

FY 2024-25 Biennial Budget: Education & Outreach

Budget Basics and New Leveraged Support Funding Process

Introductions

- Karen Alder, Finance Director
- Andrew Dudas, Budget Director
- Purpose of Meeting:
 - Educate you on the budget process
 - Educate you on the new leveraged support funding process
 - This is YOUR meeting – please ask questions!

Five Strategic Priorities



FISCAL SUSTAINABILITY



EXCELLENT AND EQUITABLE SERVICE DELIVERY



PUBLIC SAFETY

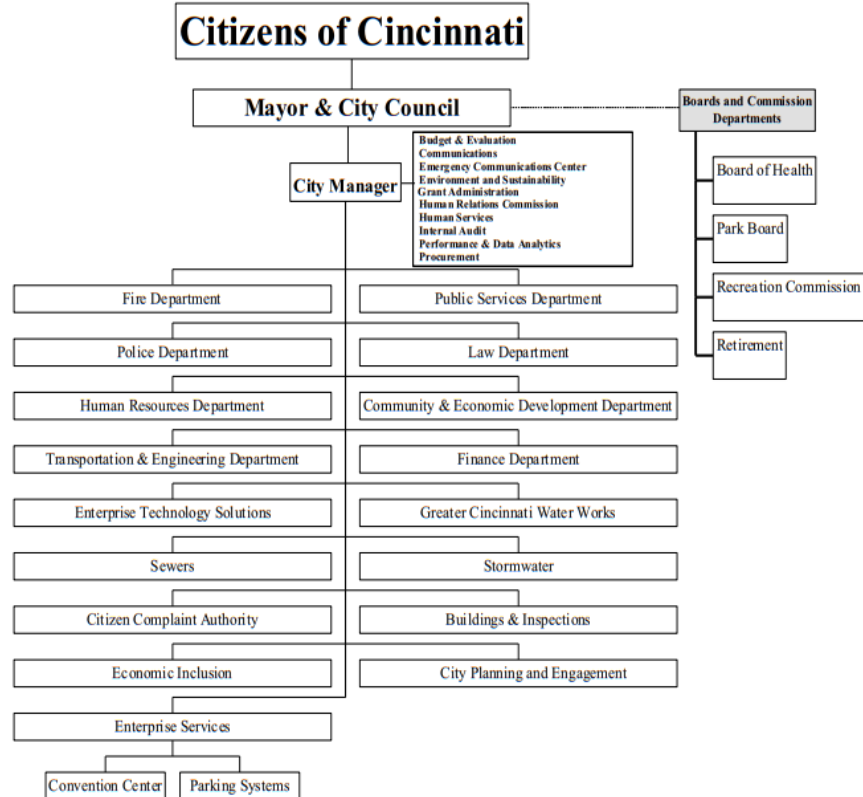


THRIVING NEIGHBORHOODS

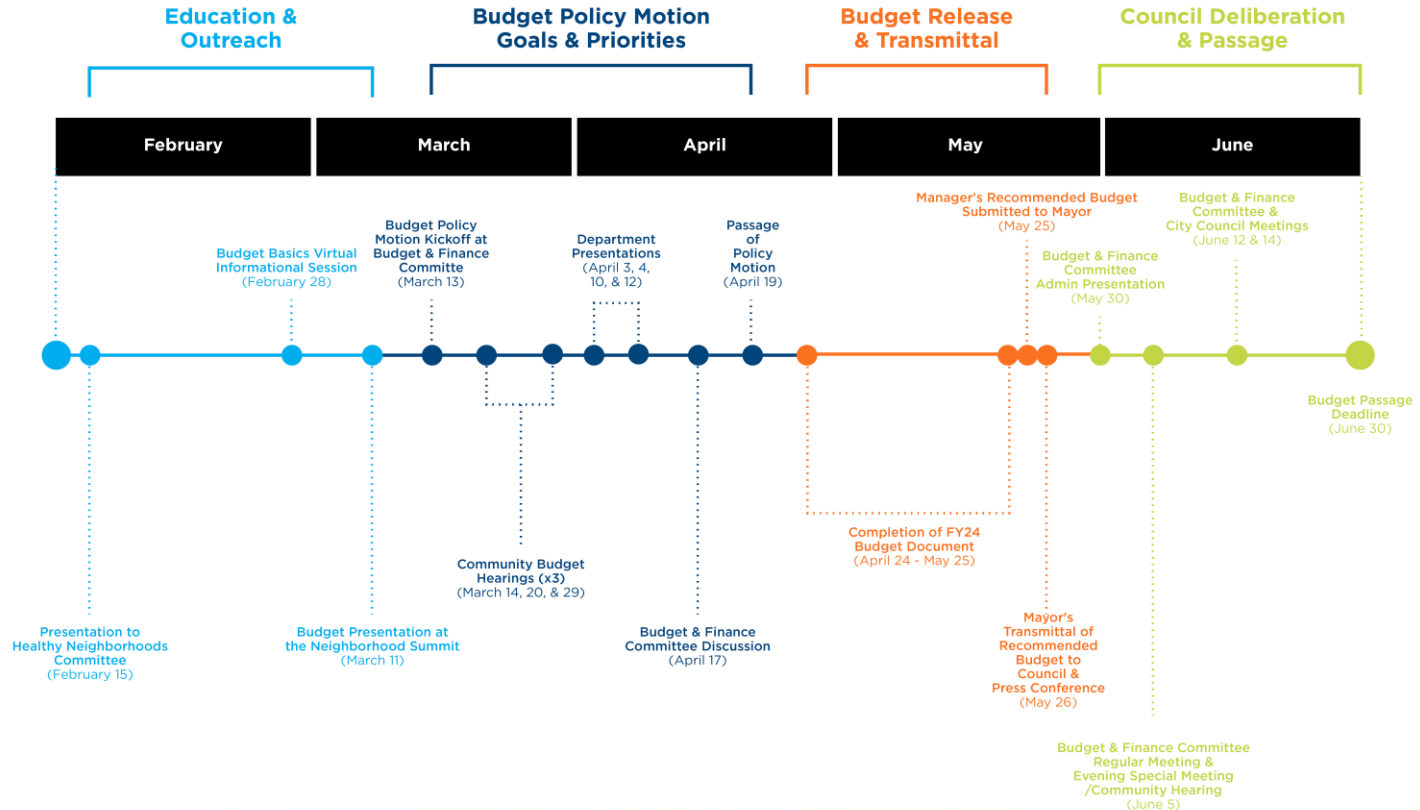


GROWING ECONOMIC OPPORTUNITY

Organizational Chart



Budget Schedule



Overall Budget Strategy

- **Pass a structurally balanced budget**
 - Revenues \geq Expenditures
- **Expand the tax base**
 - Economic Development & Neighborhood Investment are focal points
 - Recruit and retain jobs



A LOOK *at the* BUDGET

Approved FY 2023 All Funds Budget Update

(\$ in Millions)	FY 2022 - 2023 Biennial Budget			From FY 2022 Approved		From FY 2023 Approved Biennial	
	Approved FY 2022	Approved FY 2023	Approved FY 2023 Update	\$ Change	% Change	\$ Change	% Change
