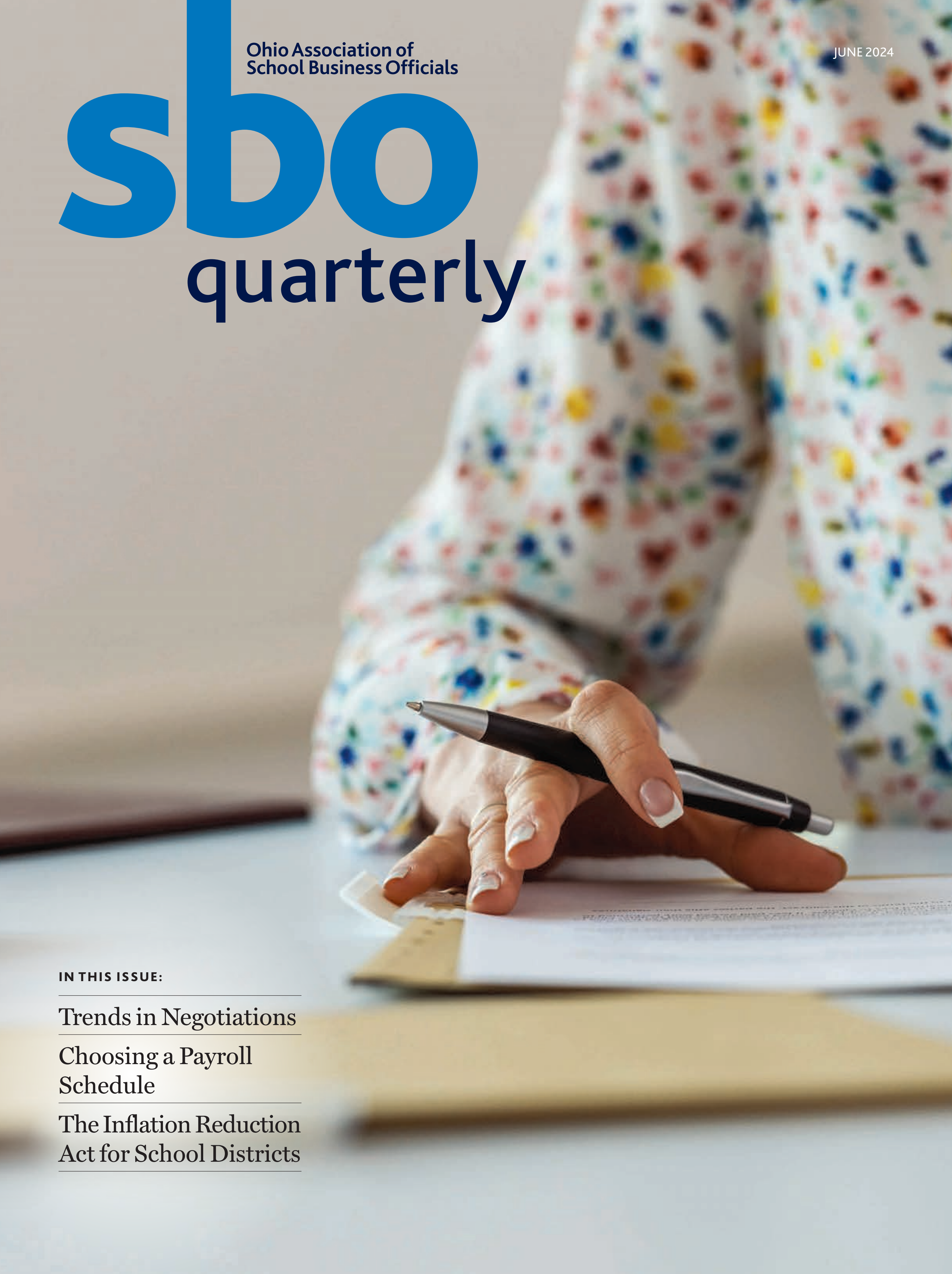

Ohio Association of School Business Officials

sbo quarterly

JUNE 2024

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Maximize school district dollars with OASBO's Benchmark Programs.

OASBO has done the homework and selected programs and services that we feel provide competitive pricing and best-in-class solutions for school districts.

Visit **https://oasbo-ohio.org/benchmark-programs#/** to learn how your school district could save with these programs.

Property, Casualty, & Liability Insurance

S·O·R·S·A Schools of Ohio Risk Sharing Authority

Workers' Compensation Group Rating/Group Retro Rating

sedgwick

Ohio SchoolComp — A Program of OSBA & OASBO

Section 125 Plan Services and ACA Eligibility Software

American Fidelity — a different opinion

457(b) Deferred Compensation Retirement Plan

Voya Financial

Equitable

Online Payment Software

i3 Education

PaySchools

Complete Accounts Payable Monitoring Solutions

Bonefish Systems

Safety & Regulatory Compliance Software

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Natural Gas Purchasing Using SmartPortfolio

Energy Alliances — Energy Consulting & Supply

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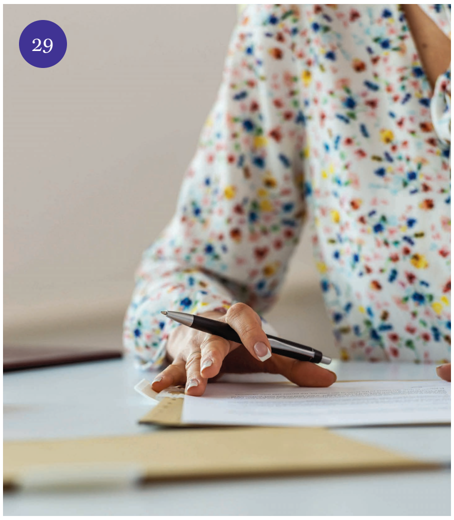
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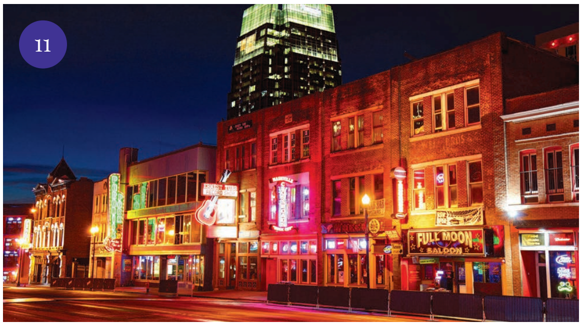
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2023–2024 OASBO BOARD MEMBERS

2023–2024 EDITORIAL ADVISORY COMMITTEE

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for Showing Your Commitment to Public Education!

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sbo quarterly

JUNE 2024 ISSUE

The *SBO Quarterly* is owned and published by the Ohio Association of School Business Officials, an independent professional association, incorporated not-for-profit.

PUBLICATIONS POLICY

The *SBO Quarterly* is published to share news and information among members and associations. Opinions stated in the magazine do not necessarily reflect those of the membership or staff. OASBO encourages reflection and discussion on all aspects of school business management.

