

Cincinnati Public Schools

Five Year Forecast (May)

May 20, 2020

What is a Five year forecast?

- Financial Tool
 - to measure school district solvency
 - to plan future financing opportunities
 - to assist with spending decisions
- Cash Basis
- Aligned to our fiscal year end (June 30)
- 3 years of actual history
- Current year budget, estimates
- 4 years into the future

Why do we do a 5-yr forecast?

- Required by the Ohio Department of Education
- All 600+ school districts in Ohio
- All use standard format
- ODE monitor solvency
- Supports Public Transparency
- Twice per year
 - **November**
 - **May**



Factors that influence forecast

- State Biennium Budget (*3 in 5 year cycle*)
- State Foundation Formula (*frozen at FY19*)*
- Relative District Wealth (*frozen 47.9%*)
- Cap limits revenue growth (*replace by enrollment growth supplement \$1M*)
- Pass-through funding (*\$81.2M*)
- Inflation rates – 3-5% (*typically*)
- *Pandemic Closure*

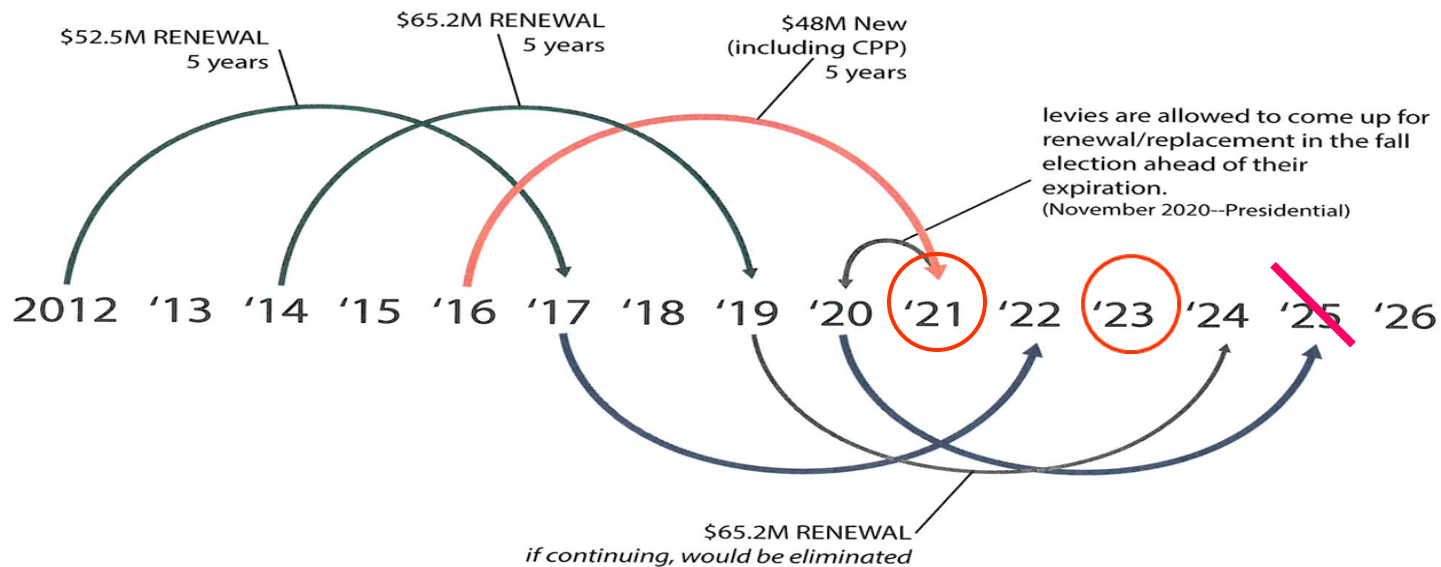
Two new items to note:

- **Student Wellness Fund (467) *NEW***
 - *Changes the historical trend*
 - *Expenditures will return to the General Fund*
 - *Subject to cuts due to COVID19 economics*
- **CARES ACT (507) *NEW***
 - *Change the historical trend*
 - *Some expenditures will return to the General Fund*
 - *Intended to assist with pandemic pressures*
 - *May 13, 2020 – September 30, 2022*