Operating Budget							
General Fund ⁽¹⁾⁽²⁾	\$440.6	\$442.6	\$474.1	\$33.5	7.6%	\$31.5	7.1%
Restricted Funds	\$770.9	\$723.6	\$732.1	-\$38.8	-5.0%	\$8.5	1.2%
Subtotal Operating Budget	\$1,211.5	\$1,166.2	\$1,206.2	\$40.0	3.4%	\$0.0	0.0%
Capital Budget							
General Capital Budget	\$85.1	\$53.9	\$127.1	\$42.0	49.3%	\$73.2	135.7%
Restricted Funds Capital	\$184.9	\$192.9	\$160.2	-\$24.7	-13.4%	-\$32.7	-17.0%
Special Revenue/Matching Capital	\$39.7	\$5.6	\$17.5	-\$22.2	-56.0%	\$11.9	212.0%
Subtotal Capital Budget	\$309.6	\$252.3	\$304.7	\$52.4	20.8%	\$0.2	0.1%
Total All Funds Budget	\$1,521.1	\$1,418.5	\$1,510.9	\$92.4	6.5%	\$0.2	0.0%

⁽¹⁾The Approved FY 2022 and FY 2023 General Fund amounts do not include \$16.7 million and \$18.1 million respectively in Health Department funding that is transferred to the Cincinnati Health District Restricted Fund.

⁽²⁾The Approved FY 2023 General Fund Budget Update amount does not include \$18.9 million in Health Department funding that is transferred to the Cincinnati Health District Restricted Fund, \$67.3 million in funding that is transferred to the General Capital Budget.

