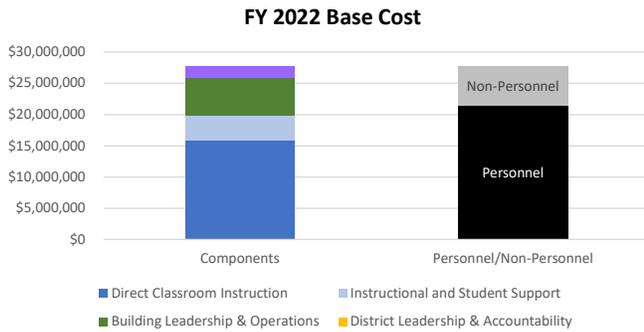


Southwest Local School District

State Funding Supplement to Five-Year Forecast

November, 2021

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

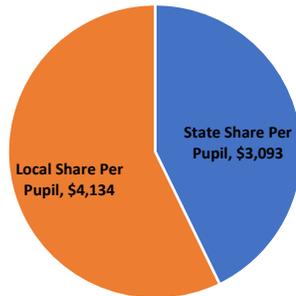


Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual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

For Southwest Local School District the calculated Base Cost total is \$27,731,428 in FY 2022.

There are four Base Cost component areas: Direct Classroom Instruction \$16,038,445, Instructional and Student Support \$3,813,316, Building Leadership and Operations \$6,058,526, Leadership and Accountability \$1,821,141. Of the total base cost about 78% is estimated for personnel related cost.

FY 2022 Total Base Cost Per Pupil = \$7,227



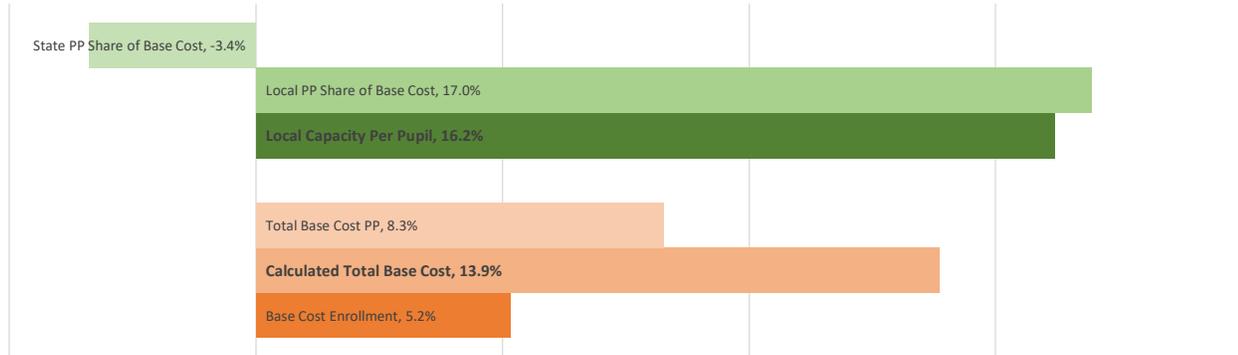
Using the total Base Cost of \$27,731,428 shown above, with an enrollment of 3,837 the total per pupil base cost is \$7,227. The FSFP local capacity methodology, using a per pupil wealth/capacity of \$179,499 calculates that the local portion of total base cost is \$4,134 per pupil in FY 2022. The local per pupil portion is updated each fiscal year and is projected to go up \$701 by FY 2026. At the same time, the total base cost per pupil is estimated to increase by \$597 to a total per pupil base cost of \$7,824.

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

Local and State Share - Key Funding Demographics

The Fair School Funding Plan (FSFP) relies upon a calculation of base cost to educate a student that is unique to each district. The calculation uses enrollment and student demographics to determine cost for teachers, other staff, supplies, etc. Once the base cost is calculated a local pp share is calculated based upon the district's capacity to pay. A state share percentage of the base cost is then determined based upon the remaining portion of total base cost.

