



**December 2**

**2020**

## **REPORT OF THE BUDGET, FINANCE and GROWTH COMMITTEE**

The Budget, Finance and Growth Committee met on Thursday, November 19, 2020, at 1:30 PM via the Blue Jeans Video Conferencing Tool.

The public viewed the meeting via Video Conference.

### **ATTENDEES**

#### Finance Committee Members

Chairperson Eve Bolton, Melanie Bates, Ben Lindy

#### Administrators

Laura Mitchell, Superintendent; Jennifer Wagner, Treasurer/CFO; Kevin Ashley, Director of Finance Reporting; Loren Johnson, Director of Transportation; Lauren Roberts, Director of Internal Audits

#### CPS Government Liaisons

Eric Kearney, CEO, Kearney and Kearney

George Glover, Co-Managing Director, Focused  
Capital Solutions

### **Governmental Liaison Report on Particular and Immediate Legislative Topics**

Mr. Kearney began his update with a recap of the November 3, 2020 election.

He also reported that Robert R. Cupp will remain the speaker for the House of Representatives and that former CPS School Board member Bill Seitz will be the House Majority Leader. Senator Matt Huffman will also serve as the new Senate President.

Mr. Kearney reported that Paul LaRue's appointment to the State Board of Education passed the Senate Education Committee.

He also informed the Committee that the House Session will meet on November 19, 2020, and the Senate Session will be conducted on December 2, 2020.

Mr. Kearney informed the Committee about the following Senate Bills.

- CPS, Loren Michael Johnson, Director of Transportation, Provide Testimony  
**S.B. 350 (Brenner)** To prohibit school districts from providing vouchers for public transportation to students enrolled in grades kindergarten through eight for the 2020-2021 school year. Education Committee. 4th Hearing on November 17, 2020. CPS testimony is found in the link above. Opposed by OSBA, BASA, and OASBO testimony.
- Sub. S.B. 89 (Huffman) To amend sections 3302.03, 3313.14, 3313.482, 3313.618, 3313.903, 3317.023, 3319.226, 3326.032, 3333.162, 3333.94, 3365.01, 3365.02, 5709.62, 5709.63, 5709.632,

5709.82, and 5709.83, to enact sections 3301.0730, 3317.037, and 3319.2211, and to repeal section 3313.6113 of the Revised Code with regard to career-technical education and the compensation of joint vocational school districts located in enterprise zones, and to make changes regarding STEM school report cards. Passed Senate (31-0) 10/23/19. Passed House on 2/5/20. House insists on amendments and asks for conference committee on February 12, 2020.

Various Amendments were added including:

- \* the value-added progress dimension shall not apply to career-technical course or joint vocational school;
  - \* fiscal officers not liable for acting with reasonable care; permits a career center to receive a STEM or STEAM school equivalent designation;
  - \* moves back one year, the DOE's study of economically disadvantaged students;
  - \* changes Ed Choice program to Buckeye Opportunity Scholarship program;
  - \* specifies that base family income to be eligible for the scholarship is 250% of the federal poverty guidelines; and
  - \* establishes the State Education Assessments Study Committee comprised of 5 Representatives and 5 Senators which must submit a report on October 1, 2020.
- H.B. 305 (Cupp & Patterson) To create a new school financing system, and to make an appropriation. Referred to House Finance Committee on June 30, 2019.

Mr. Kearney reported that he feels something may happen on this issue at the end of year 2020. He and Mr. Glover are monitoring the Bill on the Democratic and Republican sides. Mr. Kearney stated that this Bill is the number one issue for school districts in the State of Ohio.

A copy of the full monthly legislative report is available upon request and in the Board Office.

