Hello,

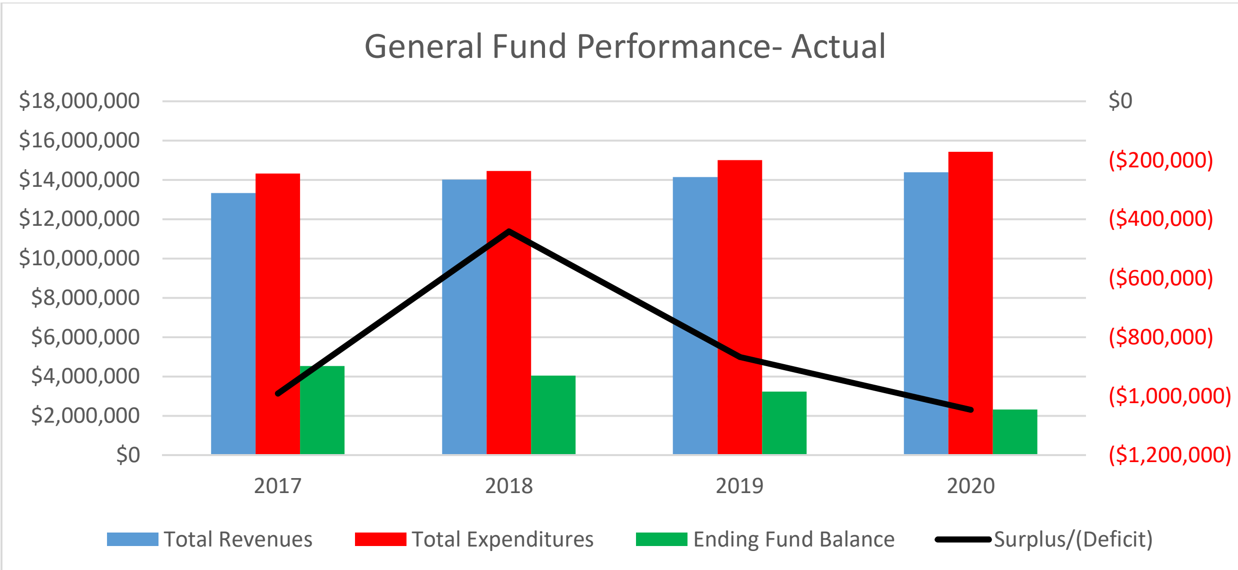
On Monday April 12, 2021 the Jefferson Local School District Board of Education adopted the attached budget reduction plan. The administration was tasked by the Board of Education with developing a plan to help balance the District's budget in a responsible manner. We believe that this plan does so. The personnel reductions are due to attrition, which means the employees in those positions are leaving due to retirement or moving into new roles. Their old roles are not being filled, achieving cost savings. Additionally, the West Jefferson Education Association has agreed to a higher cost share in medical insurance, representing a shared sacrifice from our staff to help the budget situation. We are also utilizing federal funds received through the various COVID relief bills to help offset our technology purchases. Finally, our partnership with the Village of West Jefferson resulted in additional revenue of over $600,000 over the previous year due to our sharing of income tax collected at the Community Reinvestment Area. As a result of these measures, Jefferson Local is in a better financial condition than it was at the beginning of the school year. The Board of Education and the Administration will continue to monitor its budget situation and make any necessary changes to achieve and maintain a balanced budget.

Any questions or concerns should be directed toward Superintendent William Mullett at wmullett@westjeff.org or Treasurer Mark Ingles at mingles@westjeff.org.

Proposed Reduction List- March 29, 2021

FY 2022 Proposed Reductions	
Personnel	
HS English- Not fill vacancy	$94,100
Norwood Bridge Class- Not fill vacancy	$57,960
MS Principal- Retirement	$126,379
2 Summer Custodial Help- Not fill	$10,916
Technology Integration- not fill vacancy	$57,960
Sub Total	**$347,315**
Benefits	
Increased Employee Insurance Pick Up	**$68,000**
Supplies and Materials	
Reduce General Fund Chromebook Purchase	**$50,625**
Revenue Enhancement	
CRA Income Tax Sharing- Increase over Prior Years' Collections	**$661,230**
Cost Saving Adjustments	
Adjustments to Savings	**($105,016)**
Total Savings Minus Cost Saving Adjustments	
Total	**$1,022,154**

