

REPORT OF THE FINANCE COMMITTEE

The Finance Committee met on Thursday, August 16, 2018 at 4:00 PM at the Cincinnati Public Schools Education Center in the Board Conference Room.

ATTENDEES

Finance Committee Members

Chairperson Ryan Messer, Melanie Bates

Administrators

Laura Mitchell, Superintendent; Jennifer Wagner, Treasurer; Scott Adams, Chief Operations Officer; Keith Grace, Benefits Manager; Lauren Roberts, Internal Auditor; Laura Sanregret, Preschool Promise Lead Teacher

Kearney and Kearney

Eric Kearney, CEO, President

Cincinnati Federation of Teachers (CFT)

Julie Sellers, President

Community Members/Parents

David Brenner, Marlena Brookfield, Christine Brown, Billy Clark

Governmental Relations Update

Mr. Glover and Mr. Kearney updated the Committee with the following information and projects.

Projects

- Coordinate meetings with Gubernatorial candidates. Both campaigns have committed to a meeting. Date established for education policy meeting with one campaign on August 22, 2018. Superintendent meeting with one campaign set.
- Meeting with OASBO on September 6, 2018.
- Comments on Rules for HB 21. Discussion with Legislative Service Commission and Counsel for the Ohio Department of Education.
- Strategic Planning Session – The Finance Committee will recommend discussion of planning the session at their October 20, 2018 Board Retreat. They will also recommend meeting at the Rawson House.

Items of Note

Sub HB 21

Bill Introduced by Representative Hambley to make changes regarding the verification of community school enrollments, to prescribe an annual public comment period for the community school sponsor evaluation system, to exempt certain chartered nonpublic schools from state testing and graduation requirements, to prescribe a one-year moratorium on the building code requirement for schools to have storm shelters, to eliminate the current Education Management Information System (EMIS) Advisory Board, and to require the Department of Education to establish a new EMIS Advisory Council. This will go into effect September 28, 2018.

Am Sub HB 87

Bill introduced by Representative Roegner to enact section 3314.52 of the Revised Code 1 regarding public moneys returned to the state as a result of a finding for recovery issued pursuant to an audit of the

enrollment records of a community school. Amended Passed House on 6/27 /18 by vote of 70 Y / 23 N, substitute passed Senate on 6/27 /18 by vote of 30 Y / 2 N, House concurred in Senate amendments on 6/27/18.

House Bill 233

Bill introduced by Representative Becker would enact the "Decriminalization Effort For Ending Notorious Deaths (DEFEND)" which would provide an opportunity for a concealed handgun licensee or qualified military member to avoid charges for carrying a deadly weapon into a prohibited place if the person leaves upon request, and to penalize failure to leave upon request or returning with a firearm. It is in the Government Oversight and Reform Committee in the Senate after passing the House.

House Bill 318

This bill, introduced by Representatives Patterson and LaTourette, defines the qualifications and duties of school resource officers. It was passed the Ohio House on April 11, 2018 by a 92-2 vote. It is currently in the Senate. Passed both House and Senate, effective 11/2/18 with the appropriations effect 8/2/18.

House Bill 512

This Bill introduced by Representative Reineke would establish the Department of Learning and Achievement; to abolish the Department of Higher Education, the position of the Chancellor of Higher Education, and the Ohio Board of Regents; to transfer, with exceptions, the duties regarding the administration of primary and secondary education programs and all duties regarding the administration of higher education programs to the Department of Learning and Achievement; and to prescribe certain duties regarding educator licensure, community school sponsorship, and other education programs for the State Board of Education, Superintendent of Public Instruction, and Department of Education. It is in House Government Accountability and Oversight Committee.

Mr. Glover reported that the Bill passed the House but additional action may not be taken on the Bill.

House Bill 705

Introduced by Representatives Hambley and Ingram (former CPS Board Member), this Bill involves the circumstances in which school district and educational service center treasurers may be held liable for a loss of public funds. It is currently in the House Government Accountability and Oversight Committee.