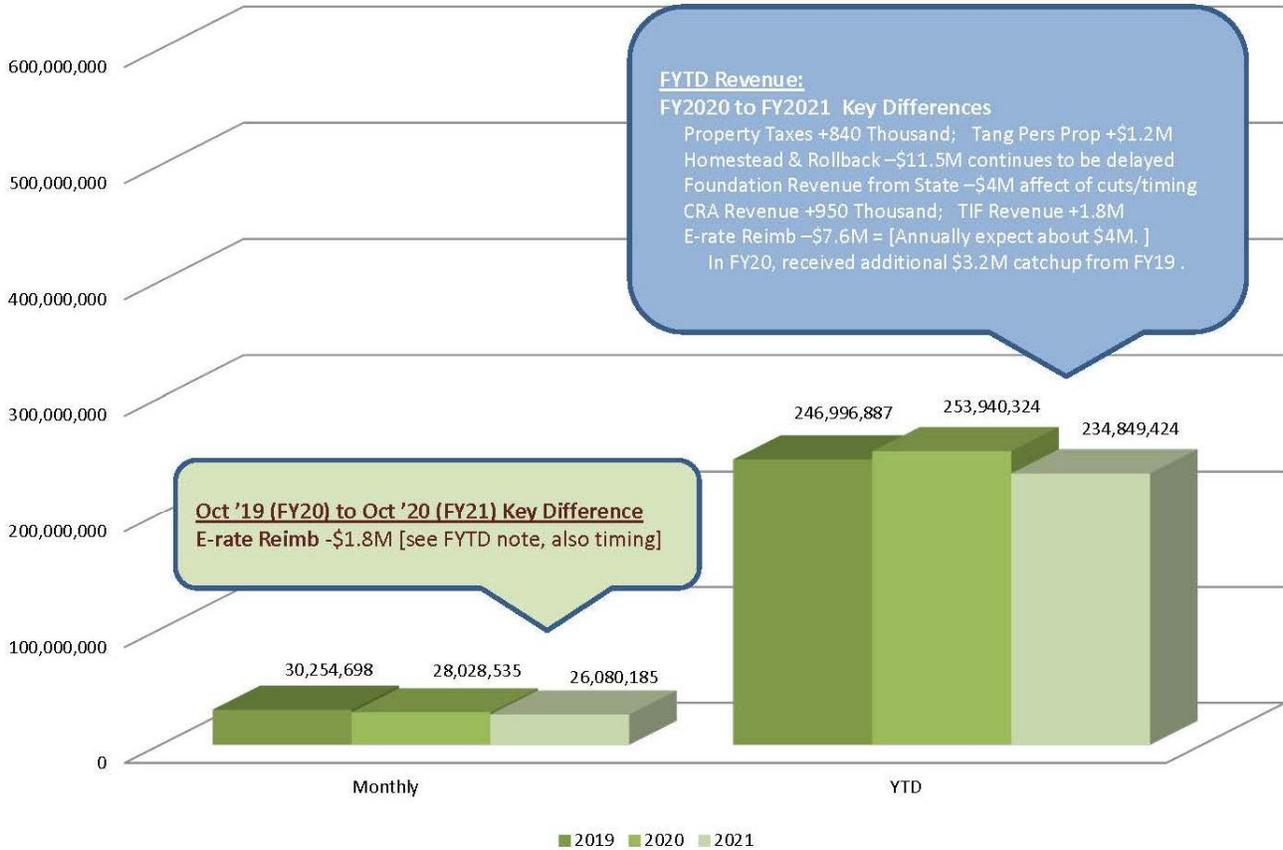
Treasurer Wagner inquired if Senator Huffman has provided any information about an Alternative Funding Formula. Mr. Kearney advised that he has not received any information.

A copy of the full report is available in the Board office and upon request.

