

Financial Report

September 14, 2020

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Two Key Topics



FY21 Permanent
Appropriations
Resolution



Funding Challenges
to finalize the FY21
Budget

Notes to consider:

- Hamilton County Budget Commission Deadline – Oct 1
- We don't have to have a full line by line budget in order to take action tonight to approve the Appropriations Resolution
- Provides a little more time to finalize the FY21 General Fund Budget

FY21 Realities

- Due to all the “unknowns” in the Spring - June, the administration recommended and the Board adopted -FY21 Temporary (90-day Approp.) in June 2020
- In May, the Board committed to a \$625M General Fund Budget by adopting a Five-Year Forecast (FY20-FY24)
 - Positive Cash Flow through FY22
 - No new money levies through FY24
 - State & Federal Grants \$81M allocation and \$29M in unspent grants from FY20 (18M higher than previous year)

Instructional Model

“Return to school model” Assumptions:

- Blended 2/3 Week for first 6 weeks
- 4 Day week for 36 weeks (estimated \$13.2M savings)
- Holiday distance learning (estimated \$5M savings)
- Minimal Reductions in Force (179 positions reduced)
- All Alternate models considered/presented previously required >700 positions reduced
- Flexibility/Agility needed to respond and adapt to community health and safety conditions (likely to change)
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Financial Considerations for Models

1. Length and order of calendar
(instructional days, holidays, closures)
2. Student enrollment, attendance & engagement numbers
3. Staffing levels and leaves of absences
4. Transportation
5. Energy & utility costs
6. COVID and medical expenses
7. Community engagement & communication
8. Technology expansion
9. Possible rent for use of additional space
10. Possible additional RIF due to decrease in enrollment

Community Data Changed

- August 3rd -Due to Community Statistics:
 - Epidemiological Curve (City of Cincinnati Covid-19 Trend)
 - Positivity Rate 7.7%
 - OH Public Health Advisory System –
 - Red on the verge of Purple
- CPS pivoted to Distance Learning first 5 weeks
With a plan to re-evaluate mid-Sept

Challenges to meet \$625M target

- Budget reduction from last year from \$660M – (\$35M)
 - YR 1 Strategic Plan
- Unanticipated Costs related to remote learning & COVID safety
 - To-date COVID related costs > \$42M
 - Enrollment changes (+/-)
 - Unidentified costs with frequent closings/openings
 - Unanticipated leave and absence rates (related costs)
- Potential Changes to forecasted revenues
 - State reductions beyond anticipated
 - Reductions due to lost enrollment
 - Charter/Ed Choice changes in funding
 - Increased delinquencies & delays in property tax collections

COVID Related Costs - \$42M <i>as of Sept 11th</i>	General Fund	CARES	Student Wellness
Cincinnati Digital Academy expansion Staff	2.2M		
Summer Learning		1.0M	
Futures Planning		1.2M	
Technology	7.1M	2.3M	
Cleaning/PPE/Thermometers		5.3M	
Safety Hotline		23K	
Parent Hotline	500K		
Signage/Handbooks		126K	
Ventilation Upgrade		1.6M	
Bus Monitors		4.8M	
SuperSubs	8.8M		
Nurse Expansion			4M
Ready to Go Kits (instruction)			3M
Crisis Communication		133K	
Totals by Funding Source	\$18.6M	\$16.5	\$7M

Budget Increases (Growth)

- Enrollment Growth:
 - Spencer expanded to 11th grade
 - CANS expanded to 2nd grade
 - LEAP added grade 4, 6
 - Gamble Elementary added ages 9-12 (3 classes)
 - English Language Learners Teachers
- Strategic Plan investments:
 - School Social Workers (*Student Wellness Fund*)
 - Preschool Expansion (Mozart)
 - Lighthouse School
 - Counselors
 - Resource Coordinators (*Student Wellness Fund*)

Due to COVID & Budget constraints

Cost Avoidance

- Transportation \$1.9M
- Facilities related costs (utilities) \$ 1.0M
- Unspent grant funds \$18m
- Deferred Property Acquisition \$2.5M annual payments
- Deferred Science Adoption
- Vendor Contract Reductions \$8M
- Position Reductions -179 ftes \$16.5M

Funding Assistance for COVID Costs Incurred to date -\$42M

- CARES Act 1.0 \$16.5M
- CARES Act 2.0 \$2.2M

Additional but unpredictable cost influencers

- Tuition Changes
 - Charter School enrollment
 - Voucher program changes
 - Resulting Transportation costs
- Transportation financial efficiencies – model dependent
- Staff leaves of absences
 - Substitute Cost
 - Related benefit costs (retirement, medical)
- Federal Funding Assistance - unknown

Next Steps

- ✓ *PLT & Department Budget Reviews*
 - *Aug 21 – Aug 25*
- ✓ *Board of Education – Sept 2*
 - *Public Presentation*
- ✓ *PLT Budget Retreat – Sept 8*
- Board of Education- Sept 14
 - Permanent Appropriation Resolution Adoption
 - Discuss Return to school model alternatives
- Possible pivot to new instructional model – Sept 28
- Filing deadline – October 1
 - Hamilton County Budget Commission
- Reduced staffing and program budgets to balance to adopted appropriate funding