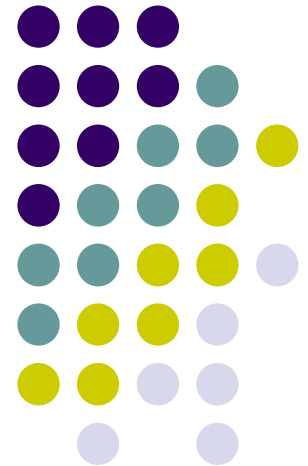


Worthington City Schools

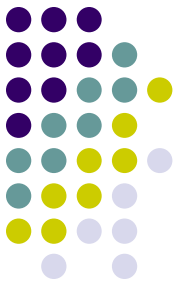
Ohio School Funding
January 22, 2018





Goals for the evening

- Understand how Ohio schools are funded
- Understand our financing options
- Determine time period for bond issue
- Determine timing possibilities for operating issue



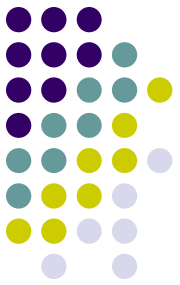
2 Types of Revenue needs

- Operating
 - Property tax
 - Income tax
 - State foundation
- Capital needs
 - Property tax
 - Energy debt
 - Bus purchase debt
 - State funding

Capital – Current Situation



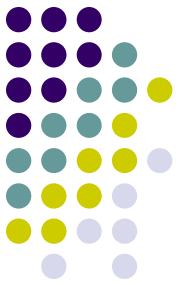
- FY 2012 Bond issue funds projected to be spent down
- Up almost 1,000 students in 6 years with 700 more expected
- 6 portable classrooms for current year
- Community Master Planning Task force
 - A – aging facilities
 - B – balance high school
 - C – capacity needs



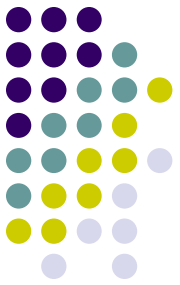
Proposed Bond Issue
as of January 22, 2018

| | | | <u>Cost</u> |
|---|--------------------|---------------------|----------------------|
| Master Plan | | | |
| | Kilbourne Middle | \$ 2,500,000 | |
| | McCord Middle | \$ 2,500,000 | |
| | Perry Middle | \$ 20,000,000 | |
| | Worthingway Middle | \$ 20,000,000 | |
| | Thomas High | \$ 1,000,000 | |
| | Contingency | <u>\$ 2,000,000</u> | |
| | | | \$ 48,000,000 |
| Maintenance / Capital Improvements | | | |
| | Bus purchase | \$ 2,500,000 | |
| | Technology | \$ 5,000,000 | |
| | Maintenance/ CI | \$ 18,000,000 | |
| | Equipment replace | \$ 4,000,000 | |
| | Contingency | <u>\$ 2,500,000</u> | |
| | | | <u>\$ 32,000,000</u> |
| Grand Total | | | \$ 80,000,000 |

Capital Plan



- Bond issue
 - When?
 - How Much?
- State Funding
 - 515 on the Classroom Facilities Assistance Program
 - Expedited Local Partnership Program
 - Currently eligible for 15% (changes annually)
 - No funds until our number comes up



Operations – Since 2012

- Saved over \$10M in health insurance from self –funding
- Tangible Tax phased out slower than anticipated
- Significant # of retirements
- Negotiated utility prices
- Off ballot for at least 6 years

Operations - Current Situation



- Growth of almost 1,000 students
- Increased # of staff to accommodate growth
- Starting to deficit spend
- Spending growth estimated at 6M per year
 - Approximately 3 mills to balance annually
- \$60M unreserved at the end of this fiscal year
- State funding not increasing to accommodate new students

State Foundation Components



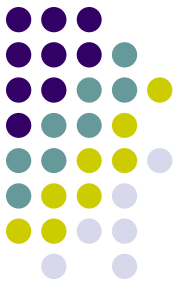
- Basic cost per pupil
- Categorical funding
- State share vs Local share
- Targeted assistance / Capacity aid
- Cap / Guarantee / Community Schools