EDITORIAL INFORMATION

Editor – Cass Freeland

ARTICLES & ADVERTISING INFORMATION

Submission Deadlines
Winter Issue (December) - October 20, 2023
Spring Issue (March) – January 19, 2024
Summer Issue (June) – April 19, 2024
Fall Issue (September) – July 26, 2024

Send articles and advertising information to *communications@oasbo-ohio.org*

SUBSCRIPTION INFORMATION

As a member benefit, OASBO Professional members receive one full-year subscription to the *SBO Quarterly* print and digital editions. Service Affiliate members receive one full-year print and digital subscription per organization. Associate, Auxiliary, and Student members receive the digital edition only. Non-member or additional member subscriptions can be purchased for $56. Please email *communications@oasbo-ohio.org* to purchase a subscription.

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JUNE 2024









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PRESIDENT'S MESSAGE

ASBO Annual Conference & Expo

Celebrate Ohio's connections this year!

The ASBO International Annual Conference and Expo is coming up September 18-20 in Nashville, Tennessee. Currently, ASBO International has significant Ohio ties! Toledo City Schools Treasurer Ryan Stechschulte assumed the presidency of ASBO International in January, after serving as vice president. He is an OASBO past president and he has been an ASBO International member since 2002. The same month, former OASBO Executive Director Jim Rowan assumed the role of ASBO International executive director. He is also a past president of OASBO and has been an active ASBO International member for over 30 years. Additionally, OASBO is hosting a reception Friday night at the famous Gaylord Hotel. So, if you have considered going, this is the year to make the trip!

Nearly 1,000 school business leaders worldwide come together for engaging professional development and educational sessions on timely issues that impact school finance, as well as networking opportunities, and the latest products and services in school business.

EDUCATIONAL INSIGHTS

The conference will feature a robust lineup of sessions, workshops, and keynote speakers, providing attendees with cutting-edge insights, best practices, and innovative solutions in school business management. The educational content is designed to address the evolving landscape of education, equipping attendees with knowledge to enhance their roles and contribute to the success of their organizations.

EXPOSURE TO INDUSTRY SOLUTIONS

Attendees will have the opportunity to explore a vibrant exhibit hall featuring industry vendors, service providers, and cutting-edge solutions for school business officials. This exposure allows attendees to stay informed about the latest technologies, services, and resources that can streamline operations and improve efficiency in their respective roles.

MEMORABLE NASHVILLE EXPERIENCE

Beyond the professional benefits, attendees can enjoy the vibrant city of Nashville. The conference venue will provide a backdrop of cultural experiences, entertainment, and the opportunity to connect with colleagues in a relaxed and enjoyable setting.

ASBO provides a range of programs designed to enhance the professional development, leadership skills, and recognition of school business officials. The following ASBO programs can benefit OASBO Members.

- Certified Administrator of School Finance and Operations (SFO)
- Certificate of Excellence in Financial Reporting (COE)
- Meritorious Budget Award (MBA)
- Emerging Leaders
- Awards
- Leadership Conference
- Annual Conference

You can find more information on these at *https://www.asbointl.org/*

> The Annual Conference is a premier event featuring a diverse range of sessions, workshops, and networking opportunities.

OASBO members attending the Annual Conference can stay updated on industry trends, exchange ideas with professionals nationwide, and access valuable resources to enhance their roles in school business management. – SCOTT GOODING / Big Walnut Local Schools

ENGAGE

EXECUTIVE DIRECTOR'S MESSAGE

Oasbo's 68th Annual Conference

The OASBO 2024 Annual Conference & Expo was an incredible success, with record attendance of over 1,000 people and 160 exhibitors.

During the week of April 16-19, over 1,000 school business officials and service providers came together at the OASBO 68th Annual Conference & Expo at the Greater Columbus Convention Center for three days of professional learning and networking. Additionally, 160 exhibitors showcased the latest products and services available to Ohio.

Our opening session kicked off with Josh Peach's address, "Leaving Your Legacy" which explored the concept of creating a lasting impact in our personal and professional lives. Josh shared how each individual has the power to influence the world around them and leave a positive imprint on future generations.

Our second general session featured an interactive presentation on property tax reform with Chris Kline, Chief Deputy Auditor for Lawrence County.

Thank you to the members and sponsors of OASBO for providing us with the resources to bring this dynamic conference to life each year.

With over 60 education sessions available to attendees, we covered hot topics, property tax reform, and the latest regulations and information to help you do your job more effectively. Thank you to all the members who shared their expertise in track sessions, welcomed newbie attendees, served as conference volunteers, and spent time *engaging* with one another at networking events.

We hope you can join us for the 69th Annual Conference & Expo, April 8-11, 2025 in the Greater Columbus Convention Center.

Don't forget to register for OASBO's second annual SupportCon which is coming up October 17-18, 2024 at the Nationwide Conference Center. Registration opens in July.

– KATIE JOHNSON, ESQ./ OASBO

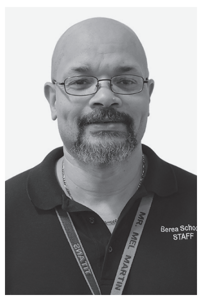
>>
On the pages following this article you will find a round-up of photos from the conference!

ENGAGE


EXIT
Jessica
Leonard
Melinda
Horsley







LONDA SCHWIERKING TREASURER SUPPORT STAFF AWARD

The Londa Schwierking Award recognizes support staff from each of OASBO's 5 regions who serve in roles that are vital to the success of the finance office. Recipients are recognized for their attention to detail, effective communication, diligence in accounting, and maintaining documents for financial reports. Throughout her career, Londa was passionate about providing professional development to finance office support staff to help them grow, and to inspire and prepare them for success as school business officials.

top row, left to right

Northeast Region: **Michelle Jaworski,** Fiscal Coordinator, Garfield Heights City Schools; *Northwest Region:* **Kristina Fries,** Assistant Treasurer, Parkway Local Schools; *Southwest Region:* **Nita Slaven,** Assistant Treasurer Warren County Career Center; *Central Region:* **Betty Arey,** Payroll Administrator, Columbus City Schools; *Southeast Region:* **Dawn Taylor,** Accounts Payable, Jackson City Schools

FACILITY STAFF SUPPORT AWARD

The School Facility Support Staff Award recognizes staff who provide a safe, clean, welcoming space for staff and students to learn and grow. Collectively they are responsible for cleaning and maintaining thousands of school buildings throughout Ohio. Staff such as facility, maintenance and custodial supervisors as well as head custodians are vital to successful school district operations.

second row, left to right

Northeast Region: **Melvin Martin,** Head Custodian, Berea City Schools; *Central Region:* **Nickolas Caruso III,** Head Custodian, Worthington City Schools; *Southwest Region:* **Todd Johnson,** Operations Supervisor, Springboro Community City Schools; *Southeast Region:* **Marvin Lawrence,** Director of Building and Grounds, Athens City Schools; *Northwest Region:* **Denise Zielske,** Child Nutrition Director, Perrysburg Exempted Village Schools

above
2024-25 OASBO Board of Directors
A complete list of names can be found on page 6.