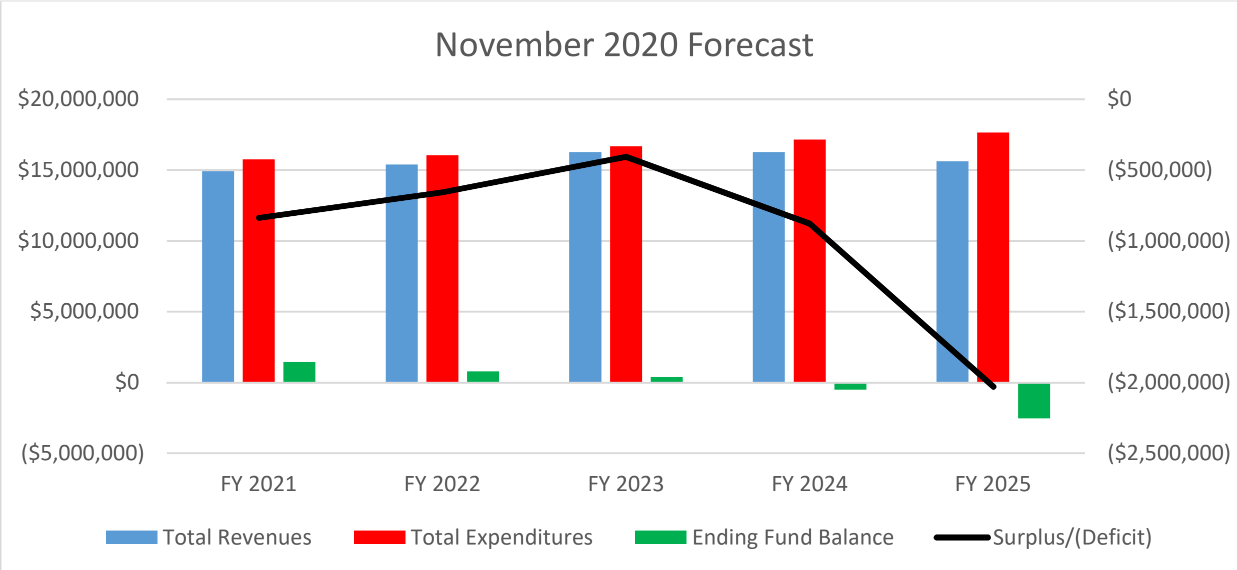
How Did We Get Here?



The District has been deficit spending for years, spending on average approximately $800,000 dollars more than what was brought in as revenue (as shown in the black line above). There are numerous reasons for the deficit spending, including:

- Funding from the state has remained flat for many years. The current state funding bill froze funding at FY 2019 levels; and with the COVID-19 pandemic funding was cut at the end of FY 2020 by over $200,000. The cuts enacted at the end of FY 2020 has continued over into FY 2021. In January 2021 Governor DeWine restored half of these cuts.
- The District's enrollment has remained flat. As a result, it does not receive the Enrollment Growth supplemental funding from the state in the current state funding bill.
- While the district's funding has remained flat its expenses have not. Examples include health insurance increasing by an average of 6% over the last five years and supplies and materials increasing with inflation.

As expenditures have continued to outpace revenue the ending General Fund balance has deteriorated. The November 2020 five-year forecast projected a negative ending fund balance in FY 2024, even with the renewal of our $1.4 million emergency levy. This is due to continuing spending deficits eroding the available fund balance each fiscal year. Ending the fiscal year with a fund balance deficit will break all Ohio budgetary laws.