Mr. Kearney's *Cincinnati Public Schools July 2018 Monthly Report* provides information on various House and Senate bills, as well as bills introduced in both the House and Senate Education Committees.

A copy of this report is available in the Board Office.

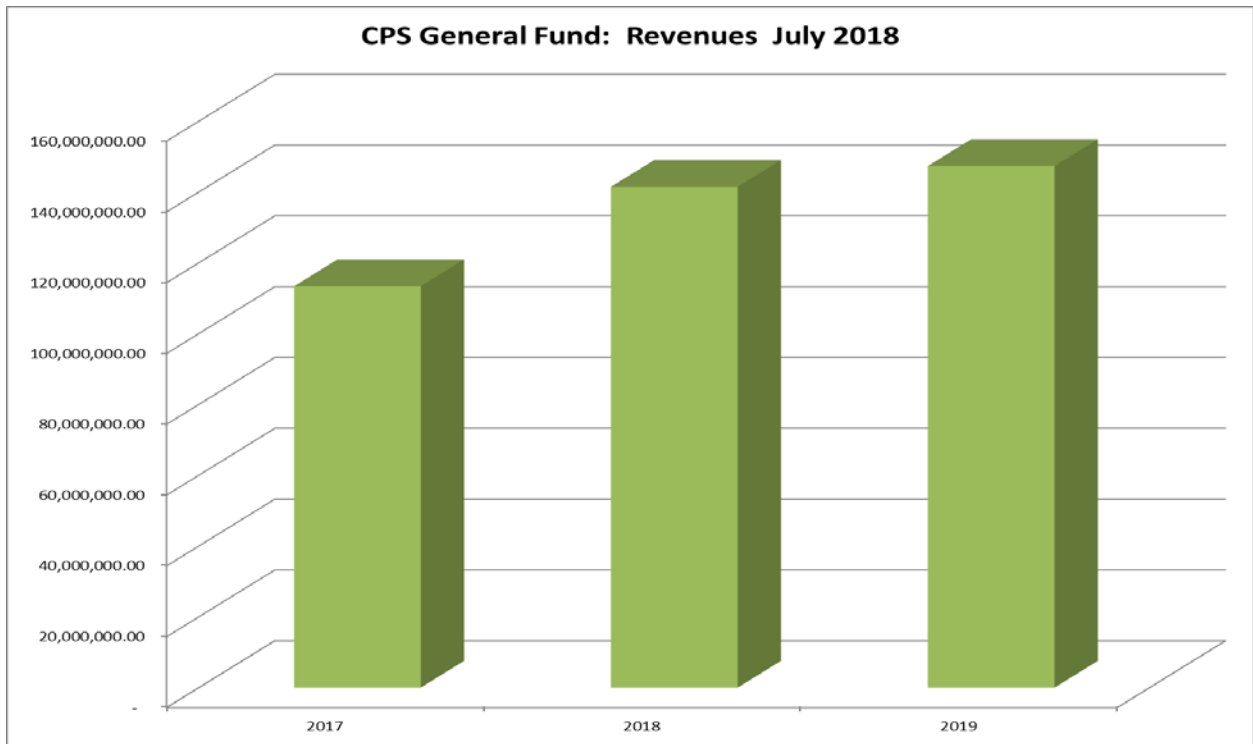
Treasurer Financial Updates

Monthly and Year-to-Date Revenue

Treasurer Wagner updated the Committee on the following: *CPS General Fund: Revenues July 2018*

