

The Truth About Our Finances

January 2021



District Goals

- Increase student achievement.
- Improve transparency throughout our communities.
- Practice fiscal responsibility.



Our History



Year	Issue	Board	Supt	Treasurer
2003-2005	Conspiracy, Bribery	X	X	X
2016	“Lost Money”	XXXXXX	X	X

The Truth:

- The individuals responsible for financial challenges of the past are no longer associated with our district.

Our History

2018: “Found Money”

- 3% change in Five-Year Forecast (+1.6% revenue, -1.4% spending)
- Reduction of 55 certified staff members to balance budget

The Truth:

- We did not “find” money. Our Board of Education made difficult decisions to reduce spending and maintain fiscal stability.



State Context

- DeRolph (1994)
 - Over-reliance on property taxes is unconstitutional.
 - The state legislature had to provide a better and more equitable means of financing education.
 - Affirmed in 2000, 2001, 2002.
 - Legislature still has not developed a new system.



The Truth:

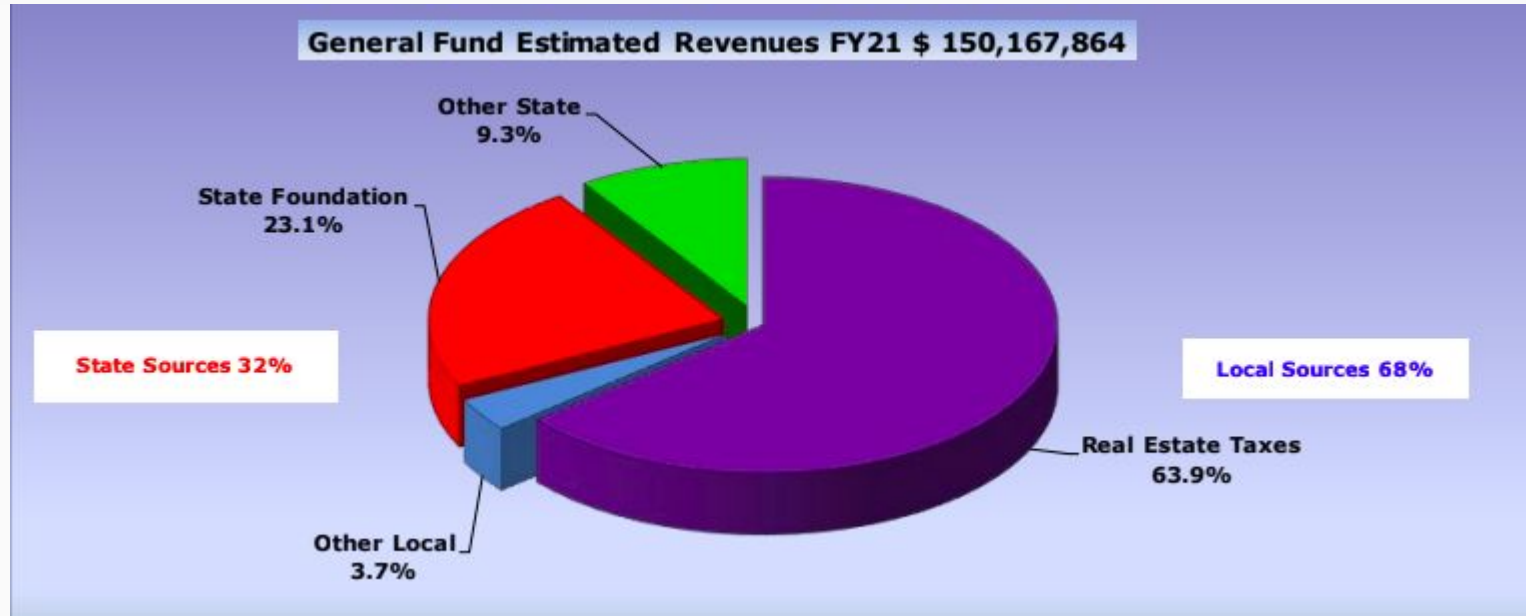
- School funding in Ohio is still unconstitutional.