Key Funding Demographics - Cumulative Change Over Forecast Period



The district's calculated total base cost is projected to go up 13.9% over the forecast period ending June 30, 2026. This change is a function of 'inflationary considerations' of the base cost components and enrollment. The district's base cost enrollment is estimated to increase 5.2% over the forecast period. The resulting per pupil base cost is expected to go up 8.3%. These results are trend-based and are only intended as an indication of overall direction. The current law calculates base cost for both years of the biennium, the same is assumed for subsequent biennial budgets. This method causes per pupil base cost to remain stagnant in the 2nd year of a biennium. Additionally, the FSFP methodology as passed by the legislature is using 2018 salary and benefit information for FY 22 and 23 cost calculations. By FY 2024, these cost factors will be five years behind the current forecast and in some cases the local share calculations.

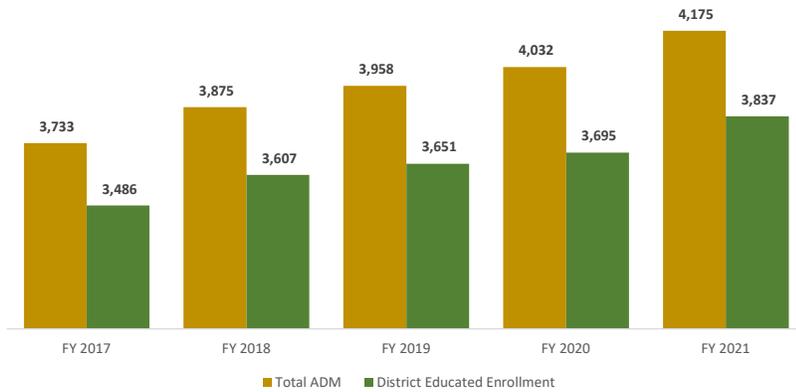
Calculated local capacity to pay for the base cost is expected to increase 16.2% over the forecast period. Therefore, the calculated locally generated funding of per pupil base cost is expected to go up 17.0%. At the same time the calculated state share is expected to drop -3.4%. This results in a local share of 57.2% of calculated base cost in FY 2022, compared to a local share of 61.8% in FY 2026. These are calculated changes and actual funding results could vary. For example, in some cases a district may be on the funding guarantee.

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Base Cost	\$31,383,484	\$31,794,100	\$33,437,073	\$33,858,305	\$35,804,863
YOY Change		1.3%	5.2%	1.3%	5.7%
			FY 22 to FY 26 Change		14.1%
Base Cost Enrollment	3,837	3,887	3,936	3,986	4,035
YOY Change		1.3%	1.3%	1.3%	1.2%
			FY 22 to FY 26 Change		5.2%
	Current Biennium		FY 24 & FY 25 Biennium		FY 26/27 Bienn.
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Per Pupil Base Cost	\$7,227	\$7,229	\$7,496	\$7,496	\$7,824
YOY Change		0.0%	3.7%	0.0%	4.4%
			FY 22 to FY 26 Change		8.3%

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Local PP Wealth/Income Factor =					
Property Values + Taxpayer Income	\$179,499	\$188,700	\$197,363	\$202,899	\$208,554
YOY Change		5.1%	4.6%	2.8%	2.8%
			FY 22 to FY 26 Change		16.2%
Calculated Amount Generated Locally					
Local Per Pupil Capacity	\$4,134	\$4,352	\$4,560	\$4,694	\$4,835
YOY Change		5.3%	4.8%	2.9%	3.0%
			FY 22 to FY 26 Change		17.0%
Total PP Base Cost - Local PP Capacity =					
State Per Pupil Funding	\$3,093	\$2,876	\$2,935	\$2,801	\$2,989
YOY Change		-7.0%	2.0%	-4.6%	6.7%
			FY 22 to FY 26 Change		-3.4%

Ohio's Fair School Funding Plan - Districted Educated Enrollment
(and implications beyond state revenue)

Total ADM Compared to District Educated



Perhaps 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.

Note: Total ADM includes community school, open enrollment "out", scholarships, STEM.

