

Columbus City Schools Five Year Forecast

May Update

May 2, 2017

Office of the Treasurer

Stanley J. Bahorek, Treasurer/CFO

Michael McCammon, Controller

Office of Budget & Financial Management

Scott Gooding, Executive Director

Legal Requirement

- **O.R.C. §5705.391 and O.A.C. 3301-92-04**
- **Adopt prior to October 31 of each fiscal year**
- **Update between April 1 and May 31 of each fiscal year**
- **Update when events take place that will significantly change the forecast**

HOW TO READ A FIVE-YEAR FORECAST

(Source: Ohio Department of Education)

- **“A forecast is somewhat like a painting of the future based upon a snapshot of today.”**
- **“...the further into the future the forecast extends, the more likely it is that the projections will deviate from actual experience.”**

HOW TO READ A FIVE-YEAR FORECAST

(Source: Ohio Department of Education)

- **“A variety of events will ultimately impact the latter years of the forecast, such as state budgets ...”**
- **“...encourages district management teams to examine future years’ projections and identify when challenges will arise.”**

Forecasting Environment

- **Numerous variables which are difficult to predict**
- **Exogenous variables over which CCS has little to no control**
- **Uncertainties of the future contribute to actual experience being different than projected**

Our Forecast is ...

- **Our painting of the future based on our best snapshot of today ... and is subject to change.**

Finance and Appropriations Committee Review

- **Utilized a tool to evaluate different revenue and expenditure scenarios**
 - **Changes in State funding**
 - **Changes in expenditures**
 - **Changes in spending timelines**

Finance and Appropriations Committee Review

- **While FAC settled on a particular combination of revenue and expenditure scenarios for this FYF...**

NO CHANGES TO EXPENDITURES WERE FINALIZED

Finance and Appropriations Committee Review

- **Any final decisions on expenditures and timelines will be up to the Superintendent and this Board**
- **Changes to revenue from the state will be up to the Governor and Legislature**
 - **House version is different**
 - **Final state budget expected in June**

Finance and Appropriations Committee Review

- **Fluctuations in State funding could slow our growth in certain areas but not diminish the impressive gains we have made in academic achievement, streamlined operations or restored accountability.**

Finance and Appropriations Committee Review

- **Levy promises will be kept**, especially the commitments to provide the greatest return on our taxpayers' investments, prepare our students for success, and protect them from danger and harm.

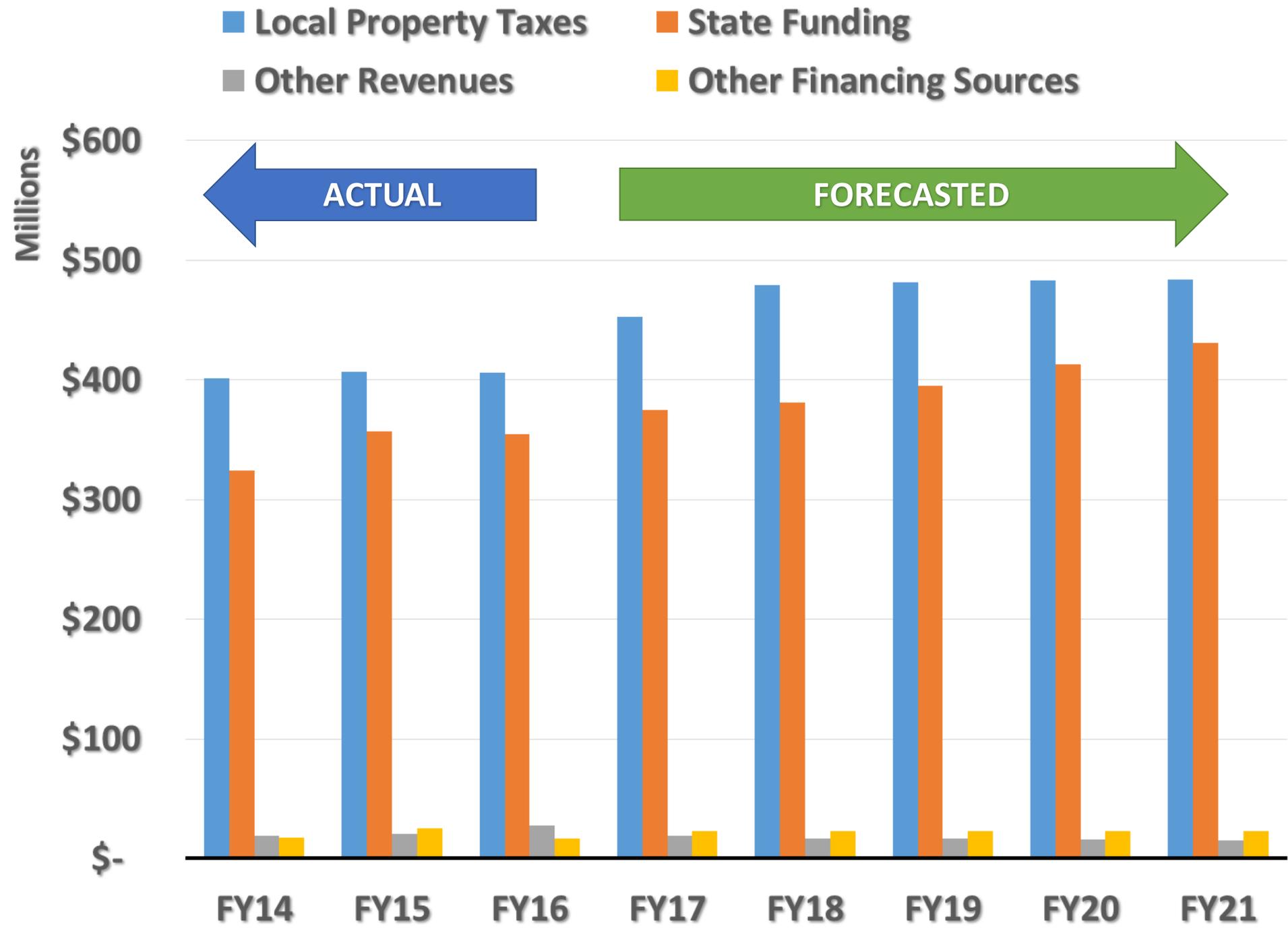
Included in the forecast:

- **Revenues and Expenditures for 8 Fiscal Years**
 - **3 Years Historical (FY14, FY15, FY16)**
 - **5 Years Projected (FY17, FY18, FY19, FY20, FY21)**

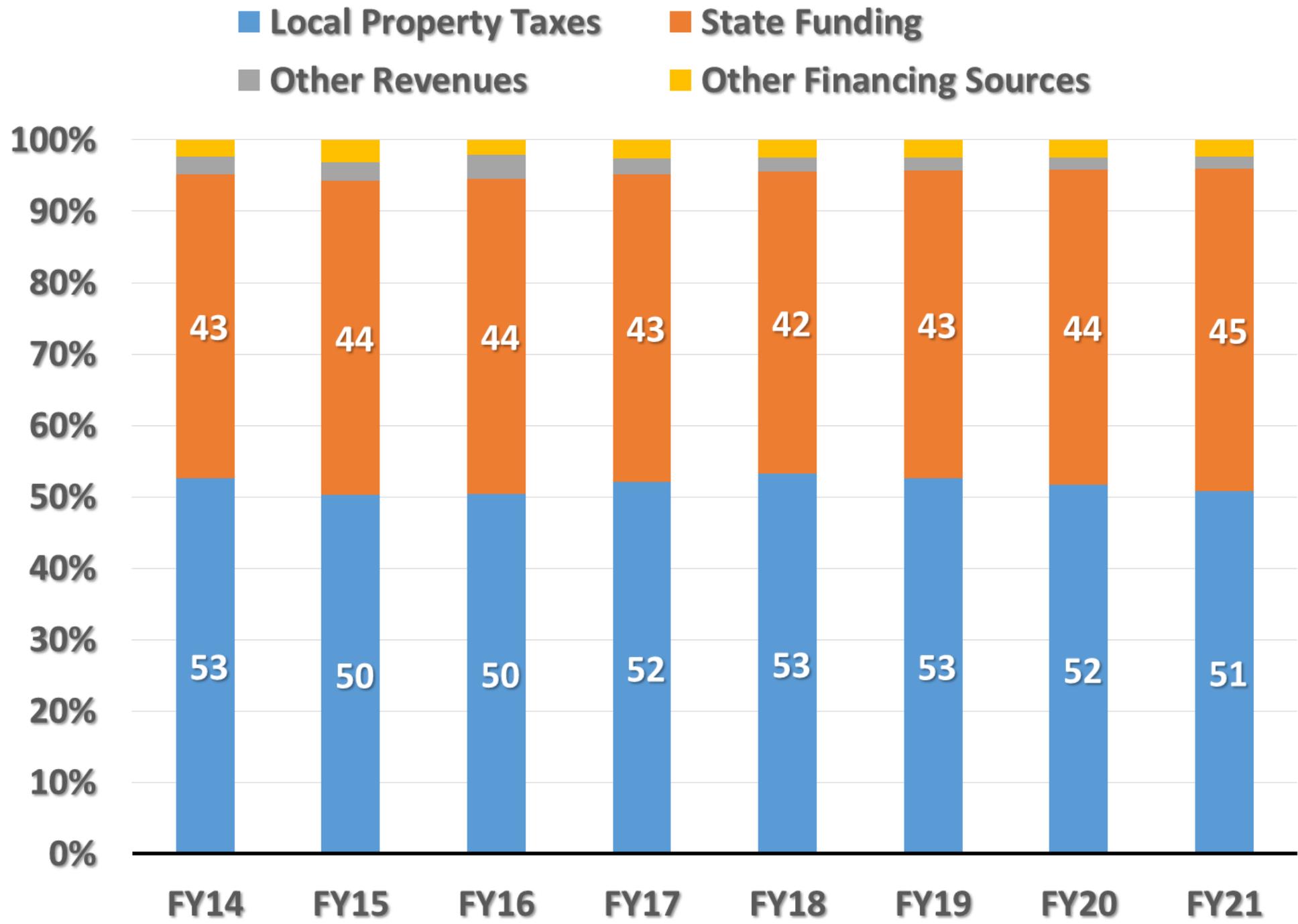
Overview of Major Assumptions: Revenue

- **Includes revenue from Operating Levy approved November 2016**
- **State: +5% increase in cap on funding**
 - **Governor's biennial budget proposal for FY18 & FY19**
 - **Assumed +5% for FY20 & FY21 – another state budget biennium**