Levy Cycle

Cincinnati Public Schools Levies

Now 10 years



\$48,000,000
(\$33M Operations, \$15M Preschool Expansion)
Current Millage 7.63, Enacted 2016

Election Date	Effective Tax Year	Levy Year	Collection
Nov 2016 New	2016	1	Jan 1 – Dec 31, 2017
	2017	2	Jan 1 – Dec 31, 2018
	2018	3	Jan 1 – Dec 31, 2019
	2019	4	Jan 1 – Dec 31, 2020
	2020	5	Jan 1 – Dec 31, 2021 (FY22)
Nov 2020 1st Renewal	2021	1	Jan 1 – Dec 31, 2022

\$ 51,500,000
Current Millage 8.18, Enacted 2008

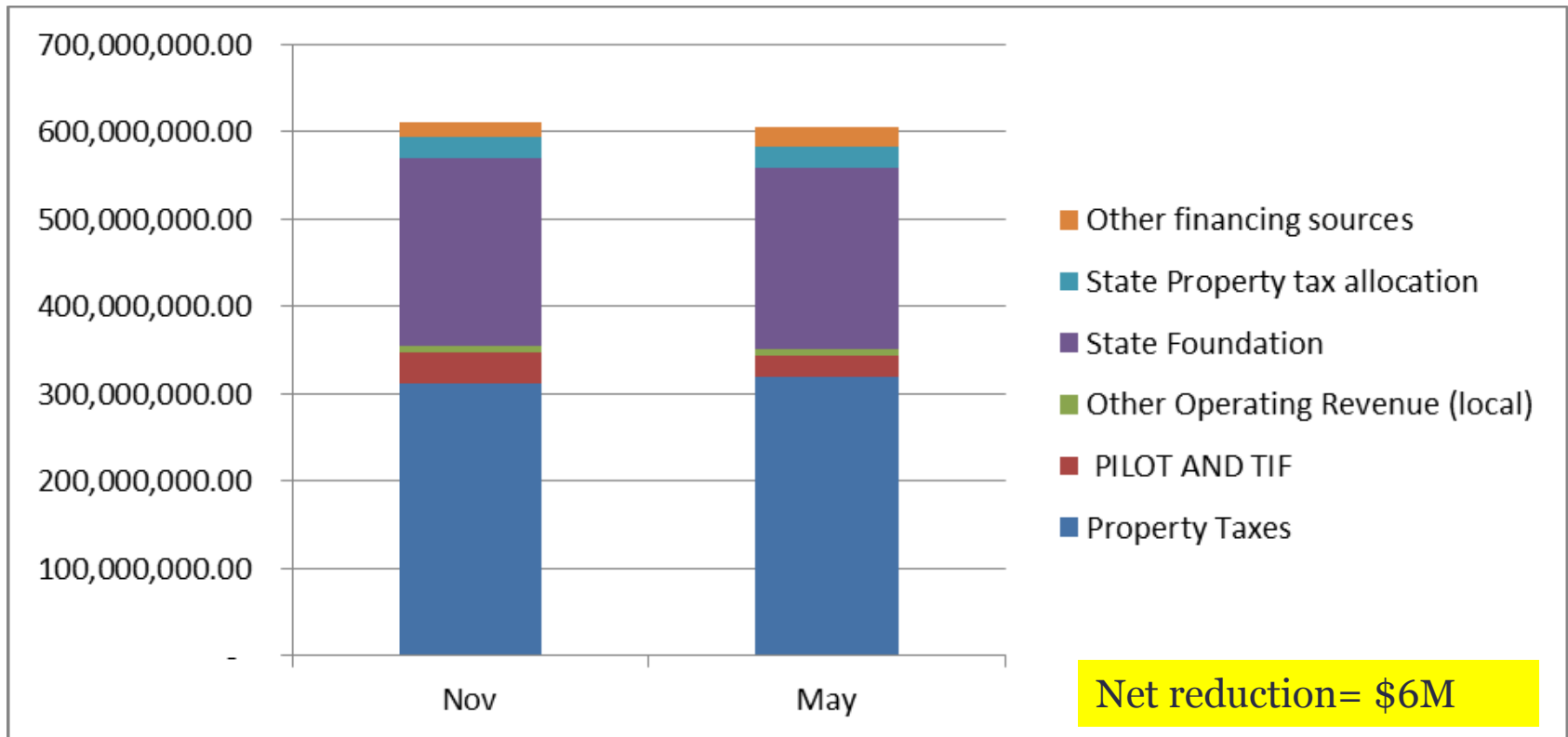
Election Date	Effective Tax Year	Levy Year	Collection Period
Nov 2017 2 nd Renewal	2018	1	Jan 1 – Dec 31, 2019
	2019	2	Jan 1 – Dec 31, 2020
	2020	3	Jan 1 – Dec 31, 2021
	2021	4	Jan 1 – Dec 31, 2022
	2022	5	Jan 1 – Dec 31, 2023 (FY24)
Nov 2022 3 rd Renewal	2023	1	Jan 1 – Dec 31, 2023

