

OLENTANGY SCHOOLS

MAY 2025 FIVE-YEAR
FORECAST PRESENTATION



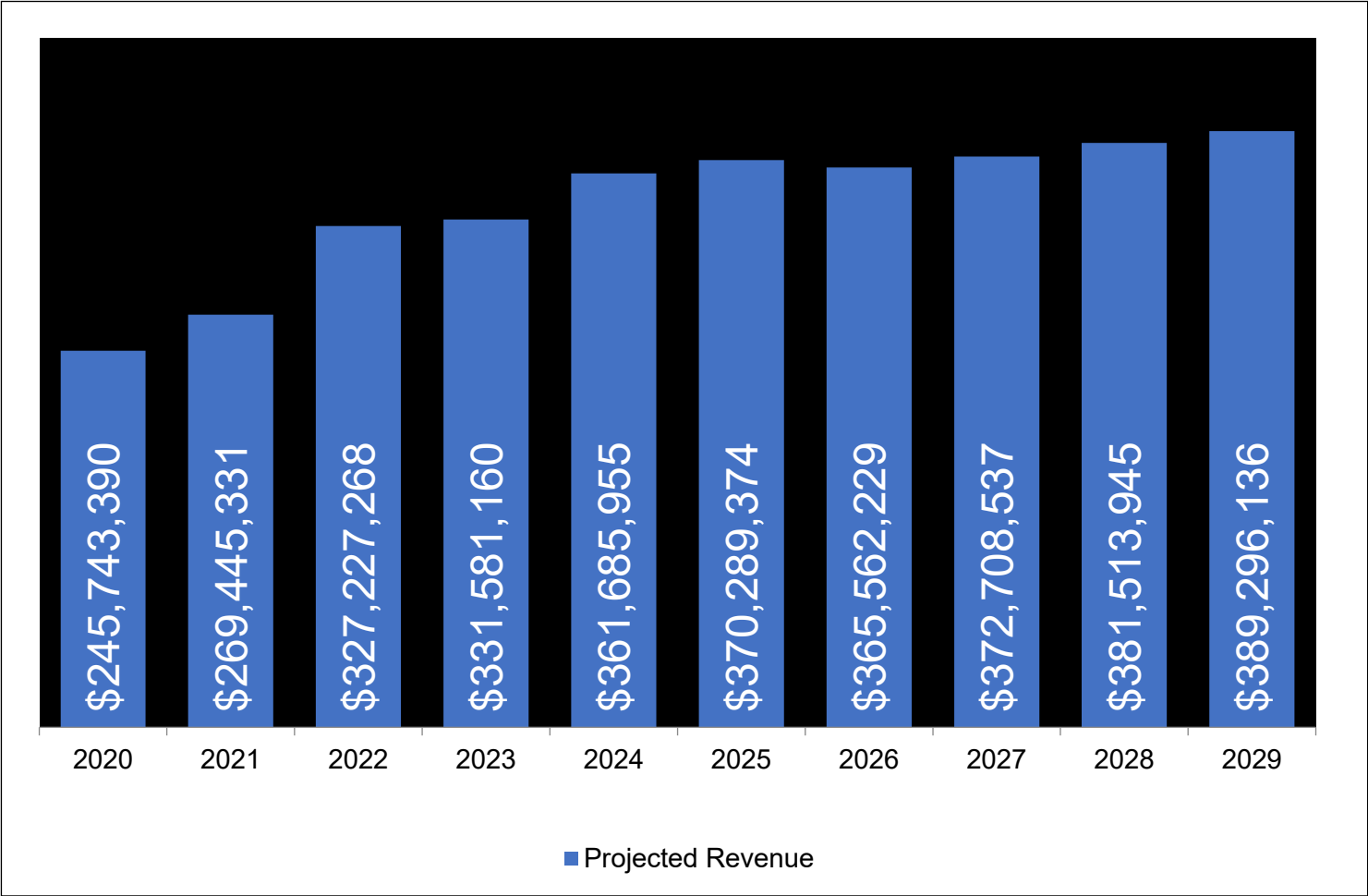
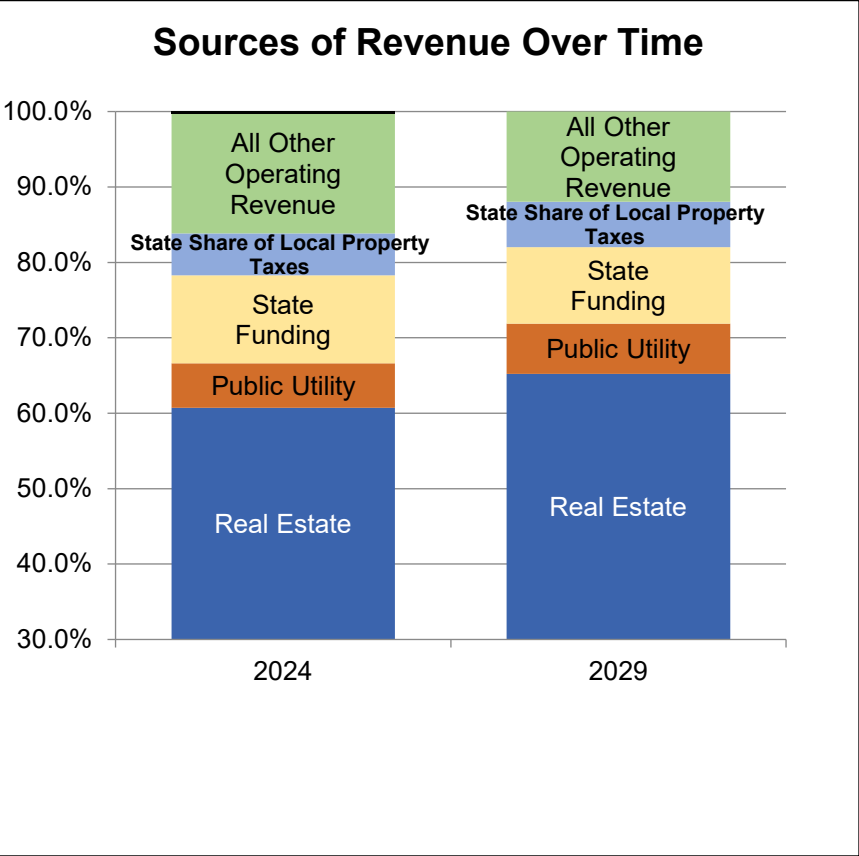
OLENTANGY SCHOOLSSM
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PRESENTATION OVERVIEW

- General Fund Revenues
 - Total Revenue
 - Real Estate Revenue
 - State Funding Revenue
 - Formula Iterations (As-Introduced Budget; Amended Substitute HB 96)
- General Fund Expenditures
 - Personnel Expenditures: Salaries
 - Personnel Expenditures: Benefits
 - Staffing Growth
- The Clawback
 - What is the Clawback?
 - How will the Clawback affect Olentangy Schools?