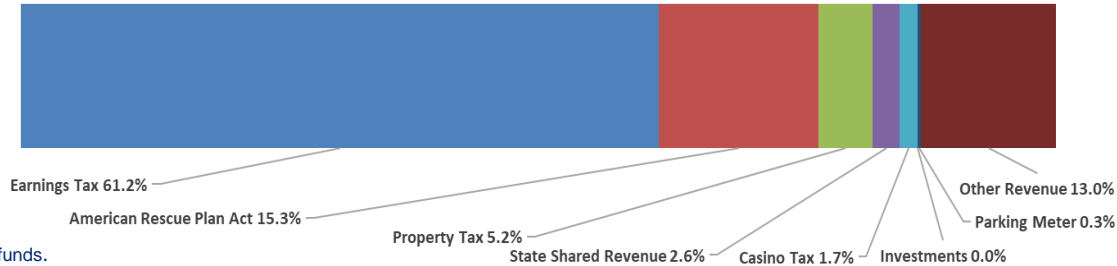
Estimated Revenues



- Finance Department estimates revenues for the next budget year to establish budgets for all funds.
- Use UC economic forecasters to set income tax estimates
- Historical trends, current information, and changes to fees are used to forecast next year's revenue estimates.

FY 2023 General Fund Resources \$560.3 million*

So where does the money come from?



*Includes \$85.6 million in one-time ARP funds.

FY 2023 One-Time Sources

- Due to continued revenue reductions projected due to the COVID-19 pandemic, the FY 2023 Budget Update utilizes \$85.6 million in one-time American Rescue Plan (ARP) Act revenue replacement from the Federal Government.
- Use of ARP:
 - \$18.6 million: Operating Budget Support for General Government Services
 - \$67.0 million: Utilized in the Capital Budget

General Fund Revenue

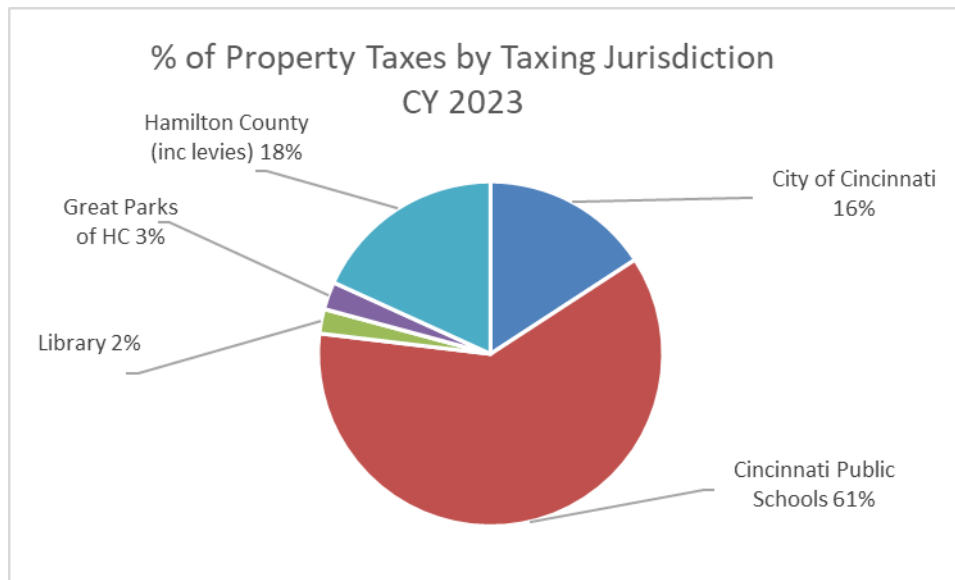
- **Earnings Tax**
 - 1.8% of gross salaries, wages, other personal services compensation and business net profits.
 - All earnings derived in City regardless of residency. Rule is first where you work, then where you live.
- **By Charter, Earnings Tax is split as follows:**
 - 1.55% General Operating
 - 0.15% Capital
 - 0.10% Infrastructure
- **FY 2023 Estimated General Fund Earnings Tax**
 - \$343.0 million or
 - 61.2% of General Fund Revenue

General Fund Revenue

- **Uncertainty for General Fund Income Tax Revenue**
 - Impact of remote work / hybrid work environments.
 - Legal challenges
 - State legislation changes that allow remote workers to request refunds of Income Tax paid to the City in CY 2021 for a period of three years
- **Flat Income Tax Revenue Growth Projected for FY 2024 through FY 2027**

General Fund Revenue

- **Current Property Tax Breakdown:**



- **FY 2023 Estimated Property Tax = \$29.0 million or 5.9% of General Fund Revenue**