State Context



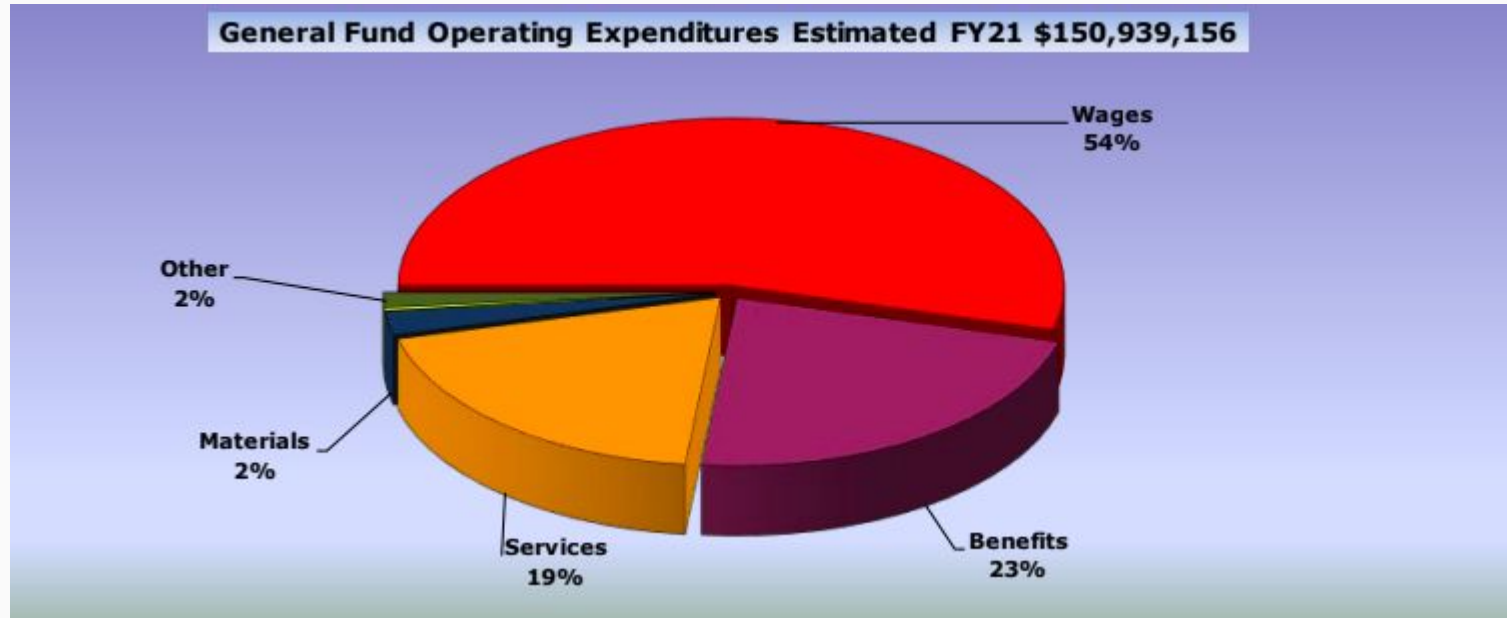
- School funding in Ohio
 - State Funding + Local Funding + Federal Funding = Total Revenue
- State funding
 - Based on enrollment, local capacity to provide (voted millage)
 - Includes categorical aid for functions such as Special Education, Career Technical Education, transportation
 - Current base formula: \$6020
 - Parma's state contribution per student: \$5332 (of \$14,260 total)
 - House Bill 920 freezes levies at dollar amount of collection at time of passage.
- **The Truth:**
 - The state provides us **less money** per student because they feel we can raise enough on our own!

Our Revenue



The Truth: We rely far more heavily on local revenue than any other source of funding.

Our Expenditures



The Truth: Average Ohio spending on personnel: 80%, Parma: 77%.

Our Expenditures: Teachers



The Truth:

- Parma ranks 29th out of 31 Cuyahoga County districts in teacher base salary.

District	Teacher Base Salary
Berea	\$44,159
Independence	\$44,047
Fairview Park	\$43,488
North Olmsted	\$43,184
North Royalton	\$42,800
Strongsville	\$41,738
Cuyahoga Heights	\$40,149
Parma	\$39,299

Our Expenditures: Administrators



The Truth:

- Since 2018, we have reduced spending on central office personnel by \$1.6 million.