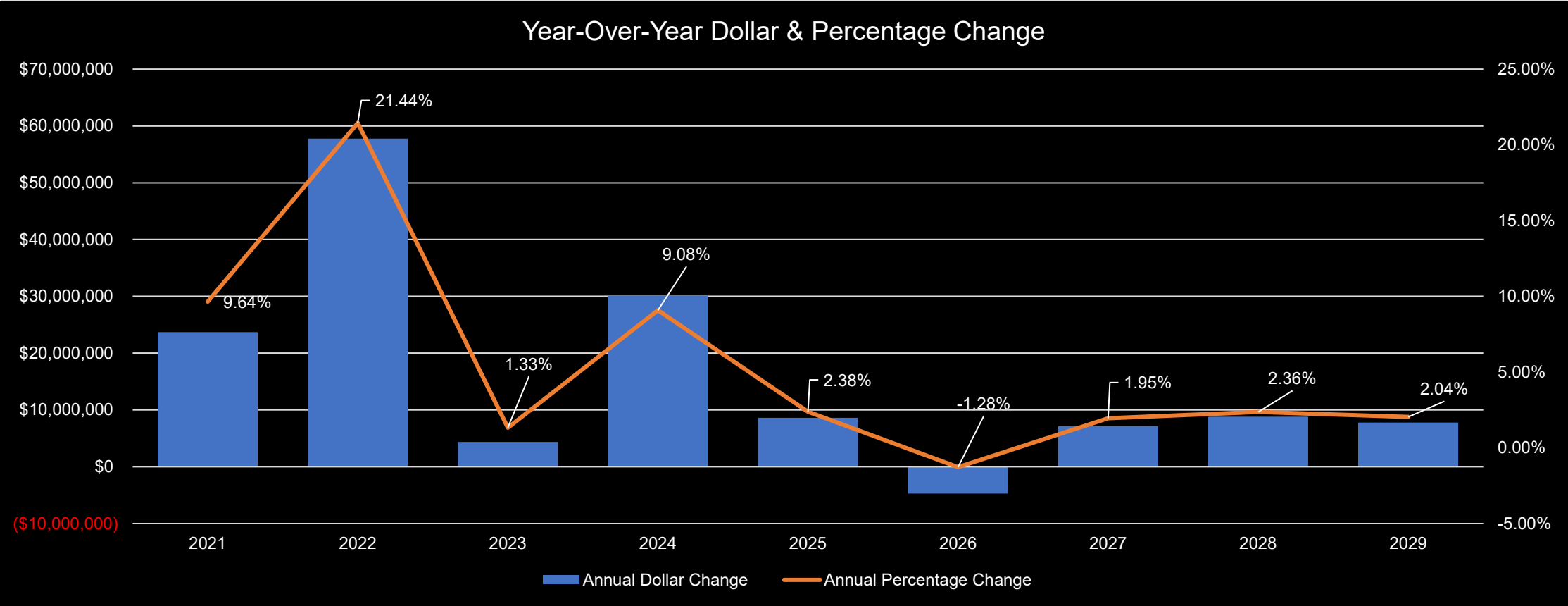


REVENUE



The District has been and will remain principally funded by local tax levies. With the impacts of HB 920 and tax reduction factors, this serves to limit the revenue growth for levies for as long as the District remains above the 20-mill floor. Note we are projected to remain above the 20-mill floor into the near future as we continue to grow and require additional facilities and staffing.

REVENUE INCREASES



The last substantive revenue increases were with the May 2020 levy passage, and the increased state funding for the 2023-24 school year due to the increase in the base cost sets from 2018 to 2022



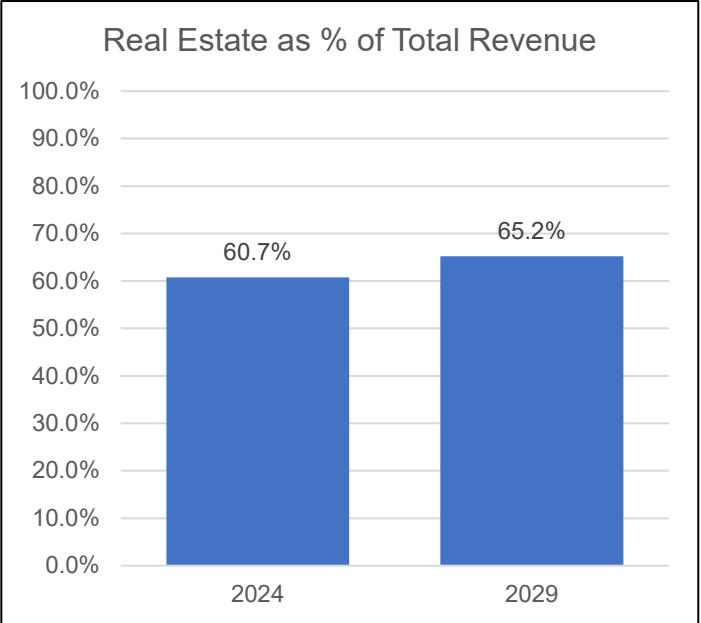
REAL ESTATE REVENUE

Values, Tax Rates and Gross Collections							Gross Collection Rate
Tax Yr	Valuation	Value Change	Class I Rate	Change	Class II Rate	Change	Including Delinquencies
2023	6,525,573,220	1,710,455,890	36.79	-	48.51	-	98.8%
2024	6,711,618,040	186,044,820	36.81	0.01	47.94	(0.58)	99.4%
2025	6,891,618,040	180,000,000	36.73	(0.08)	47.64	(0.29)	99.4%
2026	7,661,131,941	769,513,901	34.28	(2.45)	43.26	(4.38)	99.4%
2027	7,841,131,941	180,000,000	34.21	(0.06)	43.04	(0.22)	99.4%
2028	8,021,131,941	180,000,000	34.15	(0.06)	42.82	(0.22)	99.4%

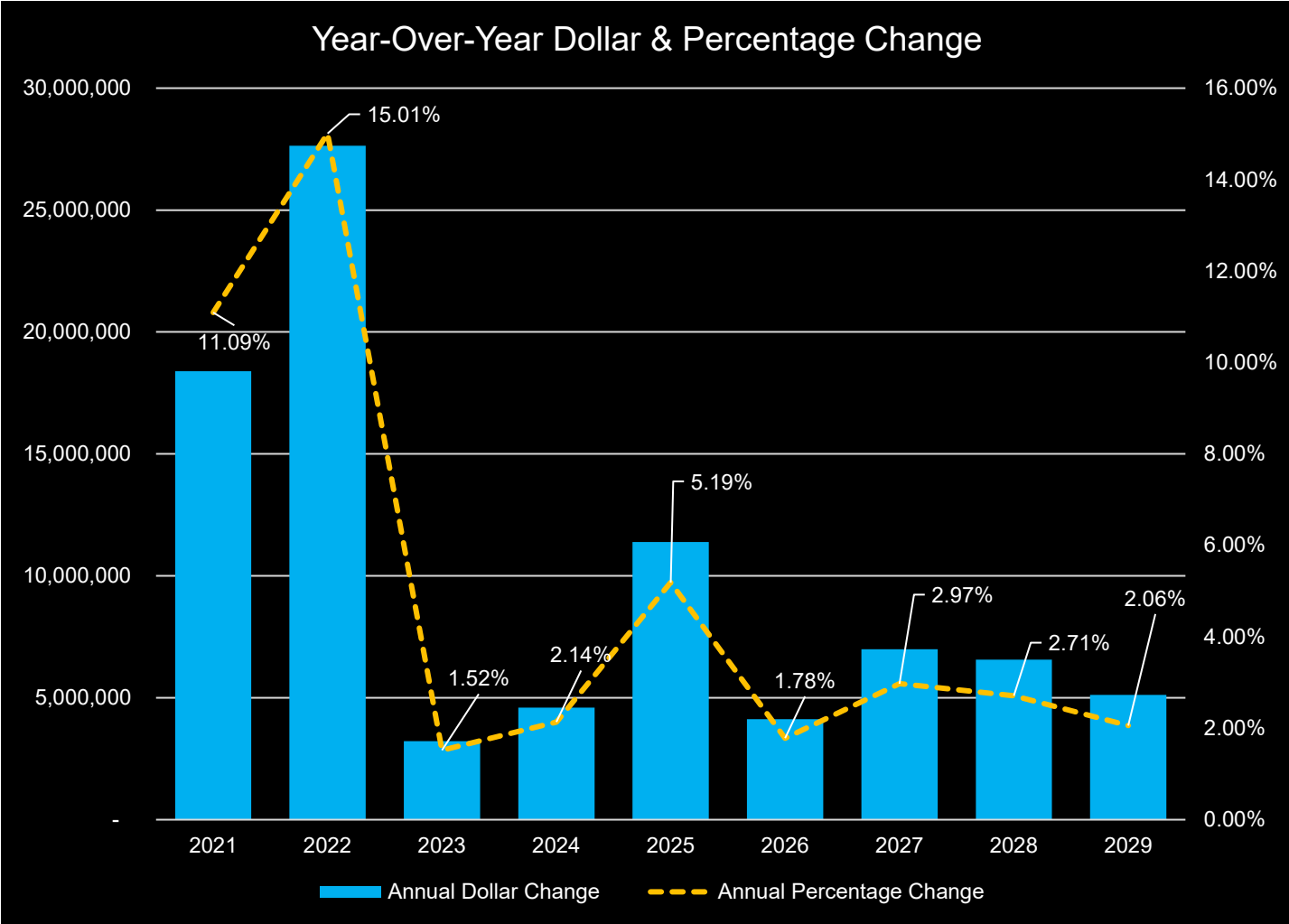
The District is above the 20-mill floor, so increases in value drive decreases in tax millage rates



