

FY 2025 Budget Update: Education & Outreach

Budget Basics and Leveraged Support Funding Process

February 26, 2024

Introductions

- Andrew Dudas, Budget Director
- Purpose of Meeting:
 - Educate you on the budget process
 - This is YOUR meeting – please ask questions!

FY 2024 Strategic Priorities



PUBLIC SAFETY & HEALTH



GROWING ECONOMIC OPPORTUNITIES



THRIVING NEIGHBORHOODS

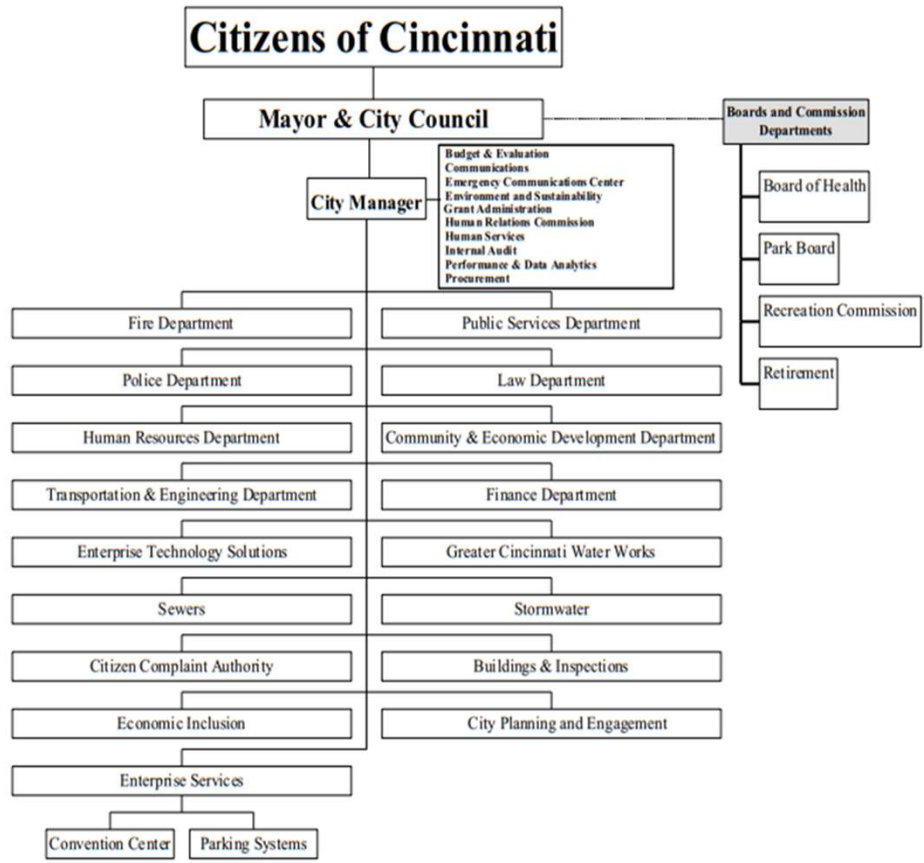


FISCAL SUSTAINABILITY



EXCELLENT & EQUITABLE SERVICE DELIVERY

Organizational Chart



Budget Process

Budget Process

- Community Engagement
- Establish Revenue Estimates
- Establish Budget Targets by Department
- Departments Request Capital and Operating Budgets
- Reviewed by Budget Office and Ultimately Recommended by the City Manager to the Mayor

Budget Process

- Mayor has 15 days to make changes
- Mayor transmits the budget to Council
- Council votes on budget with any proposed changes
- Budget is approved!

Overall Budget Strategy

- **Pass a structurally balanced budget**
 - Revenues \geq Expenditures
- **Expand the tax base**
 - Economic development and neighborhood investment are focal points
 - Recruit and retain jobs



Revenues

Types of Revenue

General Fund Revenue

- Used for the general operations of the City, such as Police, Fire, Public Services, ETS, Recreation, Parks, Transportation and Engineering, B&I, and various administrative departments
- Revenue is generated through Income Tax, Property Tax, State Shared Revenue, Casino Tax, Admission Tax, Fines & Forfeitures, Permit Fees, Parking Meter Revenue, etc.