Restricted Funds

- Eligible Uses limited to support specific purpose.
- Revenues generated stay within the fund as mandated by State law
- Parks and recreation special activities funds, grant funds, health center funds



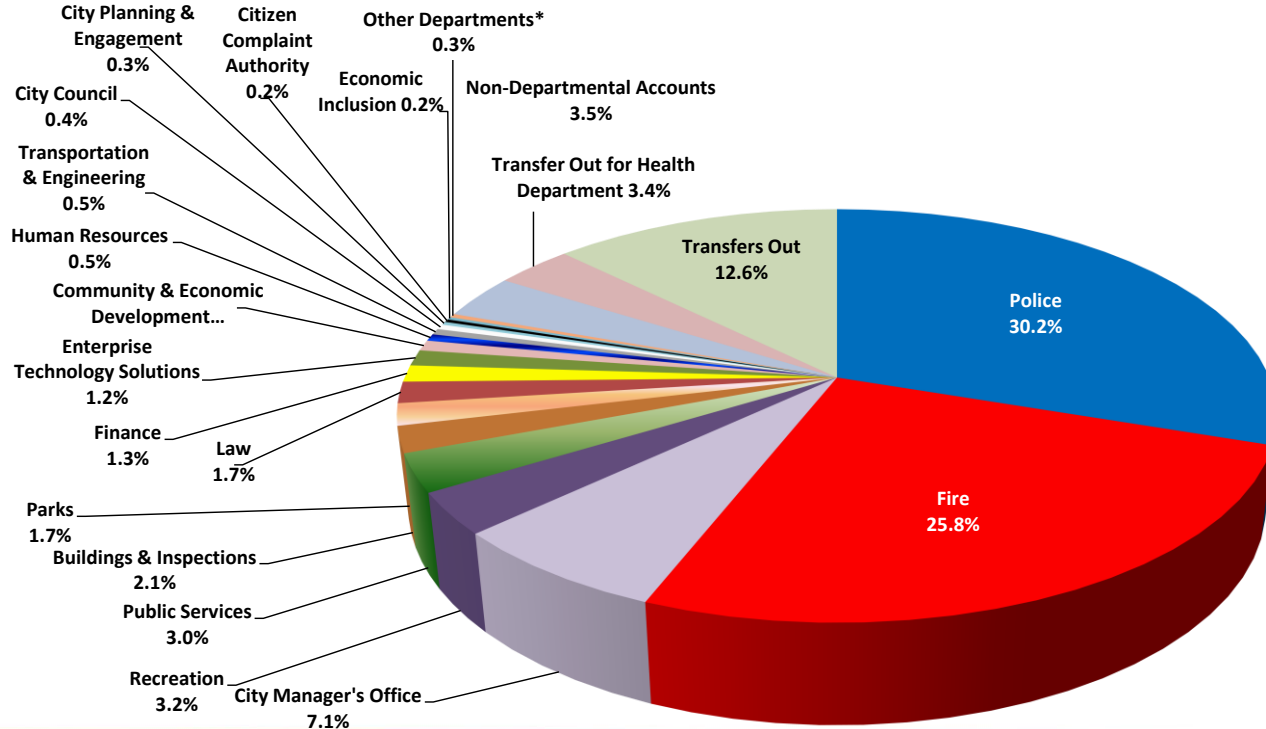
Enterprise Funds



- Type of Restricted Fund
- Operates like a business, user fees support the operation.
- No tax dollars associated
- Revenues generated stay within the fund as mandated by State law
- Water Works, Stormwater, Sewers, Convention Center, Golf, and Lunken Airport