REAL ESTATE REVENUE



- Real estate revenue becoming larger share of total revenue
- Last operating levy passed in May 2020—collections impacted FY2021-FY2022



Note that forecasted increases in property tax revenues are in the 2% to 3% range



STATE FUNDING REVENUE

The As-Introduced Budget from Governor DeWine:

Extends the use of the Fair School Funding Formula enacted by H.B. 110 of the 134th General Assembly to FY 2026 and FY 2027, but makes the following changes for traditional school districts:

- (1) Requires the use of the FY 2024 statewide average base cost per pupil in FY 2026 and FY 2027.
- (2) Requires the use of the FY 2024 statewide average career-technical base cost per pupil in FY 2026 and FY 2027.
- (3) Requires DEW to calculate a district's building leadership support base cost using the number of school buildings in the district for the preceding fiscal year.
- (4) Eliminates the payment of school district gifted professional development funds.
- (5) Increases the general phase-in percentage and disadvantaged pupil impact aid (DPIA) phase-in percentage from 66.67% in FY 2025 to 83.33% in FY 2026 and 100% in FY 2027.
- (6) Requires the Tax Commissioner to certify the median, instead of the total, federal adjusted gross income (FAGI) of a school district's residents for use by DEW in making computations for the district. The following graphics show the impact to the District for the 'as-introduced' budget.

Note: The cost inputs stay at FY2022 levels.

STATE FUNDING REVENUE

The Amended Substitute House Bill 96 passed by the Ohio House:

Eliminates the Fair School Funding Formula, instead requiring ODEW to calculate 'temporary foundation funding equal to:

- 1) The district's state foundation aid, less supplemental targeted assistance, for FY 2025; and
- 2) An additional amount equal to 50% of the difference between the district's state foundation aid for the fiscal year and the district's state foundation aid, less supplemental targeted assistance, for FY 2025, if the difference is positive (a district's "state foundation aid" for FY 2026 and FY 2027 is the sum of the district's state core foundation funding, transportation funding, temporary transitional aid, temporary transitional transportation aid, and formula transition supplement, excluding the district's supplemental targeted assistance).

Provides an additional payment in FY 2026 and FY 2027 that guarantees a district's temporary foundation funding does not fall below its FY 2025 foundation aid, including supplemental targeted assistance.



STATE FUNDING REVENUE

Amended Substitute House Bill 96 Growth Calculations and other Components:

Provides an enrollment growth supplement in FY 2026 and FY 2027 to districts whose enrolled ADM grew by at least 3% between FY 2022 and FY 2025 for the FY 2026 payment, and between FY 2023 and FY 2026 for the FY 2027 payment.

Calculates the payment as equal to a district's current year enrolled ADM times:

- (a) \$150 in FY 2026 and \$200 in FY 2027 for districts whose enrolled ADM grew by at least 3% but no more than 5%,
- (b) \$100 in FY 2026 and \$150 in FY 2027 for districts whose enrolled ADM grew by more than 5% but no more than 10%, and
- (c) \$50 in FY 2026 and \$100 in FY 2027 for districts whose enrolled ADM grew by more than 10%.

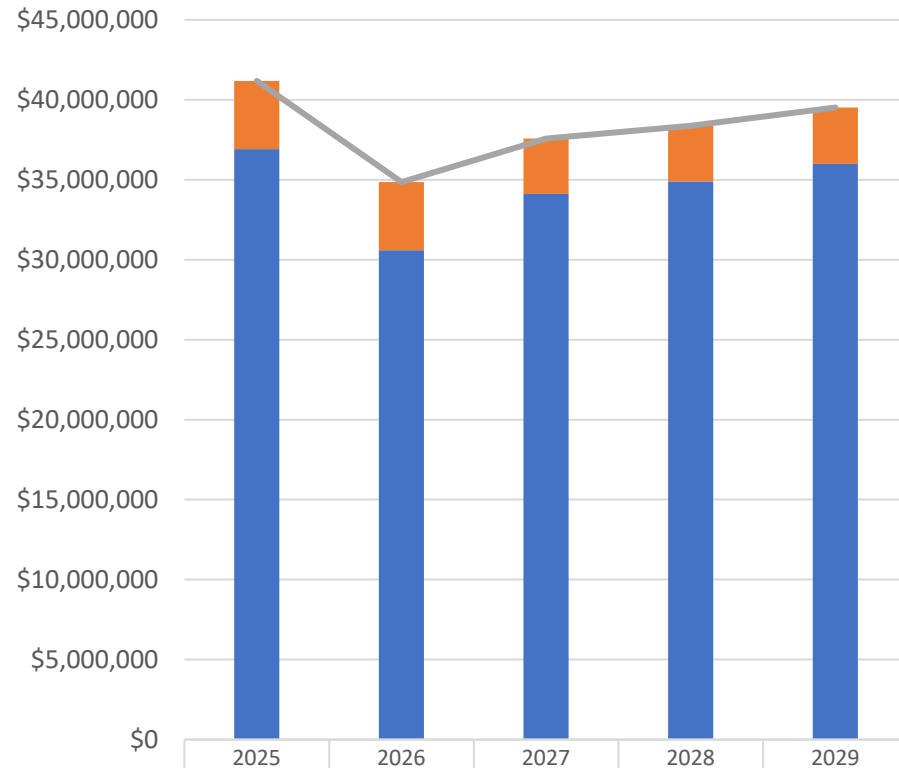
Provides a base funding supplement in FY 2026 and FY 2027 equal to a district's enrolled ADM for the fiscal year times \$20 in FY 2026 and \$30 in FY 2027.

Requires DEW, with regard to various payments outside and calculations outside of the school financing system for FY 2026 and FY 2027, to (1) use the FY 2024 statewide average base cost per pupil and (2) calculate each district's state share percentage for those fiscal years (e.g. preschool funding, threshold costs).