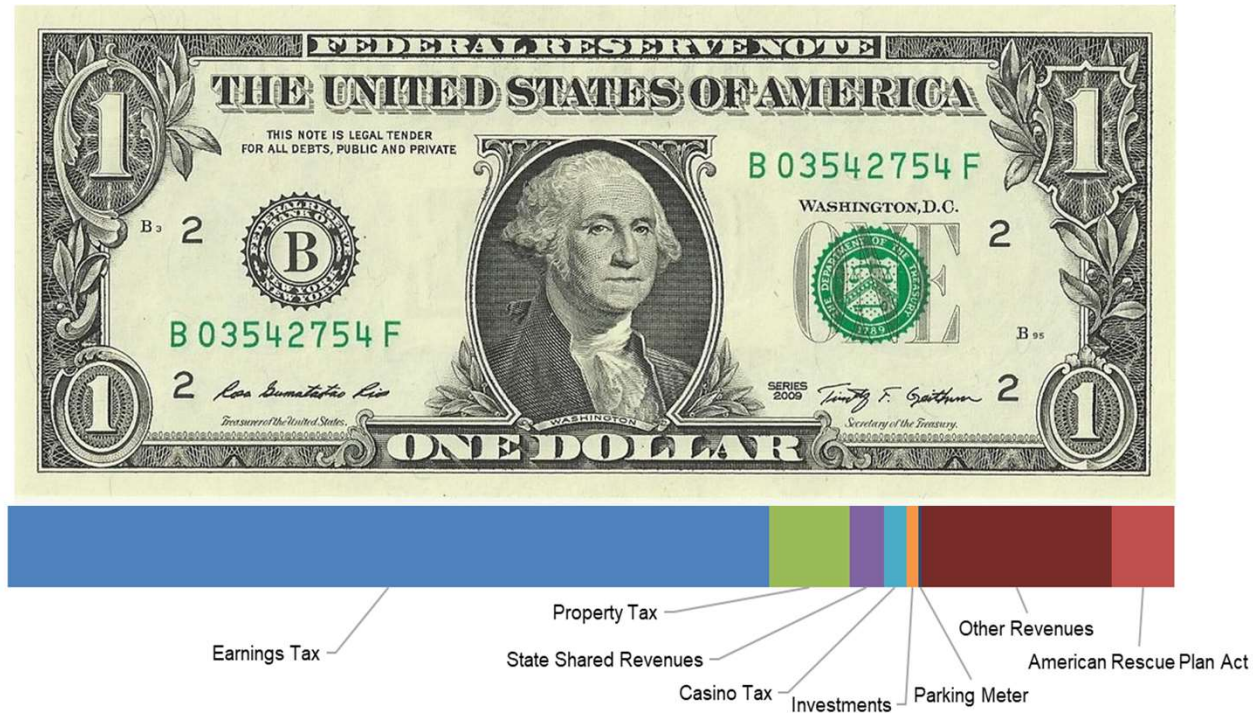
Restricted Fund Revenue

- Eligible uses limited to a specific purpose and revenue generated stays in the fund
- Examples: park and recreation funds, grant funds, health center funds, capital funds

Enterprise Fund Revenue

- Operates like a business and is supported by user fees which stay within the fund
- Examples: Water Works, Sewers, Stormwater, Convention Center, Golf, and Lunken Airport

FY 2024 General Fund Revenue



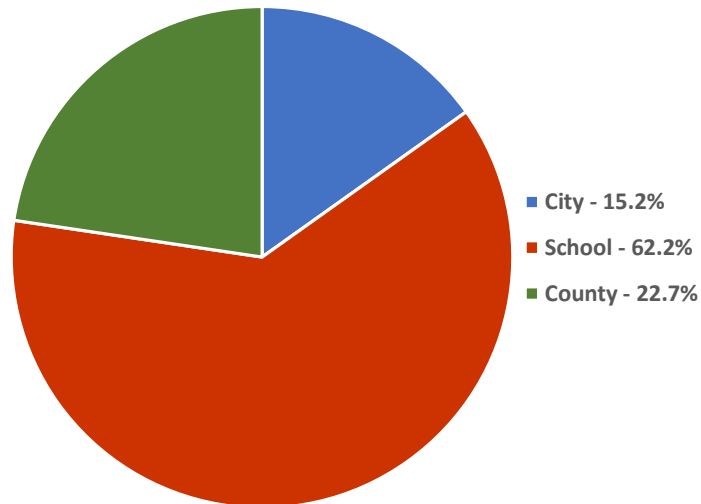
- General Fund Revenues of \$502.9 million in FY 2024 which includes \$4.0 million in transfers in.
- An additional \$28.2 million of one-time American Rescue Plan dollars is included.