District	Admin Expenditure Pep Pupil
Cuyahoga Heights	\$2953
North Olmsted	\$2523
Independence	\$2457
Berea	\$1980
Fairview Park	\$1867
Parma	\$1778
Strongsville	\$1648
North Royalton	\$1615

Our Expenditures: Special Education

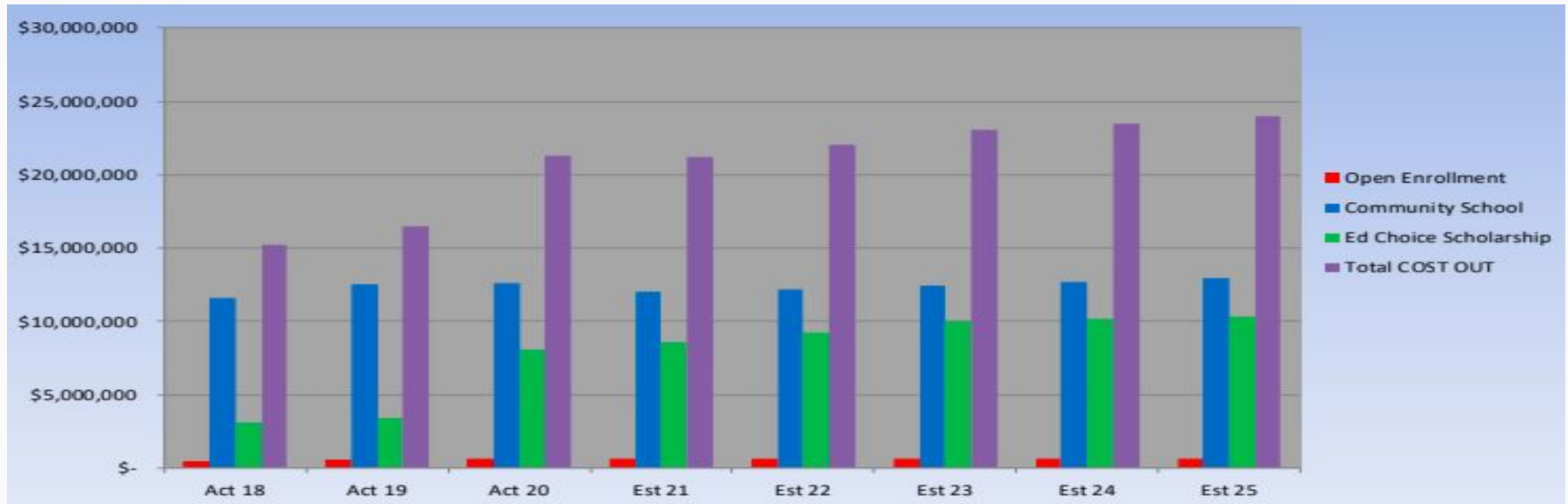


The Truth:

- We have reduced outside Placement costs by \$1M from August, 2019 to present.
- The creation of A.C.E.S. will help us continue to reduce costs, and provide an option in district for families.

School	Tuition
Educational Alternatives (7)	\$52,416
Monarch (5)	\$81,900
PEP Prentiss (10)	\$84,002
STEPS (7)	\$115,000

Our Expenditures: School Choice



The Truth: 433 students took EdChoice scholarships in 2021 based on data from 2014. School choice will cost the equivalent of 9.62 mills in 2021.

Our Expenditures: Permanent Improvement

- Cannot be used for anything that lasts less than five years
- \$5.1 million annual allocation

Function	Expenditure
Routine Maintenance (Paving, Lighting, Etc.)	\$308,518
Buses (10)	\$998,094
ACES	\$1,255,224
Maintenance Vehicles	\$168,606

The Truth:

- We have spent \$5.8M since 2015 to maintain our schools.

Frequently Asked Questions



Why do we have one of the highest tax rates in Cuyahoga County?

The Truth:

- Parma, Parma Heights, and Seven Hills all rank below the 50th percentile in Effective Residential Property Tax Rate (of Cuyahoga County tax divisions.)