STATE FUNDING REVENUE: COMPARISONS

Forecasted State Funding: As-Introduced Budget (Governor)



1.040 - Restricted Grants-in-Aid	\$4,260,435	\$4,254,608.00	\$3,454,353	\$3,488,677	\$3,518,686
1.035 - Unrestricted Grants-in-Aid	\$36,924,653	\$30,600,120.00	\$34,126,965	\$34,890,776	\$36,005,722
Total	\$41,185,088	\$34,854,728.00	\$37,581,318	\$38,379,453	\$39,524,408

1.035 - Unrestricted Grants-in-Aid 1.040 - Restricted Grants-in-Aid Total

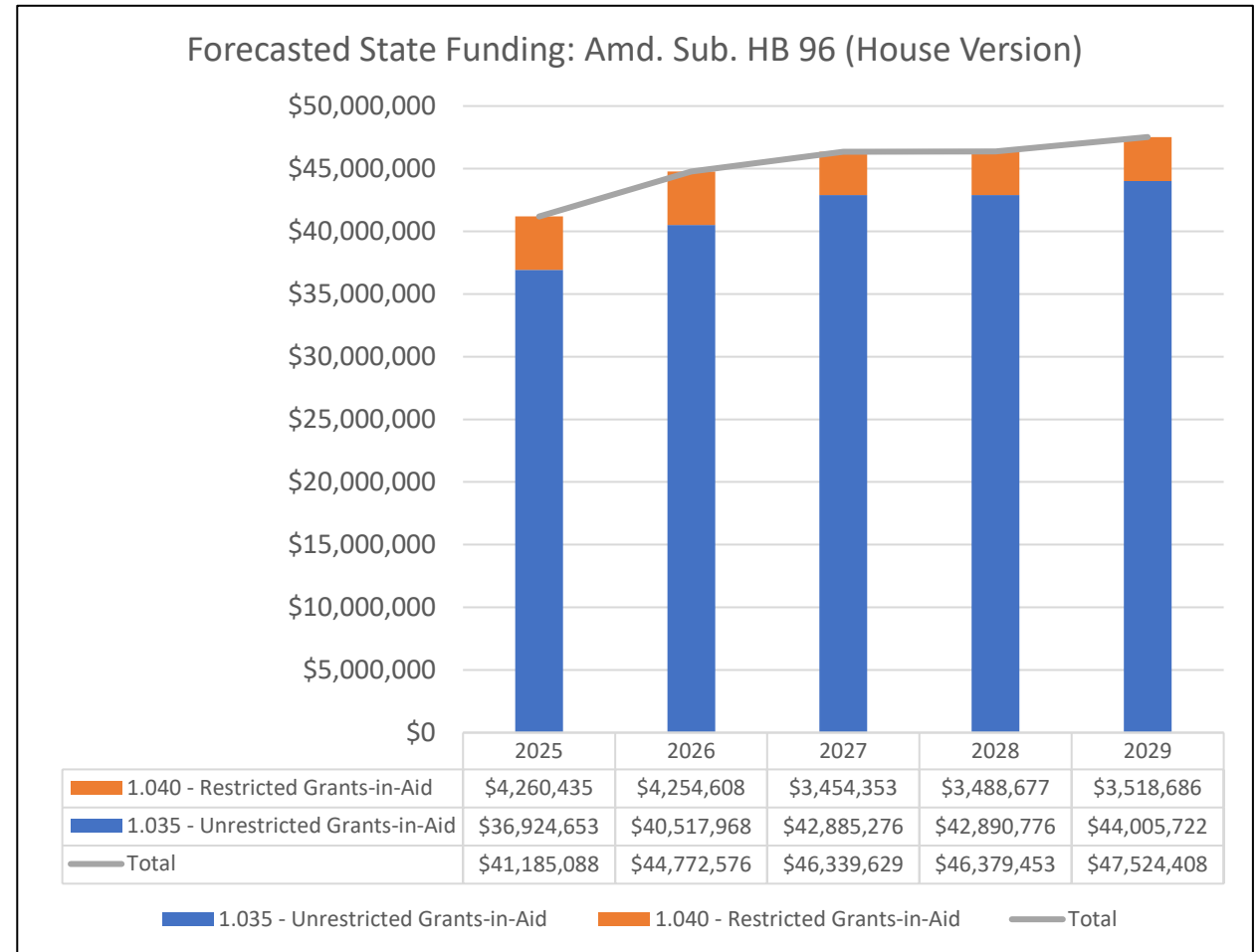
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total Per Pupil Base Cost	\$8,051	\$8,053	\$8,053	\$8,053	\$8,052
Less Local Per Pupil Capacity	(\$6,621)	(\$7,219)	(\$7,247)	(\$7,247)	(\$7,247)
State Per Pupil Funding	\$1,430	\$834	\$805	\$805	\$805

Expenditure Per Pupil for the 2023-24 School year is \$16,019 per pupil. The state average for the same year was \$16,311, and for similar districts to Olentangy, it was \$16,610. This shows that the typical public school in Ohio is already spending nearly double the typical base cost provided by the State of Ohio. Further, given the state/local share interplay, each district gets a portion of the overall base cost. In Olentangy's situation, we will be getting only about \$800 per pupil from the State of Ohio, while our costs per pupil are much higher—the balance must come from local levies.