OUTSTANDING SCHOOL BUSINESS OFFICIALS OF THE YEAR

School business officials in Ohio are responsible for managing billions of public dollars each year. The Outstanding School Business Officials of the Year recognizes OASBO members for the successful management of public funds, personal accomplishments, and selfless service to school communities.




right, clockwise
Treasurer of the Year: **Maria Rellinger,** Treasurer/CFO, Apollo Career Center; *Food Service Director of the Year:* **Winnie Brewer,** Food Service Director, New Leaf Organization/Buckeye Community Schools; *Business Operations Director of the Year:* **Tom Dreiling,** Assistant Superintendent, Independence Local Schools; *Transportation Director of the Year:* **Giles Brown III,** Transportation Director, Clearview Local Schools







CHUCK GOSSETT ADVOCACY AWARD

The Chuck Gossett Advocacy Award recognizes an OASBO member for professionalism in legislative affairs and advocacy. Chuck was OASBO's president in 2004-2005, and passed away before he could complete his term. He worked closely with legislators across Ohio, and his vision for OASBO was to be a strong legislative presence, with members actively participating in advocacy efforts on behalf of public schools.

top row, left

Erik Roush, Executive Director, Financial Affairs, Columbus City Schools

RICH UNGER PINNACLE AWARD

Rich Unger served as executive director of OASBO from 1990 to 1997. Each year, OASBO presents an award in his name to recognize professionalism and innovative school business practices, with an emphasis on practices that can be shared or replicated.

top row, right

Deb Meyer, Fiscal Officer, Western Ohio Computer Organization

REGIONAL DISTINGUISHED SERVICE AWARD

The Regional Distinguished Service Awards Program recognizes a member from each of the five OASBO regions who has made a significant contribution to their profession, their schools, and their community.

second row, left to right

Northwest Region: **Andrea Snyder,** Treasurer/CFO, Allen East Local Schools; *Southwest Region:* **David Stevens,** Treasurer/CFO, Tipp City Exempted Village Schools; *Central Region:* **Ryan Cook**, Treasurer/CFO, Tiffin City Schools

third row, left to right

Northeast Region: **Mike Rock,** Treasurer/CFO, Warrensville Heights City Schools; *Southeast Region:* **Melcie Wells,*** Treasurer/CFO, Warren Local Schools

*VIRGINIA RAMSEY AWARD WINNER

Virginia Ramsey was a passionate and highly engaged long-time member of OASBO who dedicated many hours to improving OASBO's Annual Conference & Expo every year. As a result, the OASBO Board of Directors created the Virginia Ramsey Service Award to recognize contributions to the OASBO Annual Conference & Expo.

Josh Peach kicked off the opening session with the message "Leaving Your Legacy."

Attendees "engaging" with their peers and 160+ vendors in the Expo Hall!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Choosing a Payroll Schedule

What are the considerations for paying staff biweekly vs. semimonthly?

When choosing a payroll structure for school employees in Ohio, it's essential to consider the frequency and timing of payments, the education funding structure in Ohio, and the seasonal rhythms of the school year. This nuanced approach ensures that the payroll system is not only compliant and efficient but also deeply integrated with the educational landscape of Ohio.

CHOOSING A PAY SCHEDULE: 24 PAYS OR 26?

The most common pay periods for school districts are biweekly (26 pays per year) or semimonthly (24 pays per year). There is no right or wrong approach. A number of people like the convenience of getting paid every other week while others prefer to know exactly which dates their pay will be deposited so that they can schedule automatic payments.

When using a biweekly pay system, districts will eventually have to skip a week which can be confusing to staff. One veteran staff member explained it this way: "We say there are 52 weeks in a year but 52 x 7 =364, and there are 365 days in a year, some years 366 with leap year. So, there is an extra day each year. This means that every 5-7 years, a week is added to the pay calendar. If we didn't correct it, the system would pay 27 payments in one year, instead of 26, which would result in an overpayment to employees. Everyone is still getting their contracted amount; we just have to skip a week." That is often referred to as the "payroll creep".

One alternative to the payroll creep would be to change the pay frequency from 26 pays to 27 pays in that year alone. However, that alternative is complicated. It would have to be finalized before any contracts start, as the denominator is changing from 26 to 27, which changes the employees' gross wages per pay. That information should be included on the salary notice that is distributed to employees, typically every June before their new contract year starts.

The number of pays per year would also have to be adjusted in the accounting software, either State Software Redesign, or eFinance, and would need coordinated with SERS and STRS for calendar payroll purposes. Other considerations are how this impacts employee deductions, such as medical/Rx, dental, vision, child support payments, annuities, disability or accident policies etc. Will those need to be adjusted from 26 to 27 pays? Districts that pay 24 pays per year do not have any issue with payroll creep.

CHOOSING PAY DATES AND STAFF SCHEDULES

When using the semimonthly system, some districts prefer to avoid the first and last days of the month to prevent complications with month-end balancing, while others do not find it problematic. Pike Joint Vocational Schools used to pay employees monthly but changed to 24 pays in 1976. They have been paying on the 15th and the last day of the month ever since, and it has worked well. Liberty Local Schools pays on the 10th and 25th which was recommended by their attorney and negotiated during union negotiations in 2022, to begin in 2023.

In addition to choosing pay dates each month, it is also necessary to consider staff schedules including start dates and length of their school year. Support staff, administrators and teachers often have different start dates and contract lengths.

» continue

With a biweekly pay system, a week is added to the payroll calender every 5-7 years, creating the "payroll creep."

When considering a change from biweekly to semimonthly pay periods, it will be necessary to develop a transition schedule, which may vary for different staff. This schedule (to the right) is an example of how Liberty Local transitioned from 26 pays to 24.

THE FUNDING LANDSCAPE

The funding landscape in a district can also play a role in determining payroll dates. The mix of state funding, local property taxes, school district income taxes and federal grants plays a role, in addition to the timing of disbursements. Aligning payroll dates around the receipt of funds can help ensure that the district maintains a healthy cash flow, capable of covering payroll expenses without compromising resources allocated for educational programs and services. It is also important to consider district accounting practices.

SEASONAL CONSIDERATIONS AND ACADEMIC CALENDAR

Ohio's school districts must also consider the seasonal ebb and flow of the academic calendar. For example, payroll processing needs to be efficient and uninterrupted during the summer months when schools may be closed but staff like year-round administrators and maintenance crews still need to be paid. Similarly, the scheduling should account for holiday breaks and spring recesses, ensuring that payroll operations are not scheduled during times when administrative staff might be unavailable.

FINANCIAL WELL-BEING OF SCHOOL EMPLOYEES IN OHIO

The financial stability of teachers and school staff in Ohio is important. Choosing payroll dates that support employees in managing their personal finances, especially in a state where living costs can vary significantly from urban to rural areas, is vital.

> Scheduling paydays in a way that supports budgeting for regular expenses, such as housing, utilities, and personal expenditures, can contribute significantly to the overall well-being and satisfaction of school employees.