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 pay first to where you work, then to where you live.
 - Ongoing impact to Income Tax Revenue due to remote and hybrid work.
- **By Charter, 1.8% Earnings Tax is split as follows:**
 - 1.55% General Operating (\$344.0 million or 65% of General Fund Revenue)
 - 0.15% Capital
 - 0.10% Infrastructure

General Fund Revenue

Current Property Tax Breakdown:



FY 2024 Estimated Property Tax = \$36.4 million or 6.9% of General Fund Revenue.

The property tax millage is set based on the Tentative Tax Budget (TTB) and for operating purposes was set at 6.1 mills for CY 2024.

Operating Budget

Approved FY 2024 All Funds Budget

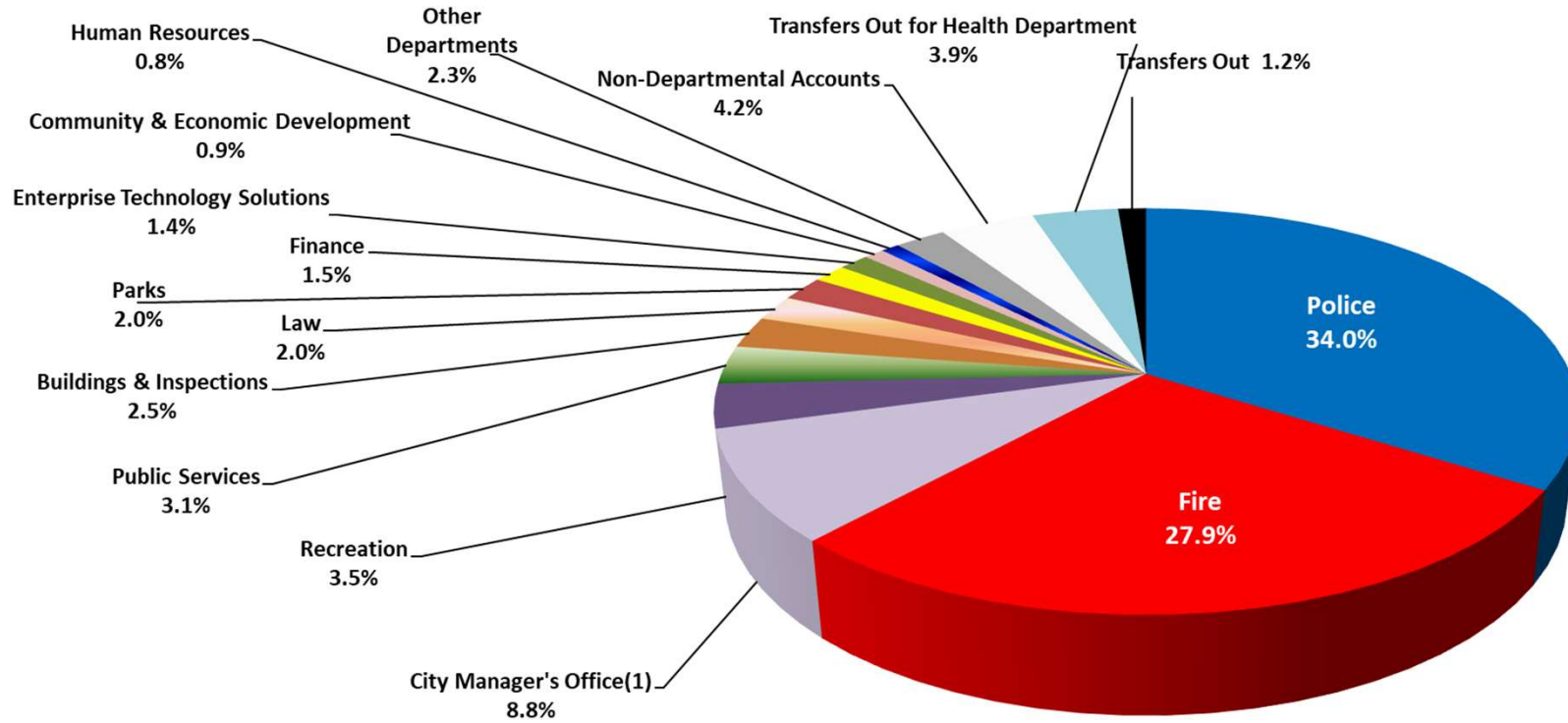
(\$ in Millions)	Approved FY 2022	Approved FY 2023 Update	From Approved FY 2023 Update			Approved FY 2025
			Approved FY 2024	\$ Change	% Change	
Operating Budget						
General Fund ^{(1),(2)}	\$440.6	\$470.5	\$504.1	\$33.6	7.1%	\$503.8
Restricted Funds	\$770.9	\$732.1	\$782.5	\$50.4	6.9%	\$778.7
Subtotal Operating Budget	\$1,211.5	\$1,202.6	\$1,286.6	\$84.0	7.0%	\$1,282.5
Capital Budget						
General Capital Budget	\$85.1	\$127.1	\$76.5	-\$50.6	-39.8%	\$63.9
Restricted Funds Capital	\$184.9	\$160.2	\$196.1	\$35.9	22.4%	\$364.8
Special Revenue/Matching Capital	\$39.7	\$17.5	\$37.5	\$20.0	114.3%	\$167.8
Subtotal Capital Budget	\$309.6	\$304.7	\$310.1	\$5.4	1.8%	\$596.5
Total All Funds Budget	\$1,521.1	\$1,507.3	\$1,596.7	\$89.4	5.9%	\$1,879.0