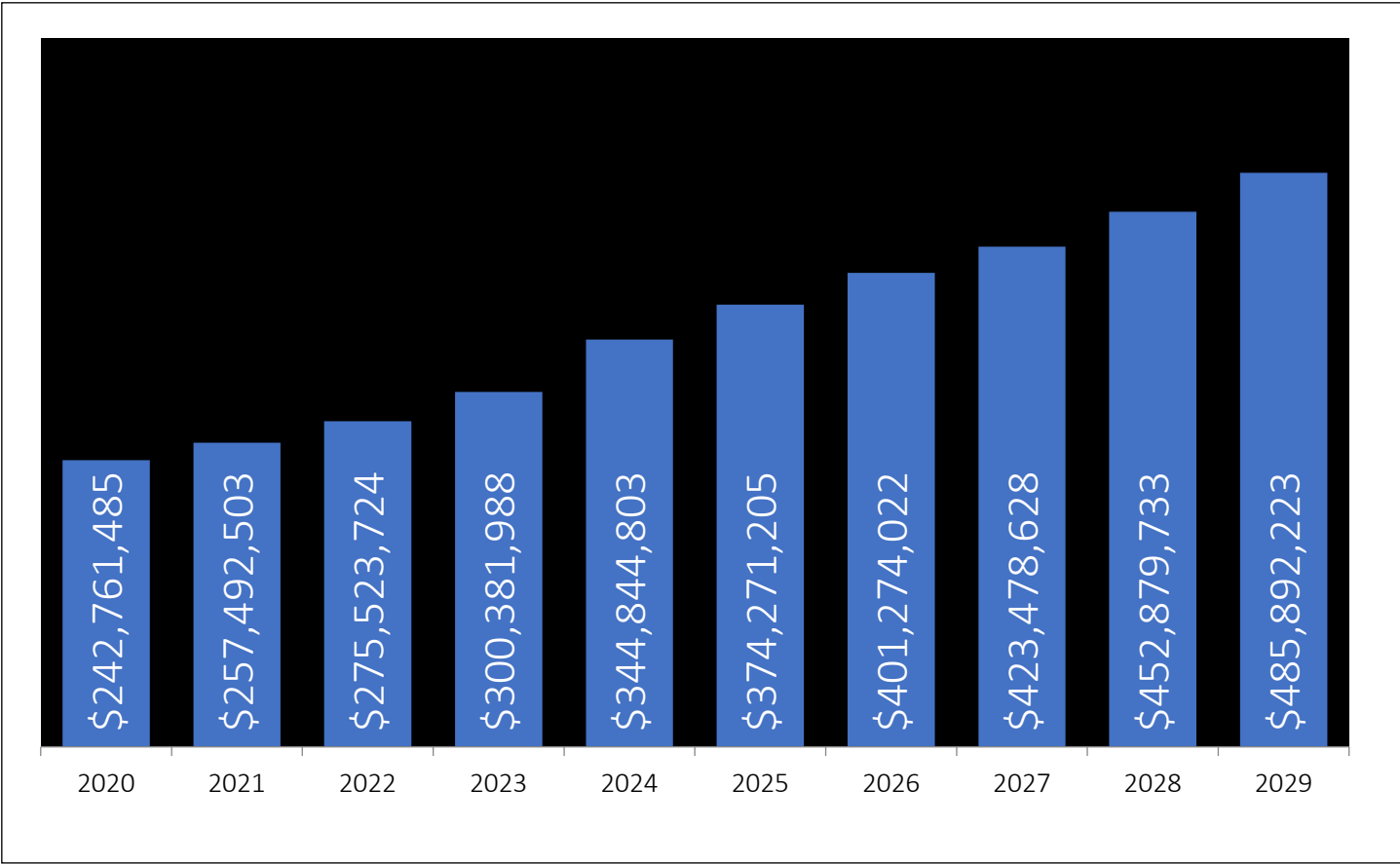
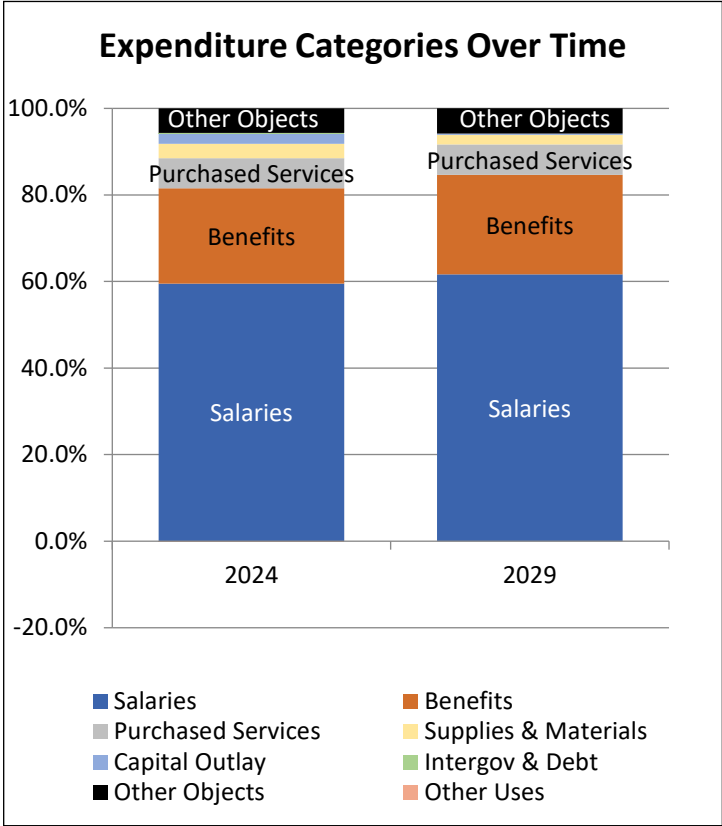


STATE FUNDING REVENUE: COMPARISONS

- Amended Substitute HB 96, as passed by the Ohio House, does increase state funding to Olentangy
- If the 2024-25 state funding levels were held constant for the 2025-26 and 2026-27 school years, the funding provided by what is in Am. Sub. HB 96 creates about \$8.6 million more in funding
- The funding provided by Am. Sub. HB 96, as passed by the Ohio House, generates about \$18.6 million more in funding than the 'as-introduced' or Governor's budget



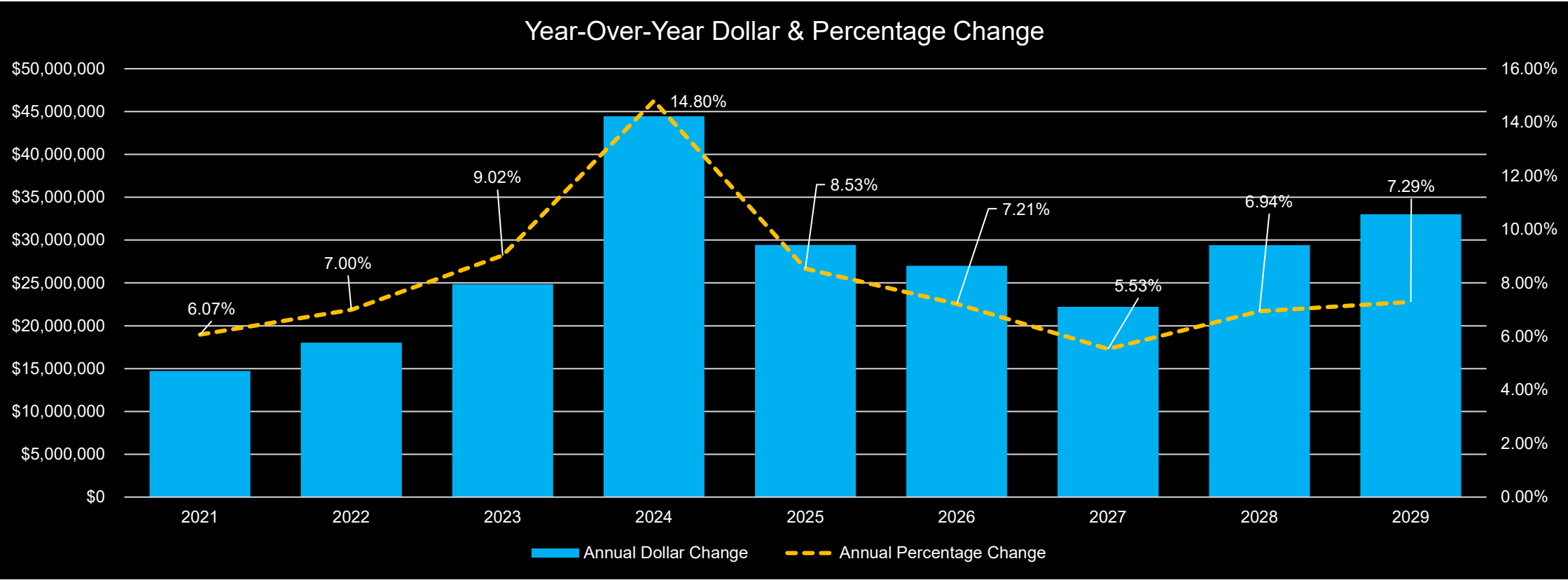
EXPENSES



The growth in District enrollment creates the need for more staff each year, and for the addition of new school facilities. The corresponding growth in personnel expenses drives overall expenses to increase at rates that are higher than forecasted revenue increases—leading to levy cycles about every 4-6 years to increase revenues to appropriate levels.