PAY DATES CONVERSION

TRANSITION SCHEDLE FROM BIWEEKLY TO SEMI-MONTHLY

CONTRACT START	PAY GROUP/ DEPARTMENT	2ND PAY IN JUNE
July 1	U: Maintenance	06.22.23
	A: BOE Administrative Staff	
August 1	Z: Superintendant / Treasurer	06.22.23
	Y: Principals	
	P: Administrators	
	X: Secretaries	
	R: Lunch Aides	
September 1	C: 6 hr Cooks	06.22.23
	W: 2.75 hrs Cooks	
	B: Bus Drivers	
	I: Intervention Assist (Aides)	
	T: Teachers	
	Q: Occupational Therapy	
	Supplementals	

COMMUNITY AND STAKEHOLDER ENGAGEMENT

Engaging with the educational community in Ohio—teachers, administrators, support staff, and unions—is essential when considering changes to the payroll schedule. This engagement ensures that the payroll dates meet the diverse needs of the school employees and align with community expectations. It also fosters a collaborative environment, essential for the smooth operation of schools and the enhancement of educational outcomes.

CONCLUSION

Developing a payroll schedule for school employees in Ohio requires a comprehensive approach that involves selecting the best pay schedule, aligning with the timing of educational funding, considers the academic calendar, supports employee financial stability, and is developed in collaboration with the educational community. By carefully balancing these considerations, Ohio schools can establish a payroll system that supports the district's operational needs while also contributing positively to the educational environment. – TONYA COOPER / Pike County Joint Vocational Schools & MAUREEN LLOYD / Liberty Local Schools

26 PAY BIWEEKLY 07.06.23	24 PAY SEMI-MONTHLY 07.10.23	26 PAY BIWEEKLY 07.20.23	24 PAY SEMI-MONTHLY 07.25.23	26 PAY BIWEEKLY 08.03.23	24 PAY SEMI-MONTHLY 08.10.23	26 PAY BIWEEKLY 08.17.23	24 PAY SEMI-MONTHLY 08.25.23	FINAL CONVERSION 24 PAY SEMI-MONTHLY 09.08.23
	NEW		X		X		X	X
	NEW		X		X		X	X
X		X			NEW		X	X
X		X			NEW		X	X
X		X			NEW		X	X
X		X			NEW		X	X
X		X			NEW		X	X
X		X		X		X		NEW
X		X		X		X		NEW
X		X		X		X		NEW
X		X		X		X		NEW
X		X		X		X		NEW
X		X		X		X		NEW
X		X		X		X		NEW

July change over has a 2 business day delay on pay due to change over (7.06 vs 7.10)

August change over as a 5 business day delay on pay due to change over (8.03 vs 8.10)

September change over has a 6 business day delay (5 business days excluding Labor Day) on pay due to change over (8.17 vs 8.25)

Planning Your Transition from 26 to 24 Pays

Careful planning and clear communication are required.

Transitioning from a 26-pay to a 24-pay schedule for school district employees involves several key considerations. This change affects not only the administrative and payroll processing aspects but also has implications for employee financial planning and morale. Here are detailed discussions on these considerations.

CONTRACTUAL OBLIGATIONS

Any change to the pay schedule will likely need to be negotiated as part of the collective bargaining process. It's important to engage in open and constructive negotiations to ensure that the new pay schedule is mutually beneficial. For employees under individual contracts, the terms of those contracts regarding pay frequency and structure must be reviewed and possibly renegotiated to align with the new schedule.

COMMUNICATION PLAN

It's crucial to have a clear and transparent communication plan to inform all stakeholders about the changes, the reasons behind them, and how they will be implemented. Some employees may prefer more frequent paychecks to help manage their cash flow and financial commitments. The district should be prepared to address their concerns regarding the pay schedule change and explain the benefits and challenges of the new pay schedule.

FINANCIAL IMPACT ON EMPLOYEES

Switching from 26 to 24 pay periods will result in larger but less frequent individual paychecks. Employees may need to adjust their budgeting and financial planning accordingly. The school district might consider recommending financial planning resources to help employees adapt to the change.

> ... it's essential to carefully manage the transition to mitigate any negative impacts on employees and ensure compliance with all legal requirements.

ADMINISTRATIVE AND PAYROLL ADJUSTMENTS

Transitioning to a different pay schedule may require significant changes to State Software Redesign or eFinance, most notably changing the denominator from 26 to 24. This involves not only updating the software but also training staff and ensuring that the new system is compliant with all requirements. The district should evaluate the cost and time required for this overhaul.

PLANNING AND EXECUTION

One major decision is when to make the switch from 26 to 24 pays. There are 2 options:

1. move staff when their contracts naturally would flip or
2. wait and move everyone together in September.

The first option requires running double payrolls in July and August since some staff contracts flip in July, some in August, and the rest in September. That will involve contacting STRS and SERS to have different payroll calendars set up for those affected months and notifying the IRS as the 941's will now show 4 pays in each month when they are accustomed to seeing 2 per month (or some months 3).

The second option, converting everyone together in September, involves continuing the July and August staff like normal on 26 pays per year, calculating a contract pay off after the last pay in August and then recalculating what is left to be paid out in September through the end of their contract. That method will give the staff one gross amount for July and August depending on when they flip, and a different higher gross amount in September. However, neither is the true gross amount of their contract divided by 24.

BENEFITS AND DEDUCTIONS

Transitioning from biweekly to semi-monthly pay system also requires careful planning in terms of coordinating deduction changes for STRS and SERS retirement; medical/Rx, dental and vision benefits, and other deductions such as child support, annuities and disability or accident policies.

CONTRACTUAL OBLIGATIONS

Transitioning to a 24-pay schedule can offer several advantages. It avoids the payroll creep that occurs every 5 to 7 years whereby 26 pay schools must take one week off to allow the calendar dates to catch up, it is two less payrolls for the treasurer's department to process which is a cost savings, and it provides for even monthly take home pays for the employees. Employees also get their money sooner as their gross wages are higher per pay on 24 versus 26 pays. However, it's essential to carefully manage the transition to mitigate any negative impacts on employees and ensure compliance with all legal requirements. Engaging stakeholders throughout the process and providing support and resources to employees will be key to a successful transition.

– TONYA COOPER / Pike County Joint Vocational Schools & MAUREEN LLOYD / Liberty Local Schools

OASBO 2024 Leadership Conference

OASBO is committed to developing the leadership skills of school business officials.

The OASBO 2024 Leadership Conference will be held October 9 – 11 at Cherry Valley Lodge in Newark, Ohio. It will feature a session with Dr. Marguerite Roza, Georgetown University Professor, and director of the Edunomics Lab and another with John Mansell-Pleydell, Professional Learning Group Supervisor with Northern Buckeye Educational Council.

PRIORITIZING SPENDING

Dr. Roza has been at the forefront of various projects, including leading the Institute for Education Sciences' multi-year study on weighted student funding (WSF), the Finance and Productivity Initiative at the Center on Reinventing Public Education (CRPE), and the Schools in Crisis Rapid Response Paper Series. Through her innovative work on weighted student funding, Dr. Roza developed a "percentage of total district funds based on student enrollment" metric, which has become widely recognized as a foundational measurement in WSF formulas across the country. She has also authored numerous publications on financial transparency.

