

Fiscal Year 2026-2027 Budget

June 9, 2026



Regulatory Context

- Budgets support governance, management, and regulatory compliance
- Districts may adopt a temporary or annual appropriation and revise as necessary throughout the year
- CMSD appropriates budgets at the fund level
- Continuing practice is for the Board to adjust appropriations at fiscal year end
- Status to budget is presented in the monthly [General Fund Financial Report and Other Information](#)

Sources: [Ohio Revised Code 5705.08](#), [Ohio Revised Code 5705.412](#), [Ohio Revised Code 5705.38](#), [Ohio Revised Code 5705.39](#), and [Ohio Administrative Code 117-6-02](#)



We have taken actions to improve financial sustainability



2023-2024

November – Entered State Fiscal Precaution

February – Deficit reduction plan approved by the Board addressing centrally-directed budgets and ARP/ESSER-funded investments

May – 1) Adoption of budget protecting school budget pool and reducing central office FTE by 12.6%, among other reductions, 2) forecasted annual deficits beginning in FY25 without further measures, & 3) Resolution of Necessity for a bond issue and levy

2024-2025

September – Deadline for utilization of \$465 million of ARP/ESSER funds

November – 1) Levy and bond issue passed with 66% of the vote & 2) Board-adopted forecast notes a projected deficit in FY26

February – 1) Board briefed on changes to Student-Based Budgeting (SBB) that improve equity, reduce class sizes, and control costs & 2) Board briefed on need for identification of further ongoing savings

April – Calendar consolidation approved, saving \$27 million over three years

May – Forecast noted a FY26 annual deficit

June – Budget adopted, incorporating SBB changes and calendar consolidation

2025-2026

October – Forecast noted a FY26 annual deficit, including deficit reduction targets of \$5 million in FY26 and \$35 million starting in FY27

December – Board adopted Building Brighter Futures recommendations for school year 2025-2026

February – Forecast noted an actual FY25 deficit of \$4.1 million and projected FY26 deficit of \$28.0 million

April – Central office budget process resulted in \$15 million in annual savings

June – District budget presented



The budget is divided into two main areas of responsibility

Student Based Budgeting

School Directed Budgets

- K-12 General Education (core classes and encores/electives)
- Special Education (Resource Inclusion)
- English Language Learner
- Career-Technical Education Teachers
- School Administration
- Enrichment Activities

Unique School Models exist to supplement schools as required by program. Example: Artists in Residence at Cleveland School of the Arts.

Central Office

Non-School Directed Budgets

- Transportation
- Pre-Kindergarten
- Nutrition
- Safety & Security
- Special Education (Self-Contained)
- Facility Operations
- Athletics
- Nursing
- Related Services
- Curriculum
- Information Technology
- Central Administration

The Goals

are designed to directly impact what students *know and can do*, guiding our focus toward tangible, measurable academic outcomes.

1

Early Literacy: The percentage of 3rd graders who are proficient in ELA will increase from 35% in August 2024 to 60% by August 2030.

2

Math Proficiency: The percentage of first time test takers who are proficient in Algebra 1 will increase from 26% in August 2024 to 50% by August 2030.

3

College Readiness: The % of graduating cohort who meet at least one college ready indicator — ACT/SAT College Ready, Honors Diploma, AP/IB College Ready, or 12+ college credits — will increase from 8.2% in August 2024 to 25% by August 2030.

The Guardrails

describe the non-negotiable values the school system must honor while allowing freedom to pursue the goals.

1

Safety & Well-Being: The CEO shall not fail to promote safety within CMSD facilities, along with physical and mental well-being for all students.

2

Opportunity & Access: The CEO shall not implement an academic program that fails to provide access to artistic, athletic, and career preparation opportunities for all students.

3

Community Engagement: The CEO shall not make significant changes to the operation of the district without meaningful ways for the community to provide input.