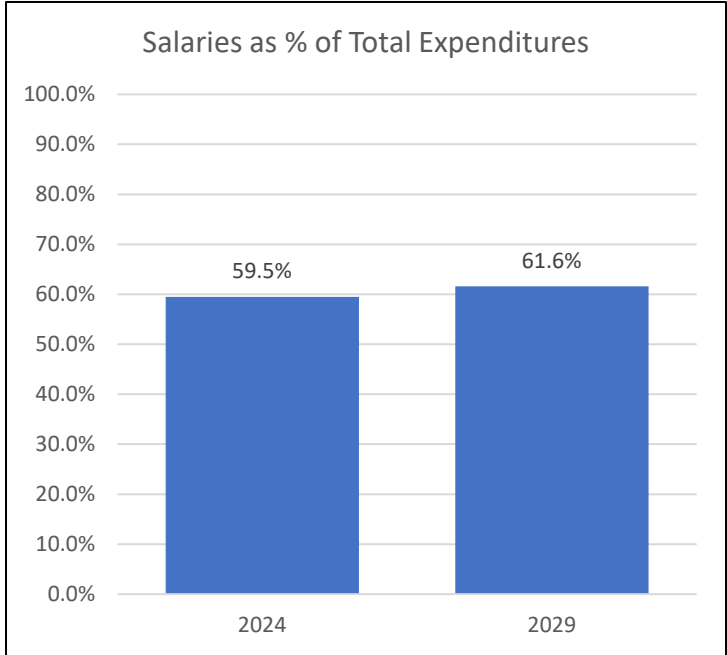
EXPENSE INCREASES



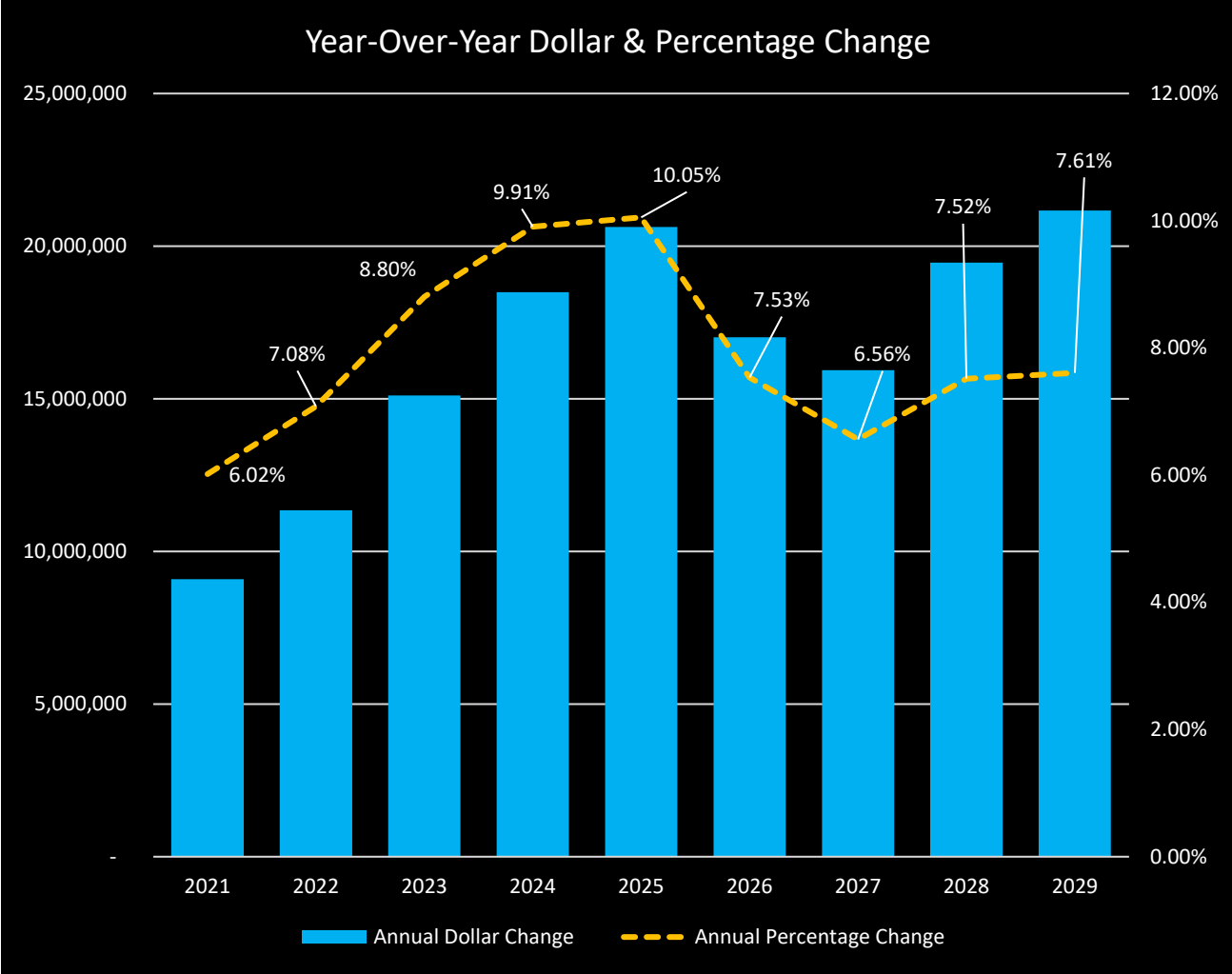
Berlin MS opened in the 2023-24 school year, as well as other staffing increases needed to keep pace with special education, EL and other special instructional areas.



PERSONNEL EXPENSES



- Personnel expenses (salaries) will remain the largest portion of expenses
- District enrollment growth continues to drive up salary costs



Forecasted increases in salaries

PERSONNEL EXPENSES:WHAT'S DRIVING THE SALARY COSTS

	<u>Forecasted Negotiated Salary Increases</u>				
	2024-25	2025-26	2026-27	2027-28	2028-29
Certified Staff	3.00%	2.50%	3.00%	3.00%	2.50%
Classified Staff	3.00%	2.50%	3.00%	3.00%	2.50%
Administrative Staff	3.00%	2.50%	3.00%	3.00%	2.50%
	<u>Forecasted Step Increases in Aggregate</u>				
	2024-25	2025-26	2026-27	2027-28	2028-29
Certified Staff	2.70%	2.70%	2.70%	2.70%	2.70%
Classified Staff	2.90%	2.90%	2.90%	2.90%	2.90%
Administrative Staff	N/A	N/A	N/A	N/A	N/A