In recent years, school district finances have faced significant challenges, with leaders having to navigate the allocation of substantial federal relief funding, making strategic investments to support student success, and maintaining overall financial stability. The upcoming school year is projected to bring even greater financial difficulties due to declining enrollment, uncertain state revenues, inflationary cost increases, and the conclusion of ESSER funding.

Dr. Roza will be presenting an overview of the financial outlook for K-12 education and district budget timelines. She will provide leaders with tools to strategically prioritize investments that yield the greatest benefits for students within the constraints of available funds. Additionally, she will offer strategies for making informed decisions to ensure long-term financial health for districts post-ESSER.

Conference attendees can expect to learn how to effectively prioritize spending on student needs, sustain investments in successful initiatives, enhance budget workshops with reliable data tools, and improve communication around spending decisions to foster trust within the community.

AI' S ROLE IN SCHOOL BUSINESS

Leadership Conference attendees will also embark on an illuminating journey with John Mansell-Pleydell of the Northern Buckeye Educational Council to explore the exciting realm of Artificial Intelligence (AI) and its transformative role in K-12 Education. In the conference session, they will guide members through three captivating areas together. The first is unravelling the mysteries of AI, demystifying its essence and significance in modern education. Second comes diving into the practical realm, equipping members with savvy strategies to initiate interactions with AI tools, accompanied by expert tips on effective prompting techniques.

But wait, there's more! Get ready for a showcase of real-world examples, where AI seamlessly integrates into daily business office tasks, revolutionizing workflows and enhancing efficiency. Prepare to be inspired and empowered to unlock the potential of AI, together!

– CASS FREELAND / OASBO

Headline speaker Marguerite Roza of the Edunomics Lab at Georgetown University.

Don't miss your chance to come together with other school district leaders to hear from experts about the outlook for K12 school finance and AI in the school business setting! Registration opens on July 1 at *oasbo-ohio.org*

Trends in Negotiations

Review trends in negotiations that may be helpful over the summer as contracts expire.

The June 1 deadline for nonrenewals has passed, making this a good time to examine classified staff contracts, overtime rules and trends in negotiations.

NONTEACHING ADMINISTRATORS: FACTORS USED TO DETERMINE COMPENSATION

As we head into summer, it is important to review where classified staff fall on the contract timeline. This ensures that effective non-renewals are completed prior to a continuing contract beginning. Once a continuing contract is issued, a classified employee may be terminated only for good cause. Consult your current collective bargaining agreement for any particular language and be sure to document contract timelines so that the board may be advised when staff become eligible for continuing contracts, and all contract options remain available.

Outside the collective bargaining agreement and the contract sequence outlined above are nonteaching administrators. These positions may be supervisors or department directors such as transportation, business managers, facilities supervisors, technology supervisors, food service directors, and more. Exceptions to this rule may exist where a classified employee is nominally a supervisor but may be the only person in their department. Depending upon local customs, a supervisor (without an administrative contract issued under O.R.C. 3319.02) may even be included as a member of the bargaining unit.

Focusing on administrative nonteaching employees with O.R.C. 3319.02 contracts that are outside the bargaining unit, determining salary and benefits for this group of employees can be challenging. Districts may use the certificated administrative employees' salary and benefits, the scope and volume of job responsibilities, and comparison with similarly situated districts as comparison tools. If the position is a new or reorganized position, assessing not only the new job description but also what similar districts in your area offer in terms of salary and benefits for similar positions may be useful. Salary studies may assist with identifying the market conditions bearing on demand for the skill set of the position.

Many nonteaching positions such as directors of technology, maintenance supervisors, buildings and grounds, facilities, and transportation or other directors may have very different scopes of responsibility, complexity of operations and staff support in other districts, so a careful consideration of these factors is important.

As all public employee salaries are public record, it can be useful to identify similarly situated districts in your region and request copies of their contract. Networking with fellow treasurers in your region through OASBO committees or the *collaborate* community usually results in useful data as well.

> FLSA Final Rule will change the salary threshold for meeting the executive, administrative or professional exemption from the overtime rule.

FLSA FINAL RULE

The Fair Labor Standards Act (FLSA) requires employers to pay employees overtime for hours over forty in a week unless there is an exception to the rule. An exemption applicable to non-teaching administrative employees is called the EAP exception (executive, administrative, and professional). The employee's salary and duties are compared to the U.S. Department of Labor standard (DOL) (using the "salary and duties" tests) to determine whether they are exempt executive, administrative, or professional

» *continue*

positions and therefore not eligible for overtime under the law. The basic framework requires an employee to be paid a salary in an amount at least equal to the amount in the rule and that the employee has either executive, administrative, or professional status within the organization. If the exemption is met, the employee is not entitled to overtime pay.

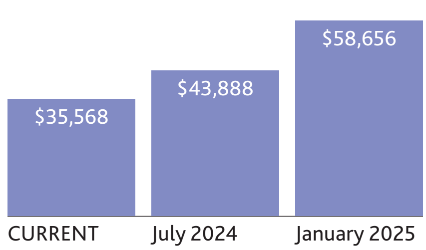
In April 2024, DOL announced a Final Rule increasing the threshold level salary minimum for the "salary test". (See the DOL document entitled *Defining and Delimiting the Exemptions for Executive, Administrative, Professional, Outside Sales, and Computer Employees* at *https://www.dol.gov/agencies/whd/overtime/rulemaking/faqs*

The new rule takes effect on July 1, 2024. On that date, the new salary amount threshold for a nonteaching, salaried supervisor or administrator increases to \$844 week/\$43,888 annual salary (up from \$684 week/\$35,568/annual salary.)

Then, in January 2025, the method used to calculate the salary will change and the amounts will again increase to \$1,128week/ \$58,656 annual salary.

Updates to the threshold salary amounts for the exemption now will occur every three years going forward.

DEPARTMENT OF LABOR FINAL RULE "SALARY TEST"
(ANNUAL) THRESHOLD SALARY MINIMUM



for a nonteaching, salaried supervisor or administrator

The second part of the test to determine whether a nonteaching administrator/supervisor is exempt from overtime requirements is known as "the duties test." Administrative employees would meet the duties test if they primarily perform office or non-manual work directly related to the operations of the school district. Their duties must involve the exercise of discretion and independent judgment on matters of significance.

Executive employees are another class eligible for the exemption. To meet that slightly different exemption, their primary duty must be managing a particular department or division of school operations. They must regularly direct the work of at least two full-time or equivalent employees, and must have the authority to hire and fire, or have their recommendations for promotion, termination, hiring or other actions given particular weight.

TRENDS IN CLASSIFIED NEGOTIATIONS

The bus driver shortage, including a shortage of bus mechanics, continues to drive discussions at the classified staff negotiating table. Attracting new bus drivers and retaining current bus drivers (and mechanics) in the district have been hot topics.