Bottom Line....

maintain positive cash until FY23

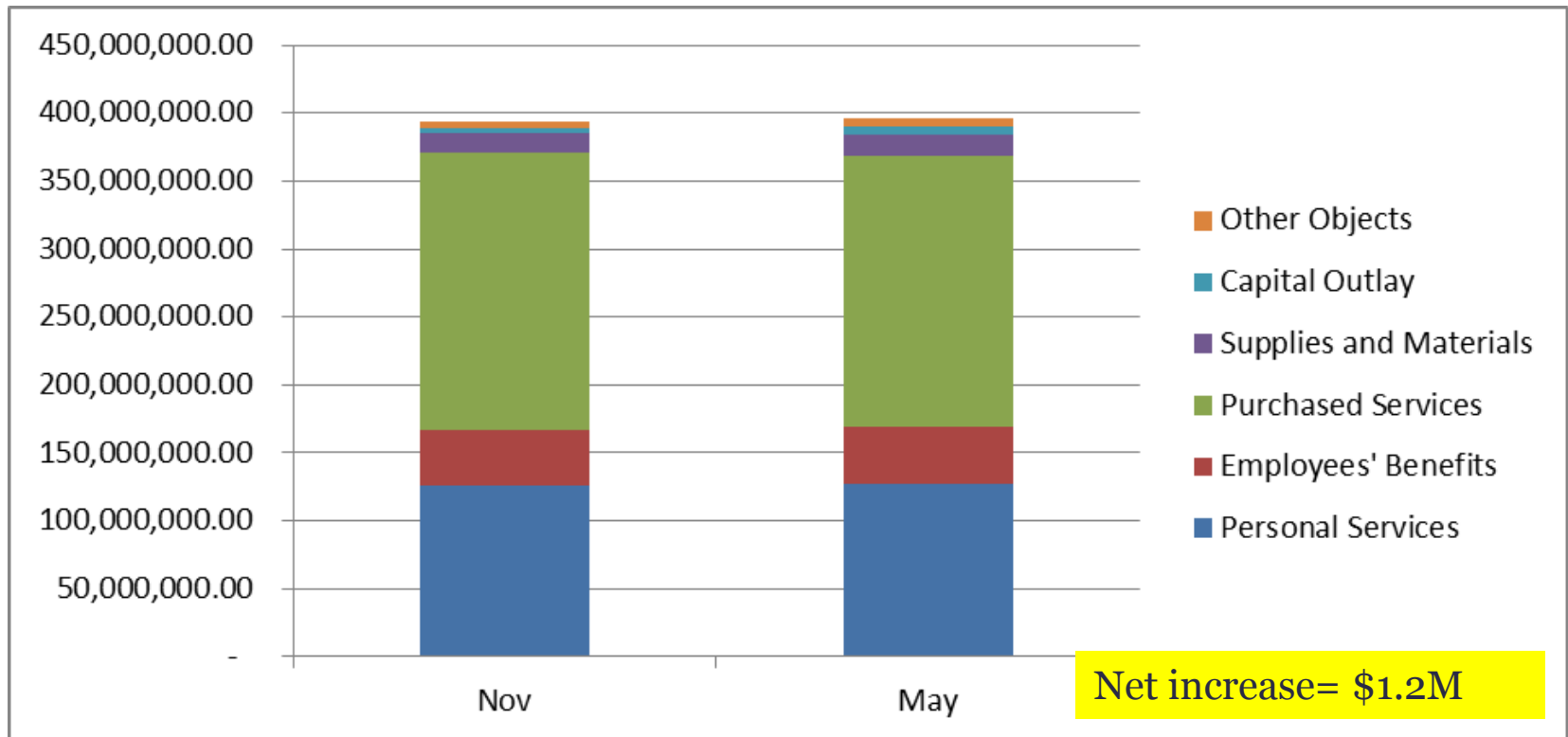
- State Funding reduced FY20, FY21
- Property Tax Revenues reduced, FY21
- Expenses Flat with few exceptions:
 - Salaries only grow by Step Increases, no new FTEs
 - Transportation returns to normal cost plus Healthy start times
 - New Math Textbook adoption
 - New devices to support remote learning
 - COPS estimate to fund enrollment growth
 - Includes CARES act reduction of expenses FY21