Student Based Budgeting



Personnel Budgets:

- Separate teaching staffing ratios for Pre-K, Kindergarten-Grade 3, Grades 4-8, and High School based on maximum class size
- Administrators (principal, assistant principal and/or dean, & secretary) based on enrollment
- Ensure **all schools** provide at least baseline services, including Building Brighter Futures promises around K-8 enrichment and college/career pathways in high school

Non-Personnel Budgets:

- \$200 per student
- \$50 per special education student
- \$50 per ELL student



Examples:
School supplies
Enrichment activities
Extracurricular activities
Professional development

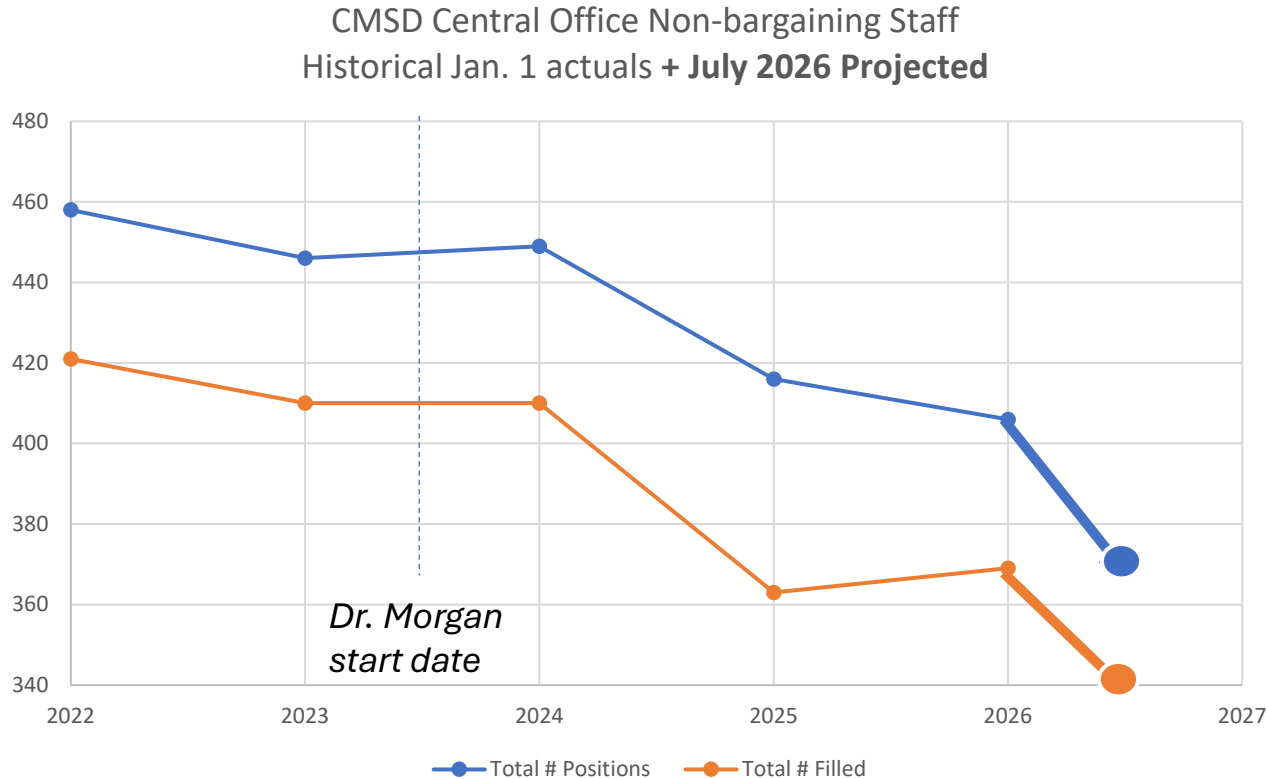
Unique School Models:

Includes supplements for staffing, professional development, and enrichment services specific to school needs (Montessori, International Baccalaureate, Bard, e.g.)



- Continues work to reduce Central Office costs that began with the February 2024 Deficit Reduction Plan
- Central Office underwent a budget process aligned to supporting schools while reducing costs
- Every division reduced their budget, with an overall reduction of \$15 million, building on savings of \$5 million this year
- Reduction of 185 central office positions, including 43 non-bargaining positions

Central Office has conducted it's 2nd cycle of layoffs in two years



Prior, the most recent Central Office layoff occurred in 2011.

Filled Central Office FTE positions now reduced by **70 (-17%)** since Jan. 2024.

Run as of January 1st of each listed year
Non-Bargaining, Full-time Positions based at Administration or EPC
Removed 'Fellows' from any report results

The proposed budget improves our forecast, though deficits persist



The February 2026 forecast directed CMSD to identify and make \$30 million in additional annual reductions beginning in FY2027. Despite the reduction, CMSD would continue annual deficit spending and run out of money in FY2029. Without further cuts, the State would put CMSD under oversight in August 2026.