This has resulted in consideration of equity adjustments in particular classifications driven by market forces due to worker shortages including bus drivers and mechanics as well as aides. Proposals to increase wages in different categories to address labor needs as opposed to increasing them across the entire unit can be challenging with classified negotiations. Presenting solid evidence of salary disparities within different classifications and market conditions driving the need to offer more for in-demand positions is key. Work with your bargaining team to prepare appropriate data.

Some districts also have succeeded in implementing Memorandums of Understanding (MOUs) offering incentives to address the bus driver shortage and responding to market trends. Others have created new classifications for skilled worker positions, such as HVAC, electricians, and plumbers.

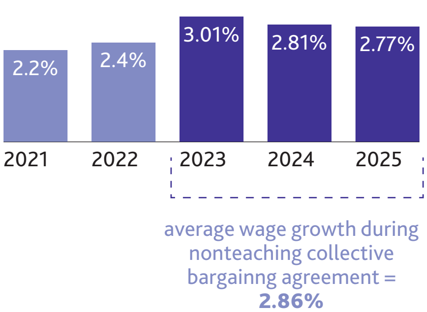
COLLECTIVE BARGAINING TRENDS FROM SERB

The State Employment Relations Board (SERB) Wage Settlement Report for 2023 was released recently. This report analyzes collective bargaining agreements finalized in calendar year 2023 and provides employers with useful data on the average wage agreements, which can be reviewed by areas of the state, type of employer and employment, and more.

The report reveals that in the wake of the end of pandemic aid to states and schools that wage growth in school districts across Ohio has remained conservative overall. For 2023, school district nonteaching collective bargaining agreements on average increased by 3.01%, by 2.81% in 2024, and by 2.77% in 2025.

This average was derived from an analysis of roughly 100 nonteaching school district collective bargaining agreements settled in 2023 over the usual three-year period of labor agreements. In 2022, the overall average wage increase was lower, about 2.4% overall. The 2021, average wage increase was 2.2%. Therefore, the trend is increasing percentage increases in each year of the contract. Over all three years of the agreement for nonteaching school district employees, the average wage increase was 2.86%.

WAGE GROWTH IN OHIO DISTRICTS
(ANNUAL) SALARY AMOUNT THRESHOLD



One-time bonuses remain an option in bargaining for various reasons, but SERB data shows that lump sum payments were not widely utilized. For nonteaching school district collective bargaining agreements executed in 2023, only a quarter of those contracts contained a lump sum in year one, with the average payment being $782, while in year two, only 10% of contracts contained a lump sum payment averaging $782, and in year 3, only about 8% of contracts contained an average lump sum payment, but the average payment was higher, at $913.

> The time-tested strategy of obtaining contract data of surrounding and similarly districts, especially recently settled agreements, is one way to prepare for successful negotiations.

Once filed, contracts are available online with SERB, but very recent ones may not yet be online. During bargaining, tales of advantageous deals other districts are entering into with their OAPSE units are sometimes relayed. Knowing the details of those contracts, such as whether insurance concessions were made or if other factors affected the total package, will assist your team in making its position and comparisons clear.

SCHOOL SAFETY AND HEALTH INSURANCE REMAIN HOT TOPICS

You may notice an overall trend of talking about school safety and security, especially after high-profile incidents and trials this past year. In teacher negotiations, this is a trending topic as well.Other trending topics at the table with teachers include planning time discussion, virtual learning, flex time, and scheduling.

With health insurance costs increasing in double digit percentages, a significant area for negotiations should be analyzing whether plan changes or contribution changes can be negotiated as part of a total package. It is best to use data to support those changes, such as demonstrating how changes to the plan could result in significant district savings while preserving the plan most useful to union members. Some districts are exploring health reimbursement arrangements (HRAs) and health savings accounts (HSAs). Incremental changes to the contribution percentages, even a quarter percent per year, can result in significant savings over time.

Taking time to review trends in negotiations, salaries of nearby and similarly situated school districts and reading up on hot topics can put in you in the best position heading into negotiations this summer. – HOLLIE REEDY / Ennis Britton Co., LPA

To view the 2023 SERB Wage Settlement Report, visit *https://serb.ohio.gov/view-document-archive/wage-settlement-reports*

Let's Stay Together

Employer nonelective contributions can help retain employees.

School districts face challenges in attracting and retaining treasurers. A properly structured employer nonelective contribution feature to the school's 403(b) plan may be an attractive incentive for a treasurer to remain with the school district.

WHAT IS AN EMPLOYER NONELECTIVE CONTRIBUTION TO A 403(B) PLAN?

When an *employee* elects to contribute to a 403(b) plan, they complete a salary deferral agreement to identify the amount or percent of compensation that will be contributed to the plan, either as a pre-tax or Roth contribution (if permitted). These deferrals are considered cash or deferred arrangements – this means that the employee has the right to determine whether to have such amounts contributed to the 403(b) plan or to receive the amounts as compensation.

On the other hand, an *employer nonelective contribution* to a 403(b) plan is not a cash or deferred arrangement. The employer determines the amount or percent of the contribution to be made on behalf of eligible employees. Those eligible employees do not have the right, directly or indirectly, to receive that employer nonelective contribution as compensation instead.

IS THERE AN ANNUAL LIMIT ON THE AMOUNT OF THE EMPLOYER NONELECTIVE CONTRIBUTION?

Yes, the Internal Revenue Code provides that the annual total of all employee and employer contributions to a participant's 403(b) account cannot exceed 100% of compensation up to a stated dollar amount. In 2024, that amount is $69,000 and it is subject to annual Internal Revenue Service (IRS) cost of living adjustments. An exception to this is the 50+ catch-up which is $7,500 in 2024.

HOW SHOULD EMPLOYER NONELECTIVE CONTRIBUTIONS BE REMITTED TO THE 403(B) PLAN'S INVESTMENT PROVIDERS?

Since an employer nonelective contribution is not a deferral of employee compensation, a school district should remit employer nonelective contributions from a separate contribution source to the 403(b) plan's investment providers. Employer nonelective contributions should not be commingled with employee contributions that are subject to a salary deferral agreement for the following reasons:

IRS FORM W-2 REPORTING

Employee deferrals to a 403(b) plan must be reported in Box 12 ("Codes") of the IRS Form W-2 in the year contributed. However, employer nonelective contributions may (but are not required to) be reported in Box 14 ("Other") of the IRS Form W-2. The IRS cautions in its instructions to the Form W-2 that nonelective employer contributions made on behalf of an employee "are not elective deferrals and may be reported in box 14, but not in box 12."

PAYROLL TAXES

Employee deferrals (whether pre-tax or Roth) are subject to Social Security (if applicable), Medicare, and Federal Unemployment (FUTA) taxes. Because employer nonelective contributions to a 403(b) plan are not considered wages, they are not subject to those payroll taxes.

ELIGIBILITY FOR THE 15 YEARS OF SERVICE CATCH-UP CONTRIBUTION

This catch-up, if permitted under the 403(b) plan, is calculated in part based on prior years' deferrals made by the participant to the 403(b) plan. Employer nonelective contributions are not considered for this calculation.

