



WHAT THE STATE BUDGET MEANS TO MAYFIELD CSD?

**Mayfield Board of Education
Regular Meeting
May 20, 2015**

STATE BUDGET PROCESS

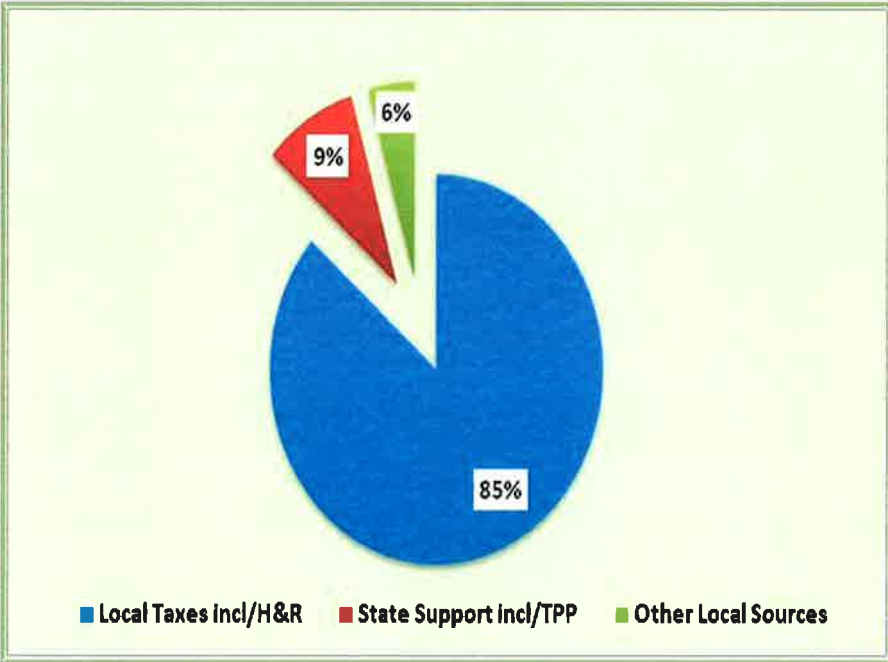
- The State of Ohio establishes a budget covering a 2-year period, which begins on July 1st and concludes on June 30th.
- The budget must be balanced, approved by both chambers of the General Assembly, and signed by the Governor - all of which requires a tremendous amount of political maneuvering and patience.



OPERATING REVENUE & EXPENSE BREAKDOWN

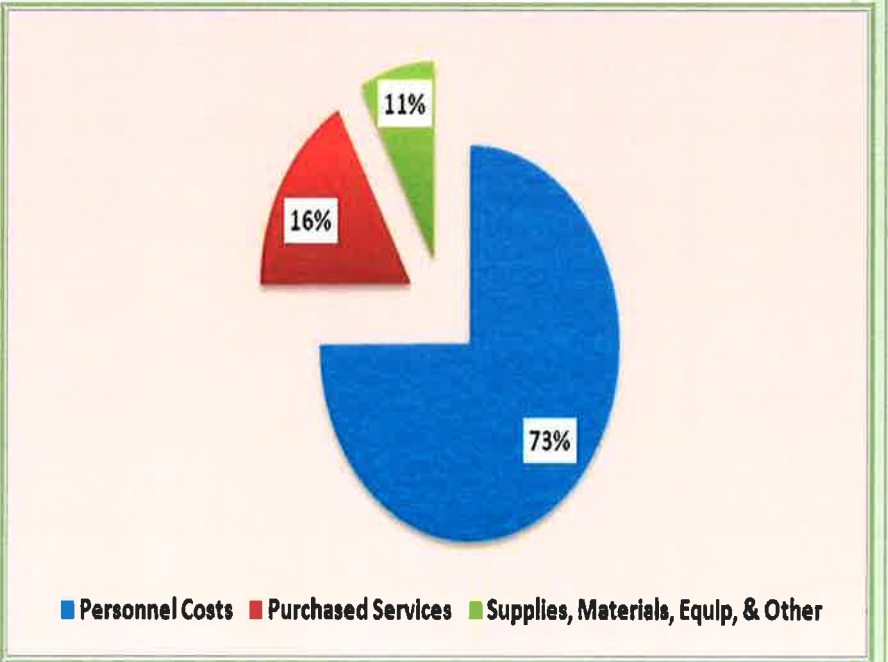
FISCAL YEAR 2015

REVENUE	AMOUNT	%
Local Taxes (incl/ H&R)	55,510	85%
State Support (Foundation & TPP)	5,825	9%
Other Local	2,872	6%
TOTAL REVENUE	64,207	100%