⁽¹⁾The Approved FY 2022 and Approved FY 2023 Update General Fund amounts do not include \$16.7 million and \$18.9 million respectively in Health Department funding that is transferred to the Cincinnati Health District Restricted Fund. Additionally, the Approved FY 2023 Update does not include \$67.3 million in funding that is transferred to the General Capital Budget or \$3.6 million transferred out for debt service.

⁽²⁾The Approved FY 2024 and FY 2025 General Fund Budget amount does not include \$20.5 million and \$20.9 million respectively in Health Department funding that is transferred to the Cincinnati Health District Restricted Fund. Additionally, the Approved FY 2024 and FY 2025 General Fund Budget amount does not include \$4.4 million in transfers out for debt service and to other funds. The Approved FY 2024 General Fund Budget amount does not include \$2.1 million in transfers out to the balance sheet reserve account for Financial Freedom Initiatives and \$100,000 in transfers out to the General Capital Budget for lighting of the Wasson Way Trail.

OPERATING BUDGET

General Fund Expenditures – \$531.2 million

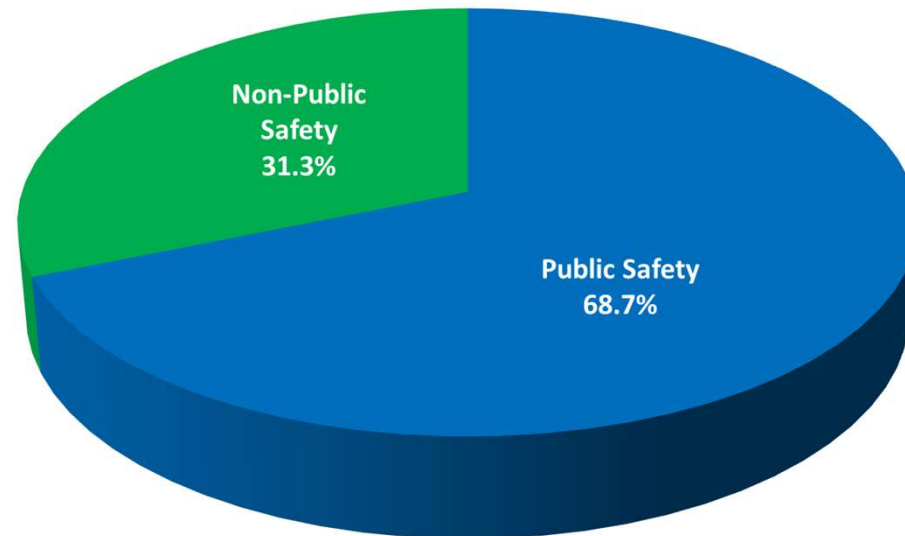


*Other Departments include Transportation and Engineering, City Council, City Planning & Engagement, Economic Inclusion, Citizen Complaint Authority, Office of the Mayor, and Clerk of Council.
 (1) CMO includes the Emergency Communications Center