February 2026 Forecast

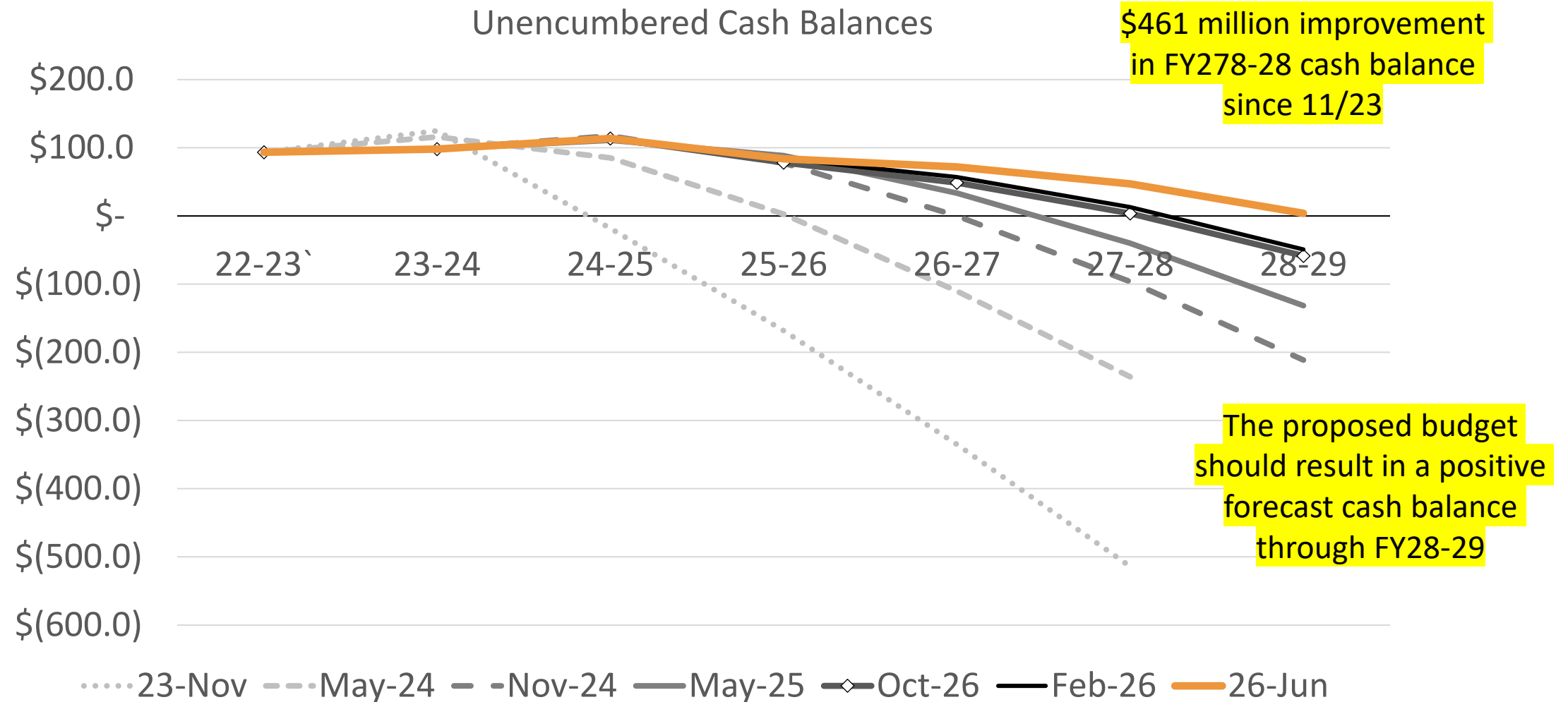
Category	FY2026	FY2027	FY2028	FY2029
Savings Targets	\$5.0	\$35.0	\$35.0	\$35.0
Net Revenues/ Deficit	-\$28.0	-\$26.8	-\$43.8	-\$62.2
Unencumbered Cash Balance	\$83.7	\$56.9	\$13.1	-\$49.1

Central office and BBF savings will allow us to exceed savings targets and avoid state oversight in 2026. However, annual deficits will continue throughout the course of the forecast, leading to state oversight in 2027 without further improvements in our financial outlook.

