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 \((3\text{ in } 5\text{ year cycle})\)
- State Foundation Formula \((\text{frozen at FY19})^*\)
- Relative District Wealth \((\text{frozen } 47.9\%)\)
- Cap limits revenue growth \((\text{replace by enrollment growth supplement }$1M)\)
- Pass-through funding \($81.2M)\)
- Inflation rates – 3-5\% \((\text{typically})\)
- 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 COVID-19 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

$52.5M RENEWAL
5 years

$65.2M RENEWAL
5 years

$48M New
(including CPP)
5 years

levies are allowed to come up for renewal/replacement in the fall election ahead of their expiration.
(November 2020—Presidential)

2012 '13 '14 '15 '16 '17 '18 '19 '20 '21 '22 '23 '24 '25 '26

$65.2M RENEWAL
if continuing, would be eliminated

prepared by Jens Sutmoller
01/25/2019
$48,000,000
($33M Operations, $15M Preschool Expansion)
Current Millage 7.63, Enacted 2016

<table>
<thead>
<tr>
<th>Election Date</th>
<th>Effective Tax Year</th>
<th>Levy Year</th>
<th>Collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 2016 New</td>
<td>2016</td>
<td>1</td>
<td>Jan 1 – Dec 31, 2017</td>
</tr>
<tr>
<td></td>
<td>2017</td>
<td>2</td>
<td>Jan 1 – Dec 31, 2018</td>
</tr>
<tr>
<td></td>
<td>2018</td>
<td>3</td>
<td>Jan 1 – Dec 31, 2019</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>4</td>
<td>Jan 1 – Dec 31, 2020</td>
</tr>
<tr>
<td></td>
<td>2020</td>
<td>5</td>
<td>Jan 1 – Dec 31, 2021 (FY22)</td>
</tr>
<tr>
<td>Nov 2020 1st Renewal</td>
<td>2021</td>
<td>1</td>
<td>Jan 1 – Dec 31, 2022</td>
</tr>
</tbody>
</table>
$ 51,500,000
Current Millage 8.18, Enacted 2008

<table>
<thead>
<tr>
<th>Election Date</th>
<th>Effective Tax Year</th>
<th>Levy Year</th>
<th>Collection Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 2017 2nd Renewal</td>
<td>2018</td>
<td>1</td>
<td>Jan 1 – Dec 31, 2019</td>
</tr>
<tr>
<td></td>
<td>2019</td>
<td>2</td>
<td>Jan 1 – Dec 31, 2020</td>
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<td></td>
<td>2021</td>
<td>4</td>
<td>Jan 1 – Dec 31, 2022</td>
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<tr>
<td></td>
<td>2022</td>
<td>5</td>
<td>Jan 1 – Dec 31, 2023 (FY24)</td>
</tr>
<tr>
<td>Nov 2022 3rd Renewal</td>
<td>2023</td>
<td>1</td>
<td>Jan 1 – Dec 31, 2023</td>
</tr>
</tbody>
</table>
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

Net reduction= $6M
**Current Year (FY20) - Expenditures**

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

Net increase= $1.2M
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

<table>
<thead>
<tr>
<th>Category</th>
<th>SWP (GF)</th>
<th>GF</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries &amp; Benefits</td>
<td>183,666,869.25</td>
<td>177,749,180.00</td>
<td>361,416,049.25</td>
</tr>
<tr>
<td>Purchased Services</td>
<td>6,155,838.64</td>
<td>209,462,589.00</td>
<td>215,618,427.64</td>
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<tr>
<td>Supplies</td>
<td>4,055,701.54</td>
<td>19,786,989.00</td>
<td>23,842,690.54</td>
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<tr>
<td>Capital</td>
<td>260,694.41</td>
<td>4,241,037.00</td>
<td>4,501,731.41</td>
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<tr>
<td>Other</td>
<td>668,682.27</td>
<td>(11,936,519.00)</td>
<td>(11,267,836.73)</td>
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<tr>
<td>Total</td>
<td>194,807,786.10</td>
<td>399,303,276.00</td>
<td>594,111,062.10</td>
</tr>
</tbody>
</table>
# May 2020 Forecast Summary

<table>
<thead>
<tr>
<th>FY20</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Balance, July 1</strong></td>
<td>126,292,257.00</td>
<td>106,568,430.00</td>
<td>73,548,226.00</td>
<td>35,227,093.00</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>604,195,367.00</td>
<td>591,736,858.00</td>
<td>605,896,384.00</td>
<td>613,639,238.00</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>(623,919,194.00)</td>
<td>(624,757,062.00)</td>
<td>(644,217,517.00)</td>
<td>(648,606,411.00)</td>
</tr>
<tr>
<td><strong>Cash Balance, June 30</strong></td>
<td>106,568,430.00</td>
<td>73,548,226.00</td>
<td>35,227,093.00</td>
<td>259,920.00</td>
</tr>
</tbody>
</table>

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