OPERATING BUDGET

General Fund Expenditures*

Where does the money go?
Public Safety and Non-Public Safety

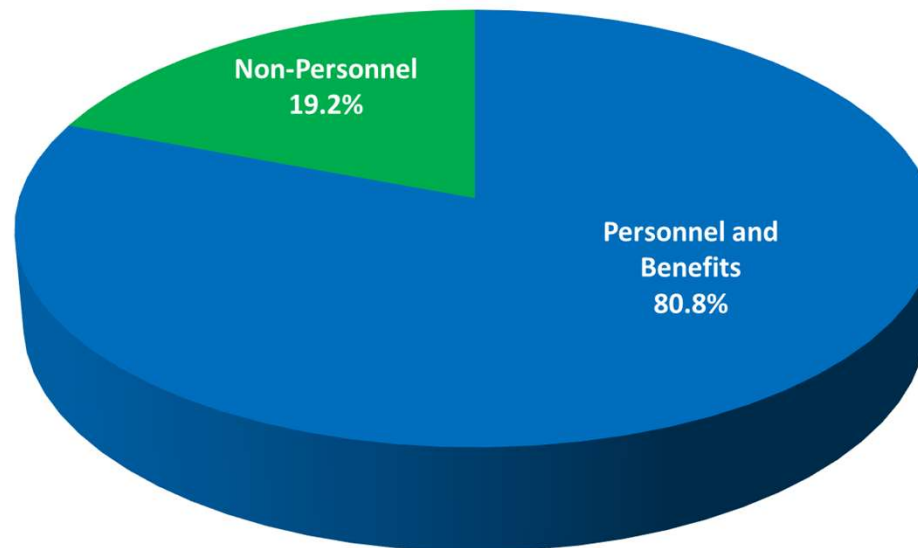


*The Transfer Out for the Health Department is reflected here based on the budgeted expenses for the Health Department within these categories. Non-Departmental Accounts are not included.

OPERATING BUDGET

General Fund Expenditures*

Where does the money go?
Personnel and Non-Personnel

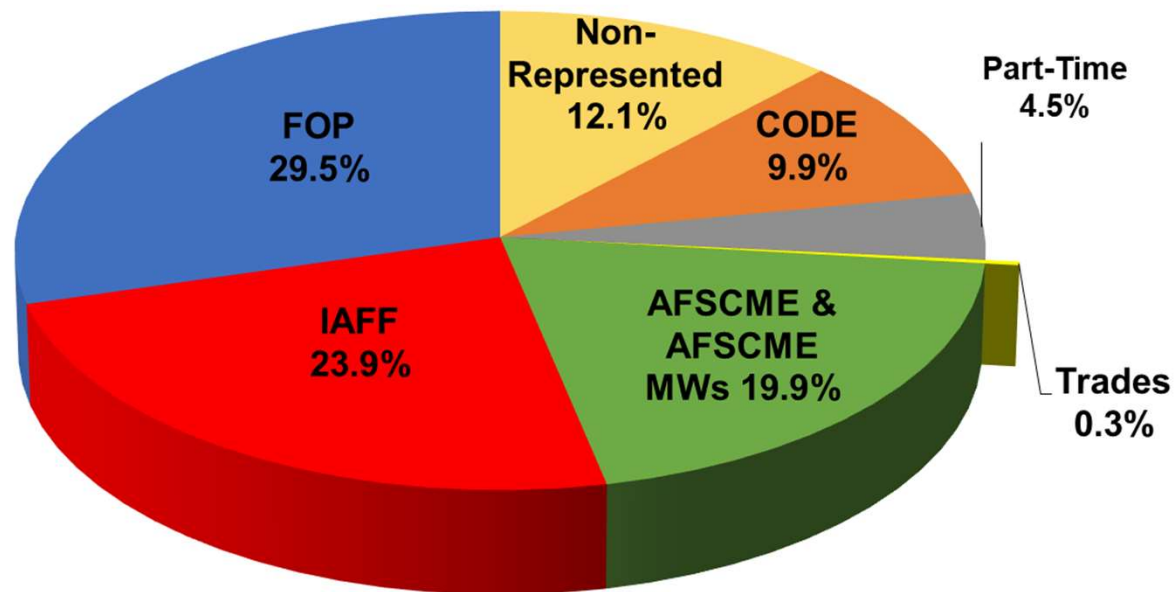


*The Transfer Out for the Health Department is reflected here based on the budgeted expenses for the Health Department within these categories.