June 2026 Budget Update

Category	FY2026	FY2027	FY2028	FY2029
Actual Savings	\$5.0	\$50.0	\$54.0	\$54.0
Net Revenues/ Deficit	-\$28.0	-\$11.8	-\$24.8	-\$43.2
Unencumbered Cash Balance	\$83.7	\$71.9	\$47.1	\$3.9

Ongoing deficits will run through cash by FY2029

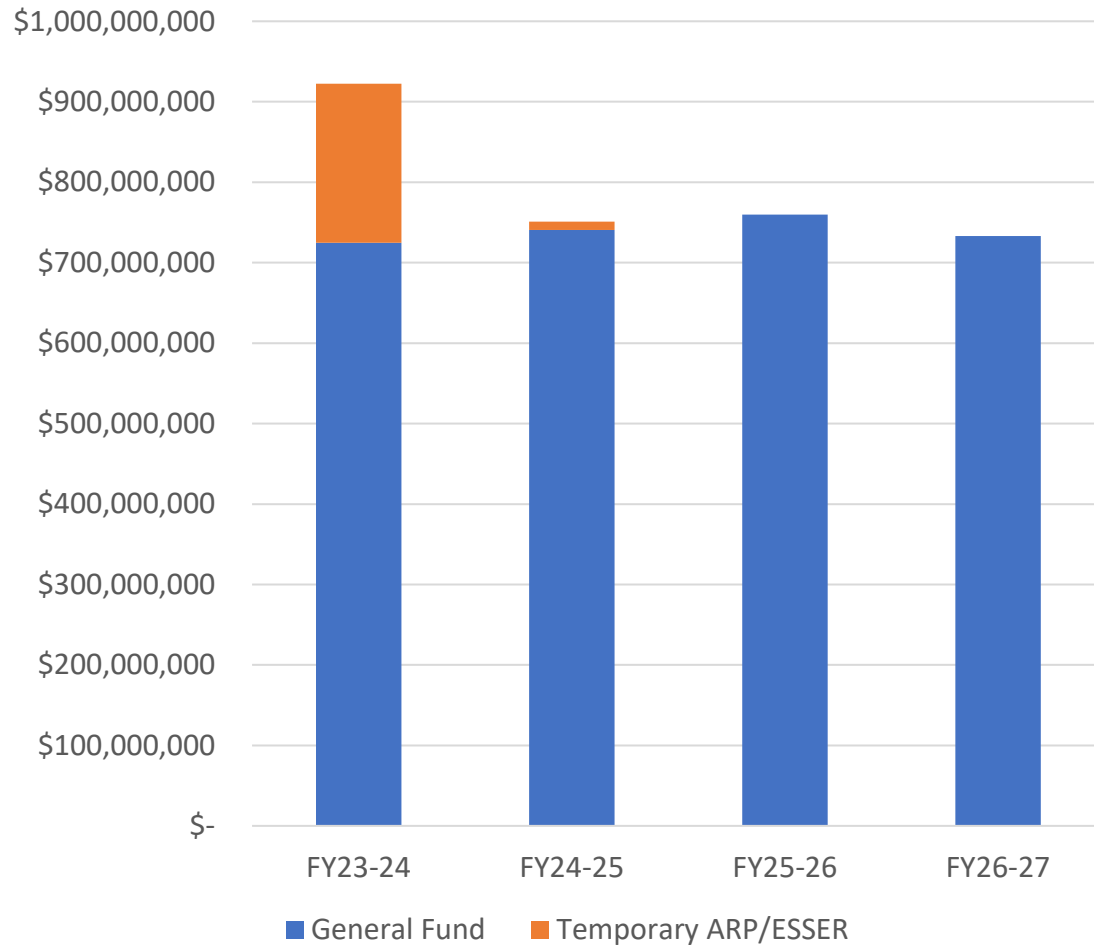


This projection incorporates the proposed budget with the February 2026 forecast. The actual forecast will be updated in August under Ohio law.

This budget continues reductions to the general fund



General Fund and Temporary ARP/ESSER



Temporary ARP/ESSER funding distorted CMSD's budget, encouraging unsustainable spending levels to utilize temporary funding.