Revenue is 4.1 percent higher than July 2018

- Property taxes are \$5M higher
- State Revenues are \$750K higher

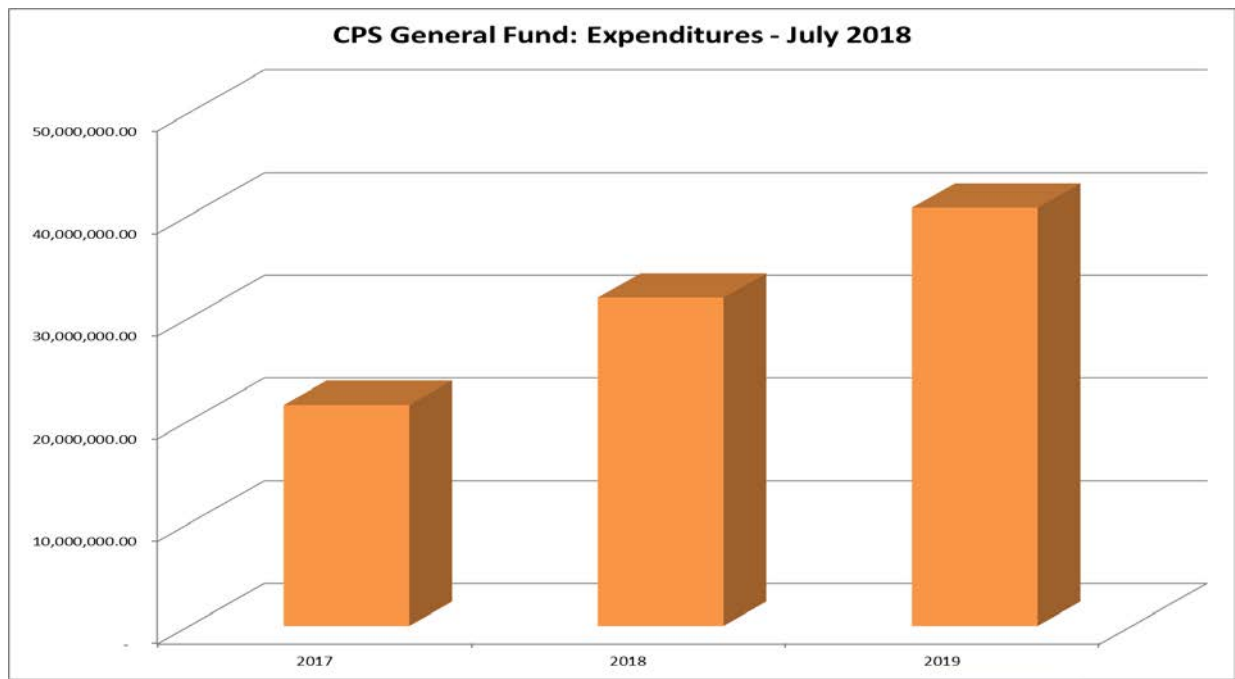


Monthly and Year-to-Date Expenditures

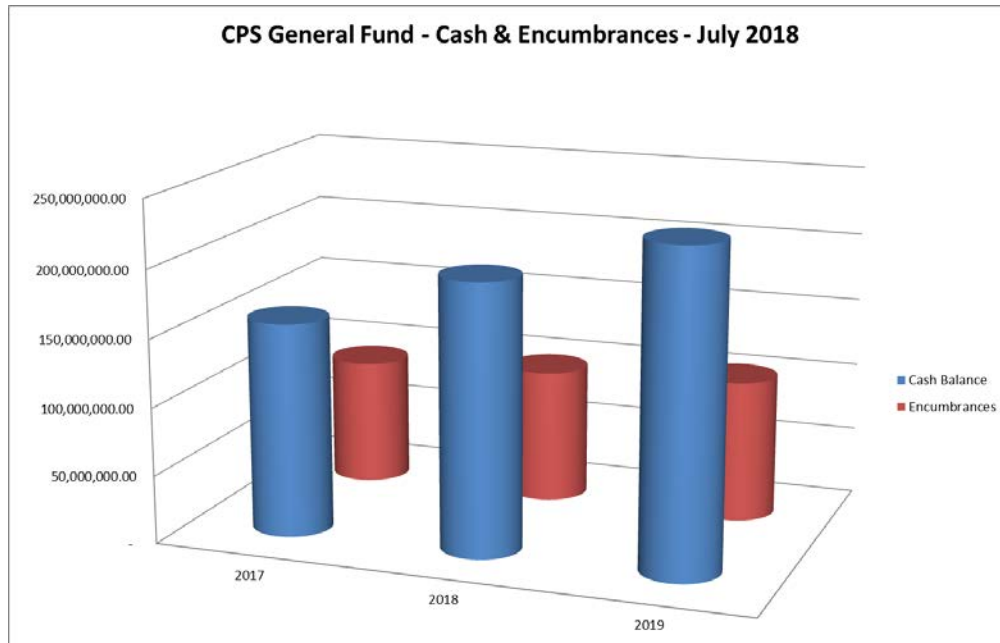
Treasurer Wagner updated the Committee on the following: CPS General Fund: Expenditures July 2018