OPERATING BUDGET

General Fund Staffing*

Personnel expenses represent 80.8% of the General Fund Budget with 83.4% of employees represented by labor contracts.

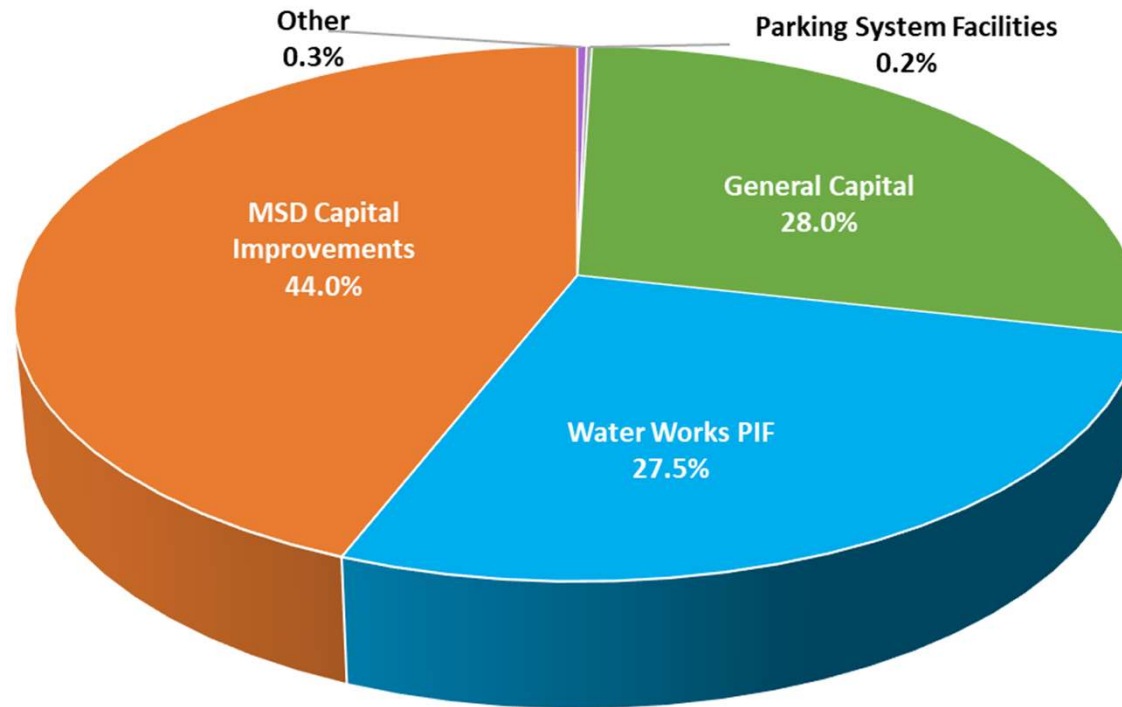


*The Health Department FTEs budgeted as part of the Transfer Out are included within these categories.