State Basic Cost per Pupil



- Many models since Derolph in 1997
- Last model in 2009 “Building Blocks”
 - \$5,732
- Current amount has no relation to cost
 - FY18 \$6,010 (if inflated from 2009 s/b \$6,379)
 - FY19 \$6,020

State Categorical



- Additional service area
 - Special Education
 - Limited English Proficient
 - Economically disadvantaged
 - Gifted
 - K-3 literacy
 - Transportation
- Changed from weighted to per pupil dollar amount

State share vs Local share

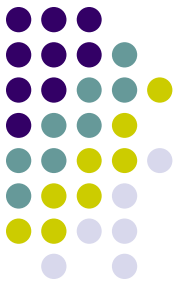


- Wealth measures
 - Property wealth (14,15,16)
 - Income wealth
- Compare to others in state
- State share index (Ranges from 5% to 90%)
 - FY17 – 27.7%
 - FY18 31.1%
 - Current rank 104

State Targeted assistance/ Capacity aid



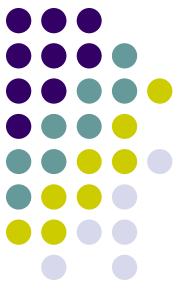
- Rationale
 - Low wealth districts
 - Harder to raise funds
- 1 Mill in Worthington = \$2M
- 1 Mill in Valley local = \$78K
- State aid in FY17 = 1.1B



State Cap / Guarantee

- Worthington is deeper into Cap because state share increased

| | FY18 | FY19 | FY20 | FY21 | FY22 |
|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Capped Formula Aid | 16,622,278 | 17,238,736 | 17,630,369 | 18,029,938 | 18,437,983 |
| Uncapped Formula Aid | <u>21,494,705</u> | <u>21,794,934</u> | <u>21,901,305</u> | <u>22,178,719</u> | <u>22,450,962</u> |
| Difference | (\$4,872,427) | (\$4,556,199) | (\$4,270,937) | (\$4,148,782) | (\$4,012,979) |

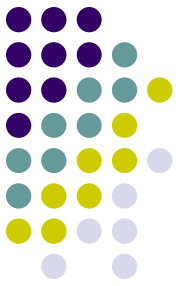


State Community Schools

- This is a direct deduction from our State foundation (we net our total in general fund)