OPERATING BUDGET

General Fund Expenditures – \$560.3 million

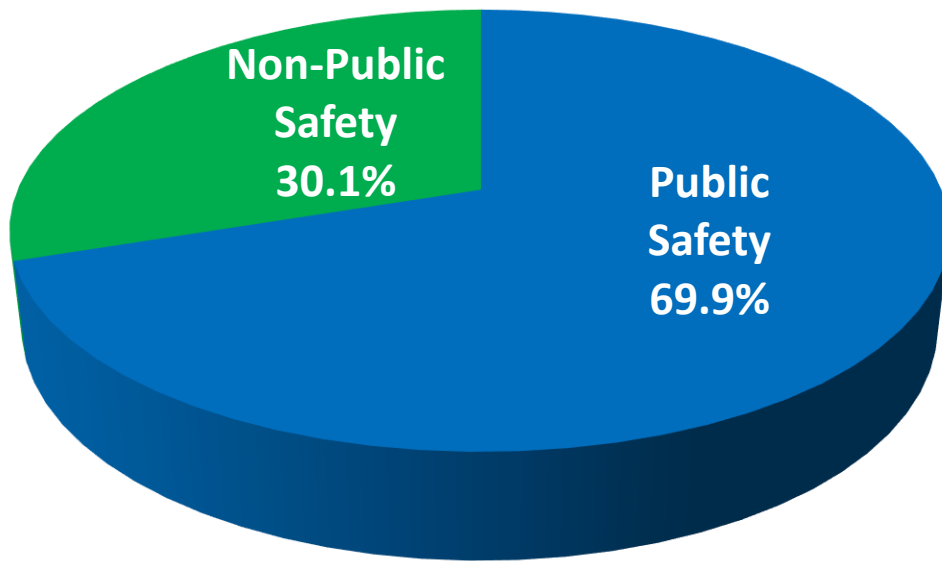


OPERATING BUDGET

General Fund Expenditures

Where does the money go?

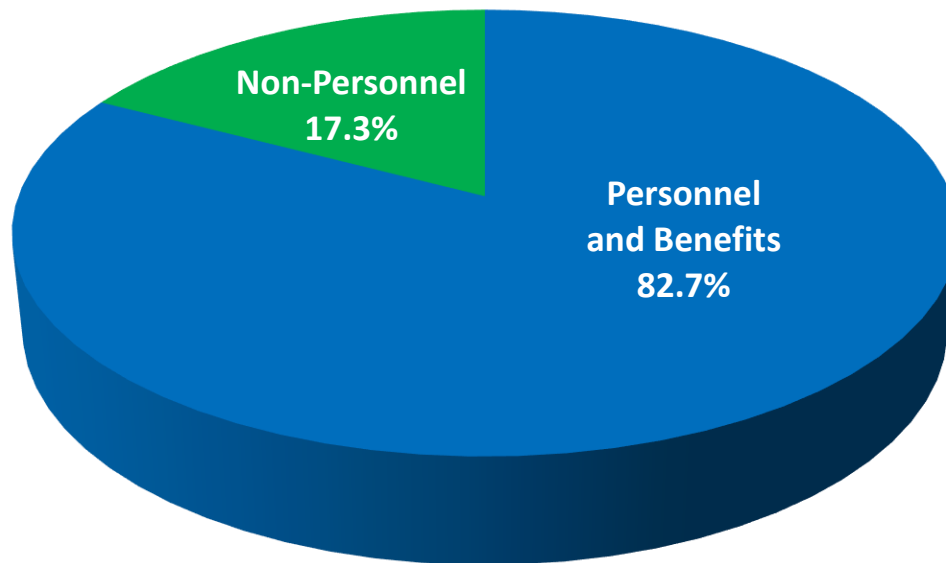
Public Safety and Non-Public Safety



*The Transfer Out for the Health Department is reflected here based on the budgeted expenses for the Health Department within these categories.

OPERATING BUDGET

General Fund Expenditures
Where does the money go?
Personnel and Non-Personnel

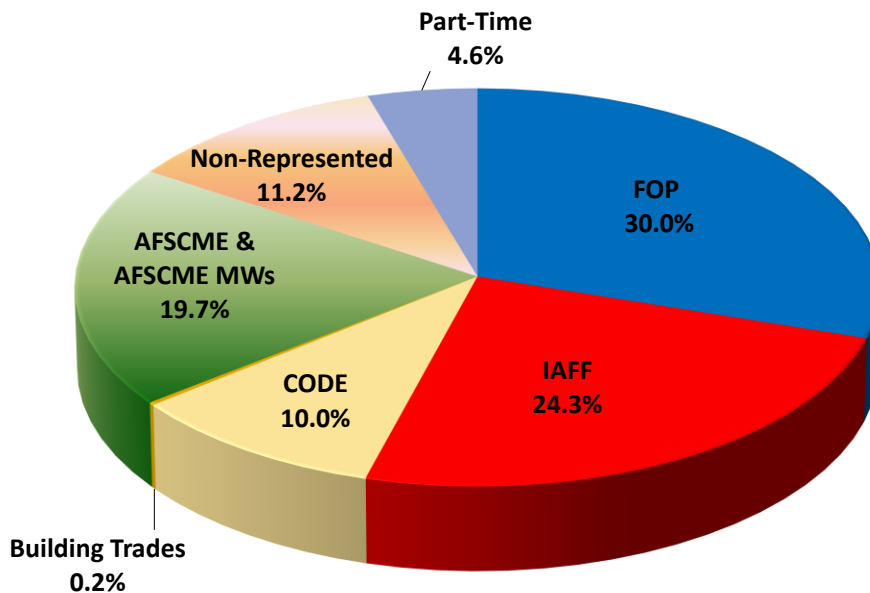


*The Transfer Out for the Health Department is reflected here based on the budgeted expenses for the Health Department within these categories.