Capital Budget

CAPITAL BUDGET

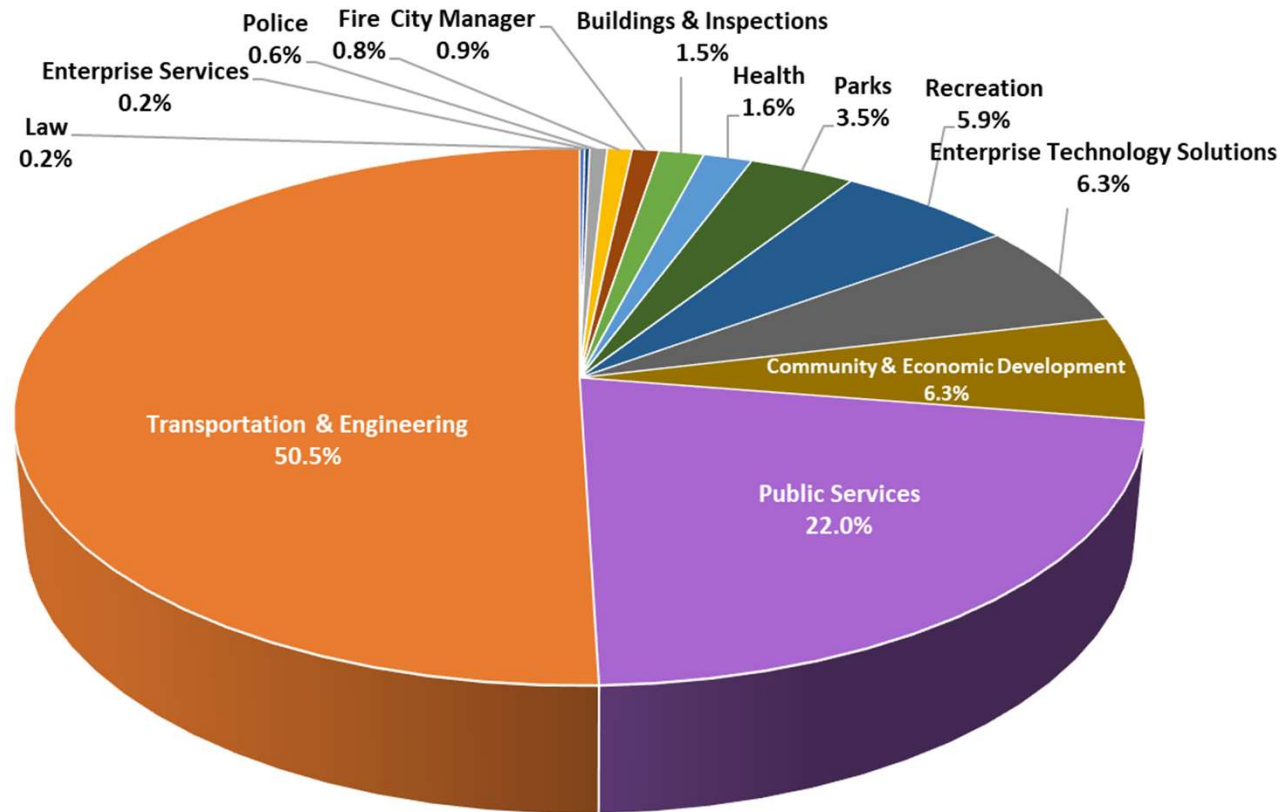
Approved FY 2024 All Funds Capital Budget = \$310.1 million



"Other" combines the FY 2024 Approved Capital Budget amount for the following funds: Telecommunications Services, General Aviation, Downtown South/Riverfront Equivalent, and Special Housing PIF. Individually, each of these funds consist of less than 0.15% of the FY 2024 All Funds Capital Budget. This chart does not include grant funding.

CAPITAL BUDGET

General Capital Expenditures = \$76.5 million



Leveraged Support

Introduction to Leveraged Support

Definition:

- Leveraged support is financial support from the City of Cincinnati to an external organization:
 - 1) as general operating support to fund their work in the City or
 - 2) as funding for a specific program aimed at addressing a public need in the City
- This does not include City funding of third parties to perform elements of City Operations — managing city-owned assets or programs.

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 2024 General Fund Operating Budget includes \$4.0 million in leveraged support funding

Eligibility Criteria

Minimum eligibility criteria and request parameters are as follows:

- **The applicant must be an existing organization** that has a three-year track record and must provide three years of audited financial statements or three years of filed 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 (<https://www.gcfdn.org/rfp/>)
 - Applications requesting funding for new programs of existing organizations are acceptable.
 - Capital projects are not eligible for funding under this initiative. The focus is to support operational and programmatic expenses that directly impact Cincinnati residents by addressing a public need or service gap.
- **Funding requests should be between \$50,000 and \$500,000.**
 - 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.

Categorization

Each 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.

Categorization

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

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. Specific interest in:
 - programs and organizations that are serving City youth who are “dual” involved with a dependency case through the Hamilton County Department of Job & Family Services and with a delinquency case with the Hamilton County Juvenile Court
 - programs and organizations that provide gender affirming mental health care to youth and adult residents in the City of Cincinnati
 - programs and organizations working to eliminate food insecurity in the City of Cincinnati
7. **Workforce Programming and Poverty Reduction:** Organizations that assist residents in finding and maintaining gainful employment and reducing poverty.

Application Process

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

- The application process takes place concurrently with the City's operating budget development process 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.

