**District Finances – Inconsistency is the New Normal in State Funding**

Over my 29 years in education, 24 years as a school administrator, and 14 years here at the helm of Northwestern I have never observed the lack of predictability in regard to school revenue as being so difficult as we have seen over the past two years. By reading below you can get a glimpse of some of these numerous variants. In addition, we are often blind-sided by mid-year requirements and financial changes in rules by the Ohio Dept. of Education that are unanticipated.

As has been the norm over the past 8 years, the only consistency in public school finances has been our local tax dollar revenue. We have observed that the state of Ohio has been increasingly creative in the way they have quietly reduced funding to public schools over the past 8 years – most especially rural school districts such as our own. **We have watched neighboring school districts present to their taxpayers and pass new money multiple times. Yet, we have asked for new money only once – two years ago – and even with that the burden to our taxpayers through our school district levy millage has decreased over the past 14 years. Northwestern is the ONLY district in the area that can state this!** We continue due diligence in spending and do so under the watchful eyes of our experienced Board of Education, Treasurer Lesa Forbes, and myself as your Superintendent.

* State funding has waned and been, in essence, flat-lined over the past 8 years (yet inflation and personnel costs continue to escalate).
* Ohio has reduced transportation funding for rural schools through their funding mechanism – yes, the rural schools, which drive the most miles per student.
* Ohio has decreased their funds for support-related costs (such as ESC supports, Preschool funds, etc.) which has resulted in school district having to pay these costs (thus an end-all reduction in funding).
* CCP (College Credit Plus) cost burden shift onto the backs of local school districts. This has essentially now become a “cash cow” for participating colleges and our costs have increased dramatically over the past two years through huge increased costs to local school districts such as ours who have relatively close proximity to colleges. We are proud of the successes of our students participating in CCP and support the financial savings this can provide for parents, we have more students than ever participating in full-time CCP courses at colleges, which costs the district huge financial dollars. However, often we have students taking courses on college campuses that we offer for college credit here in our building at substantially lower costs to the district. The state does not allow us to direct enrollment to our classes in these cases. Also, the state requires the schools to pay for high textbook costs as well as the tuition, which should not be the case. We have countered by increasing the number of CCP courses we offer here on our campus in which our teachers provide much greater support than do the area colleges.
* The Ohio Department of Education has continued promoting private entities to take local dollars with little restriction through special “scholarships” where the entities are not even required to educate the students – costing our district $10,000 - $30,000 annually **per student.** The numbers have increased as a result of the Department’s lack of oversight of these organizations, thus allowing them to bleed school districts.
* Over the past several years the lower home valuations has hurt our tax collections while at the same time increased CAUV agricultural value calculations has not helped our tax collections due to the state’s shell game with the school funding formula and CAUV. Our district lost substantial tax dollars with the state change in formula regarding CAUV agricultural value calculations.
* Ever-increasing Charter-Community Schools deductions costs us hundreds of thousands of dollars annually – that the state deducts – whether we agree with services or not (often partial attendance to low-performing online schools, as an example).
* Increasing Special Education services and personnel costs due to state requirements and mandates, federal mandates and MRDD freezing Ida Sue services for new students have resulted in our needing to employ several additional intervention specialist teachers and aides over the past few years to meet state and federal laws.
* Employee costs (most notably health care cost increases, in which premiums increased 11.4% this past summer) always go up. We are working on ways to control health care costs as best we can. Thanks to the understanding of our employees and the common sense fiscal management of the district administration and Board of Education, the district has been averaging 1% annual raises the past decade – even the past few years, while we have all seen other area schools and cities the past few years increasing salaries between 2%-3%. This is yet another example of being fiscally responsible.

**What has helped Northwestern sustain adequate funding:**

* Consistently strong incoming open enrollment students and the related revenue. We had a record incoming open enrollment of 263 students at the start of this school year. We balance this with caps on class sizes so we continue with balanced, small class sizes, while accepting these students and improving our cost efficiency.
* Grant Funding – We received @ $1,000,000 of grant funding in 2016, over $200,000 in 2017, and already more than $550,000 this school year. However, the grant funding is inconsistent and not a reliable source of revenue. Also, most grant dollars are aligned to specific program goals and improvements, so normally do not equate to much in the area of cost savings for the district (grants and community donations did build our Greenhouse-Clean Energy lab, however!)
* We have strategically and painstakingly planned our STEM and Career Pathway Programs as well as provided necessary faculty training in order to obtain substantial additional federal Career & Technical Education weighted funding to ensure adequate funds for the sustainability of these programs. Note that our STEM programs are and have been self-funded through initial grants for start-ups, ongoing additional weighted funding from the state, and very creative scheduling and programming. I encourage anyone who wished to discuss how we have kept these at zero additional cost for the district to attend a Board of Education meeting, stop in our district office, or even request to come on one of our tours we schedule 6 or more times each year through our programs to schools, legislators, and other public officials. We will be happy to share this and any information about finances, programs, and our operations.

In the end, due to these numerous factors all calculated and coming into play above and high costs of HVAC upgrades and roof work over the past few years we were in the red as far as expenditures exceeding revenue the past two school years. We are anticipating additional major flooring, roofing, and HVAC replacement needs over the next few years as well. There are also many additional factors that play into our state and federal revenue, such as the possibility of major federal funding reductions for Title I (low wealth) and IDEA (special education) funding for public schools. We are deficit spending in spite of significant budget reductions and grant-writing efforts. The latest 5-year forecast predicts our carryover balance to run-out in less than 3 years. We continue to walk the tightrope with district finances while also balancing the best personnel, best programs, and continued educational excellence and opportunities for each of our students!

In the end, we will manage our operational costs. However, the general district operating budget can no longer support inadequate PI Permanent Improvement costs – especially with well over $845,198 for additional HS HVAC and MS Roof repair and replacement for two projects alone that must occur this summer. Remember, the levy dollars from the PI Levy can **ONLY** be used for PI – tangible items with a life of more than 5 years or more. These are the reasons we **NEED** this 2.8 mill renewal with the 1.2 mill additional PI Property Tax Levy this May. We would not ask for this additional amount if it were not necessary.

**AS A MEMBER OF OUR COMMUNITY AND AS THE LEADER OF ONE THE MOST RECOGNIZED, RESPECTED, & EFFECTIVE SCHOOL DISTRICTS IN OHIO I ASK YOU TO SUPPORT OUR PI LEVY BY VOTING THIS MAY!**

**PASS IT FOR OUR COMMUNITY! PASS IT FOR OUR KIDS! PASS IT FOR OUR FUTURE!**

* Superintendent Jeffrey Layton