Community	Rank in Cuyahoga County Effective Property Tax Rate (Out of 81 Tax Divisions)
Seven Hills	42
Parma Heights	45
Parma	50

*High: 133.63, South Euclid/Cleveland Heights

Frequently Asked Questions

What happened to all of the Ohio Lottery and Casino Money?

- The General Assembly has allocated the Lottery funds as a portion of their funding to schools. It is not an addition to state foundation funding, it is a part of it.
- We received \$384,500 (0.002% of our budget) in FY 2020 from casino revenues.

The Truth:

- Neither the Ohio Lottery, nor the casino provide a significant source of revenue.



Frequently Asked Questions

Don't you make money from busing Brooklyn students?

The Truth:

- No. We bill Brooklyn for costs (office, fuel, bus driver salary, etc.) and receive approximately \$10,000/year toward the purchase of new vehicles.



Frequently Asked Questions

What impact would the bond issue have on taxes?

- $\$100,000 \times 0.35 \times .00631 = \$220.85/\text{year}$
 $\$18.40/\text{mo}$

The Truth:

- The bond issue in May (if Board approves) will be lower millage than that Issue 73 because interest rates are currently lower than last summer.

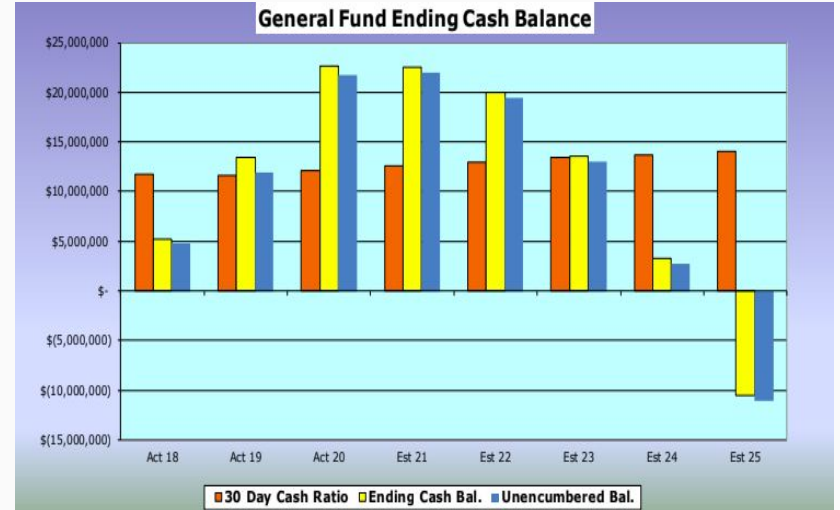


Frequently Asked Questions

Won't you need an operating levy soon again, too?

The Truth:

- We have not passed a new operating levy since 2011. Excellent fiscal management allows us to be solvent until 2024.



Frequently Asked Questions



Why don't you do a private audit?

The Truth:

- We do. Rea and Associates, a CPA Firm based in Wooster, audited our records in FY2020 and will continue for FY2021 and 2022.
- Further, our Treasurer Sean Nuccio is a Certified Public Accountant.



Frequently Asked Questions

What impact has COVID had on district finances?

- Federal (CARES) and State (Urban SD) grants have offset PPE expenses (hand sanitizer, desks, etc.).
- However, Ohio cut our foundation funding by \$2.4 million per year and is not planning to reinstate that money.

The Truth:

- The \$2.4 million that Ohio cut due to COVID will have an ongoing negative impact on our budget.



Frequently Asked Questions



What impact would House Bill 305 have on Parma?

- New Funding Formula, uses data from each school district for base cost
- \$1 .04 billion increase in FY19 if this formula had been used then
- Pays charters and EdChoice schools directly
- \$8.33M additional state funding to Parma per year

The Truth:

- The Ohio Senate did not consider this Bill in 2020, concerned about cost.



Future Town Hall Meetings



January 26, 2021: The Truth about PCSD Finances

February 9, 2021: Career Technical Education

February 23, 2021: STEM Education

March 9, 2021: Parma Virtual Learning Academy,
Kindergarten Launch Academy & A.C.E.S. Center

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