**R
E
V
E
N
U
E
S**



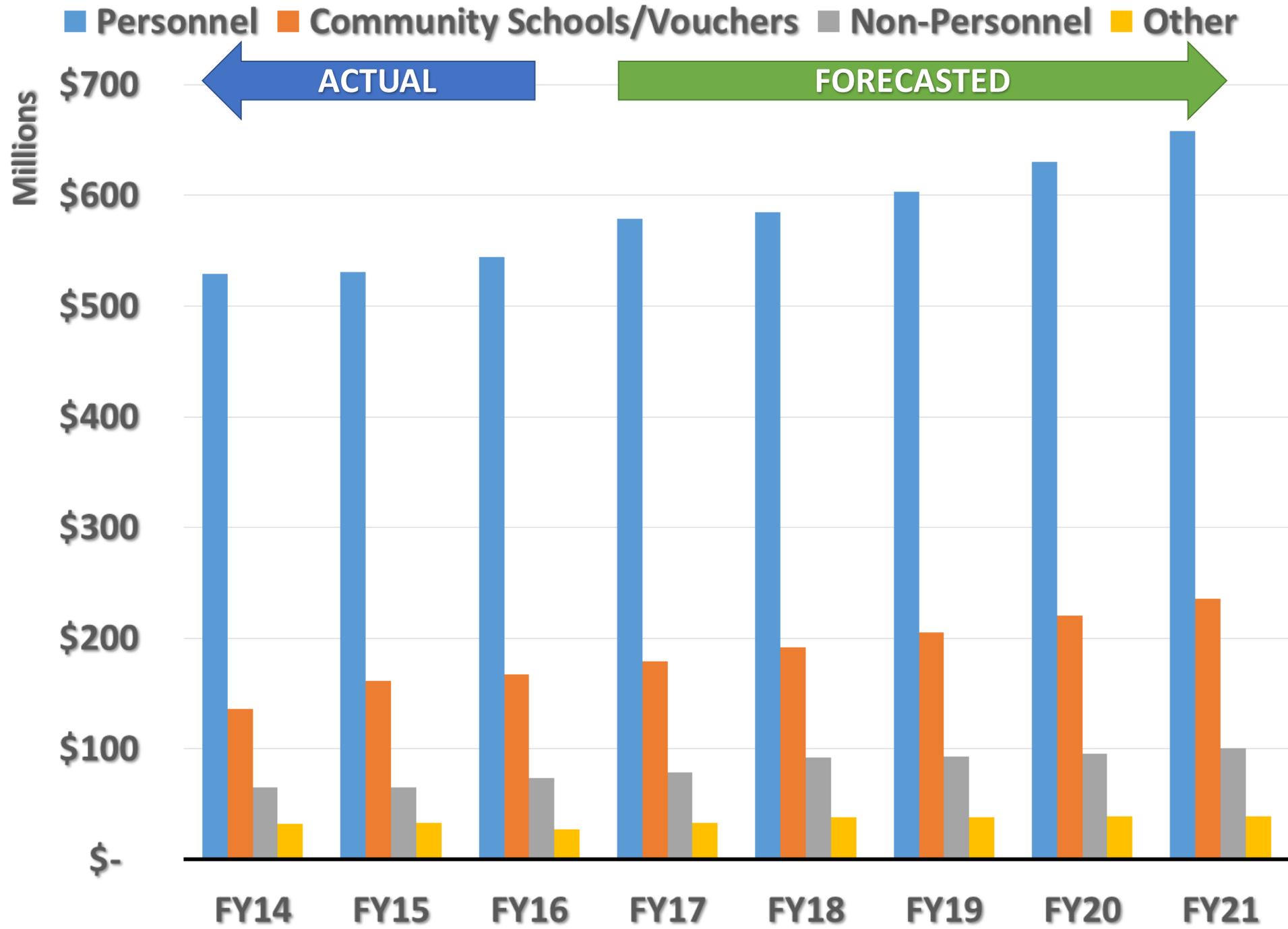
**R
E
V
E
N
U
E
S**



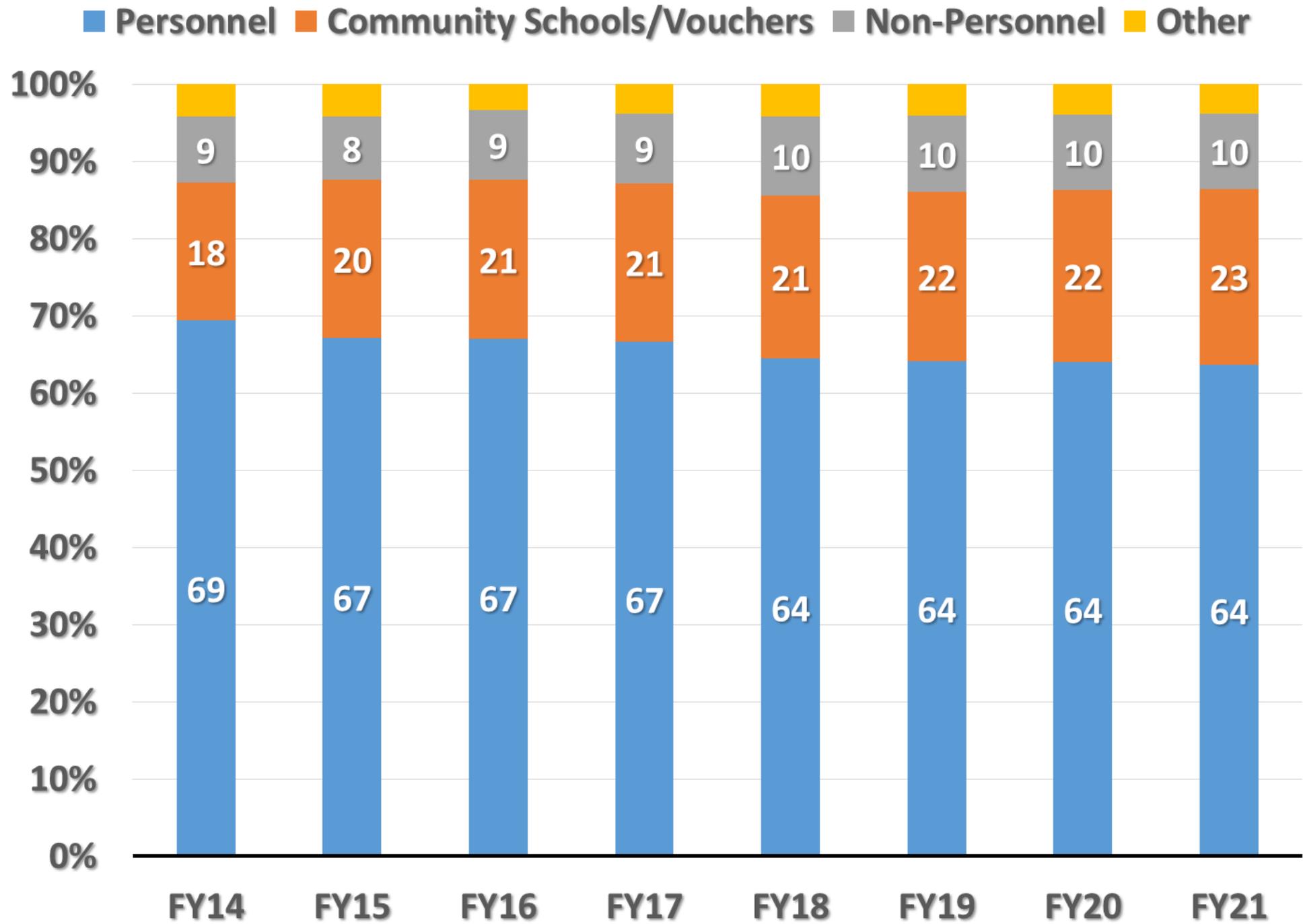
Overview of Major Assumptions: Expenditures