Enrollment Implications on Other Revenue and Tuition Expenses (Purchased Services)

	FY 2021	
	ODE SFPR	
Open Enrollment (OE) Net	(\$40,794)	Net OE Out, expenditures will decrease more than OE revenue will decrease. This potentially has a 'net favorable' impact on the forecast.
Impact on Expenses Only:		
Community School	(\$749,798)	The difference in how enrollment is calculated for funding in most cases will create a net favorable result. In other words, the tuition the district was paying as a transfer to others will be eliminated and FY 2022 expenditures should decrease. For open enrollment "in" districts, the tuition revenue will also decrease (and open enrollment tuition out will decrease). The table to the left provides a conceptual result of the potential impact using FY 2021 state funding data.
Stem School	\$0	
Cleveland Scholarship	\$0	
Autism Scholarship	(\$227,788)	
EdChoice Scholarship	\$0	
Peterson Scholarship	(\$385,406)	
Net Impact on "other revenue" and "Tuition Cost"	(\$1,403,787)	Expenses are decreasing more than the revenues are decreasing. This potentially has a 'net favorable' impact on the forecast.

I. Revenue Impact FY 2021 to FY 2022

	Actual Posted FY 2021	District Projected FY 2022	
Overall State Revenue Gain/Loss FY 2021 to FY 2022			
Unrestricted State Funding Per 5Cast Forecast Lines	\$14,771,269	\$13,233,193	<After State Funding Assumption Asst.
Restricted State Funding Per 5Cast Forecast Lines	\$445,065	\$1,110,135	<After State Funding Assumption Asst.
Open Enrollment In Revenue Code 1227 as Posted 5Cast	\$261,786		
Total State Funding as Posted	\$15,478,120	\$14,343,328	< Total State Funding as Forecasted
Revenue Change FY 22 over/(Under) FY 21		(\$1,134,792)	Potential Unfavorable Impact on Revenue Current Assumption Assist Results

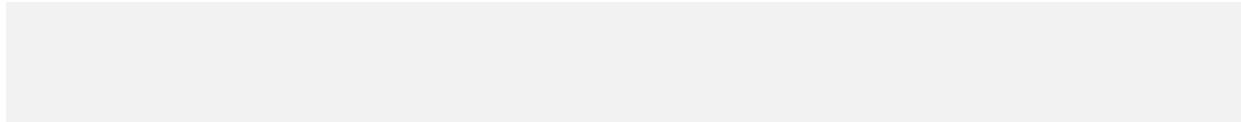
II. Expenditure Impact FY 2021 to FY 2022

Other FSFP Factors Beyond State Revenue Detail		FY 2021	
Open Enrollment Expense (Calculated)		(\$302,580)	SFPR Net Adjusted for Posted Open Enrollment In Revenue
From FY 21 June#2 SFPR:			
Community School		(\$749,798)	
Stem School		\$0	
Cleveland Scholarship		\$0	
Autism Scholarship		(\$227,788)	
EdChoice Scholarship		\$0	
Peterson Scholarship		(\$385,406)	
Potential "Tuition Cost Reduction" Impact		(\$1,665,572)	
FY 21 S Wellness Expenditures Shifted to General Fund in FY 22		\$571,393	Potential Unfavorable Impact Wellness Spending Shifted to General Fd (Assumes All Wellness) If spent less then could be less unfavorable.
Memo: SF10 Restricted FY 2022 Wellness	\$594,689		
Net Impact on Expenditures		(\$1,094,179)	Potential Favorable Impact

III. Combined FSFP Conceptual Impact on Both Revenue and Expenditures

	FY 2022	
Net Impact on FY 22 Revenue Compared to FY 2021	(\$1,134,792)	Section I Above
Net Impact Expenditures Compared to FY 2021	\$1,094,179	Section II Above
Combined Revenue and Expenditure FSFP Impact	(\$40,613)	

Note: When comparing to the state's simulations keep in mind that the simulations used the January 2021 SFPR, and the above is June #2, 2021. Also, the simulations did not account for the special education (cat cost pool) deduction of: (\$157,357)



Ohio's Fair School Funding Plan - Detailed Funding Results (SF8)

