Prepared Notes for Board Meeting
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This isn't an update so much as it is a precursor to tonight's goal setting discussion.

In November of 2012, Worthington City School district residents passed an incremental operating levy. Our district had made a case that changes at the state level, particularly in regard to tangible personal property tax reimbursements, were going to result in a significant funding drop which, if quality was to be maintained, would have to be restored at the local level. At the time, it was a perfectly valid assumption. In fact, prior to voting to place the levy on the ballot, State Representative Mike Duffey had arranged a conference call between me and the chairman of the Ohio House Budget Committee, and Chairman Amstutz told me directly that it was more likely than not that Worthington's TPP revenue from the state would be phased out. We made some other assumptions in advance of placing that levy on the ballot. We assumed there would be no retirements from the Worthington School District, or, more correctly, we conservatively did not include those in the forecast used to determine the levy amount. As you know, between 2012 and 2013, we had approximately 100 retirees which will also be reflected in the bottom line. In fact, according to the Ohio Department of Education, our average teacher salary, even before the 50+ retirees this year, dropped by almost $2500.

Fast forward a year. These changes, once fully officially incorporated into the forecast, will be remarkable, remarkable enough that it deserves attention in tonight's goal setting exercise. If we assume that what was passed into permanent state law will stay in state law throughout the next two budget cycles, Worthington's next five year forecast, when adjusted for the new reality and assuming all other things as currently forecasted, will reflect a cash balance at the end of FY17 of 49.5 million dollars, inclusive of our contingency fund. Most importantly, if we were to assume the same rate of expense growth as is currently forecasted, we will still have a positive fund balance in the year 2020 of around 17 million dollars, and remember, this continues to be a conservative projection based on the forecast we all passed in May of this year. A positive fund balance of 17 million dollars, coupled with bond money to take care of exogenous events, implies that the next operating levy in the Worthington City School District should not be necessary, mathematically speaking, until 2018. Let me say that again. The next operating levy in the Worthington City School District should not, all things be equal and all current assumptions being valid, be necessary until 2018. Now, I know what you're thinking. We'd have to cut the budget to do this. Actually, no. This is assuming expense growth at the current rate of around 3.2% annually, well above the current inflation rate.

So here's where I'm going with this.

Last year, when voting to put the levy on the ballot, I proposed making a promise to the taxpayer that if TPP reimbursements did continue at a pace higher than that forecasted, the Board and the administration make a commitment to save those dollars and put them towards extending the life of this levy. The board did not want to entertain such a promise at that time, but I want to renew that proposal tonight. Does anyone seriously believe that if we didn't make the mathematical case last year that the state was depriving Worthington of needed revenue, the operating levy would have passed? I do not. That message was in virtually every levy communication; as well it should have been as it was a scary proposition. Assuming you believe the levy was successful on the strength of that argument, the right thing to do now is to honor that campaign message, preserve the bulk of those funds, and extend the length of this levy.

So how do we make that happen? If there is one observation I'd make about government at all levels, Republicans, Democrats and everyone in between, if you've got money, you spend money. It's human nature. That's why I believe that if extending the life of this levy is to be a management objective, it must be stated as such and management must be held accountable for the results. That's why I am proposing that we should consider, as part of tonight's goal setting exercise, a resource management goal such that once the numbers are fully vetted by our treasurer, the district be managed in such a way as to not require an operating levy until 2018. The annual objective would then be to maintain a sufficient cash balance and a five year forecast in May of 2014 consistent with that goal.

While I've got the mike, tonight's goal setting exercise offers other opportunities as well. In perusing the list, I note the lack of technology goals, climate culture goals, goals surrounding the third grade reading guarantee, goals surrounding the successful implementation of the Ohio Teacher and Principal evaluation systems, goals regarding the expansion of student opportunities and a myriad of other possibilities. I fully recognize that the administration does not have the time this year to pursue all of these, or even most of these, but I think our discussion can be enriched by including them, and the financial goal discussed previously, into the mix.

I look forward to the discussion.