Current Year (FY20) - Revenues



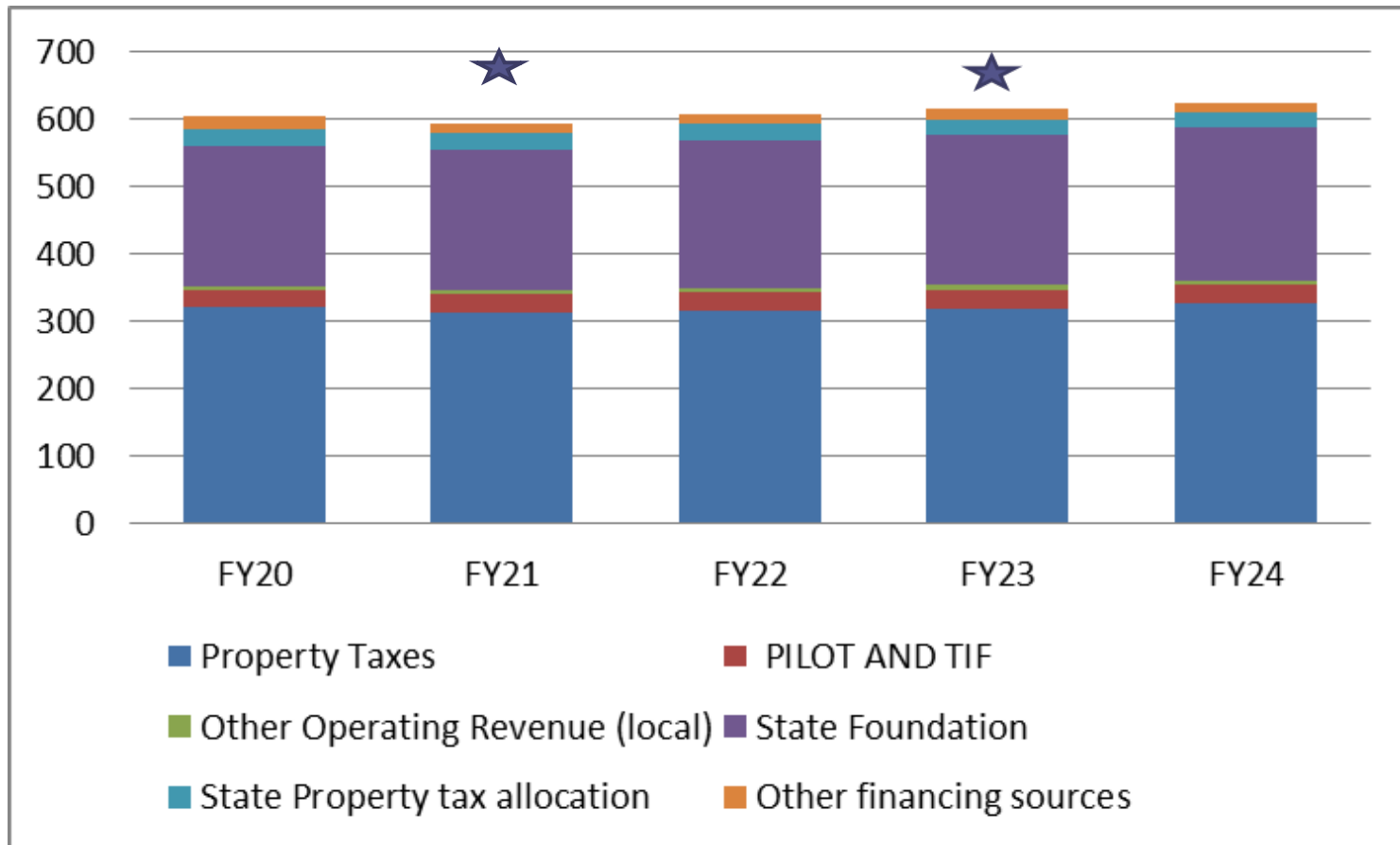
Major changes: Property Tax Incr \$7.5M; State Funding decr \$ 7.4M, CRA Pilot forecast correction decr \$10M