HOW DOES A SCHOOL DISTRICT ADD AN EMPLOYER NONELECTIVE CONTRIBUTION TO A 403(B) PLAN?

A school district may add an employer nonelective contribution by amending its 403(b)-plan document to:

- Identify the employees who meet the criteria for having an employer nonelective contribution allocated for eligible participants (as defined by the plan). Employees who are eligible for an employer nonelective contribution may choose not to contribute elective deferrals to the 403(b) plan.
- Determine the annual contribution formula. IRS guidance permits an employer nonelective contribution to be made to eligible participants under a discretionary contribution formula or a definite contribution formula (expressed as a percent or dollar amount of compensation).
- Establish the vesting schedule for the employer contribution (will the employer nonelective contribution be fully vested when contributed or be subject to vested percentage based on years of service with the school district?).

The amendment to the 403(b) plan should be:

- Approved by a school board resolution authorizing the amendment of the 403(b) plan to add the employer nonelective contribution; and
- Adopted by an individual authorized to sign the amendment on behalf of the school district no later than the end of the plan year in which the employer nonelective contribution was first effective.

BEST PRACTICES

- Work closely with legal counsel to develop an employer non-elective contribution feature that meets the school district's 403(b) plan design objectives and applicable law.
- Keep the amended 403(b) plan document and board resolutions in a secure, readily accessible location. An IRS agent auditing a school district's 403(b) plan may ask the school district for a copy of the executed 403(b) plan document and any amendments. Remember that the IRS generally audits three years back from the current tax year, so be sure to retain records at least three years from the current tax year.
- Develop human resources and payroll protocols to ensure that employees eligible for the employer nonelective contribution are not provided with any choice or option — in any documents or in actual operation — to receive the employer nonelective contribution as cash compensation in lieu of being contributed to the 403(b) plan, as this is not permissible.
- Review payroll procedures for appropriate payroll tax and tax reporting treatment of employer nonelective contributions.

Ensuring compliance with relevant laws and regulations is essential, along with diligently adhering to all necessary steps for implementation. By strategically planning and executing a 403(b) employer nonelective contribution, organizations may improve employee retention

– LINDA SEGAL BLINN, J.D. / Voya Financial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SCAN TO LEARN MORE

Mark Your Calendars for the Second Annual SupportCon!

Back by popular demand!

OASBO held the first annual SupportCon in the fall of 2023, and it was a great success with a full attendance of 200 participants. It replaced the regional Accounts Payable and Payroll Seminars that OASBO previously held. The agenda for the first SupportCon was tailored to address the specific needs of finance office support professionals, with two tracks focusing on Accounting and Payroll & Benefits.

Feedback from the conference was overwhelmingly positive!

"The very first SupportCon was amazing and I think every one of our support team should attend next year. There is something for each department with lots of tips and information."

"I enjoyed the leadership trainings as well as the payroll and benefits tracks. Both had useful tools and helpful tips."

"I love the Account Code Cheat Sheet! It will be so helpful! And I want to try some of the Excel Shortcuts asap."

"I sent my whole staff and they all felt like it was a great training that was geared toward them. Everyone was excited to see another one scheduled this year."

LOOKING AHEAD TO THIS YEAR'S SUPPORTCON

The 2024 SupportCon will include learning sessions as well as two engaging keynote speakers. On the first day, Katlin Hall will lead improv exercises to stimulate new thinking and insights that can be applied in the workplace. These are the same exercises used to train for *Saturday Night Live!* Katlin has a business degree from Miami University and background in learning and development, having consulted for Fortune 100 companies. As part of her work, she helped start The Second City Chicago's business arm where she discovered the benefits of improv in communication.

On day two, returning keynote speaker Josh Peach will engage audiences with his relatable authenticity. Since launching his career as a public speaker in 2009, he has delivered over 600 presentations centered on the value of outstanding customer service, leadership, and teamwork. Josh has inspired thousands to elevate their professional and personal mindset.

We look forward to seeing you at SupportCon on October 17-18, 2024 at the Nationwide Conference Center! Registration opens in July. – CASS FREELAND / OASBO

Kaitlyn Hall (left) and Josh Peach (right) will be the keynote speakers at this year's SupportCon.

When is a Worker an Employee Versus a Contractor?

Six factors determine their status.

The U.S. Department of Labor Wage and Hour Division finalized a new rule that adopts an economic reality test that includes six distinct factors to determine whether a worker is an employee or an independent contractor under the Fair Labor Standards Act. The rule went into effect on March 11, 2024. It is particularly important for school districts that may consider or treat certain types of workers as independent contractors when they may be employees under the new rule.

In January 2024, the U.S. Department of Labor Wage and Hour Division updated Fact Sheet 13 to reflect the changes outlined in the new rule. Fact Sheet 13 also provides examples of applying the economic reality test and its factors to a relationship.

SIX DISTINCT FACTORS – ECONOMIC REALITIES TEST

The new rule focuses on the economic realities of the worker's relationship with the employer. The economic realities are assessed by applying six factors to the relationship to determine the extent that the worker is economically dependent on the employer for work. However, the U.S. Department of Labor stresses that no one factor is necessarily dispositive.

1. THE OPPORTUNITY FOR PROFIT OR LOSS DEPENDING ON MANAGERIAL SKILL
Can a worker earn profits or suffers losses through their own independent effort and decision-making? Independent effort and decision-making weigh in favor of independent contractor status.

2. THE INVESTMENTS BY THE WORKER AND THE POTENTIAL EMPLOYER
Does a worker make investments that are capital or entrepreneurial in nature? Lack of investments weighs in favor of employee status.

3. THE DEGREE OF PERMANENCE OF THE WORK RELATIONSHIP
What is the nature and length of the work relationship? Work that is fixed in duration, and the ability of the worker to take on or perform multiple different jobs weigh in favor of independent contractor status.

4. NATURE AND DEGREE OF CONTROL
What is the level of control the employer has over the performance of the work? Subfactors to consider in terms of "control" include: hiring, firing, scheduling, pricing, pay rates, etc. More control on the part of the employer weighs in favor of employee status.

5. THE EXTENT TO WHICH THE WORK PERFORMED IS AN INTEGRAL PART OF THE POTENTIAL EMPLOYER'S BUSINESS
Is the work critical, necessary, or central to the employer's principal business? If yes, the factor weighs in favor of employee status.

6. SKILL AND INITIATIVE
Whether the worker uses their specialized skills and effort to perform the work and to support or grow a business. The focus of this factor is on the business initiative. If that is present, then the factor weighs in favor of independent contractor status.