FISCAL YEAR 2015

EXPENSES	AMOUNT	%
Personnel Costs	47,535	73%
Purchased Services	10,814	15%
Supplies, Materials, & Equip	2,690	4%
Other Expenses	2,419	7%
TOTAL EXPENSES	63,459	100%



CURRENT LEGISLATIVE PROPOSALS

Governor Kasich

- Emphasis on “Local Capacity” as the basis to allocate State Resources.
- Limits District losses to 2% of combined State & Local Operating Revenue
- Resumes the phase-out of the **Tangible Personal Property Loss Reimbursements.**
- Mayfield CSD impact, **\$4.0M CUMULATIVE LOSS** in funding over biennium.

Ohio House (HB64)

- Eliminates “Local Capacity” measure and reverts back to 20 mill local charge-off.
- Reinstating the concept of a 100% guarantee within the formula preventing Districts from receiving less state aid.
- Mayfield CSD impact, no funding loss or gain – **REVENUE NEUTRAL**



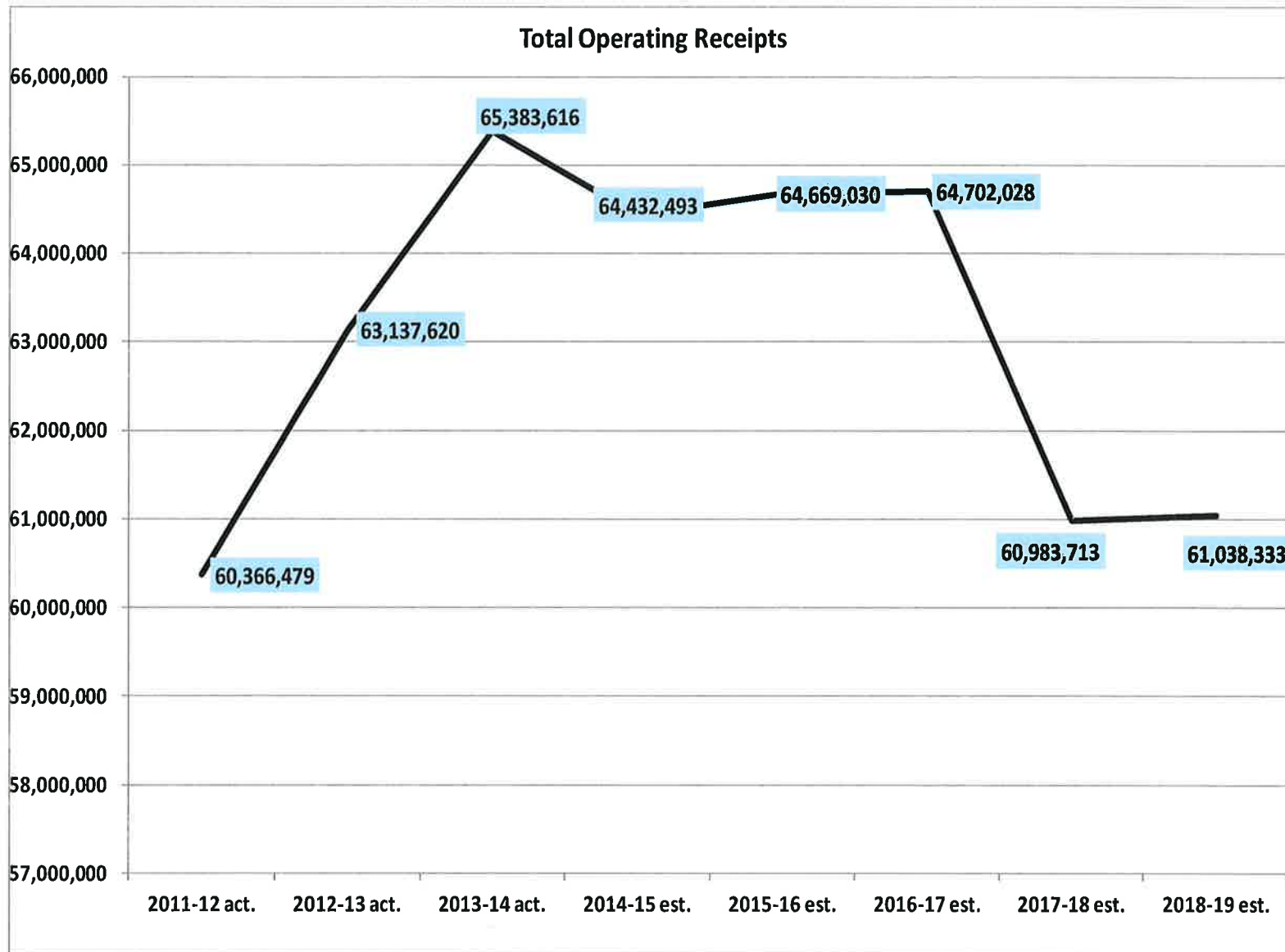
TANGIBLE PERSONAL PROPERTY (HISTORY)