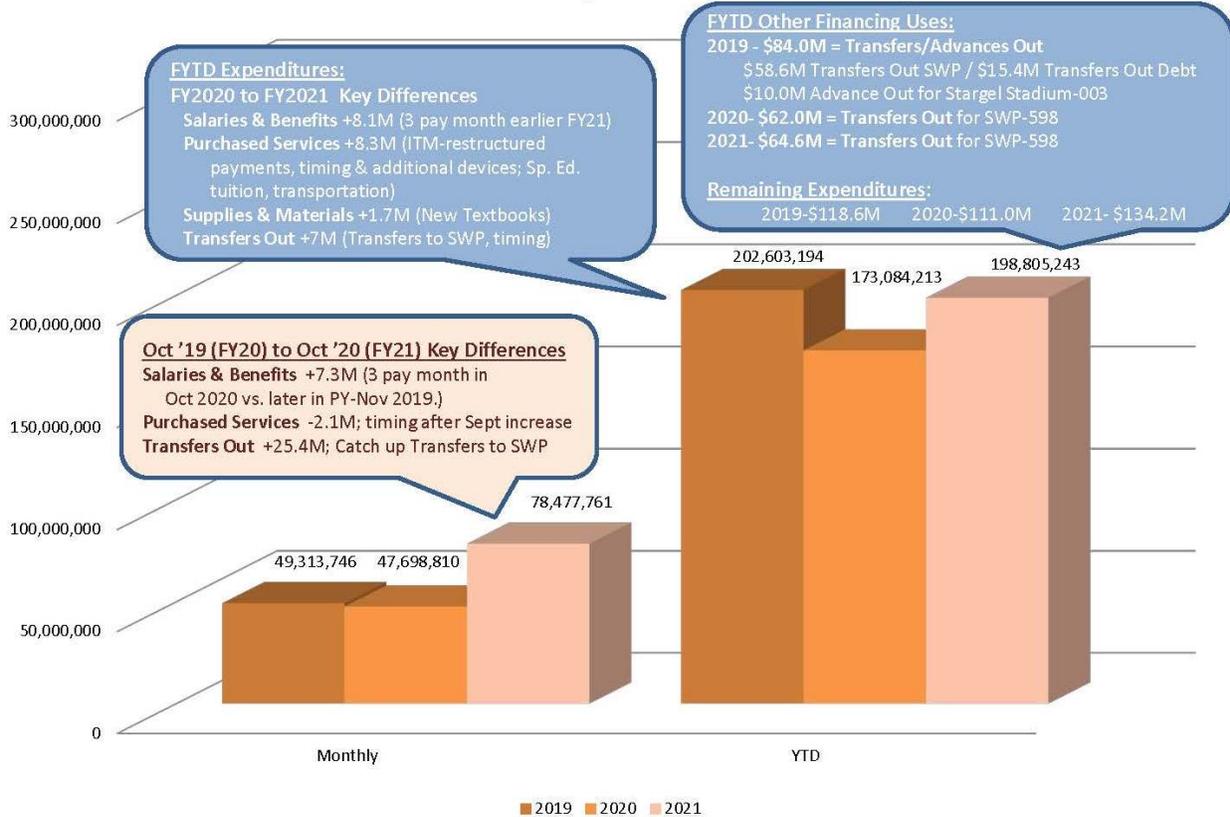
### **Treasurer Financial Update**

Kevin Ashley, Director of Financial Reporting, updated the Committee on the following financials.

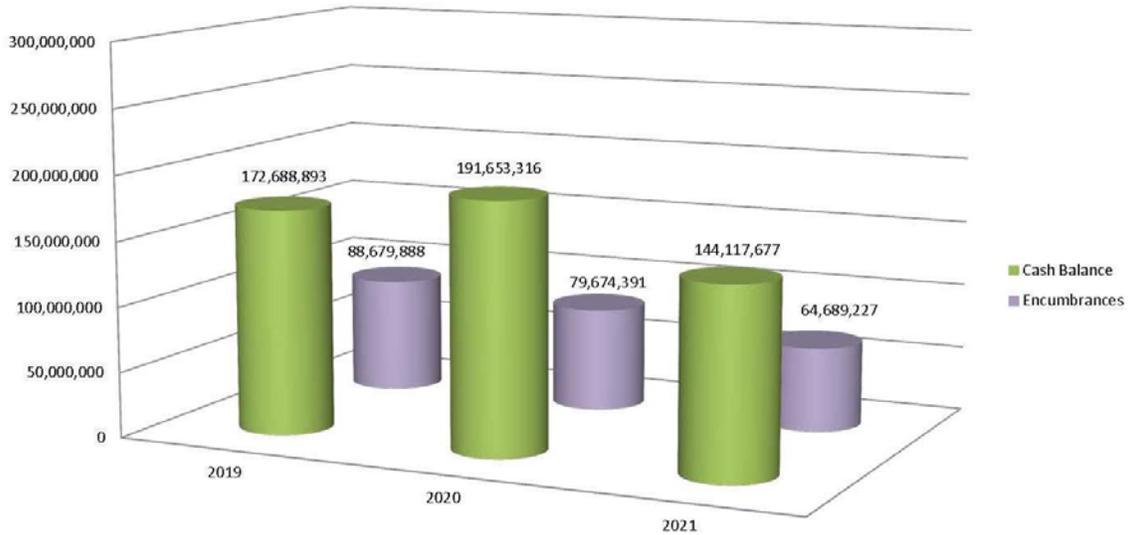
## CPS General Fund: Revenues - October 31, 2020



## CPS General Fund: Expenditures - October 31, 2020



### CPS General Fund - Cash & Encumbrances - October 31, 2020



Cash Balance decrease results from decreased Cash Balance at 7/1/20 vs. 7/1/19, and:  
**Decreased FYTD Revenues** for delayed Homestead & Rollback and less E-rate Reimbursement for FY21, and  
**Increased FYTD Expenditures** for Payroll timing, Purchases Services and Transfers Out to SWP.