The new rule is significant for employers in making the correct determination about whether a worker is an employee or an independent contractor. If a worker is an employee, the employer must then be mindful of Wage and Hour provisions including but not limited to minimum wage, overtime, record-keeping requirements, retaliation protections, and the like.
– LISA BURLESON / Roetzel and Andress LPA

Fact Sheet 13 can be found at *https://www.dol.gov/agencies/whd/fact-sheets/13-flsa-employment-relationship*

The new direct payment mechanism allows for school districts to own and operate clean energy… and then receive a dollar-for-dollar cash payment equal to the value of the tax credit…

BUSINESS OPERATIONS

Inflation Reduction Act for School Districts

Read an overview of the key incentives that school districts should explore.

On August 16, 2022, the federal government adopted the Inflation Reduction Act (IRA) to overhaul the domestic clean energy industry, with three main goals in mind:

- bring related manufacturing, here, to the United States;
- increase the number of skilled workers in the domestic labor force; and
- transition the nation away from fossil fuel consumption to reduce greenhouse gas emissions.

In order to achieve these goals, the federal government had to find creative ways to incentivize both public and private entities to undertake clean energy initiatives. As a result, the federal government:

- drastically expanded the scope and weight of certain pre-existing energy tax credits and deductions;
- allocated funding for new types of grant and loan programs that target and assist historically unrepresented communities; and
- created new mechanisms for entities to monetize the value of a tax credit besides simply offsetting tax liabilities.

HOW TO MONETIZE TAX CREDITS AS A SCHOOL DISTRICT

As a school administrator, here's what you need to know: the IRA has a new elective direct payment mechanism that provides a way for tax-exempt entities (like school districts) to obtain value from energy tax credits by receiving a cash payment from the IRS. Historically, energy tax credits have been useless to tax-exempt organizations because they did not have any tax liabilities to offset. The new direct payment mechanism allows for school districts to own and operate clean energy generating, consuming, or charging assets and then receive a dollar-for-dollar cash payment equal to the value of the tax credit created by the asset. This powerful new tool makes going green much more affordable and enticing than ever before!

THREE IMPORTANT TAX CREDITS TO KEEP IN MIND

There are three main types of tax credits under the IRA for which school districts can elect to receive direct cash payments:

1. an investment tax credit (ITC),
2. a credit for the purchase of qualified commercial clean vehicles, and
3. a credit for the installation of alternative fuel vehicle refueling property (i.e. charging stations).

INVESTMENT TAX CREDITS

The IRA recently expanded one of the most well-known federal energy tax credits for property that generates or stores clean energy: the investment tax credit (ITC). With this expansion, ITCs are now available for additional types of energy properties and there is an ability to stack bonus incentives on top of the base rate of the credit to drastically increase the value of an ITC to as high as 50%–70% of the costs of constructing the energy property.

Examples of types of energy properties for which schools can receive direct payments of ITCs includes, but are not limited to:

- solar projects;
- geothermal energy HVAC systems;
- ground-source thermal energy heating and cooling systems; and
- energy storage systems.

The ITC provides a tax credit for energy properties at a base rate equal to a percentage of the costs to construct and operate the energy project. There are two potential base rates for an ITC depending on the size of energy property. If an energy property's output exceeds 1 MW (AC), or certain equivalent metrics, the base rate is 6% of the upfront eligible costs of installing the energy property. If an energy property's output is less than 1 MW (AC) the base rate is 30% of the upfront eligible costs of constructing the energy property.

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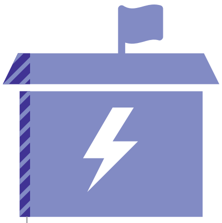
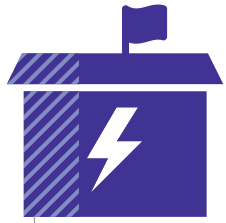
ITC BASE RATES FOR ENERGY PROJECTS



if the energy property's output exceeds 1 MW (AC), the base rate is **6%** of the upfront eligible costs



if the energy property's output is less than 1 MW (AC), the base rate is **30%** of the upfront eligible costs

BONUS INCENTIVES FOR ITCS

There are three types of bonus incentives that can stack on top of the base rate for an ITC that can raise the value of the tax credit to as high as 70% of the upfront costs of the energy property:

- Energy Community Bonus;
- Domestic Content Bonus; and
- Low-Income Community Bonus.

The Energy Community Bonus and the Domestic Content Bonus incentives are available by right to energy property that satisfies the criteria underlying each incentive. The Energy Community Bonus is a geographic-based incentive that is meant to incentivize bringing clean energy to areas historically affected by the fossil fuel industry.

The Domestic Content Bonus is a source-based incentive that requires certain thresholds of the costs of the energy property to have been produced domestically, which the government hopes will quickly grow the domestic supply chain.

The Low-Income Community Bonus is the only bonus incentive for the ITC that is not available to energy property by right. Each year there is a specific amount of power allocated to energy projects that satisfies one of four types of community development projects underlying the Low-Income Community Bonus.

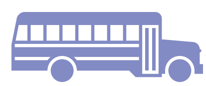
COMMERCIAL CLEAN VEHICLES

The IRA includes tax credits to assist school districts that wish to transition to clean energy or hybrid vehicles. School districts should consider this incentive if they are expanding and need more transportation, are looking to improve their current transportation system, or are looking to decrease their carbon footprint. Similar to an ITC, school districts can receive a dollar-for-dollar cash payment in lieu of the tax credit for the purchase of qualified commercial clean vehicles.

Buses, transport vans, and commercial grade lawnmowers are just a few examples of the types of clean commercial vehicles included under this tax credit. Vehicles that satisfy the underlying criteria and weigh less than 14,000 pounds are eligible to receive the value of the tax credit as a direct cash payment in an amount of up to $7,500, while vehicles that satisfy the underlying criteria and weigh greater than 14,000 pounds are eligible to receive a cash payment of up to $40,000.

TAX CREDIT FOR COMMERCIAL CLEAN VEHICLES

< 14,000 lbs ⟶ direct cash payment up to **$7,500**



> 14,000 lbs ⟶ direct cash payment up to **$40,000**

ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY (I.E. CHARGING STATIONS)

If your school district purchases any hybrid or clean energy powered vehicle, you will also need to install charging stations. Similar to an ITC, the base rate of the tax credit is 6% of the eligible upfront costs to install a charging station. If certain prevailing wage and apprenticeship requirements are met during the installation of the charging station, it is possible to increase the base rate by as much as five times to 30% of the upfront eligible costs.

Under the IRA, school districts can elect to receive cash payments in lieu of the tax credits for installing charging stations in low-income or non-urban areas.

Low-income areas are determined in the same manner as the New Market Tax Credit. Non-urban areas consist of those areas that are not considered by the Census Bureau to be urban areas based upon the 2020 census data. Alternative fuels include, but are not limited to, electricity, ethanol, natural gas, hydrogen, and biodiesel.

Your head might be spinning over the many options your school district has to save money on clean energy projects. If you're feeling overwhelmed, that is normal, but know that there are even more incentives under the IRA that you can take advantage of to save your district money than those mentioned here. Over the next few months, there will be a series of follow-up articles posted in OASBO's *eNews* that dive a little more deeply into each of the various incentives that school districts should consider before embarking on their clean energy ventures. – JOHN FLIS / Bricker Graydon LLP

oasbo

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