

Exhibit 2—The Negative Impact of the ‘Clawback’

Five-Year Projection: As-Introduced/Governor's Budget					
Financial Forecast	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2025	2026	2027	2028	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, <i>with Clawback</i>²					
Financial Forecast	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2025	2026	2027	2028	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)

² The Clawback will also trigger the conditions needed for fiscal caution, and ultimately fiscal emergency, which is defined as having an operating deficit greater than 15% of the revenue from the most recently completed fiscal year.

Exhibit 2 Cont'd—The Negative Impact of the 'Clawback,' and Why it is Not Reasonable for Olentangy

- Our operating levies *have already been approved by our community* to fund the educational programs and services that our community has charged the district with achieving.
- Schools cannot easily, or merely *at our discretion*, implement additional local revenue—we must seek approval from our electors at the ballot.
- Local levies may only be voted on in March or May (i.e., the Primary Election, depending on if it is a Presidential primary), or in November (General Election).
- If a levy is approved, it can take from 9 to 15 months for the full collection cycle to occur and happens over *two* school years. Example: A levy passed in May of 2025 will not see its first *half collection* until the middle of the 2025-26 school year; the *second half collection* will not be collected until the beginning of the 2026-27 school year.
- The cyclical nature of levy approvals necessitates the buildup of reserves to maintain operations between levies. When a new levy is approved, the first few years of the collection cycle will cause the District to build cash reserves based on the influx of new cash. This buildup is then eroded over time as the District continues to grow—this levy cycle for a growing District generally repeats every 5-7 years if we are fortunate, but it can be faster than that, with our last 2-3 levies have only been about 4 years apart.
- The five-year forecast has already incorporated the details of labor contracts through the 2028-29 school year.
- Our five-year forecast has incorporated an increase of nearly 2,000 students, and the addition of about 300 staff members.
- *Olentangy Schools estimates that it will be adding about \$61 million in salary expenses for new teachers between the 2024-25 and the 2028-29 school year.*
- Our five-year forecast has already incorporated insurance details (e.g., premiums, claims, etc.).
- Our five-year forecast has already incorporated projected increases in property valuation due to inflation/reappraisal. We also include forecasts for new construction valuation added to the District. It should be noted that HB 920 factors do not allow Olentangy to get more in aggregate voted levy revenue on existing properties.
- Our five-year forecast has already incorporated projected state budget changes.
- Ratings agencies require schools to have at least 25% cash reserves, and generally higher ratings are associated with a stronger cash position. Further, the ratings agencies respond negatively to laws or other policies that constrain the flexibility and fiscal position of the entities it rates.