Expenditures are 27.4 percent higher due to:

- Salaries: COLA increase, increase in staff
- Transportation \$4M than higher than previous July
- Software purchase of \$900K



Treasurer Wagner updated the Committee on the following: CPS General Fund – Cash and Encumbrances – July 2018



State & Federal Grants Summary

	State	Federal	Combined	FY18
Beg. Cash	1,970,570.85	7,778,300.77	9,748,871.62	9,194,086.54
Receipts	45,514.53	524,687.56	570,202.09	274,452.06
Expenditures	661,562.07	4,504,127.02	5,165,689.09	3,941,157.30
Encumbrances	1,104,817.17	3,227,259.55	4,332,076.72	3,625,344.10
Ending Cash	249,706.14	571,601.76	821,307.90	1,902,037.20

Payment In Lieu of Tax Agreements

Agreement	Years of Agreement	Estimated Annual Revenue	Estimated Total Agreement Revenue
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(A.) Oakley Childcare III, LLC. 9-years \$20,039.94 \$180,359.47

Description: improvements made to the real property located at 4502 Marburg Avenue in the Oakley neighborhood of Cincinnati, in connection with the construction of an approximately 20,000 square foot childcare facility - Ordinance #140-2018, Contract #85x2018-313.

Preschool Promise Expansion Report

Mrs. Wagner also discussed with the Committee the following Preschool Promise Expansion report:

Cincinnati Public Schools		
Preschool Expansion - FY2019		
	CPS FY19	Jul-18
Revenues:		
General R/E Property Tax	13,649,553.39	6,406,250.00
Public Utility Personal Property Tax	1,100,847.17	
Homestead Exemption	249,599.45	
Less: Auditor collection fees	(165,000.00)	
Revenues	14,835,000.01	6,406,250.00
Expenses:		
Tuition Assistance	4,376,878.00	-
CPS Payments to United Way	8,887,251.00	-
Cost of Quality (Wages) and WDC	108,463.68	-
Special Education Support	654,353.44	32,950.17
Recurring administrative:	200,000.00	9,398.25
Expenses	14,226,946.12	42,348.42
Net Income	608,053.89	6,363,901.58

Superintendent Mitchell informed the Committee that Preschool Promise would like to move requirements around poverty to 300 percent. She recommended that the Finance Committee have a discussion about the request.

Hamilton County Tax Incentive Review Council

Mrs. Wagner updated the Committee on the following document that contains agreements that the District has with the townships. She reported that that the townships are in compliance with the agreements. She advised that the District has agreements with Amberley Village, Columbia Township, Green Township and Silverton.

**Tax Increment Review Council (TIRC) Meeting Recap
Hamilton County Development Company (HCDC): Economic Development
7/24/18 @ 9:00 AM**

I. Community Reinvestment Area (CRA) Program

a. Beechmont Motors, Inc. (Columbia Township) – Expires 2020

Exemptions Granted per Agreement

Real Property:	50%	12 years
Tangible Personal Property:	N/A	N/A

Goals & Achieved Progress per Agreement

	Goals	Achieved Progress
Real Property Investment	\$3,150,000	\$4,550,000
Personal Property Investment	\$450,000	\$1,825,321
New Jobs:	4	4
Retained Jobs:	50	50
Total Jobs:	54	54
Estimated New Payroll:	\$140,000	\$218,014