OPERATING BUDGET

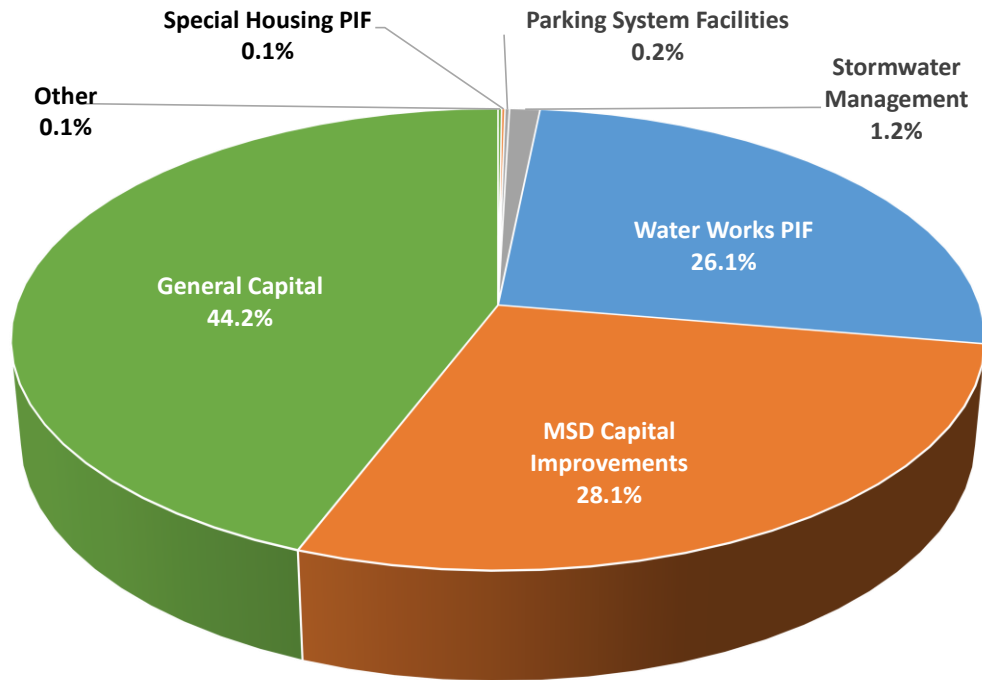
General Fund Expenditures

Personnel Expenses represent 82.7% of the General Fund Budget with 84.2% of employees represented by labor contracts.



CAPITAL BUDGET

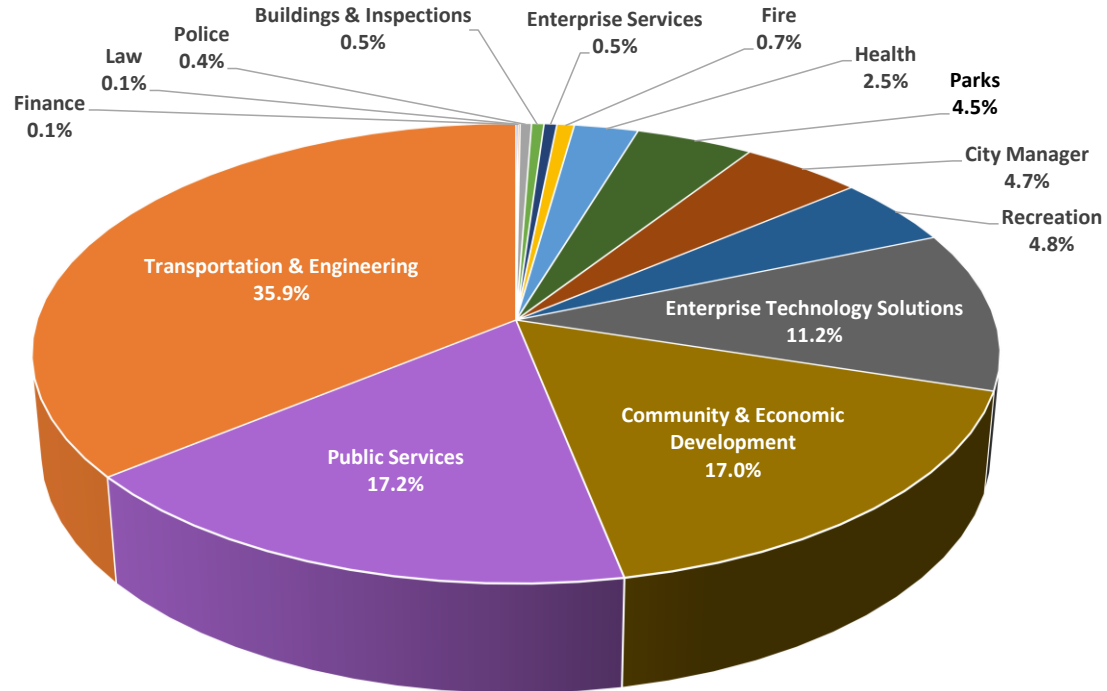
All Funds Capital Budget Update, FY 2023 = \$287.6 million*