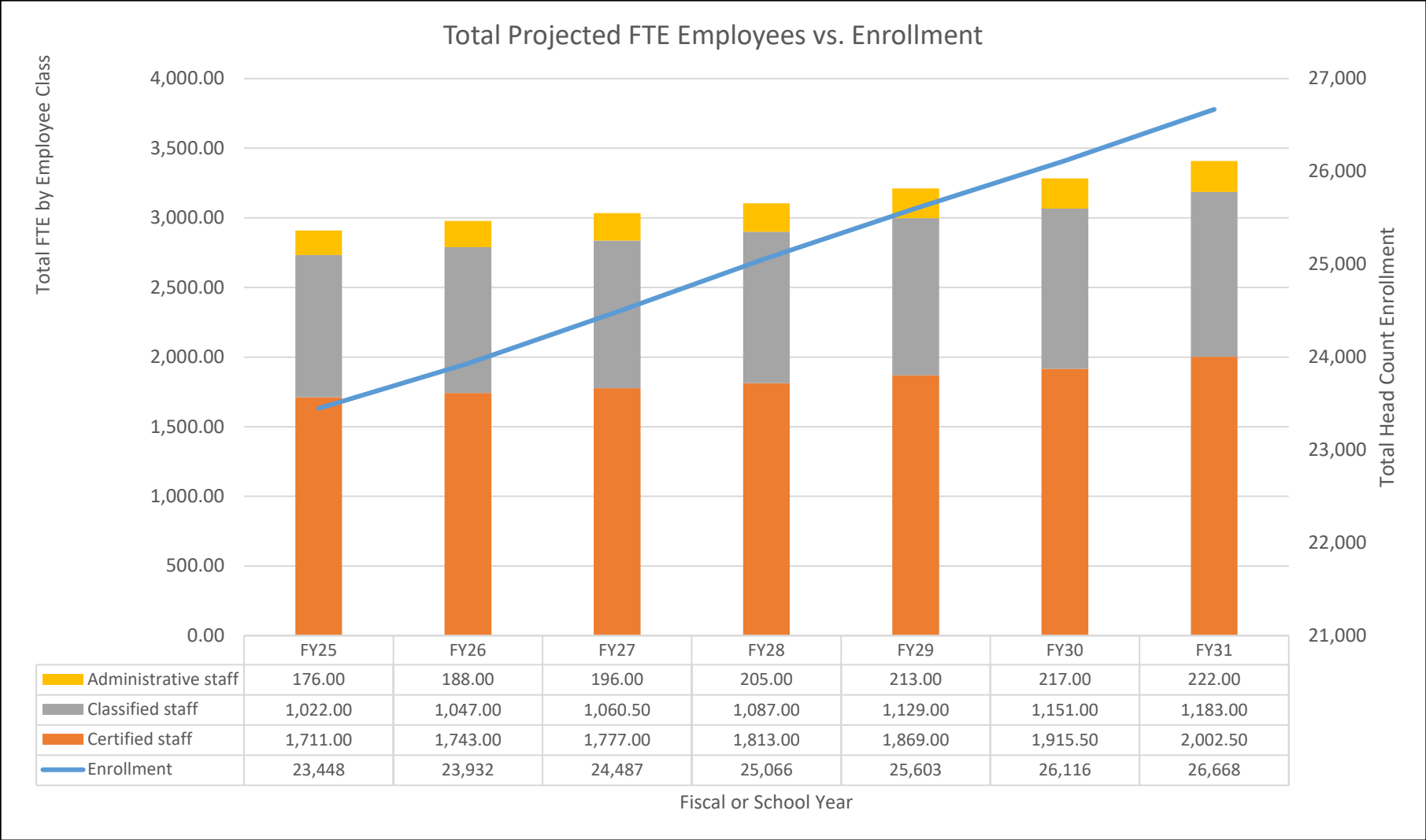
Negotiated wage increases

Portion of salary growth attributable to student growth, base increases and steps

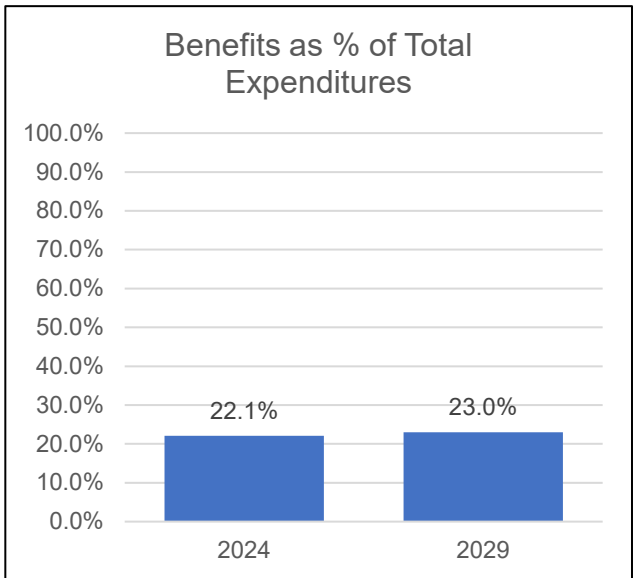
	2025	2026	2027	2028	2029
Certified Salaries					
Base Changes	\$4,343,274	\$4,096,099	\$4,992,026	\$5,451,136	\$5,005,151
Steps	\$3,908,947	\$4,291,639	\$4,613,853	\$4,906,022	\$5,240,423
Growth Changes	\$6,289,412	\$3,024,574	\$1,096,931	\$2,364,563	\$3,786,795
Classified Salaries					
Base Changes	\$942,818	\$893,774	\$1,143,932	\$1,245,184	\$1,139,351
Steps	\$911,391	\$1,021,449	\$1,120,116	\$1,203,678	\$1,301,472
Growth Changes	\$1,972,374	\$1,448,515	\$573,551	\$971,924	\$1,276,757
Administrative Salaries					
Base Changes	\$436,703	\$401,985	\$503,842	\$547,255	\$498,766
Steps	\$0	\$0	\$0	\$0	\$0
Growth Changes	\$843,537	\$770,143	\$726,692	\$871,504	\$774,353



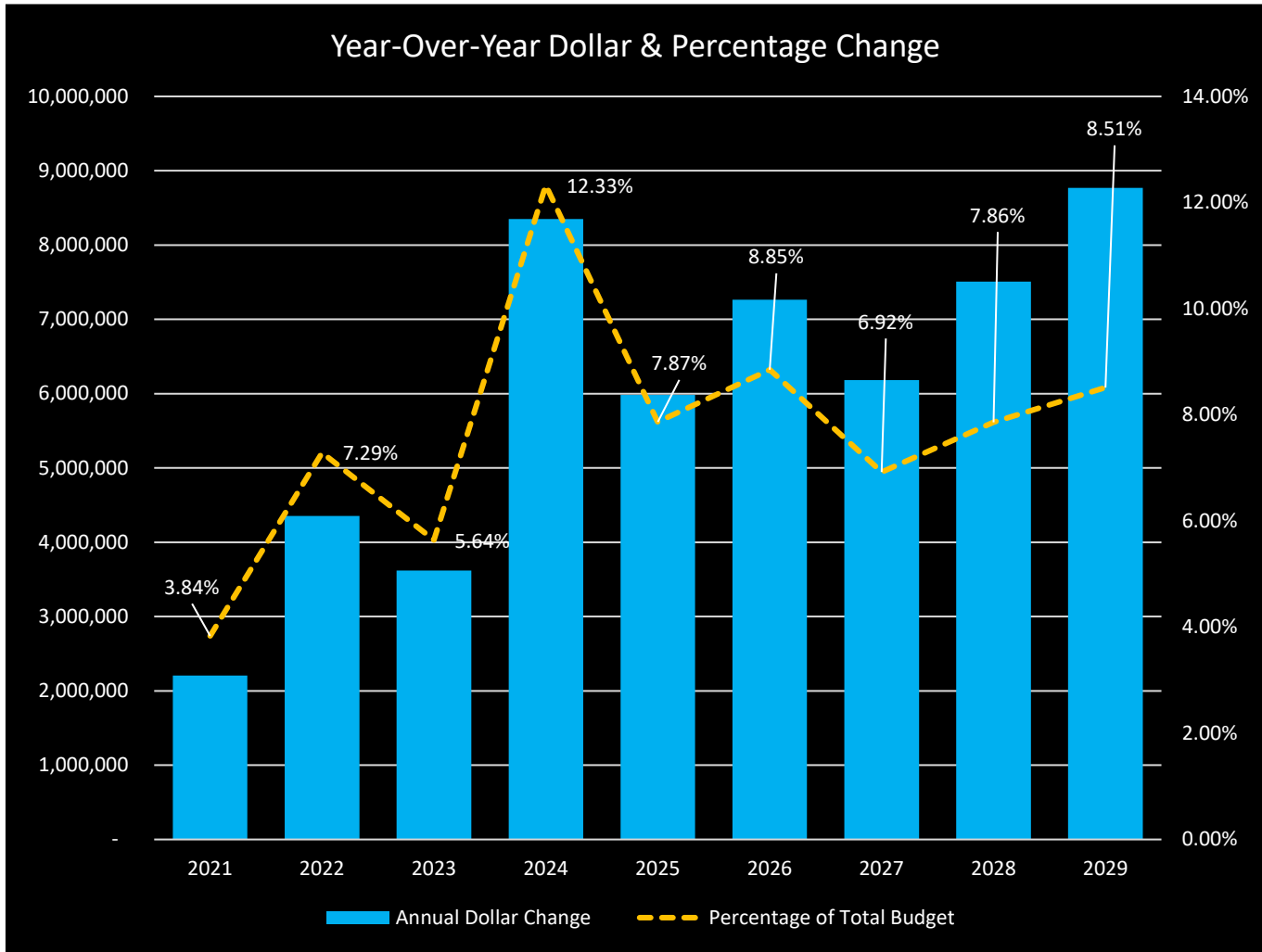
PERSONNEL EXPENSES:WHAT’S DRIVING THE SALARY COSTS—PROJECTED GROWTH



EMPLOYEE BENEFITS



- Employee Benefits are over 20% of total costs
- Together with Salaries, Employee Benefits make up over 80% of expenses
- As a governmental service, the District is driven by personnel costs



