



# Chippewa Local Schools

## 5-Year Forecast Assumptions

### November, 2021

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#### **Economic Outlook**

This five-year forecast is being filed during a recovery from the COVID-19 Pandemic and a health and financial struggle that encompassed our state, country and global economy. School districts play a vital role in their communities and we believe it is important to maintain continuity of services to our students and staff. The district has maintained services to students throughout the Pandemic. The State of Ohio's economic pressure has not been as great as first expected due to the effects of the pandemic thus the restoration of a portion of the original school foundation funding cuts was ordered by the Governor on January 22, 2021. Federal funding sent to school districts through the Elementary and Secondary Schools Education Relief Funds (ESSER) has also been a much needed resource to offset the loss of state funding. Additional Federal CARES Act funding was used to cover the costs of additional technology needs, personal protective equipment, and cleaning costs caused by the pandemic. Data and assumptions noted in this forecast are based on the best and most reliable data available to us as of the date of this forecast.

## **Revenues FY-2022**

### **Real Estate Tax**

Real Estate & Public Utility tax revenues account for approximately 42% of the total revenue for the school district. The collections for FY-2022 are projected to be up \$487,000 over the same period a year ago. The reappraisal in 2020 led to Res/Ag real estate value coming in at 13.36% and Comm/Ind values increasing by 7.62% in FY 21 and will carry over to FY-2022. A smaller 2% growth is forecasted beyond FY-2022.

The district has realized an increase in PUPP values due to the Nexus Pipeline which runs through the district. The Wayne County Auditor established a value of almost \$66 million. Nexus filed a complaint first in December of 2019 to reduce values by 38.5% then, after obtaining updated information, filed a second complaint in January of 2020 to reduce the values by 52%. Our forecast projects revenue based on the reduced value as that is the value on which taxes were paid along with a modest 1% increase. Once the complaint is settled the value could be increased thus causing Nexus to owe the district additional tax dollars. Conversely, the value could be further reduced thus the District could owe a refund of a portion of taxes already paid by Nexus. This revenue source will be updated once final value determination is completed.

### **Income Tax**

The district 1% SDIT was renewed on December 31, 2017 for five years and expires December 31, 2022.

The district's collection of SDIT is up 9.6% after two of the four collections have been received. There has been a disruption to the normal cycle of income tax collection due to the IRS changing the deadline to file taxes coupled with a much higher % of workers filing for unemployment. A more historic amount of 4% is built in the forecast.

### **State Basic Aide**

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 data.

Before this new model, several items were listed as "expenses" on the forecast including open enrollment – out, community school and scholarship deductions. These deductions will now be added as a net to the overall state aid revenue line. Therefore, expenses under purchased services will be lower by these amounts in the current forecast. This will also lead to a lower net revenue in state aid, while the combination (Net revenue – Net Expenses) will lead to an overall net increase in state aid. That increase is projected at \$251,683 in FY-2022 and another

\$41,452 in FY-2023. These amounts come from projections from the Ohio Department of Education.

Student Wellness & Success monies were formerly received to Fund #467. This amount is now included in the state basic aide formula.

#### **State of Ohio – Rollback and Homestead (Property Tax Allocation)**

This was tax reform from the 1970's as property taxes were rising significantly. The State passed two pieces of legislation. First the Rollback in effect rolled back 10% of taxes for all property tax payers. The second piece provided additional relief for seniors who fall in certain income levels. The State reimburses us for these reductions.

#### **State of Ohio – Other Receipts**

Casino revenue is included in this line which began in FY 2013. We did receive a significant amount of BWC rebates last year, which is not forecasted to continue.

#### **Tuition & Open Enrollment**

The district offers open enrollment for those parents choosing to enroll their students at one of our schools. Both open enrollment in and out will be "netted" and included with state unrestricted aid. We continue to receive preschool tuition and special education tuition for any court placed students in our district.

#### **Interest on Investments**

Cash not needed for immediate operations is invested during the year. Interest rates for our investments remain very low and are not projected to increase in the near future.

#### **Federal Revenue**

The Medicaid Schools Program (MSP) has been developed to include federal Medicaid matching funding for specific direct services (including targeted case management), certain administrative activities, and specialized transportation.

#### **Advances - In & Refund of Prior Years**

This line represents monies advanced to various funds, mainly federal grant programs at the fiscal year end and is paid back during the next fiscal year.

## **Expenses:**

### **Salaries & Wages**

In FY-2021-FY-2023 a 1.25% increase is included for base wage increases based on the negotiated agreement. The district has included 1% base wage increases for FY-2024-FY-2026. The district is using Fund 467 SWSF in FY-2022 to recode school nurse costs and expects those costs to return to the general fund in FY-2024.

### **Fringe Benefits**

#### **STRS/SERS**

The district pays 14% of each dollar paid in wages to either the State Teachers Retirement System or the School Employees Retirement System as required by Ohio law. Bonus payments are not included for retirement purposes.

### **Insurance**

Based on guidance from the health insurance consortium, FY-2021 included a 6% premium increase that was more than offset by an expected 6-month premium moratoria. FY-2022 includes a 0% premium increase but with no planned premium moratorium.

FY-2023-FY2026 include a 3% premium increase with an additional amount of 24,000 that had been charged off to ESSER Funds.

### **Workers Compensation & Unemployment Compensation**

Workers Compensation is expected to remain at about .006% of wages FY-2022-FY-2026 which is in line with historic growth recently. Unemployment Compensation (UC) has been negligible.

### **Medicare**

Medicare will continue to increase at the rate of increase of wages. Contributions are 1.45% for all new employees to the district on or after April 1, 1986. These amounts are growing at the general growth rate of wages.

### **Purchased Services**

Expenses in this category include: professional & legal services, utilities and formerly tuition costs and open enrollment out. Scholarships, open enrollment out and community school deductions will no longer be a purchased service deduction because of the new school funding formula. These expenses will now be "netted" in the state revenue line hence the large decrease in this expense line.

**Supplies, Materials, Textbooks**

New textbook adoptions can vary greatly between the years. These can be the largest expense in this category. Due to the economy, a 10% increase is forecasted to plan for inflationary growth.

**Capital Expenditures & New Equipment**

The expenditures represent administrative and instructional equipment, building and site improvements. School bus purchases are made in this category and are budgeted for all five years of the forecast.

**Other Objects**

These expenditures include insurance, audit expenses and fees charged by the state and county for the collection of tax revenue.

**Transfers, Advances, Refunds Out**

This account group covers fund to fund transfer and end of year short term loans from the General Fund to other funds until they have received reimbursements and can repay the General Fund. These amounts are limited in impact to the General Fund as the amounts are repaid as soon as dollars are received in the debtor fund. In the past, the District has transferred funds to cover the cost of the athletic director and supplements. Beginning in FY-2022 those expenses are being directly charged to the General Fund and will reduce the amount needed to cover the athletic fund's year end balance.

**Recap of Federal Funding Due to the Pandemic Crisis of 2020-2021**

Funds available to the District include:

- Esser 1 \$ 135,890.
- Esser 2 \$ 506,799.
- ARP Esser \$ 1,139,007.
- ARP IDEA:
  - Special Ed \$ 63,377.
  - Early Childhood \$ 4,694.
- ARP Homeless \$ 3,522.
- Broadband \$ 64,125.
- Rural & Small Town \$ 61,407.