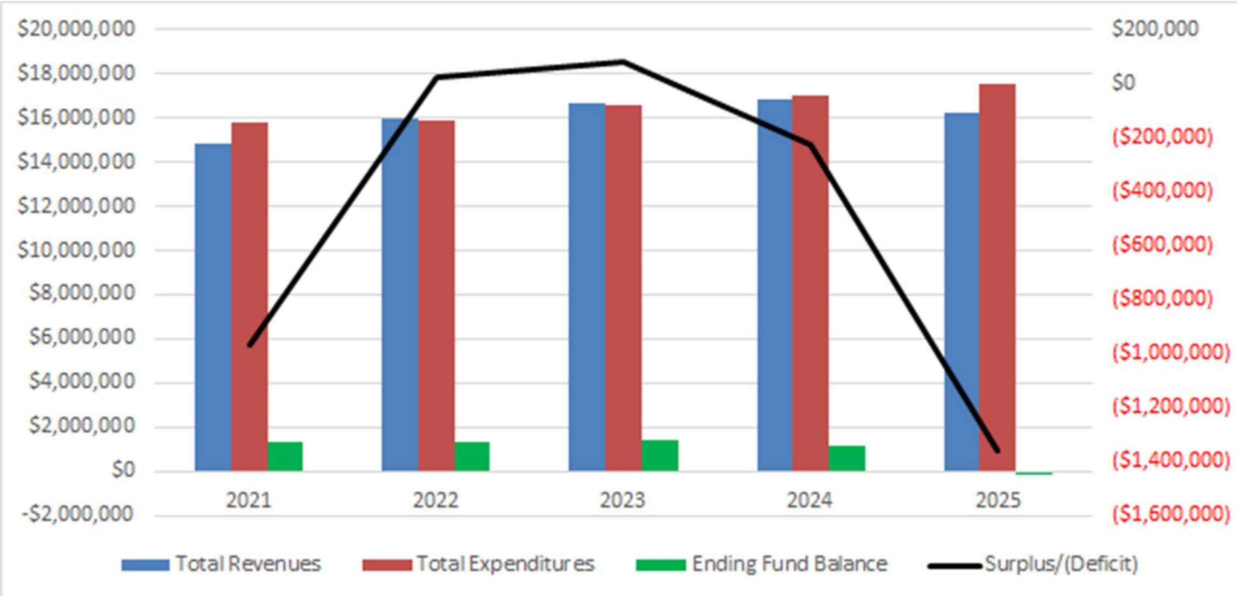


Note: The chart above assumes renewal of the $1.4 million emergency levy

<u>Where Do We Go From Here</u>

In order to address its financial condition, the District must either raise revenue, reduce expenditures, or both. The District will see an increase in revenue due to the Community Reinvestment Area agreement with the Village of West Jefferson and property value reappraisal in 2020, but that alone will not be enough to put the District on a better financial footing.

In fall 2020 the administration at Jefferson LSD discussed ways to correct the budget situation while maintaining quality core services for our students. By implementing the enclosed reduction plan the District will be able to start down the path toward a better and healthier financial footing. If implemented, the five-year forecast shows a drastically reduced deficit, with the potential of operational surpluses. The administration and Board of Education will continue to monitor the financial health of the District, recommending changes to its operations as necessary to provide quality services in a fiscally responsible manner.



Note: The chart above assumes renewal of the $1.4 million emergency levy. Additionally the May 2021 forecast is currently under development, and as such the figures shown above may change due to changing financial circumstances.

The administration will continue to monitor the financial health of the District, recommending changes to its operations as necessary to provide quality services in a fiscally responsible manner. Additional measures that are being considered include:

- A reduction to the supply, material, and purchased service budgets across the District. This will be a discussion in the spring when departmental budgets are created.
- A reduction to the transfer needed to make whole the Food Service Fund. A reduction in force occurred in fall 2020 as well as a reduction in supply costs. These actions may reduce the transfer needed at the end of the fiscal year. However, participation is low causing expenses to outpace revenue. The District is currently considering outsourcing the food service operations. Contracting food service may provide positive financial results, including decreasing or eliminating deficits in the food service fund.
- To ensure a structurally balanced budget, it would be necessary to attain new revenue through increasing the millage collected on our expiring emergency levy. The emergency levy set to expire 12/31/2023 originally passed at a rate of 9.5 mills. Due to the effects of the tax reduction factors in place through HB 920 it is set to collect 6.661 mills in 2021. Renewing the levy with an increase of 2.84 mills to bring the rate back up to the original 9.5 mills would help ensure our budget is structurally balanced.

While looking for ways to reduce costs or increase revenues, the administration will continue to keep our District's mission statement in mind: "Where Educating Children is Our First Priority". We believe that this plan meets our mission statement. This will be an on-going process, but one that is guided by our commitment to meet our educational mission while maintaining our fiduciary responsibility.