Historical & forecasted increases in employee benefit costs



ABBREVIATED FORECASTS: AS-INTRODUCED BUDGET, WHICH MIRRORS CURRENT LAW, AND AM. SUB. HB 96 WITH HOUSE FUNDING

Five-Year Projection: As-Introduced/Governor's Budget					
Financial Forecast	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Beginning Balance (Line 7.010) Plus	\$204,845,983	\$200,864,153	\$165,152,360	\$114,382,270	\$43,016,481
+ Revenue	\$370,289,374	\$365,562,229	\$372,708,537	\$381,513,945	\$389,296,136
- Expenditures	(\$374,271,205)	(\$401,274,022)	(\$423,478,628)	(\$452,879,733)	(\$485,892,223)
= Revenue Surplus or Deficit	(\$3,981,831)	(\$35,711,792)	(\$50,770,091)	(\$71,365,789)	(\$96,596,086)
Line 7.020 Ending Balance	\$200,864,153	\$165,152,360	\$114,382,270	\$43,016,481	(\$53,579,605)
Days' Cash, As-Introduced Budget	195.89	150.22	98.59	34.67	(40.25)

Five-Year Projection: Am. Sub. HB96					
Financial Forecast	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Beginning Balance (Line 7.010) Plus	\$204,845,983	\$200,864,153	\$175,070,208	\$133,058,429	\$69,692,640
+ Revenue	\$370,289,374	\$375,480,077	\$381,466,848	\$389,513,945	\$397,296,136
- Expenditures	(\$374,271,205)	(\$401,274,022)	(\$423,478,628)	(\$452,879,733)	(\$485,892,223)
= Revenue Surplus or Deficit	(\$3,981,831)	(\$25,793,944)	(\$42,011,780)	(\$63,365,789)	(\$88,596,086)
Line 7.020 Ending Balance	\$200,864,153	\$175,070,208	\$133,058,429	\$69,692,640	(\$18,903,446)
Days' Cash, Am Sub HB96 no-Clawback	195.89	159.24	114.68	56.17	(14.20)

The House's version of the budget bill would add between 20-25 days of operating cash 4-5 years out



THE CLAWBACK

- As part of the House's substitute bill, the House proposes to add ORC 5705.316
- This provision of law would limit the carryover cash that school districts can have in their general fund
- The proposed law sets that limit at 30%--anything above 30% is 'clawed' back
- The clawback seeks to provide property tax relief—the amounts above 30% are deducted from future operating levy collections, which would reduce property tax bills
- The clawback would only be instituted for schools, and doesn't take into account the unique factors and circumstances for any district, let alone a highly-successful and rapidly growing district like Olentangy

What applies to Olentangy Schools won't apply to other government entities with *more cash reserves* (as % of expenses) than Olentangy!

Political Subdivision or Entity	GRF Cash Balance at 12/31/2023	GRF Expenditures at 12/31/2023	GRF Cash Balance as % of Expenditures	30% Target	ORC 5705.316 Reduction Needed*
Orange Township	\$12,374,571	\$4,287,667	288.61%	\$1,286,300	\$11,088,271
City of Powell	\$23,871,715	\$10,815,504	220.72%	\$3,244,651	\$20,627,064
Liberty Township	\$2,652,741	\$2,778,808	95.46%	\$833,642	\$1,819,099
Delaware County	\$83,317,844	\$128,593,518	64.79%	\$38,578,055	\$44,739,789
City of Delaware	\$12,695,920	\$21,025,632	60.38%	\$6,307,690	\$6,388,230
State of Ohio	\$16,284,642,000	\$51,799,439,000	31.44%	\$15,539,831,700	\$744,810,300
	GRF Cash Balance at 6/30/24	GRF Expenditures at 06/30/2024	GRF Cash Balance as % of Expenditures	30% Target	ORC 5705.316 Reduction Needed*
Olentangy Schools	\$204,845,983	\$344,846,544	59.40%	\$103,453,963	\$101,392,020
<i>*Note: ORC 5705.316 would only apply to school districts. Total expenses do not include contingencies/transfers out to other funds.</i>					



THE CLAWBACK

- For Olentangy Schools, the clawback would reduce levy collections in the 2025-26 school year; note that the assumption is that the law would impact the 2025 pay 2026 tax year, which impacts the 2025-26 and 2026-27 school years.
- What does that impact look like?

Five-Year Projection: Am. Sub. HB96, <i>with Clawback</i>					
Financial Forecast	Fiscal Year 2025	Fiscal Year 2026	Fiscal Year 2027	Fiscal Year 2028	Fiscal Year 2029
Beginning Balance (Line 7.010) Plus	\$204,845,983	\$200,864,153	\$128,006,172	\$44,475,659	(\$18,890,130)
+ Revenue	\$370,289,374	\$328,416,041	\$339,948,114	\$389,513,945	\$397,296,136
- Expenditures	(\$374,271,205)	(\$401,274,022)	(\$423,478,628)	(\$452,879,733)	(\$485,892,223)
= Revenue Surplus or Deficit	(\$3,981,831)	(\$72,857,980)	(\$83,530,514)	(\$63,365,789)	(\$88,596,086)
Line 7.020 Ending Balance	\$200,864,153	\$128,006,172	\$44,475,659	(\$18,890,130)	(\$107,486,216)
Days' Cash, Am Sub HB96 no-Clawback	195.89	116.43	38.33	(15.22)	(80.74)

As the abbreviated forecast shows, the Clawback, in combination with a growing District that is above the 20-mill floor, will almost certainly reduce cash reserves in the operating fund to trigger more frequent levies, albeit for smaller amounts. The Clawback will also trigger the conditions needed for fiscal emergency, which is defined as having an operating deficit greater than 15% of the revenue from the most recently completed fiscal year. Fiscal emergency is a 'state takeover' of the schools operations and finances, and could lead to a dramatically different educational experience for our students and the community.



LONG-TERM ANTICIPATED IMPACTS

- Olentangy Schools would be on the ballot nearly every year for operating funds.
- The levy asks would be smaller (and as noted more frequent) due to the limiting ceiling of the 30% clawback (i.e., seeking too much is counter-productive because it will be clawed back in a subsequent tax year).
- The trade off is going back repeatedly to our voters as our District continues to grow.
- By law, if a school district's operating deficit is greater than 15% of its revenues in the most recently completed fiscal year, the school should be declared as being in fiscal emergency by the state.
- When in fiscal emergency, the district is run by a school district financial planning and supervision commission.
- 2 members of the commission are appointed by OBM and ODEW as ex-officio; 3 other members, from the community, are appointed by the Governor, one by the Director of ODEW, and one by (most likely) the county auditor.
- Powers and duties of the commission outlined in ORC 3316.07, and include all financial matters, all personnel matters, including the ability to supersede bargaining agreements, etc.



LONG-TERM ANTICIPATED IMPACTS

- Olentangy Schools levies have been approved by our taxpayers to fund our highly successful public schools.
- Should the District go into fiscal emergency, the commission may enact decisions and other measures that do not preserve the expected levels of service that our community desires for its schools—i.e., financial reductions of key programming, reductions of staff members, larger class sizes, and reduced services for student and community needs are all likely.





OLENTANGY SCHOOLSSM

THANK YOU