

Prepared Notes for Board Meeting (Forecast)

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I have a few comments and a set of questions about our forecast.

My first comment is this. A large part of our financial well being is due to successful lobbying efforts over the last 3 biennial budgets and stopping, then slowing, the rate of TPP reimbursement reductions. Those efforts have been augmented by the efforts of Worthington's Rep. Mike Duffey and a set of allies in the Ohio House from similarly situated districts. Most constituents will never understand the extent that Mike went to bat for us, but suffice to say it was considerable. The moral of the story is the effective representation counts. One thing seems clear to me from the numerous discussions I was involved in at the time. The TPP compromise reached and codified in SB208 is the end of the line. Those payments will be phased out according to that schedule as a best case scenario for Worthington. Our lobbying efforts in the next biennium should be directed to more fruitful pursuits. For example:

The Ohio House, again, led by a coalition of members that includes Rep. Duffey, may take up the issue of direct payments for charter school tuition. Rep. Duffey and Rep. Leland committed to us last year to work on the issue and I believe that legislation will be introduced. It probably won't pass in this session but it's very important we have the discussion in this session. Kudos to Jeff McCuen for being an integral part of these early discussions and I'll add editorially that this is so much more effective than the stunts that are being urged by some statewide education groups such as billing the legislature for charter school tuition.

Turning our attention to projected expenditures, we are anticipating growth in the next 4 year at an annualized rate of around 4.33%, which is around twice the projected rate of inflation. My impression is that large bank balances could be masking the underlying structural deficit and therefore making cost containment a relatively low priority for this administration. Our presentation states that future staffing requirements are "unpredictable" with an increasingly diverse student body. The implication of that statement is that future staffing is not just a function of enrollment but a function of demographics as well. If this is true, we need to start a discussion about future staffing outside of the context of a number showing up on a forecast. It's my hope that we can have the discussion sometime in the next few months.

Our presentation this evening also states that the levy should last until at least November of 2019. I have to point out that in November of 2019, this forecast also shows a projected general fund balance of over 68 million dollars. The levy, if it comes in 2019, is a result of the structural deficit but, since it is masked by the high balance, will make for a very challenging campaign.

Here are the essential questions for the district in light of the forecast.

First, according to the latest monthly financial report, we've spent about half the money raised in the 2012 bond issue and appropriated around 80% of it. Does the administration plan on slowing the rate of spending of the bond fund, use general fund money to supplement the bond fund or run some kind of capital levy prior to the operating levy in 2019 or thereafter. In other words, what, if anything, will we see different in the next year or two in terms of capital improvement spending.

Second, in order to properly assess forecast risk and specifically, the staffing issue, it would be necessary to have the administration prepare a list of what it perceives to be the greatest unmet needs in the district. Given the amount of community engagement planned over the next year, adding this to the list of essential questions might be helpful.

Third, the presentation states that we need to develop a long term plan for allocation of the budget reserve. We have a plan. We committed to using those funds to stretch the levy. We do, on the other hand, need a long term plan for the size of the budget reserve, the replenishment of the budget reserve and expenditures from the budget reserve after this one-time levy-stretch use.

Obviously, these are rhetorical questions for tonight, but it's my hope that we can spend some time pursuing some of them at a later meeting.