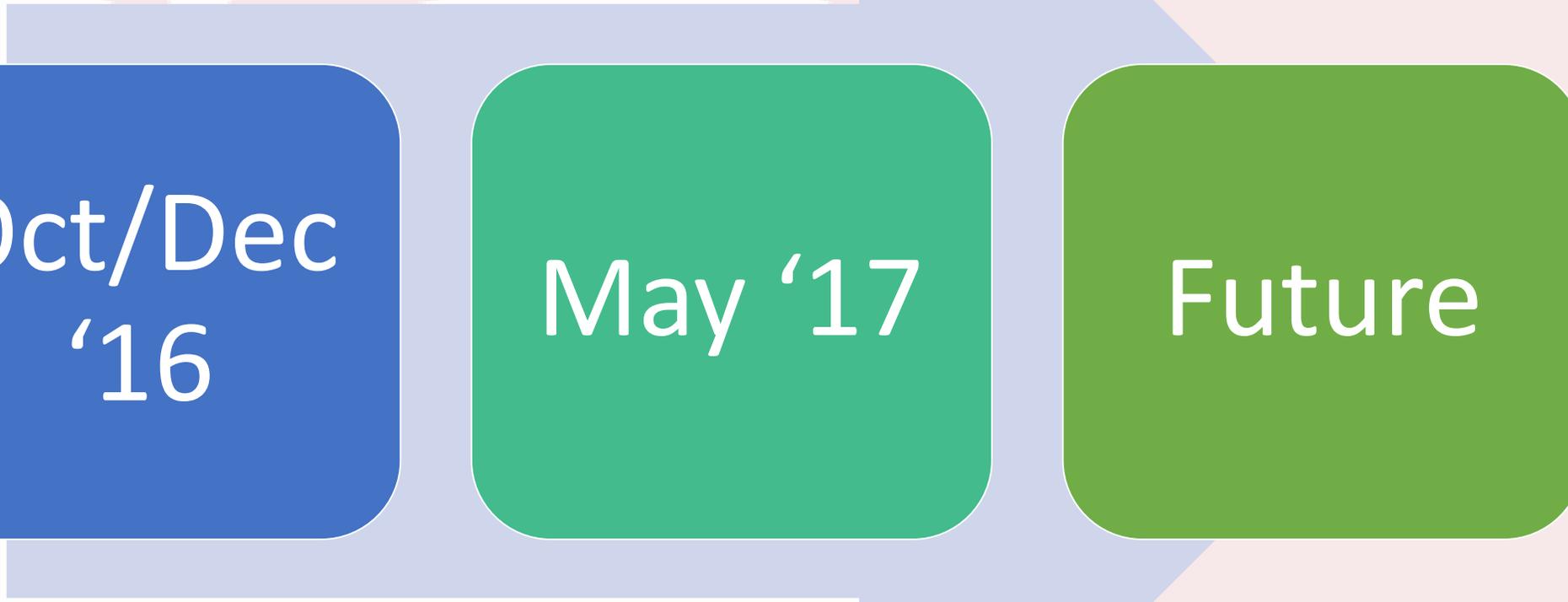
- **Levy plan promises are kept**
- **Expenditure Scenario #3**
 - **Funding for 30 FTE shifted to FY21**
 - **\$2.2 million each year FY18 – FY20 (\$6.6 million total)**
 - **Non-personnel budgets as presented to FAC in March**