Current Year (FY20) - Expenditures



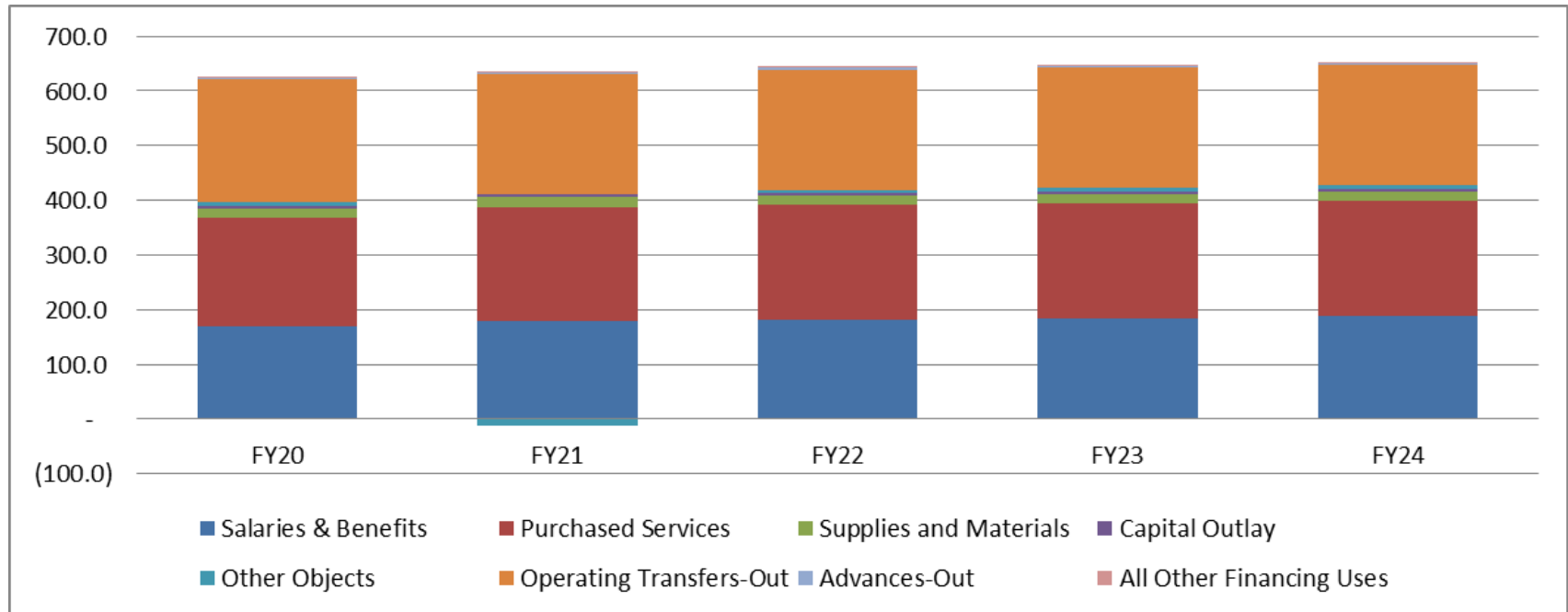
Major changes: Personal services incr \$2.5M; Purch services decr \$ 5M, Supplies Incr 1.4M, Capital Outlay Incr \$2.4M

