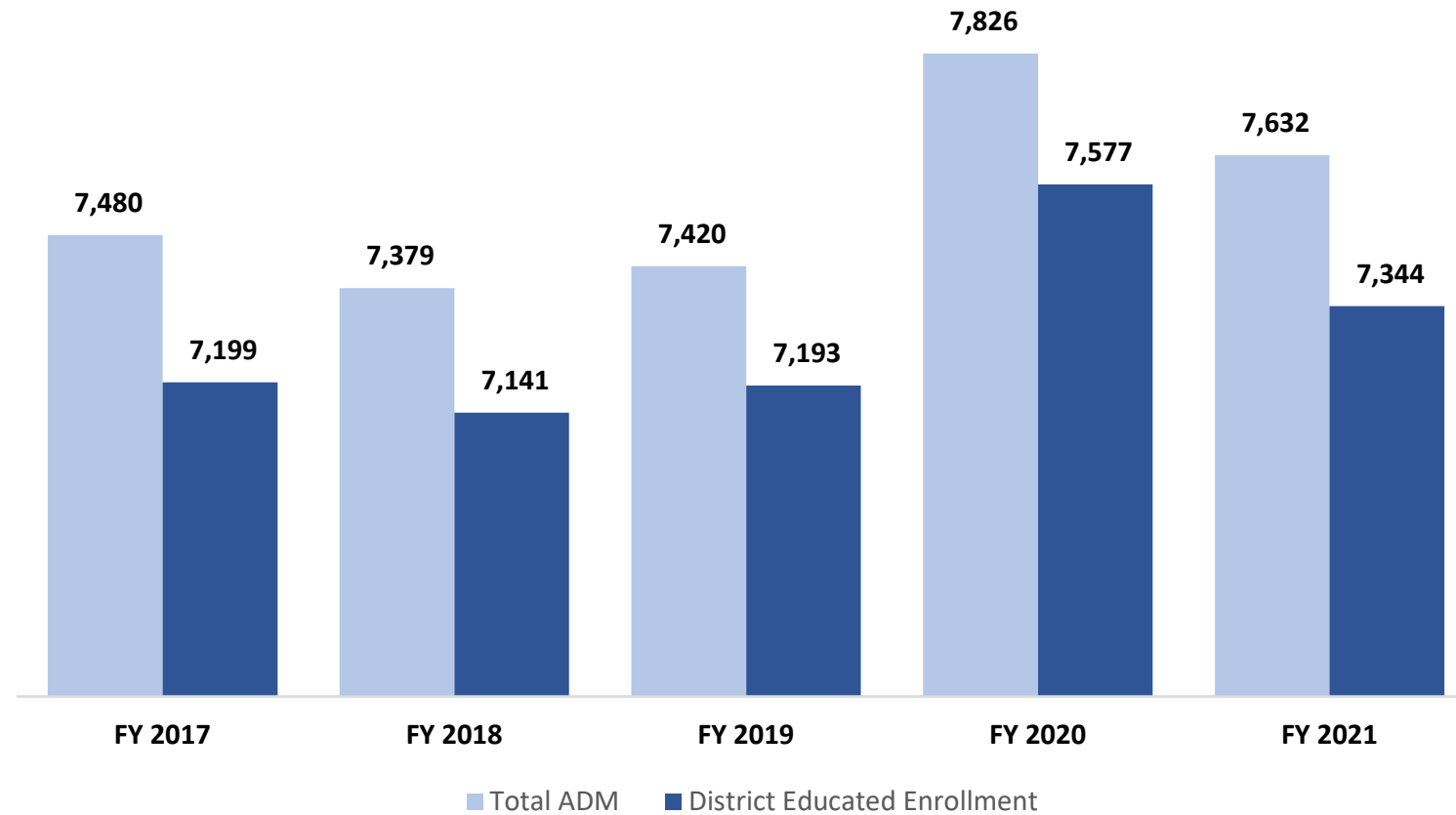
One of the biggest changes that Ohio made to per pupil funding is the definition of enrollment.

- Starting in FY 2022 Ohio will use "district educated" enrollment which is comprised of resident students attending and open enrollment "in" students.
- In prior funding formulas the district total/ formula ADM was used to calculate state funding.
- This change, in some cases reduces net state funding because the district is no longer receiving funding for community school, scholarship students, etc.
- However, at the same time, the district will not be expensing tuition to pay for these students and therefore cost will be lower.