Southwest Local School District

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	
Local Demographics						
.A						
.A1	Per Pupil Base Cost (SF4 Line C)	\$7,227	\$7,229	\$7,496	\$7,496	\$7,824
.A2	State Per Pupil Share SF4 Line "E"	\$3,093	\$2,876	\$2,935	\$2,801	\$2,989
.B	Current District Educated Enrollment (SF1a)	3,886.7	3,936.3	3,985.9	4,035.5	4,085.1
Current Year's FSFP Formula Funding:						
.C	State's Share of Base Cost Amt. SF4 Line "I"	\$12,021,112	\$11,322,189	\$11,699,060	\$11,304,799	\$12,209,279
.D	State's Share of Categoricals Step SF5	\$1,803,111	\$1,701,901	\$1,769,954	\$1,710,401	\$1,847,245
.E	Targeted SF6 (without Supplemental)	\$1,974,086	\$1,972,700	\$2,006,239	\$2,206,459	\$2,421,973
.F	Calculated FSFP Formula Funding (C+D+E)	\$15,798,309	\$14,996,791	\$15,475,253	\$15,221,659	\$16,478,497
FY 2020 Guarantee Base Funding:						
.G	2020 SFPR Base Funding w/o DPIA (Result 1)	\$12,450,369	\$12,450,369	\$12,450,369	\$12,450,369	\$12,450,369
.H	FSFP Formula to FY20 Base Difference (F - G)	\$3,347,940	\$2,546,422	\$3,024,884	\$2,771,290	\$4,028,128
.I	Formula Phase In or CFO's (below)	16.67%	33.33%	50.00%	66.67%	83.33%
.J	FSFP Formula Phase In Current Years' (H x I)	\$558,001	\$848,722	\$1,512,442	\$1,847,619	\$3,356,774
.K	2020 SFPR + FSFP Formula Phase In (G + J)	\$13,008,370	\$13,299,091	\$13,962,811	\$14,297,988	\$15,807,143
Add-on DPIA and Supplemental Targeted						
.L	2020 DPIA Base Step SF6	\$285,904	\$285,904	\$285,904	\$285,904	\$285,904
.M	Calculated DPIA Step SF6	\$410,887	\$420,654	\$430,610	\$440,759	\$451,107
.N	DPIA Phase In or CFO's (below)	0.00%	14.00%	50.00%	66.67%	83.33%
.O	Phased In DPIA Funding (L +(M - L)*N)	\$285,904	\$304,769	\$358,257	\$389,146	\$423,567
.P	Supplemental Targeted (SF6)	\$0	\$0	\$0	\$0	\$0
.Q	Add-on DPIA and Supplemental Targeted (O + P)	\$285,904	\$304,769	\$358,257	\$389,146	\$423,567
Base FY20 Guarantee Calculation						
.R	Current FY Funding (K+ Q)	\$13,294,274	\$13,603,861	\$14,321,068	\$14,687,134	\$16,230,715
.R1	2020 Base (G) Plus DPIA Base (L)	\$12,736,273	\$12,736,273	\$12,736,273	\$12,736,273	\$12,736,273
.R2	'20 Base Transitional Aid (R1 - R) (Result 1)	\$0	\$0	\$0	\$0	\$0
	Formula Phase In or CFO's (below)	\$13,294,274	\$13,603,861	\$14,321,068	\$14,687,134	\$16,230,715
YOY Analysis						
	Unphased-in Formula (H - J)	\$2,789,939	\$1,697,700	\$1,512,442	\$923,671	\$671,355
	YOY Change		(\$1,092,239)	(\$185,257)	(\$588,771)	(\$252,316)
	FY 2020 Guarantee Line R2	\$0		\$0	\$0	\$0
	YOY Change		\$0	\$0	\$0	\$0