Forecasted Revenues *(Includes 2 renewal levies)*



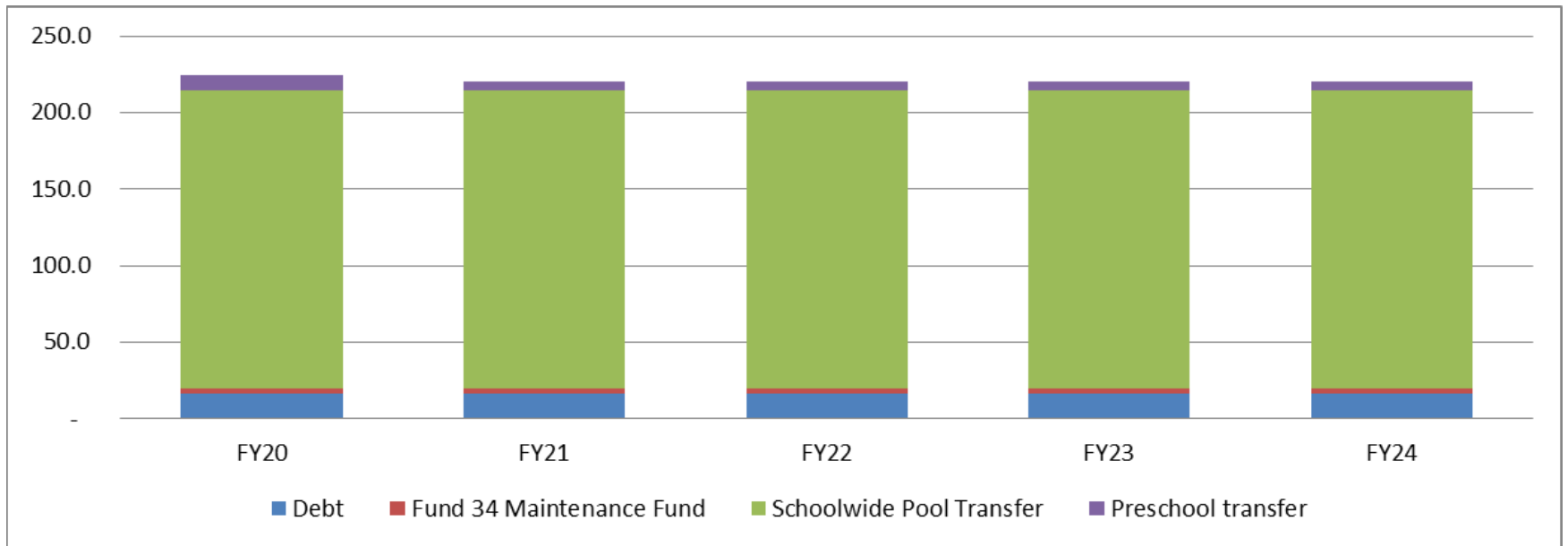
Assumes State cuts in FY20, FY21 and removal of cap in FY22 [new biennium budget], Property taxes reduced in FY21, FY22 return to normal collections in FY23.