*"Other" combines the FY 2023 Approved Capital Budget Update amount for the following funds: Telecommunications Services, General Aviation, and Convention Center. Individually, each of these funds consist of less than 0.1% of the Approved FY 2023 All Funds Capital Budget Update. This chart does not include Grant Funds.

CAPITAL BUDGET

General Capital Budget Update, FY 2023 = \$127.1 million



New Leveraged Support Funding Process

Introduction to Leveraged Support

The City of Cincinnati provides financial support to specific programs or for the general operations of organizations that perform a service benefiting Cincinnati residents.

- Organizations are expected to leverage funding from the City with additional financial resources – either raised from other governmental or private entities or as earned revenue from providing a service.
- Approved FY 2023 Budget Update includes \$17.5 million in leveraged support funding
 - Revitalize neighborhoods
 - Bolster the local economy
 - Provide human services
 - Prevent violence, and more

Definition of “Leveraged Support”

Financial support from the City of Cincinnati to an external organization (i) as general operating support to fund their work in the City or (ii) as funding for a specific program aimed at addressing a public need in the City.

Eligibility Criteria

Minimum eligibility criteria and request parameters are as follows:

- **The applicant must be an existing organization** that has at minimum three years of audited financial statements or federal tax returns and must not be debarred from contracting or subcontracting with the City.
 - Start-up organizations are not eligible to apply and should instead apply under the City's Boots on the Ground program.
 - Applications requesting funding for new programs of existing organizations are acceptable.
- **Applicants should not request more than \$500,000 or less than \$50,000.**
 - Only in extraordinary circumstances will an award be granted in excess of \$500,000.
- **Applicants must be offering a service that directly benefits City residents** under one of the categories identified by the Administration.

City funding of third parties to perform elements of City Operations – managing city-owned assets or programs – are not subject to the application process.

Categorization

Each new category is designed to show priorities within the community and how the City is addressing these needs.

1. **Arts:** Organizations that support artistry, creativity, and culture within Cincinnati.
2. **Economic Development and Neighborhood Support:** Organizations that invest in communities or specific neighborhoods within Cincinnati to develop the local economy or increase neighborhood vitality.
3. **Environment:** Organizations dedicated to addressing climate change and improving the local ecosystems in Cincinnati.
4. **Equity and Inclusion:** Organizations focused on combatting institutional discrimination, bolstering diversity, and uplifting all genders, sexual orientations, and races in economic pursuits.
5. **Homelessness and Eviction Prevention:** Organizations aimed at combatting the affordable housing crisis, providing tenant protections, maintaining homeownership and quality rentals, and preventing homelessness.
6. **Human Services and Violence Prevention:** Organizations aimed at improving public health, legal representation, and safety among Cincinnati residents.
7. **Workforce Programming and Poverty Reduction:** Organizations that assist residents in finding and maintaining gainful employment and reducing poverty.

The following tables organize Approved FY 2023 Budget Update leveraged support recipients by the seven new categories:

External Leveraged Support Category and Recipients	Approved FY 2023 Budget Update
Arts	
Artswave Black and Brown Artists Fund ¹²	\$25,000
ArtWorks (Walnut Hills Creative Campus) ¹	\$150,000
Film Commission	\$56,250
Total Arts	\$231,250
Economic Development and Neighborhood Support	
CincyTech	\$250,000
Cintrifuse	\$250,000
Cintrifuse Hackathon	\$20,000
Homebase Cincinnati (formerly CDC Association of Greater Cincinnati)	\$143,000
Invest in Neighborhoods	\$50,000
Keep Cincinnati Beautiful	\$475,000
Neighborhood Games	\$10,000
Regional Economic Development Initiative (REDI)	\$250,000
Total Economic Development and Neighborhood Support	\$1,448,000
Environment	
Green Umbrella (formerly Greater Cincinnati Energy Alliance)	\$87,000
Total Environment	\$87,000