**E
X
P
E
N
D
I
T
U
R
E
S**



**E
X
P
E
N
D
I
T
U
R
E
S**



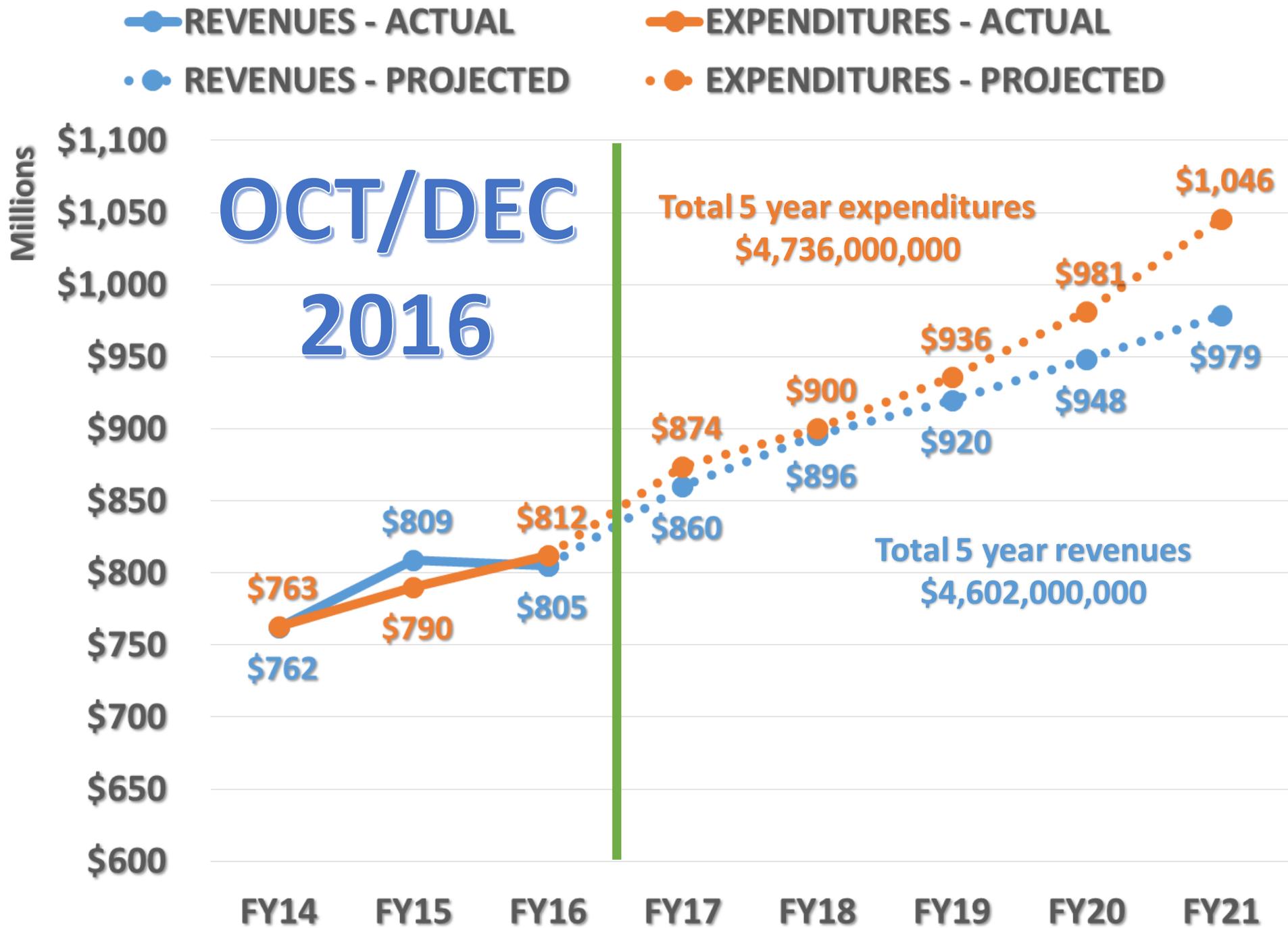


Oct/Dec
'16

May '17

Future

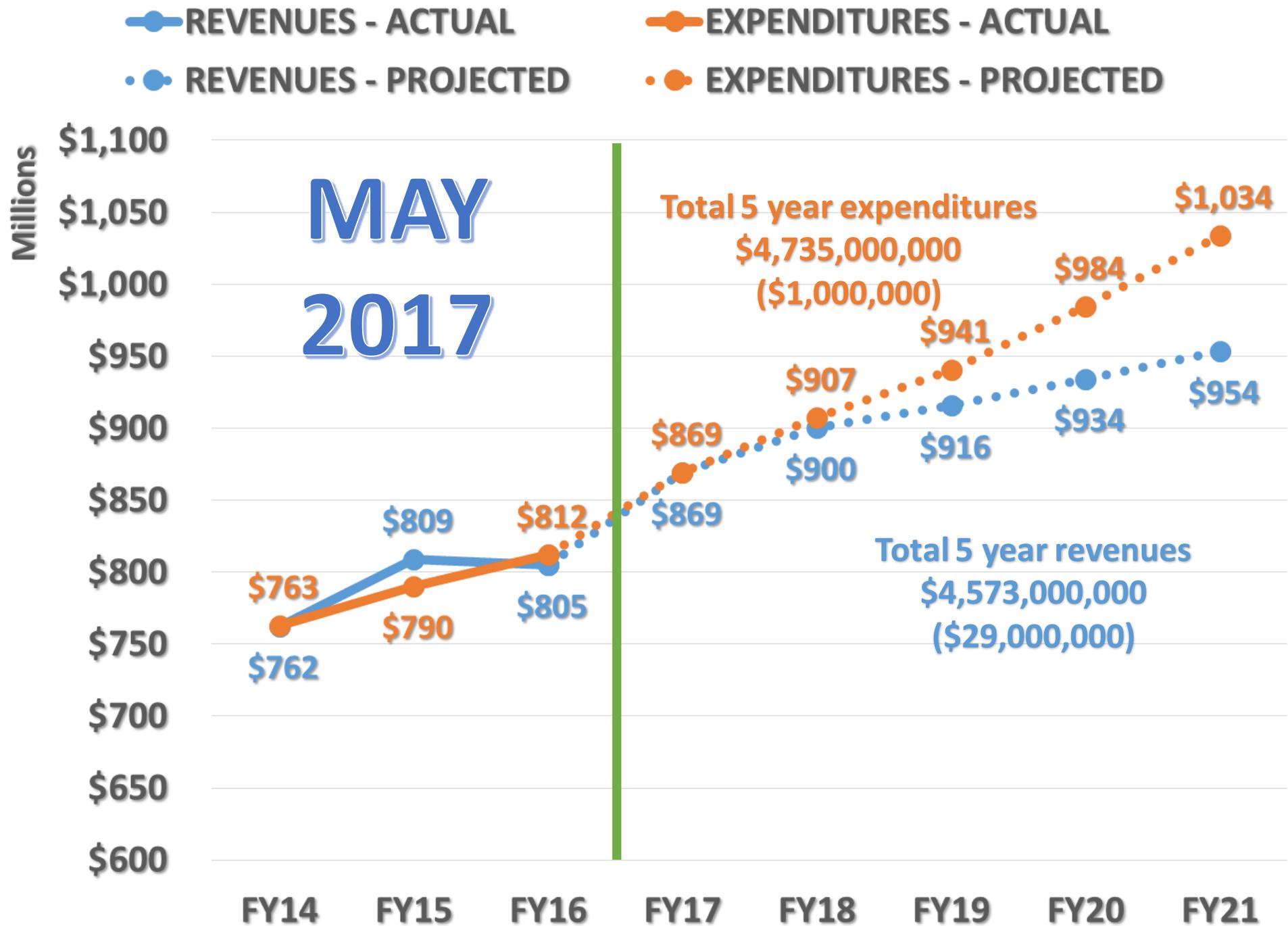
R
E
V
E
N
U
E
S



E
X
P
E
N
D
I
T
U
R
E
S

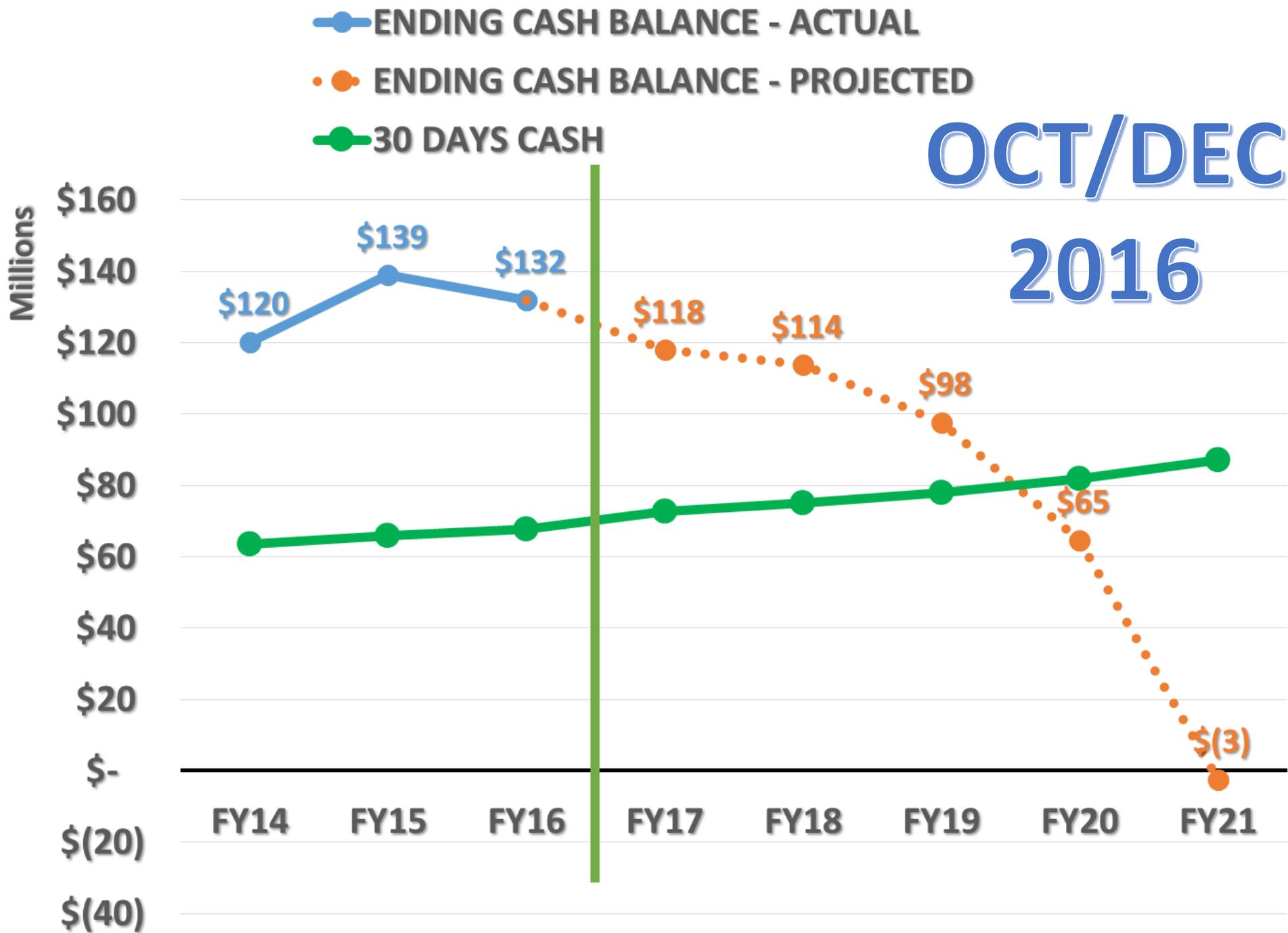
R
E
V
E
N
U
E
S

E
X
P
E
N
D
I
T
U
R
E
S



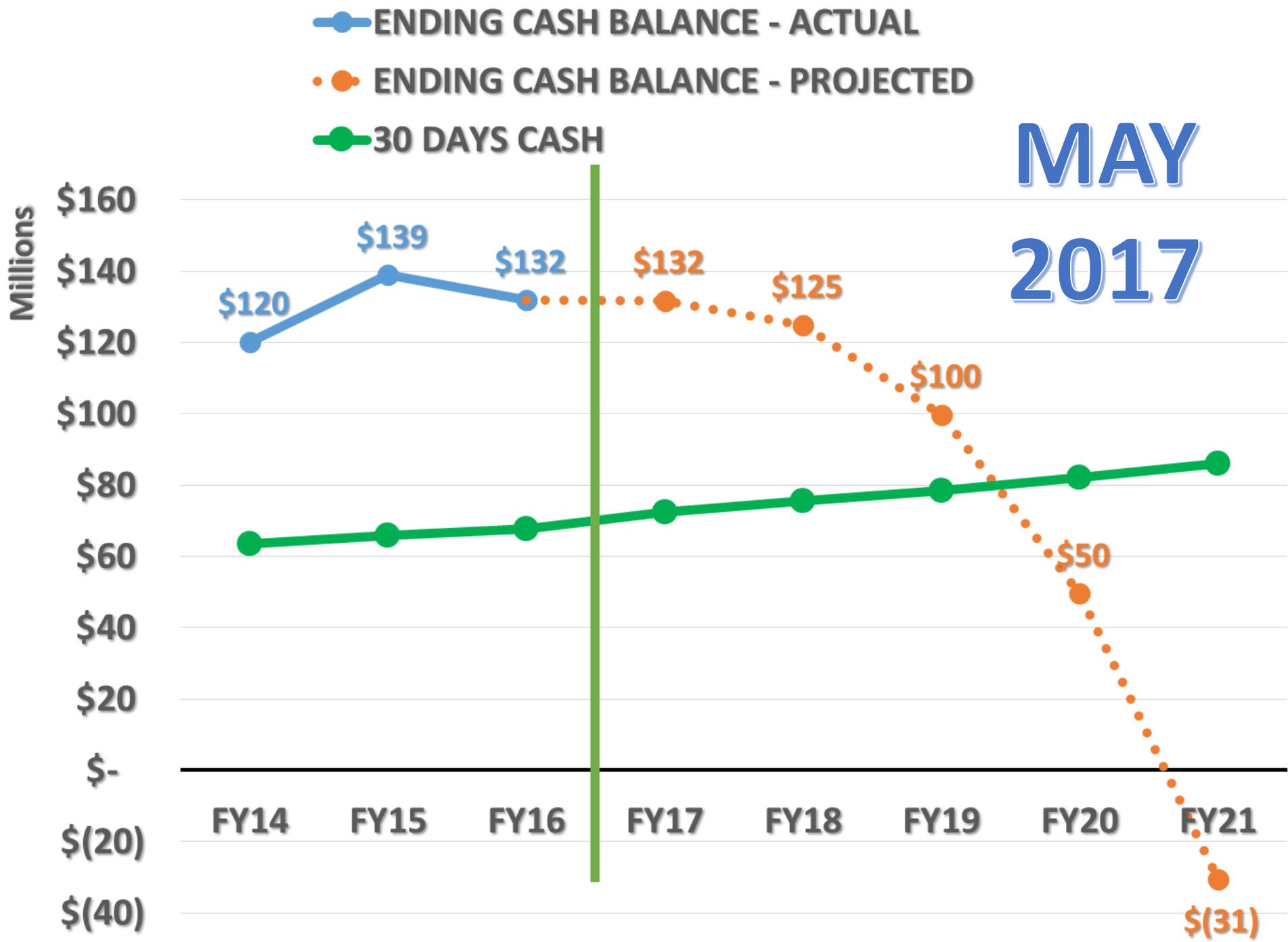
C
A