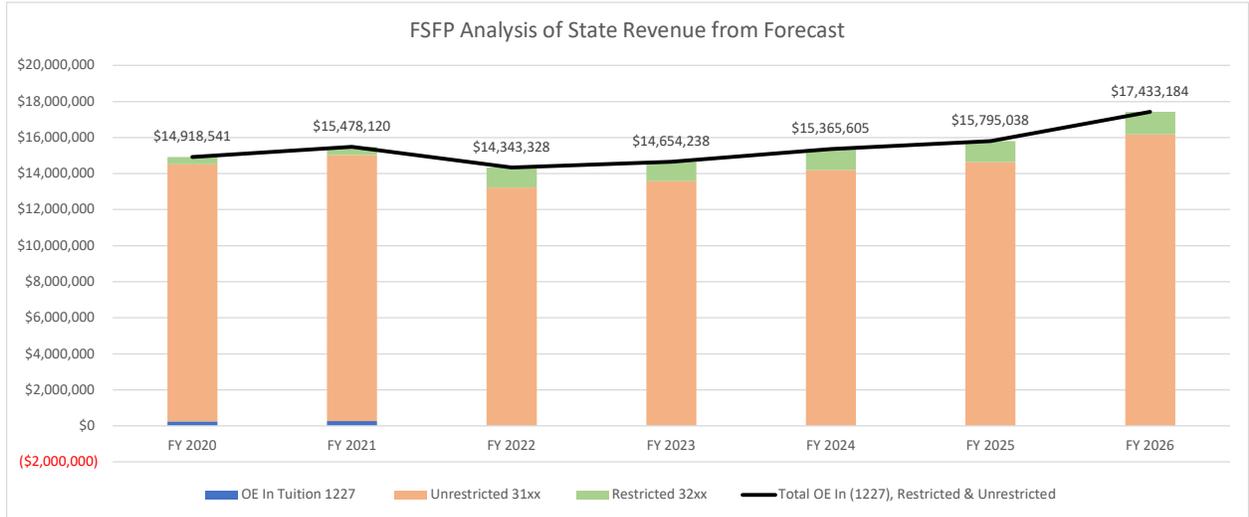


Ohio's Fair School Funding Plan - Summary Funding Results (SF8)

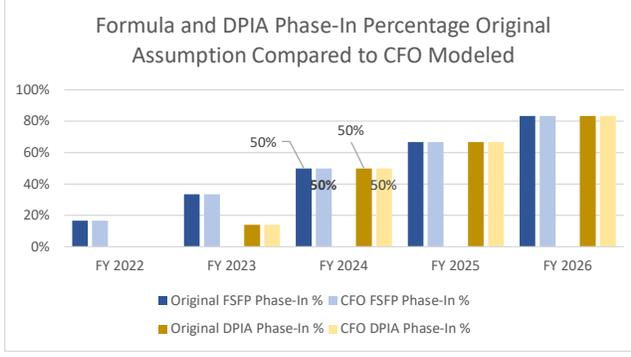
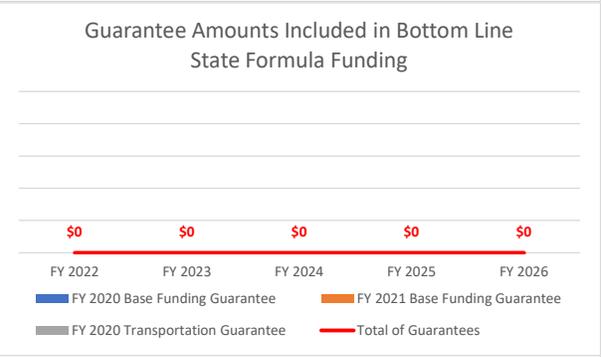
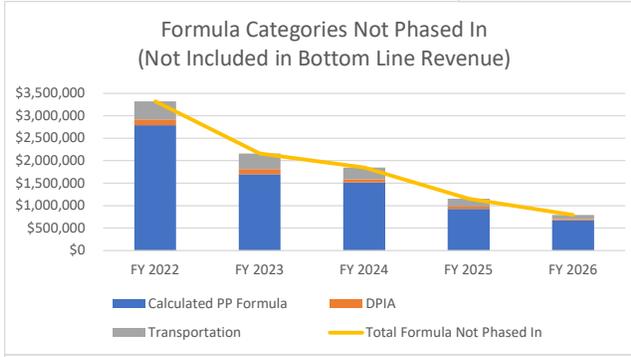
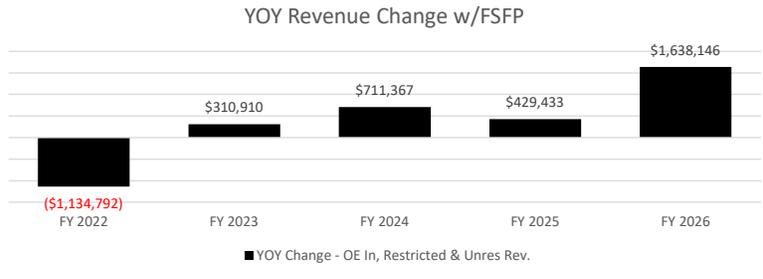
	Funding Summary	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
.R3	Current Year's Funding (R + R2)	\$13,294,274	\$13,603,861	\$14,321,068	\$14,687,134	\$16,230,715
.S1	Open Enrolled ADM Loss Impact (Result 2)	\$0	\$0	\$0	\$0	\$0
.S2	Special Education Set-Aside SF5	(\$157,357)	(\$148,154)	(\$154,991)	(\$149,741)	(\$162,660)
.T1	Career Awareness Revenue	\$0	\$0	\$0	\$0	\$0
.T2	CTC Associated Services Adj.	(\$298)	(\$281)	(\$294)	(\$284)	(\$308)
.T3	Transportation SF7	\$843,181	\$832,469	\$828,601	\$880,695	\$979,749
.U	FY 2021 Transition Supp Result 3	\$0	\$0	\$0	\$0	\$0
.V	CFO Bottom Line Funding Adjustment Below	\$0	\$0	\$0	\$0	\$0
	Total State Funding	\$13,979,801	\$14,287,896	\$14,994,385	\$15,417,804	\$17,047,497
	YOY Change		\$308,095	\$706,489	\$423,419	\$1,629,693
	YOY % Change		2.20%	4.94%	2.82%	10.57%
	Trend Indicator of Funding Status	Formula	Formula	Formula	Formula	Formula