II. Enterprise Zone (EZ) Program

a. Novelart Manufacturing, Co/Topicz (Amberley Village) – Expires 2019

Exemptions Granted per Agreement

Real Property:	75%	6 years
Tangible Personal Property:	N/A	N/A

Goals & Achieved Progress per Agreement

	Goals	Achieved Progress
Real Property Investment	\$2,501,858	\$4,325,893
Personal Property Investment	\$1,085,770	\$1,487,078
New Jobs:	9	17
Retained Jobs:	122 FT, 6 PT	125 FT
Total Jobs:	131 FT, 6 PT	142 FT
Estimated New Payroll:	\$187,500	\$495,675

b. Zwanenberg Food Group USA (Green Township) – Expired 2017 – Final Report

Exemptions Granted per Agreement

Real Property:	60%	9 years
Tangible Personal Property:	60	9

Goals & Achieved Progress per Agreement

	Goals	Achieved Progress
Real Property Investment	\$1,000,000	\$5,017,586
Personal Property Investment	\$3,200,000	\$11,635,396
New Jobs:	52	86 FT, 2 PT
Retained Jobs:	N/A	N/A
Total Jobs:	52	86 FT, 2 PT
Estimated New Payroll:	\$1,945,000	\$3,885,021

III. **Tax Incremental Financing (TIF) Program**

a. Village of Silverton (Silverton) – Expires 2026 - 10 Year Agreement at 75% exemption

- i. Project: Mini-Coop Showroom & BMW Showroom on Stewart Road.
- ii. Investment total: Approximately \$7.9 million
- iii. TIF tax revenues to date: As of 12/31/17, approximately \$56,000.
 1. CY2018 expected collection is \$112,000
- iv. TIF tax expenditures to date: As of 12/31/17, approximately \$555,000.
 1. Stewart Road resurfacing, new crosswalk, intersection recalibration, & debt costs.

All revenue from the above programs is collected through the normal property tax collection process. CPS does not bill for this revenue.

Dental Care Plus (DCP)

Paul McDole, Jr., informed the Committee that the contract for *DCP* expires on December 31, 2018. He also reported that an RFP (Request for Proposal) was done, several submission received, and *DCP* again, was very competitive in their offer. The original renewal offered by Dental Care Plus was -5 percent. After negotiations, DCP reduced the renewal to -10 percent.

The Benefits Committee and Mercer recommend that Cincinnati Public Schools renew with Dental Care Plus for the following reasons:

- Dental Care Plus has a competitive financial offer and provides savings from the current cost structure
- Dental Care Plus offered a three-year rate guarantee
- Renewing with Dental Care Plus means there would be no provider network disruption

ACTION: Human Resources will recommend to the Board approval of renewing DCP’s contract at their August 27, 2018 Regular Business meeting. The contract will be approved through the Treasurer’s Report. The Finance Committee agreed with the recommendation.

ACTION: Committee Chair Messer advised the Administration to do an update on family benefits at the September 20, 2018 Finance Committee meeting.

Mercer Contract

Mr. McDole informed the Committee that the contract for *Mercer* expires at the December 31, 2018. He reported that after conversation with Mercer, they were willing to extend the contract for one year. The

District would then do an RFP (Request for Proposal). Mr. McDole reported that he spoke with Superintendent Mitchell, Treasurer Wagner, and the Benefits Committee about the proposal. They all agreed with the request.

Please find below background information about Mercer.

Background

On behalf of Cincinnati Public Schools (CPS), Mercer developed a comprehensive Request for Proposal (RFP) to obtain proposals for best-in-class dental plans. Mercer requested the following coverage options:

- Fully-insured funding options
- Benefit design matching current plans offered to employees Multi-year guarantee
- Comprehensive network offering

CPS currently partners with Dental Care Plus (DCP) for the fully-insured dental plan.

The Dental RFP was sent to the following vendors:

- DCP
- Superior Dental
- Delta Dental
- MetLife
- Anthem
- Cigna - Cigna declined to provide a proposal

Evaluation Process

Mercer developed the key criteria that would be evaluated for each vendor. The list included the following components:

- Competitive financial offer
- Contractual provisions
- Comprehensive network
- Ease of administration
- Commitment to meeting expectations once set and agreed upon by partner and CPS team

ACTION: The Administration would like to recommend to the Board at their August 27, 2018 Regular Business meeting extending Mercer's contract for an additional year and then doing an RFP. The Finance Committee agreed with recommendation. Contract amount is approx. \$150,000

Financial Policies Review

Treasurer Wagner reviewed the following policies with the Committee and recommended no changes to the policies.