Equity and Inclusion	
African American Chamber of Commerce ²	\$350,000
Chamber of Commerce - Immigration Center Partnership (COMPASS)	\$50,000
Hillman Accelerator ²	\$125,000
Immigrant and Refugee Law Center	\$50,000
MORTAR ²	\$90,000
The Urban League ¹	\$100,000
Total Equity and Inclusion	\$765,000
Homelessness and Eviction Prevention	
BethanyHouse	\$100,000
Shelterhouse (formerly Strategies to End Homelessness (Winter Shelter))	\$305,000
St. Vincent de Paul Society - Eviction Prevention Initiatives	\$250,000
Total Homelessness Prevention and Poverty Reduction	\$655,000
Human Services and Violence Prevention	
Center for Addiction Treatment	\$87,500
Center for Closing the Health Gap	\$750,000
Childcare Pilot Program	\$1,000,000
The University of Cincinnati's Legal Access Program	\$50,000
Total Human Services and Violence Prevention	\$1,887,500
Workforce Programming and Poverty Reduction	
Cincinnati Works	\$250,000
GeneroCity513	\$75,000
Total Workforce Programming and Poverty Reduction	\$325,000
Grand Total External Leveraged Support	\$5,398,750

¹ Denotes one-time funding

² Denotes partial one-time funding. African American Chamber of Commerce, ArtsWave Black and Brown Artists Fund, Hillman Accelerator, and MORTAR are each allocated \$25,000 in one-time funding.

Application Process

The application process is designed to increase transparency and performance among potential leveraged support partners.

- The application process will take place concurrently with the City's operating budget development process in the spring of each year with funding recommendations included in the City Manager's Recommended Budget.
- Organizations can apply either on an organizational basis or for a specific program.
- Organizations will be asked to select one of the seven leveraged support categories.
 - Applicants should select the category that is the best fit/most relevant.

Application Process

Leveraged support applications will request the following information:

1. Organization Information (description, address, financial statements or tax return, etc.)
2. Leveraged Support Funding Request
 - Leveraged support funding received in most recent fiscal year (if applicable)
 - Leveraged support funding request for upcoming fiscal year
3. Revenue
 - Breakdown of amount and percentage of each revenue source to total revenue (per program or organization-wide)
 - Total revenue received from the City organization-wide
4. Expenses
 - Total expenses, on a per-program or organization-wide basis, categorized into program and supporting services
 - Itemized budget of expenses for use of City funding

Application Process

5. Performance Metrics

- Output Metrics: Organizations must choose three output metrics, on either a programmatic or organization-wide basis
- History of Performance: Organizations must provide three years' past performance, based on the three selected output metrics to the extent available
- Projected Performance with City Funds: Organizations must provide annual goals for the requested City funds using the three selected output metrics

Eligibility Criteria and Recommended Awards

City Council appropriates all City funding; therefore, all leverage funding awards are subject to City Council approval. However, the Administration will make recommendations of awards to City Council in the City Manager's Recommended Budget. The City Manager will evaluate recommendations based on the following criteria:

- 1 Leverage** The extent that the City's funds are being leveraged by other public or private sources generated by the applicant. The higher the amount of City funding requested, the higher the expectation will be for leveraging.
- 2 Impact** The historic and projected impact of the applicant's services, the applicant's demonstrated capacity to timely and effectively deliver the services, and the efficiency in use of funds to maximize funding committed to program delivery.
- 3 Strategic Goal Alignment** The extent that the applicant's provided services align with the strategic goals of the City Administration and Elected Officials in addressing identified public needs or other gaps in services needed by City residents.

Online Application

The online application can be found on the City's website:

<https://www.cincinnati-oh.gov/budget/leveraged-support-application/>

- Applications are being accepted from February 14th through March 24th.
- Questions about the application process can be directed to:
 - Angela Wright, City Manager's Office
 - Angela.wright@cincinnati-oh.gov / 513-352-5335
- Recipients will be included in the City Manager's Recommended FY 2024-25 Biennial Budget
 - Budget Release targeted for May 2023
 - Subject to approval by the City Council in June 2023

Questions? Comments?

Please visit our websites:

<https://www.cincinnati-oh.gov/budget/>

<https://www.cincinnati-oh.gov/finance/>