Fair School Funding Plan

Total ADM Compared to District Educated



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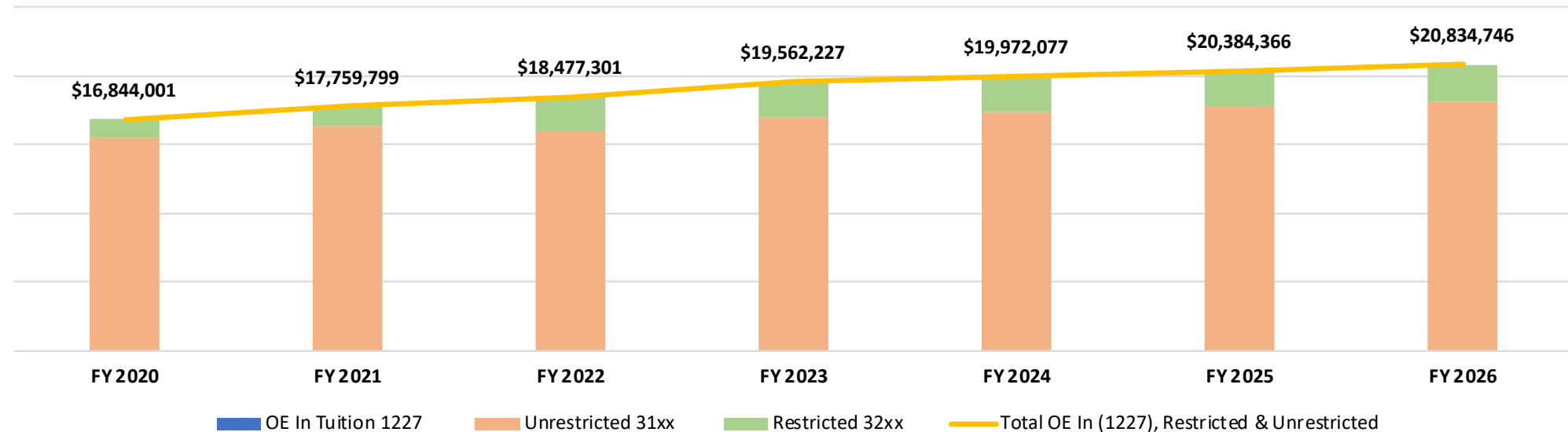
What does all of this mean to Kettering?



Fair School Funding Plan

Ohio's Fair School Funding Plan - Results in Forecast

Current Forecasted State Revenue (FSFP)



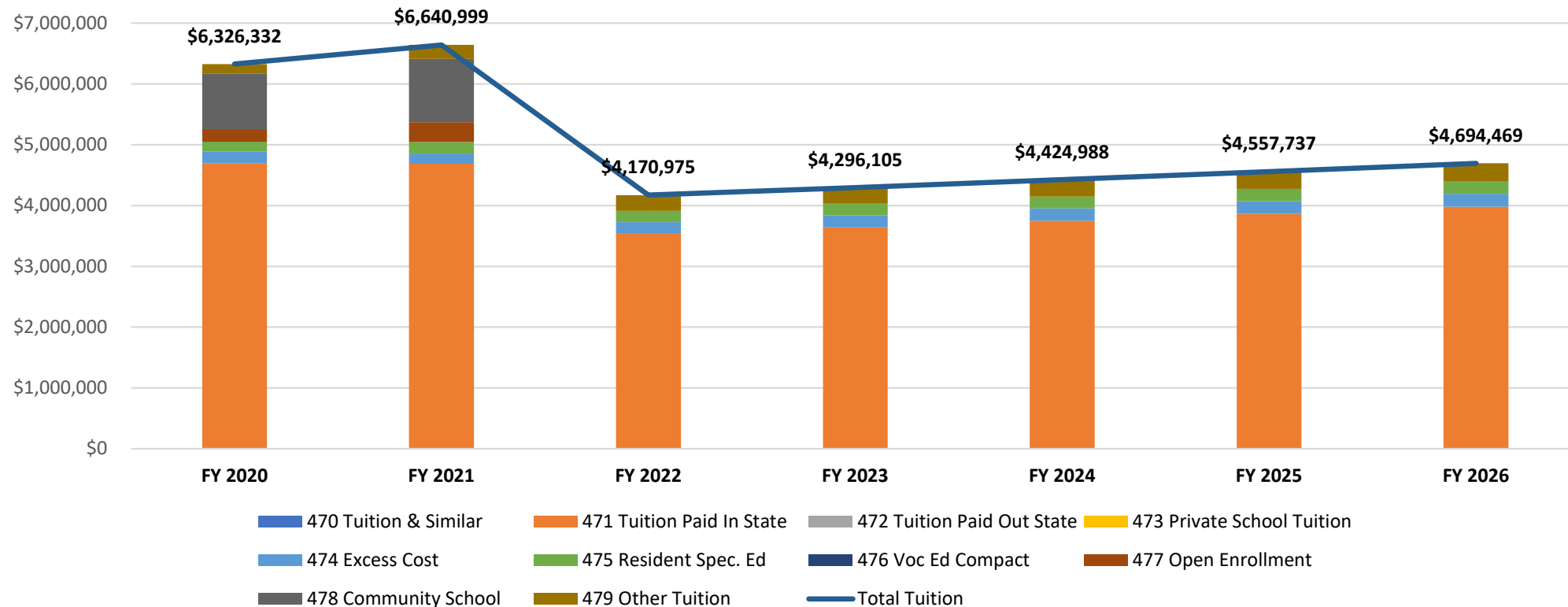
The above graph summarizes key state revenue line items impacted by the FSFP plan. Overall the district's revenue increased \$717,502 from FY 2021 to FY 2022. The above results are from the district's forecast and assume USAS codification standards. Note: FY 2020 and FY 2021 are actual. FY 2022 through FY 2026 are current forecast results.