## State & Federal Grants October 2020 (FY21)

	State	Federal	Combined FY21 Oct 2020	PRIOR FY20 Oct 2019
Beg Cash, July 1	\$11,162,779	\$14,424,711	\$25,587,490	\$7,425,983
FYTD Receipts	8,682,860	8,979,655	17,662,515	16,614,597
FYTD Expenditures	5,205,801	18,951,474	24,157,275	19,986,900
Current Encumbrances	5,438,978	8,311,327	13,750,305	6,298,112
Current Ending Cash	\$9,200,860	(\$3,858,435)	\$5,342,425	(\$2,244,432)

Note: FY21 Beginning Balance includes additional funds related to CARES Act funds allocated to Fund 507; increased Title I Funds (Federal) and Student Wellness & Success Funds (State) received later in the Prior Year. FY21 Receipts related to Reimbursements are currently delayed. FY21 Expenditures and Encumbrances are higher, due in part, to Student Wellness & Success Funds.

Mr. Ashley updated the Committee on the following 2018 Certificates of Participation (COPS). COPS is a debt issuance that works like a lease. Mr. Ashley reported that the COPS are used to fund various building improvement projects. The District makes lease or debt payments.

He reported that since August 2020, \$300,000 of what was encumbered has now been expended.

2018 Certificates of Participation (COPS) Debt Issuance  
Spend Down of Proceeds - Status

Spend Down Deadline = 09/27/21

As of October 31, 2020			Through Oct 31, 2020	As of Oct 31, 2020			
Fund-SCC	Building Improvement Project	Object Description	Total Project Budget	All Years Total Expenditures	Current Outstanding Encumbrances	Total Expenditures Plus O/S Enc	Unencumbered/ Remaining Balance
003-1321C	Mercy	Other Prof Tech Services	\$352,449.78	\$349,984.28	\$0.00	\$349,984.28	\$2,465.50
		Buildings	10,955,432.49	10,832,291.77	123,886.34	10,956,178.11	(745.62)
		Equipment	1,156,154.65	1,156,154.65	0.00	1,156,154.65	0.00
			12,464,036.92	12,338,430.70	123,886.34	12,462,317.04	1,719.88
003-1322C	CANS	Other Prof Tech Services	172,578.49	158,812.07	12,022.88	170,834.95	1,743.54
		Buildings	4,504,631.68	4,457,693.59	42,574.93	4,500,268.52	4,363.16
		Improvements (Non Bldg)	108,687.47	96,404.10	0.00	96,404.10	12,283.37
		Equipment	32,258.36	32,258.36	0.00	32,258.36	0.00
	4,818,156.00	4,745,168.12	54,597.81	4,799,765.93	18,390.07		
003-1323C	Carthage/LEAP	Other Prof Tech Services	34,250.00	32,971.83	1,278.17	34,250.00	0.00
		Buildings	1,985,750.00	1,158,829.82	826,920.18 *	1,985,750.00	0.00
			2,020,000.00	1,191,801.65	828,198.35	2,020,000.00	0.00
003-1324C	North Fairmount	Other Prof Tech Services	34,250.00	30,060.54	4,189.46	34,250.00	0.00
		Buildings	1,985,750.00	1,985,750.00	0.00 *	1,985,750.00	0.00
			2,020,000.00	2,015,810.54	4,189.46	2,020,000.00	0.00
	<b>Totals</b>		<b>\$21,322,192.92</b>	<b>\$20,291,211.01</b>	<b>\$1,010,871.96</b>	<b>\$21,302,082.97</b>	<b>\$20,109.95</b>

Footnote:

\* - Contracts related to these Improvement projects exceed available COPS Proceed Funds and the remaining contract expenses are encumbered in the General Fund.

**Current Total Usage (Ridership, Resource Holding Costs and Contract Status for Transportation)**

Loren Johnson, Director of Transportation, reported that he has seen decreases in yellow bus service or ridership levels due to Distance learning.

Mr. Johnson reported that vendors are doing attendance counts on the vehicles. This process is a week’s worth of data that is provided on a daily basis and teams of individuals identify if students are riding or not riding the bus. This also includes charter and non-public schools.

He also reported that notifications are sent to parents if a student is noted to not be riding the bus for more than five days. Conversations will take place with the parents about the whereabouts of the child.

He informed the Committee that yellow bus ridership has decreased in the thousands since October and since going to remote based learning. This is also occurring with charter and non-charter schools because of remote learning.

Mr. Johnson is working with Metro on overall services for students. He reported that his audit for charter services identified 2,000 to 3,000 unrestricted Metro cards that were allocated for students. He reported the cards are \$315 per individual. A credit will be given back to the District once the cards are returned back.

Mr. Johnson reported that three yellow bus vendors provide transportation services for the District on a daily basis (First Student and UTS combine accounts for approximately 95 percent of CPS services;

with remaining services provided by Queen City Transportation. Chartered services for nonpublic and community schools are allocated to First Student Inc., Petermann, and Queen City Transportation LLC. UTS is the only vendor that exclusively provides services to CPS schools only.