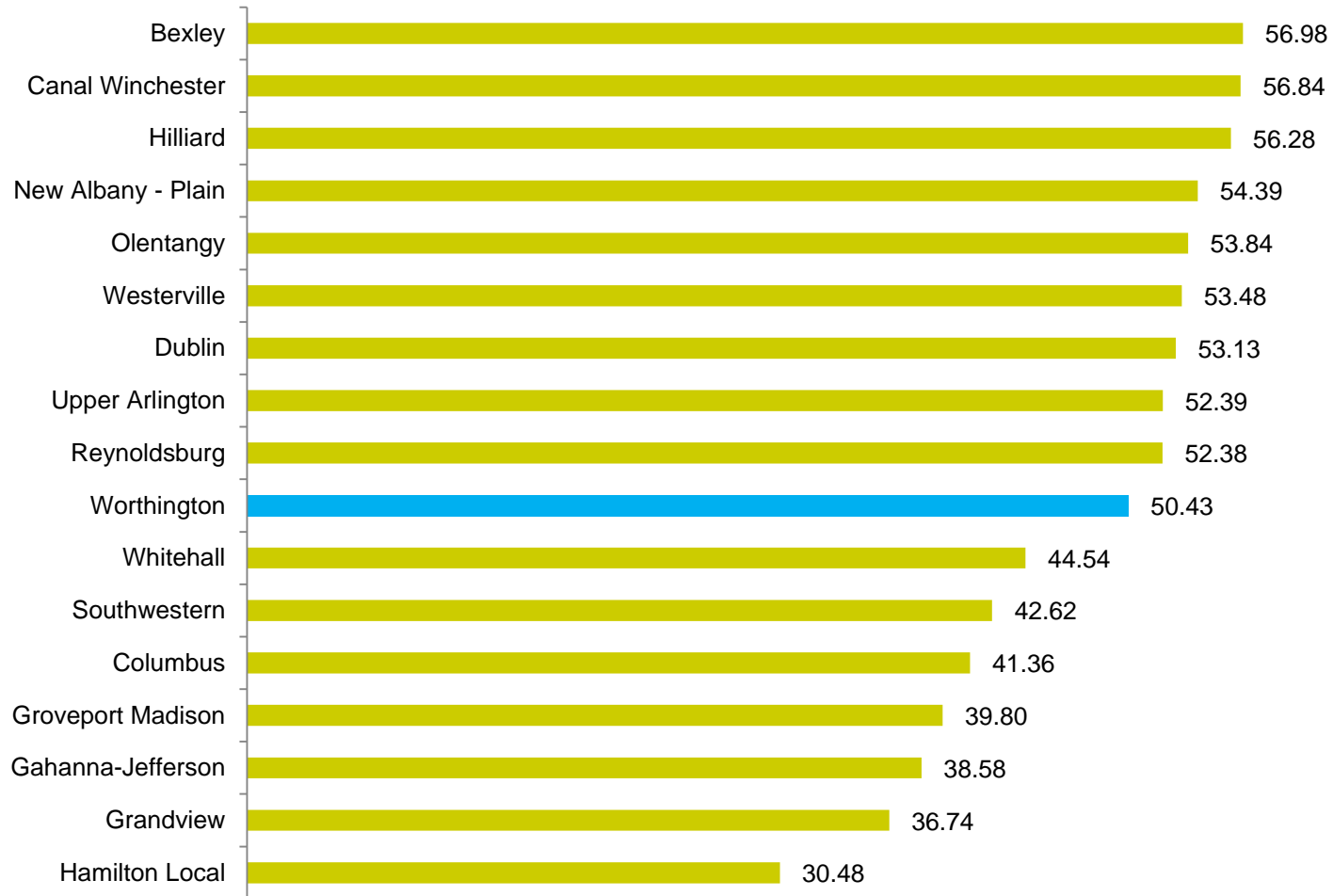
| Source | FY18 | FY19 | FY20 | FY21 | FY22 |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Community & Stem School Deduction | \$1,360,532 | \$1,383,661 | \$1,397,498 | \$1,411,473 | \$1,425,588 |
| Scholarship Deduction | <u>\$1,781,745</u> | <u>\$1,840,000</u> | <u>\$2,037,000</u> | <u>\$2,244,000</u> | <u>\$2,461,000</u> |
| Total Deduction | \$3,142,277 | \$3,223,661 | \$3,434,498 | \$3,655,473 | \$3,886,588 |
| Community/Stem ADM | 128 | 133 | 138 | 143 | 148 |
| Scholarship ADM | <u>87</u> | <u>92</u> | <u>97</u> | <u>102</u> | <u>107</u> |
| Total ADM | 215.00 | 225.00 | 235.00 | 245.00 | 255.00 |

Planning for Fiscal Stability



- Current forecast assumptions indicate need for additional resources in the future
 - Anticipated deficit spending (line 6.01)
 - FY18 \$.5M
 - FY19 \$ 6.6M
 - FY20 \$10.8M
 - FY21 \$17.8M
 - FY22 \$23.5M
 - We receive no inflationary growth

Total Residential Effective Mills Of Surrounding Districts



Planning for the Future



- Assumptions
 - Reasonable levy amount/reasonable intervals
 - Determined to be 3 years and a limit of 6.9 mills



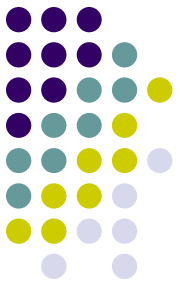
Planning for the Future

- Levy in 2020
 - Pros
 - Simple ballot language
 - Stayed off ballot for 8 years
 - Cash balance is significantly less
 - Cons
 - Less planning time if failure
 - Incremental not possible
 - Less time until next levy



Planning for the Future

- Levy in 2019
 - Pros
 - Off ballot for 7 years
 - Can still consider incremental
 - Puts at least 3 years between operating levies
 - Cons
 - Ballot fatigue
 - Election cost
 - Additional effort of community



Planning for the Future

- Levy in 2018
 - Pros
 - Combined effort for both issues
 - Less costly
 - More time for planning in event of failure
 - Cons
 - Possibly 2 votes
 - Significant cash balance

Questions?