Forecasted Expenditures

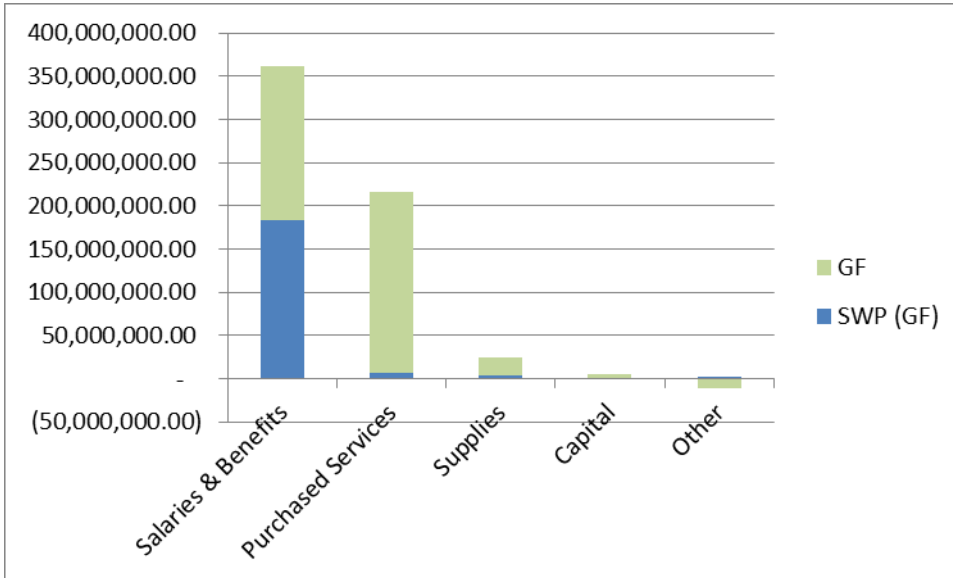


*Notes: Salaries includes step increases only, other cost items are held flat
 FY21 includes a CARES act adjustment -18M.*

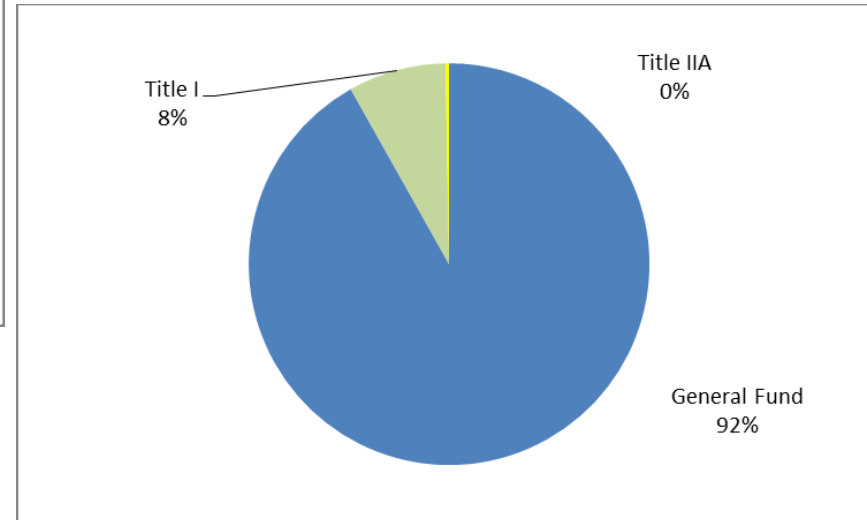
Transfers (more detail)



Schoolwide Pool Transfer FY21



	SWP (GF)	GF	Combined
Salaries & Benefits	183,666,869.25	177,749,180.00	361,416,049.25
Purchased Services	6,155,838.64	209,462,589.00	215,618,427.64
Supplies	4,055,701.54	19,786,989.00	23,842,690.54
Capital	260,694.41	4,241,037.00	4,501,731.41
Other	668,682.27	(11,936,519.00)	(11,267,836.73)
Total	194,807,786.10	399,303,276.00	594,111,062.10