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 the 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

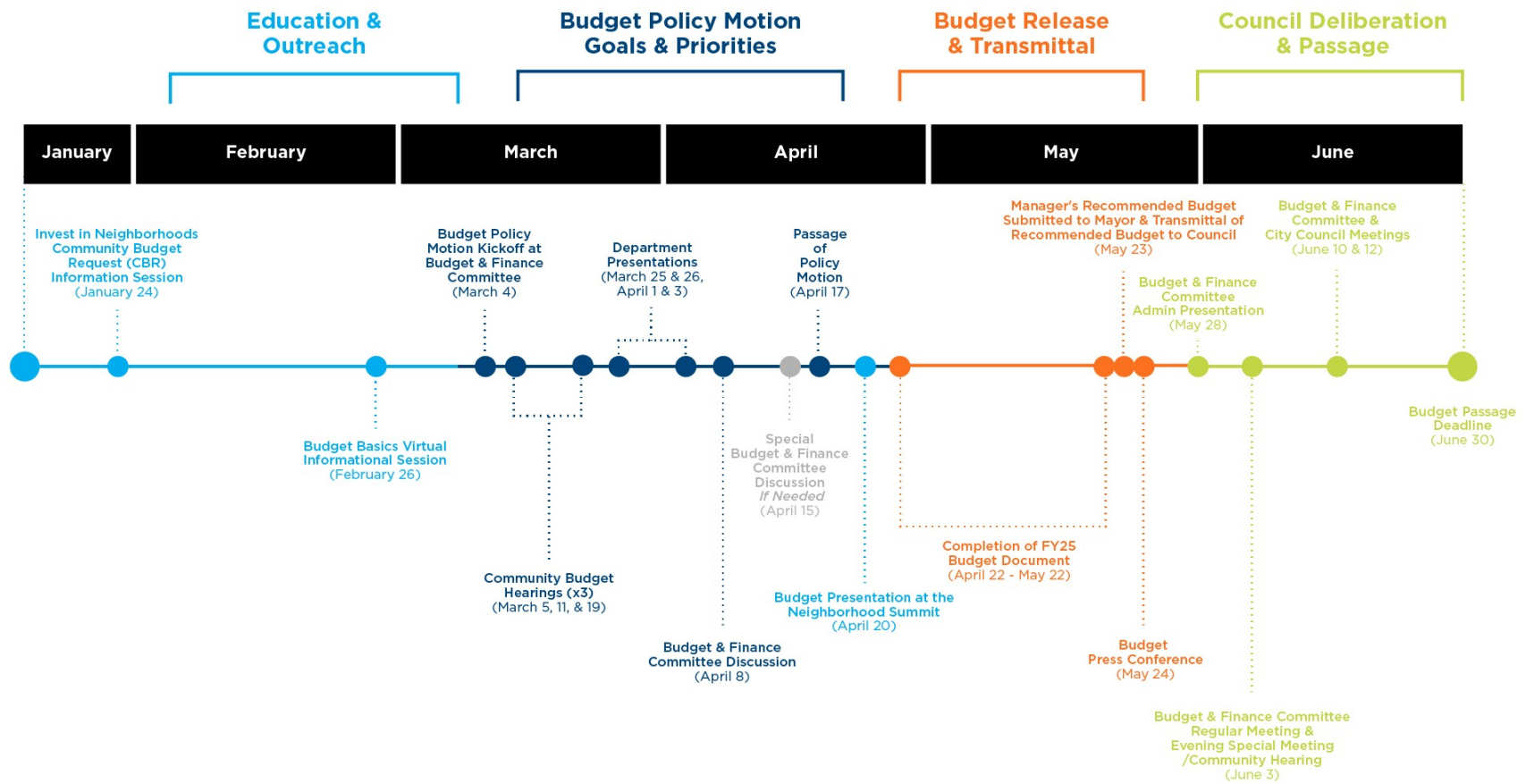
The online application can be found on the City's website:

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

Applications are being accepted from February 14th through March 24th.

- Questions about the application process can be directed to:
 - Tonia Smith, City Manager's Office
 - Tonia.Smith@cincinnati-oh.gov / 513-352-5361
- Recipients will be included in the City Manager's Recommended FY 2025 Budget Update
 - Budget Release targeted for May 2024
 - Subject to approval by the City Council in June 2024

FY 2025 Budget Update Schedule



Questions? Comments?

Please visit our websites:

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

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