These funding estimates culminating to row R3 above and beyond should be considered a trend estimate based upon current information. Many assumptions are made regarding future inflationary pressures and funding decisions based upon current law practice. Current laws can be changed and with it funding results.

Ohio's Fair School Funding Plan - CFO Bottom Line Revenue Analysis

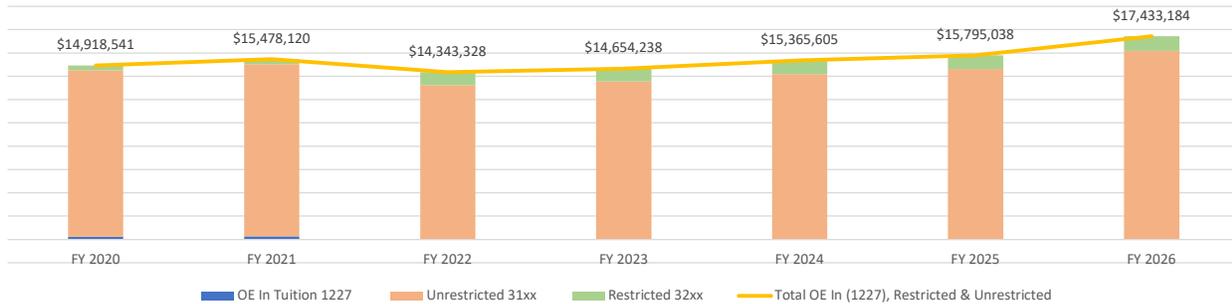


The FSFP is a formula that is being phased in and includes guarantees. With phase-ins some districts may have formula funding that is not phased-in. Other districts may experience guarantee funding. The graphs below point out these key points and the CFO's adjustment response, if any, in the bottom two charts.



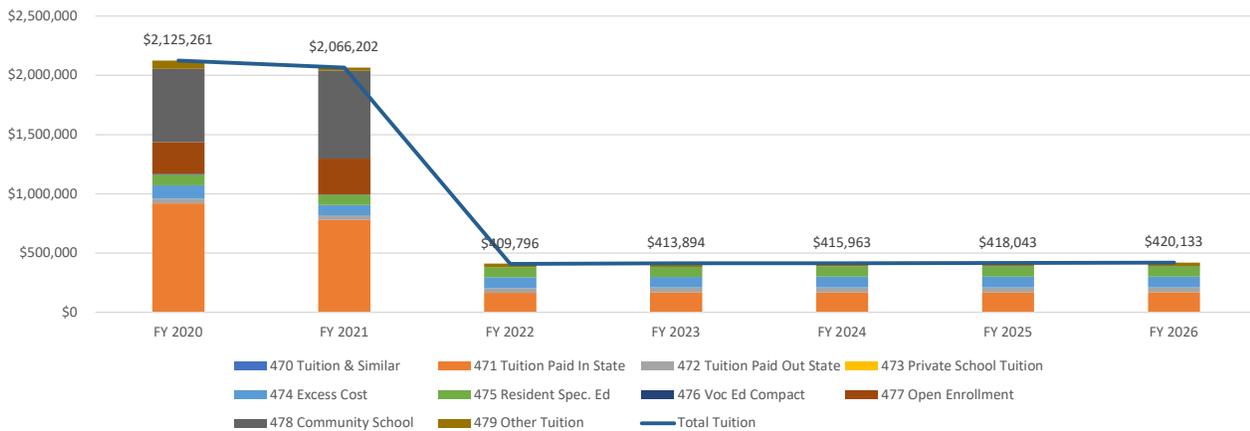
Ohio's Fair School Funding Plan - Results in Forecast