- Tangible Personal Property is defined as business machinery, equipment, inventory, furniture & fixtures used in the production of business output.
- Tangible Personal Property was taxed at the full voted rate and was not subject to the effects of reduction factors associated with HB920.
- In 2005, HB 66 was enacted to eliminate the local tangible personal property tax and created the state Commercial Activity Tax (CAT) and earmarked 70% of the proceeds for distribution to schools for the losses associated with the elimination of this local tax.
- The Tangible Personal Property Tax was eliminated under the premise that it would make Ohio a more competitive state in attracting new manufacturing businesses.

TPP & MAYFIELD CSD

- At its peak it represented \$7.2M or 12% of annual operating revenue.
 - \$1,800 per student
 - Equivalent to 5.54 mills of property taxes
- Currently, TPP Loss reimbursements total \$3.8M or 6.2% of annual operating revenue.
 - \$980 per student
 - Equivalent to 3.0 mills of current property taxes
- Viewed as the compensatory offset to local communities for housing businesses that include ancillary issues such as increased traffic, pollution, student enrollment, etc.





FISCAL STRATEGIES

- Maintain sufficient cash reserves – **CURRENTLY 90 DAYS** of annual operating expenses.
- Strategic use of all resources to extend levy useful life to the maximum term possible. **CURRENTLY 4-YEARS.**
- Sound operational decisions, utilization of best practices, and an emphasis on targeted goals **6-YEAR VISION.**
- Reduction to our financial uncertainty where possible.

- We must continue our proactive approaches & strategies to address our critical fiscal management issues.
 - Continue to monitor & track our financial health
 - Operational deficit spending – **FY2016**
 - Calendar year deficit – **2018**
 - Fiscal year deficit - **2019**
 - Continue to prioritize & allocate resources
 - Continue to gain efficiencies
 - Continue to provide timely reporting & updates of our financial condition.

6-YEAR VISION/MEASURES

- ▶ **Fiscal Stewardship and Operations** – Create the infrastructure and efficient/effective operations that support the vision of the district through reallocation and allocation of resources to teaching and learning *as measured by:*
 1. 3-5 year levy cycles = **calendar year 2016, 4-year levy cycle**
 2. Avg. expenditure growth rate of 2% = 7-year avg. is less than 2%
 3. resource allocation analysis = **FY2014-15 Gross \$1.0M, Net \$600K**
 4. Return On Investment = **“Best value for the price”**
 5. **Millage rates = 22nd lowest in Cuyahoga County out of 31 Districts**
 6. number of shared services opportunities = **Consortium Programs**
 7. market share = **“District of Choice”**



Mayfield City Schools
EVERY STUDENT. EVERY DAY.