S
H

B
A
L
A
N
C
E



C
A
S
H

B
A
L
A
N
C
E



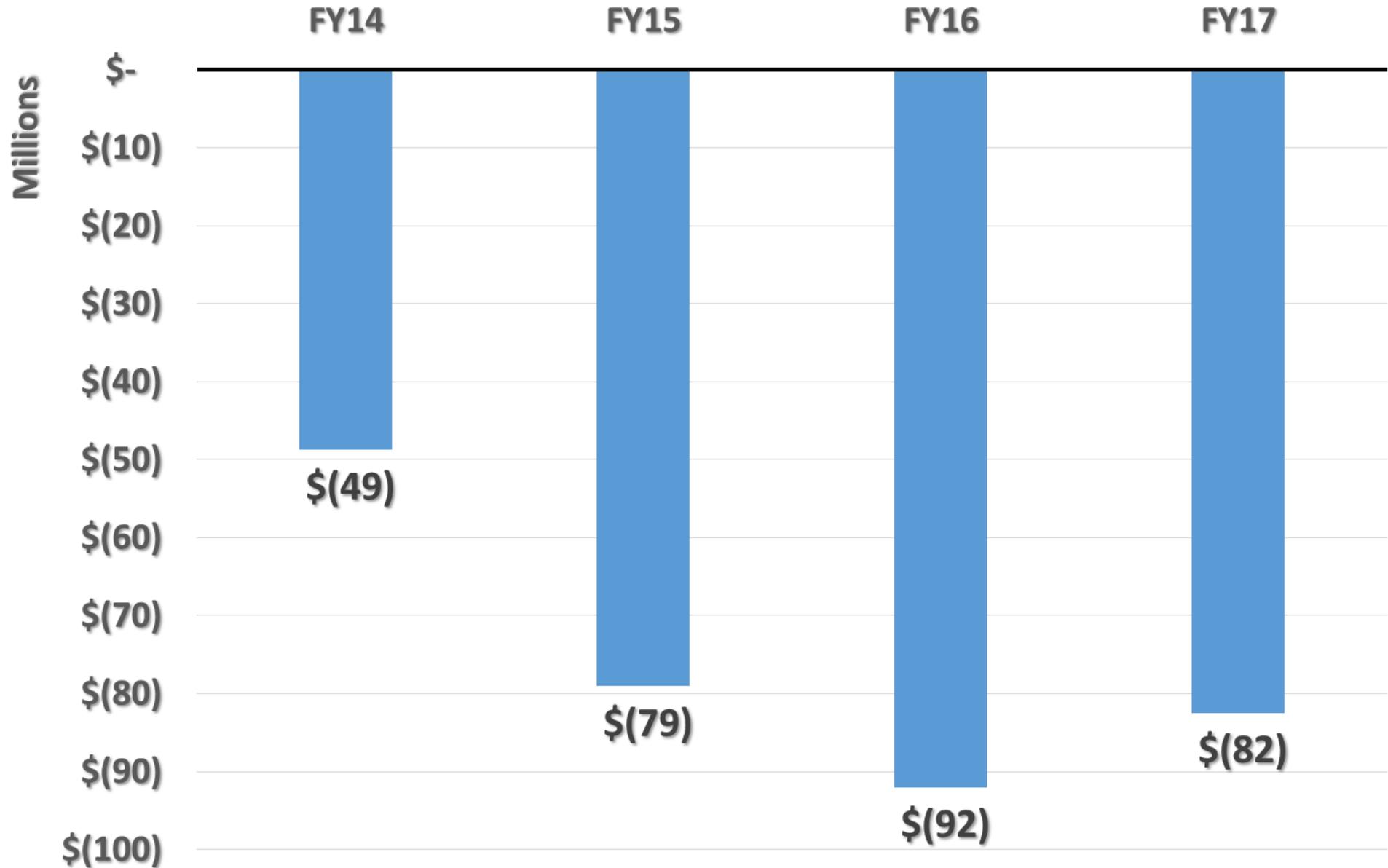
A Perspective on State Funding

Calculated vs. Capped State Funding

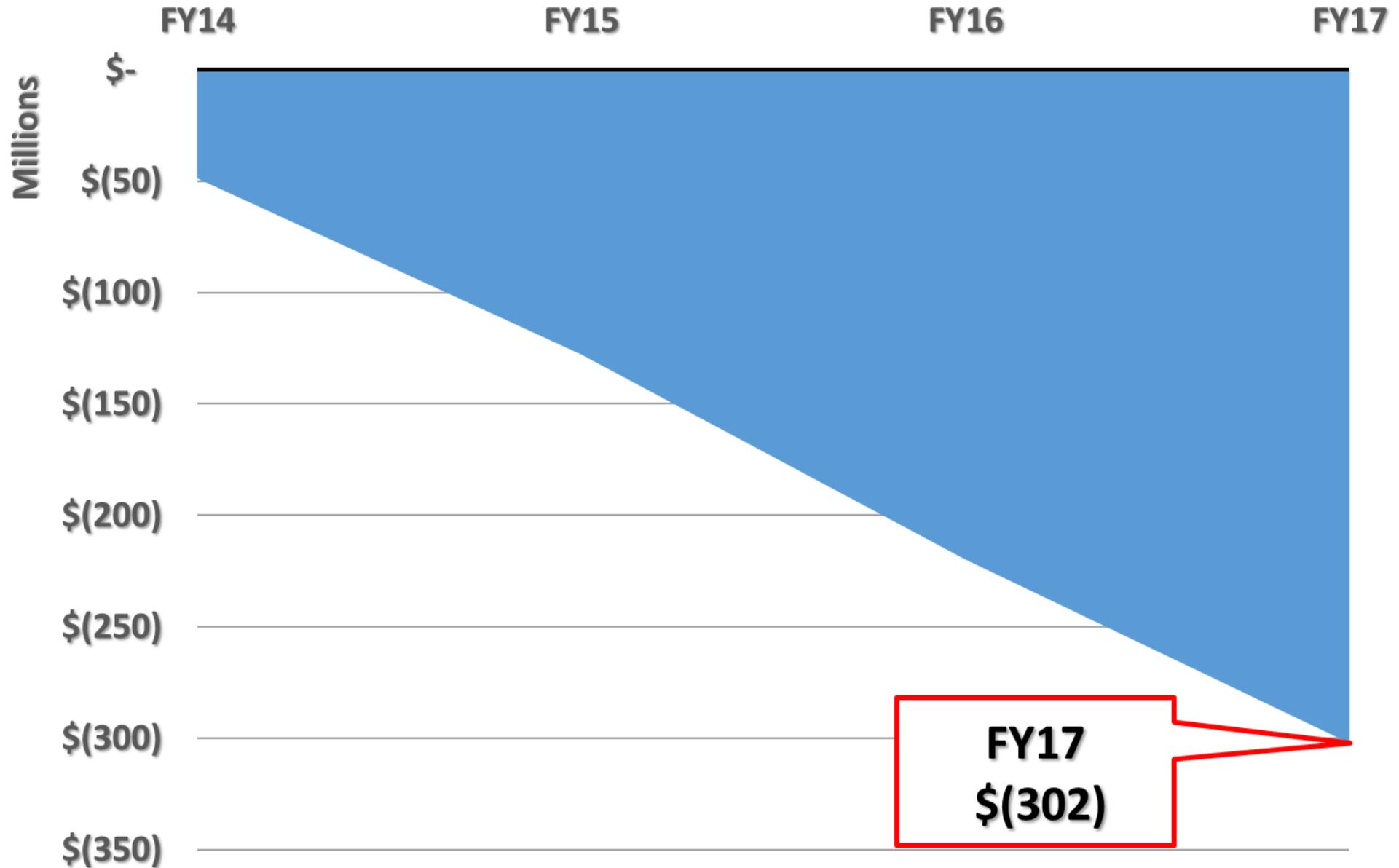


Annual State Funding Gap

Capped Funding < Calculated Funding



Cumulative State Funding Gap Capped Funding < Calculated Funding



May FYF Summary

- **High degree of uncertainty in state funding**
 - +5% cap growth less than previously projected
- **New levy funds included**
- **One possible scenario for expenditures included**
 - Timing of some personnel additions altered
 - Non-personnel budgets as presented in March to FAC
- **Challenges lie ahead in latter years of forecast as annual expenditures continue to exceed annual revenue**
- **FY21 \$31 million deficit = 3% of total expenditures (11 days)**

Columbus City Schools Five Year Forecast

May Update

May 2, 2017

Office of the Treasurer

Stanley J. Bahorek, Treasurer/CFO

Michael McCammon, Controller

Office of Budget & Financial Management

Scott Gooding, Executive Director