Policies: 6150 Tuition Income, 6151 Insufficient Funds, 6152 Student Fees, Fines and Charges, 6152.01 Waiver of School Fees

The Committee recommended changes to Policy 6210 – Fiscal Planning to include language that the Treasurer will collaborate with the Performance Leadership Team in preparing a long-range, year-by-year plan for the replacement of the facilities and equipment.

ACTION: The Finance Committee will recommend approval of Policy 6210 to the Board at their August 27, 2018 Regular Business meeting.

GASB 75 New Reporting Requirements

Treasurer Wagner updated the Committee on the *Governmental Accounting Standards Board* (GASB) new reporting requirements.

GASB requires employers to include their proportionate share of State Teachers Retirement System (STRS) of Ohio’s net pension liability and annual expense (GASB 68) and net other post-employment benefits liability and annual expense (GASB 75) in their financial statements. This is a statewide change for government agencies.

Prior Meeting Action Items Follow-up

The following agenda items were addressed as follows:

Board Retreat: October 20, 2018

Develop list of legislative topics and schedule brainstorming sessions to discuss and be proactive about issues affecting the District.

September 20, 2018 Finance Committee Meeting – Agenda Items

Cincinnati Preschool Promise End-of-Year Report
Criteria for Granting CRAs

Other Business

Shark Tank

Committee Chair Messer inquired about funding being available to do a “shark tank” that would allow students and teachers to propose an idea that would be used to drive innovative approaches to achieve District goals. The impact would be greater than the investment.

Classroom Instructional Supplies

Mr. Messer inquired about the availability of allocating funds for classroom supplies. Committee Chair Messer talked about the possibility of CPS having a store where teachers could purchase their classroom supplies.

Superintendent Mitchell advised the Treasurer to do an analysis of school budgets to relook at allocation of dollars for supplies and the amount of dollars put aside for copy clicks and instructional supplies.

ACTION: Mrs. Wagner will present her analysis at the September 20, 2018 Finance Committee meeting.

Treasurer Wagner advised the Committee that she will commit to allocating a portion of the fees that Dusty Rhodes will be allocating back to the District for instructional supplies.

Board Assignment

Mrs. Wagner is working on the Board’s assignment regarding funding and academics for athletics by school and gender.

Arts in the District

Mr. Messer inquired about the current investment and partnerships for Arts in the District. Superintendent Mitchell reiterated the robust Arts programs already within the District.

ACTION: Treasurer Wagner and Superintendent Mitchell will do an analysis of which schools have art, music, band, and chorus programs. The goal is to learn about *All* arts programs existing in all schools within the District. The report will include Schedule E and Activities Beyond the Classroom activities.

Xavier University

Committee member Bates informed the Committee that Xavier is contracted with the District to do Engagement. She also reported that Xavier is opening up a charter school and feels that this is a conflict of interest.

ACTION: The Finance Committee advised the Administration to review any contract that Xavier has with the Committee before discussing with the Board. Ms. Bates also recommended to put the engagement contract on hold or cancel until the Board has further discussion.

ACTION: The Finance Committee advised the Administration to review contracts that the YMCA has with the Committee before discussing with the Board. The District contracts for services with the YMCA, which puts them in competition with the District.

ACTION: Committee Chair Messer informed the Committee about a new chapel at Xavier that is funded by Tom Williams. He advised the Superintendent to have a conversation with Father Michael Graham about a possible conflict of interest with District. Superintendent Mitchell will investigate contracting with other universities for Montessori training for teachers.

The meeting adjourned at 5:35 p.m.

Finance Committee

Ryan Messer, Chair
Melanie Bates
Ericka Copeland-Dansby, *absent*

Staff Liaisons

Jennifer Wagner, CFO/Treasurer
Laura Mitchell, Superintendent
Scott Adams, Chief Operating Officer