He also reported that both vendors' rates fluctuate during the week. Fluctuation in cost is due to the day that buses provide service and when the buses are in full service. It also varies based on how schools are shutting down, which changes cost projections.

Mr. Johnson informed the group that transportation contracts are now in their fifth and final year, and that he will be working with Superintendent Mitchell, Mr. Hoying, and Ms. Trimble-Oliver about how to proceed with the contracts for the upcoming year.

Ms. Bolton informed the group that the Finance Committee will be reviewing contracts in December 2020. Traditionally on an annual basis, the Finance Committee reviews those vendor contracts that are \$200,000 or more; however this year the contracts reviewed will be for a lesser amount.

Mr. Johnson informed the Committee that transportation costs for UTS since the opening of school in August, are over \$1 million. UTS services all CPS schools.

He reported that costs for First Student are close to \$1.7 million, since August. They also provide transportation for the satellite locations.

The total approximate usage cost to the District is \$2.5 million for the months of August, September, and October 2020.

**ACTION:** Mr. Johnson, at the December 17 Finance Committee meeting, will update the group about how much it costs the District to hold the resources available to CPS whether or not those services are needed for in person or not. The report will include the specific daily costs for the first and second semesters, as well as disaggregating the data until the public knows how much the District is paying for charter, non-public, and CPS schools transportation.

**ACTION:** Mr. Johnson will inform the Committee about how many high school and charter school students have Metro cards.

Mr. Johnson reported that he works with Metro to give students special passes to use outside of school for special purposes like getting to work, a need to leave school early, taking tests and other special circumstances.

Ms. Bolton informed the group that the Board and CPS partners may be requesting transportation to help students maintain vision and dental services. This will occur in year 2021.

### **Preview and Discussion Regarding the Five-Year Forecast with Special Focus on the Financial Impact of COVID 19 and The Reconsideration of the CPS Strategic Plan's Third Year**

Treasurer Wagner's presentation states that the purpose of the Five-Year Forecast is to:

- Monitor and report school district solvency – Focus on the General Operating Fund
- Supports Financial Transparency
- Tool to plan for future financial decision making
- The Format of Forecast is standardized and required by the Ohio Department of Education
  - Three years of actual data, current year (budget) and four years of forecasted data

- Filed twice a year
  - November
  - May

Ms. Wagner reported during her update on Revenues, Expenditures and Cash, that the new budget cycle will be used as a scope to help determine the impact on how things for the Strategic Plan would impact the budget.

A copy of the full report is available upon request and in the Board office.

**THE FOLLOWING PORTION OF THE COMMITTEE MEETING  
IS FOR INFORMATION ONLY DUE TO THE LACK OF A QUORUM**

**Established Cuts, Pauses, Repurposes and Revenue Assumptions for the Current FY2021 Budget**

Treasurer Wagner updated the Committee on the following variables contained in her report.

- FY2021 Budget Rebuild Timeline (Post COVID) June – November
- The Budget Story (1) CPS FY2020 + FY21 Enrollment Growth; Strategic Plan Investments; COVID Expenses; Other
- Efforts to Close the GAP
  - Review Revenue Assumptions (Sep)
  - November Forecast Impact
- General Fund Budget Status
- Cancelations/Deferrals/Reductions
- Employee Position Analysis
- Staffing Dilemma

**Audit Committee Appointments and Regular Business**

Internal Audit Director Lauren Roberts updated the Committee on the reappointments.

The Audit Committee discussed the reappointments at their October 21, 2020, Audit Committee meeting and recommended the following reappointments with the specified terms:

<b>Audit Committee Members</b>	<b>Period of Term</b>
Jennifer Couser	1/1/2021 - 12/31/2023
Christine Fisher	1/1/2021 - 12/31/2023
Carol Mitchell-Lawrence	1/1/2021 - 12/31/2023
Clarice Warner	1/1/2021 - 12/31/2023

Due to the lack of a quorum, the Budget, Finance and Growth Committee will submit the recommended appointments to the Board at the November 23, 2020, Regular Business meeting for review and action.

Chairperson Bolton reported that the Local School Decision Meeting Committee meeting that took place on November 18, 2020, was a very good and constructive meeting.

She also informed the Committee that a budget hearing will take place during the November 19, 2020, Budget, Finance and Growth Committee meeting.

The meeting adjourned at 3:09 pm.

**Finance Committee**

Eve Bolton, Chair  
Melanie Bates  
Ben Lindy

**Staff Liaisons**

Jennifer Wagner, CFO/Treasurer  
Laura Mitchell, Superintendent