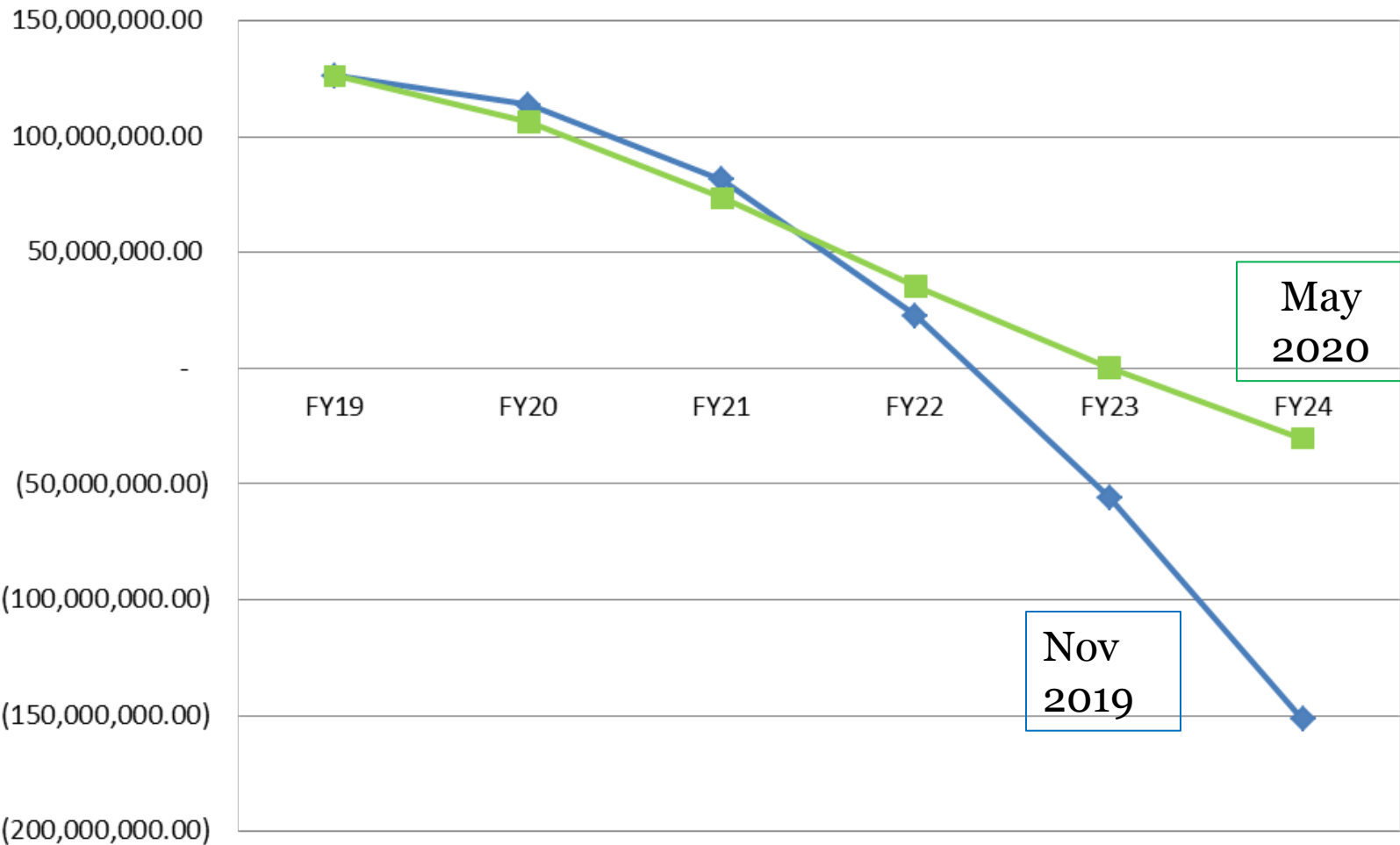
May 2020 Forecast Summary

	FY20	FY21 ★	FY22	FY23 ★	FY24
Cash Balance, July 1	126,292,257.00	106,568,430.00	73,548,226.00	35,227,093.00	259,920.00
Total Revenues	604,195,367.00	591,736,858.00	605,896,384.00	613,639,238.00	622,349,867.00
Total Expenditures	(623,919,194.00)	(624,757,062.00)	(644,217,517.00)	(648,606,411.00)	(652,915,930.00)
Cash Balance, June 30	106,568,430.00	73,548,226.00	35,227,093.00	259,920.00	(30,306,143.00)

Notes: Adopted General Fund Budget FY20 = \$657M

★ Indicates renewal levy year

Forecasted Cash Balance *(before encumbrances)*



Forecast influences the budget

- Typically the November sets the budget target for the following fiscal year budget
- Due to the pandemic and recent funding cuts
 - May forecast sets the budget target for the general fund = \$625M
 - Compared to FY20 Adopted Budget - \$657M
 - Additional strategic plan scope for FY21 - \$65M
- Current efforts to define “new normal” FY21
 - Budget work session -5/26
 - 90 day appropriations – 6/22
 - Public Engagement – July, August
 - Final Approval – Sept 30



QUESTIONS