Current Forecasted State Revenue (FSFP)



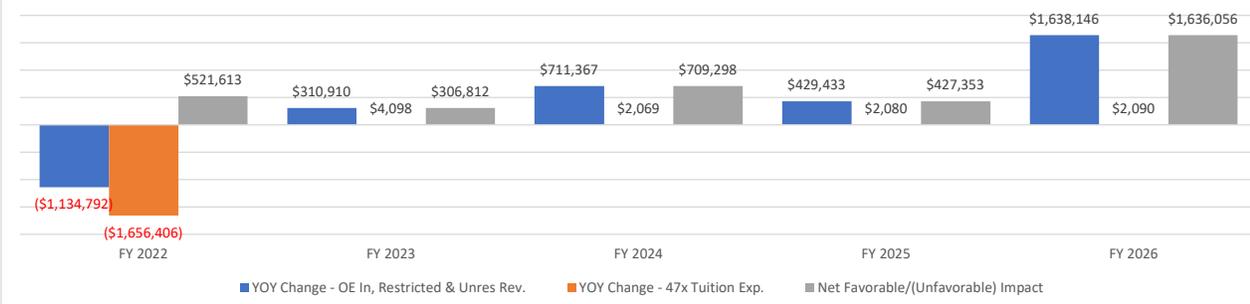
The above graph summarizes key state revenue line items impacted by the FSFP plan. Districts that had open enrollment 'in' revenue will not see this source of revenue in the future. Overall the district's revenue decreased -\$1,134,792 from FY 2021 to FY 2022. The above results are from the district's forecast and assume USAS codification standards. Note: FY 2020 and FY 2021 are actual. FY 2022 through FY 2026 are current forecast results.

Current Forecasted Tuition FSFP Analysis



Tuition expenses were impacted by the FSFP plan. Tuition expense for community schools, open enrollment out, STEM, scholarships, and EdChoice are no longer incurred as expenses in FY 2022. Many districts will see a decline in overall tuition cost from FY 2021 to FY 2022. Currently the district is forecasting that FY 2022 total tuition expense will decrease -\$1,656,406. Tuition may not decrease exactly as expended in FY 2021 because the district may be assuming forecast growth/decreases in non-FSFP tuition expenditures. Note: FY 2020 and 2021 are actual. FY 2022 through FY 2026 are current forecast results.

YOY Change w/FSFP



In FY 2022 state revenue (blue bars) is projected to decrease -\$1,134,792. At the same time, because of FSFP and enrollment count changes, 47x tuition (orange bars) expenditures are projected to go down -\$1,656,406. 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 \$521,613 in FY 2022 (gray bars).

Ohio's Fair School Funding Plan - Transitional Aid "Guarantee Analysis"

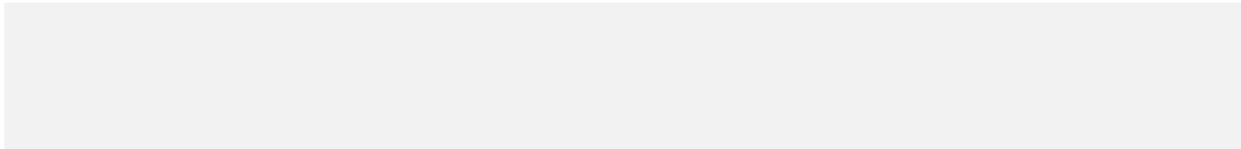
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
FY 2020 Base Transitional Aid Guarantee	\$0	\$0	\$0	\$0	\$0
Calculated Formula Phased In	\$3,191,105	\$5,847,153	\$9,250,069	\$11,995,899	\$17,088,305
FY 2020 Guarantee as % of Calculated Formula	-	-	-	-	-
State Base Cost Per Pupil Funding	\$3,093	\$2,876	\$2,935	\$2,801	\$2,989
Memo Only: Guarantee Reflected as Student Count	-	-	-	-	-

Note: Concept only, if students were added PP Funding would change.

