



PREPARING STUDENTS
FOR LIFE

Through Academic Achievement
Personal Well-Being
Career Readiness

City Tax Abatement and TIF Proposals

- Cincinnati Public Schools has been attempting to work with the City of Cincinnati for months to renegotiate the 1999 Tax Abatement Agreement.
- Early in the negotiations, the City advised CPS that it wanted to discontinue the annual \$5 million payments. CPS responded with a willingness to forego the \$5 million annual payments on the condition that the City increase PILOT payments from developers — from 25% that it currently receives to 33%. CPS's "make whole" percentage for abated property taxes is 33% — the percentage of total taxes attributable to CPS's fixed rate levies.
- The city's tax abatement proposal is disappointing. Ultimately, the city wants to repurpose property taxes that our taxpayers have resoundingly approved for our students and schools.
- This proposal not only undermines the will of taxpayers, but also subverts our region's efforts to prepare our future workforce.
- Over the past decade, the city has broken its promise to pay for crossing guards and school nurses, which was in our original agreement. Now the city wants to circumvent taxpayers by deliberately diverting money from supporting classrooms toward the city's pet housing projects.
- The City's argument that foregone tax revenues are made up by state education funding payments is also incorrect and misleading. State funding for education is completely out of the control of CPS and the City — and it does not make up for the local taxes foregone by tax abatements and it never has. Under the current state funding formula, CPS gets zero dollars in additional funds for tax-abated properties.
- CPS will continue to give the City discretion to use the full array of tax abatements and incentives provided PILOT payments are made to CPS in an amount equal to its fixed rate levies — 33%. 2.
- The City and CPS will engage in an annual audit process to ensure that CPS is receiving the payments it is owed for all outstanding abatements. 3. The term of the agreement must be shortened and should not exceed 5 years.
- The Board of Education believes it will be mutually beneficial to continue to allow the City to exercise discretion in granting abatements, CRAs, TIFs and other development incentives. If the City will not agree to make CPS whole, then CPS will not agree to extend this global agreement and the Board will exercise the discretion it is afforded under state law to review proposed abatements on a case by case basis.



State Funding Formula and EdChoice Voucher

- In December, the Ohio General Assembly adjourned for winter break without taking action on state funding formula and the expansion of EdChoice vouchers.
- Cincinnati Public Schools submitted information to the leaders of the House and Senate about the impacts of the state funding formula, specifically the devastating impact of EdChoice vouchers on the CPS budget because of the district's "schools of choice" policy that opens all CPS high schools to all students residing in the district.
- Cincinnati Public Schools' state funding is deducted by \$7,505 for every resident student who attends a charter school. In previous years, the effect was mitigated by the \$4,159 per student funding that CPS received. In FY 2020 and 2021, CPS's new per student funding is frozen, but deductions will grow if students attend charter schools or accept vouchers. This will present a significant financial hardship to CPS.
- Based on these eligibility rules, CPS saw an unprecedented increase in the number of high school students accepting an Ed Choice voucher. This year alone, an additional \$4,404,060 was deducted from CPS's state funding for students receiving vouchers.

Link to Full Letter: https://www.cps-k12.org/sites/www.cps-k12.org/files/pdfs/wn-CPS_Letter_Regarding_Funding_19-20.pdf

Potential Losses in Funding to CPS

The combined annual impact of loss in state funding, EdChoice vouchers and city tax abatement funding will have a huge effect on the district's budget.

Local

- \$5,000,000 in city lump sum payment
- \$770,000 loss for city's refusal to pay for crossing guards
- \$1,600,000 loss for city's refusal to pay for health department nurses in schools
- \$7,000,000 difference between 25% PILOT and 33% PILOT

State

- \$1,399,680 loss from charter school student payments
- \$4,404,060 loss from EdChoice voucher expansion