Kettering will see modest revenue growth of 1% or less based on current phase in of FSFP.



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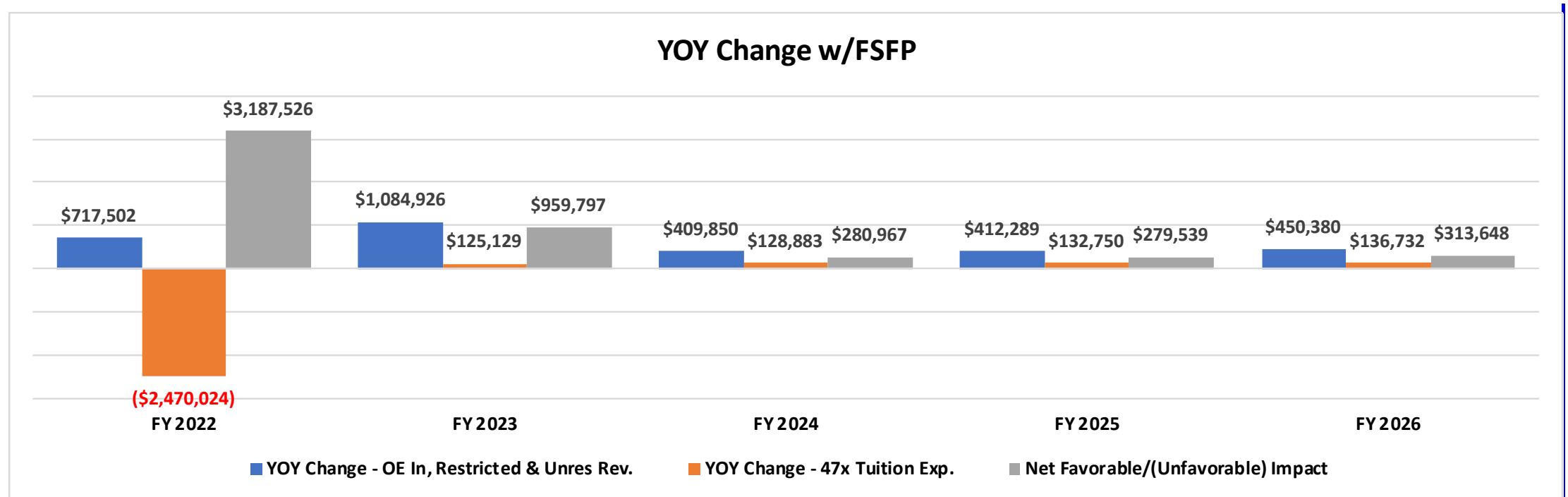
Current Forecasted Tuition FSFP Analysis



The change is to funding all resident students with a pass-thru of tuition expense to the community school, scholarship program and STEM schools will result in a \$2.4M or approximately 2% decrease in tuition.



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In FY 2022 state revenue (blue bars) is projected to increase \$717,502. At the same time, because of FSFP and enrollment count changes, 47x tuition (orange bars) expenditures are projected to go down -\$2,470,024. Assuming, as presented in the bar chart above, that the YOY change is all the result of FSFP, then the district is expected to experience a net favorable impact of \$3,187,526 in FY 2022 (gray bars).



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Fair School Funding Plan

- Currently modeling the District will be on the formula for base cost during the forecasted period.
- The District benefits from elimination of the pass-thru costs for students attending community schools and state sponsored tuition programs.
 - The benefit of the elimination of the pass-thru is the money is “up-front”.
- The new model won’t change that Kettering is nearly 60% funded by real estate taxes.
- Operating levies will still be part of maintaining financial stability.