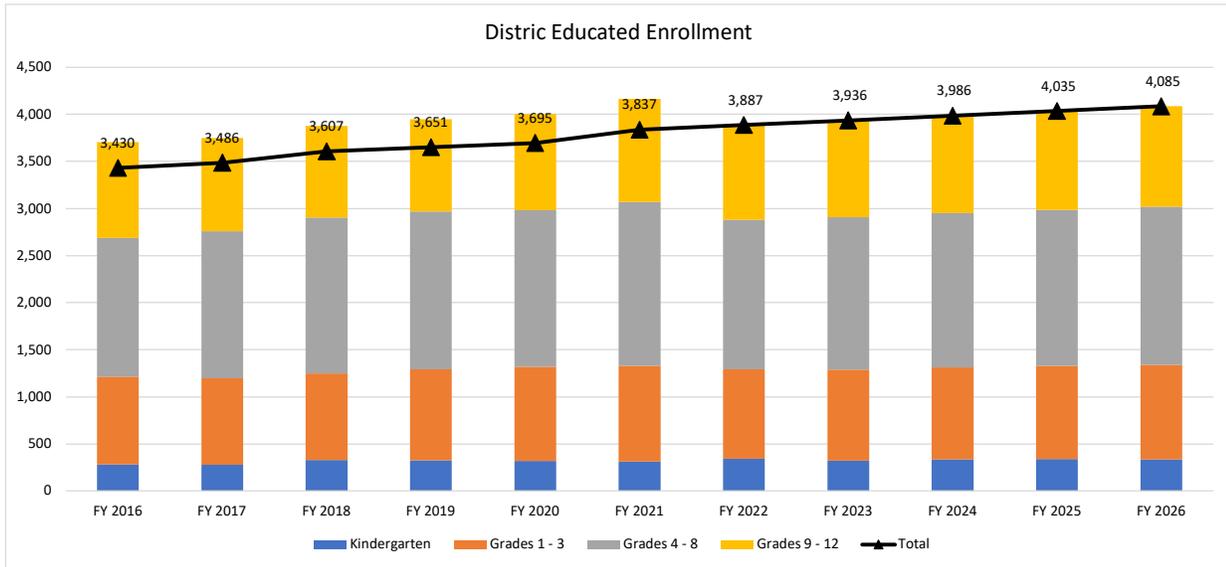
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
FY 2021 Base Supplemental Transitional Guarantee	\$0	\$0	\$0	\$0	\$0
Calculated Formula Phased In	\$3,191,105	\$5,847,153	\$9,250,069	\$11,995,899	\$17,088,305
FY 2021 Guarantee as % of Calculated Formula	-	-	-	-	-
State Base Cost Per Pupil Funding	\$3,093	\$2,876	\$2,935	\$2,801	\$2,989
Memo Only: Guarantee Reflected as Student Count	-	-	-	-	-

Note: Concept only, if students were added PP Funding would change.

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Transportation Guarantee	\$0	\$0	\$0	\$0	\$0
Open Enrollment Reduction to FY 2020 Guarantee	\$0	\$0	\$0	\$0	\$0



District Educated Enrollment



Note: Many districts experienced loss in district educated enrollment in 2021 due to COVID implications. The review of 2021 below is intended to help identify any COVID impact on enrollment and the implications for 2022 and beyond if those students return.

	2020 Enrollment	Change	2021 Enrollment
Actual Results COVID Impacted	3,695	142	3,837
Expected Results Using Historical Trend	3,695	71	3,765
Difference	-	(72)	(72) < Impact on 2022?

Discussion: Historical trends indicate that district enrollment would have been lower in FY 2021 had COVID not impacted enrollment. It is possible that this impact will be reversed in 2022 with a net impact of -72.