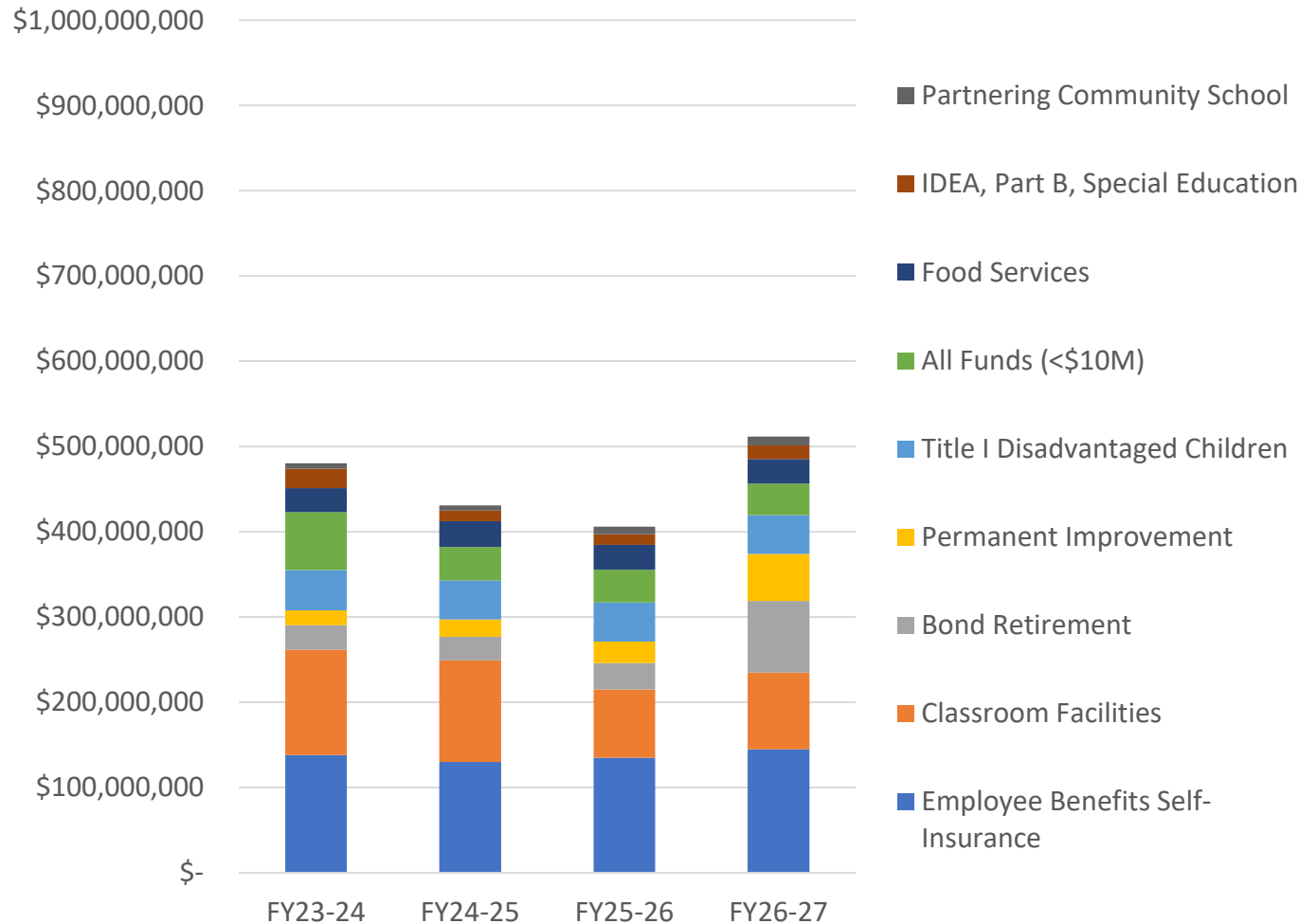
Budget reductions of:

- \$189.2 million from FY23-24 – 20.5%
- \$26.6 million from this year (FY25-26) – 3.5%

The budget grows outside the general fund for school building construction and renovation and a final bond payment



All Other Funds



Significant increases for school construction, renovation, and maintenance within:

- \$10.2 million – Classroom Facilities
- \$29.8 million – Permanent Improvement

A final bond payment for the 2014 series of bonds increased the appropriation by \$53.0 million. **This bond will be paid-off!**

Continuing growth (\$10.0 million) in the Employee Benefits Self-Insurance Fund.

Credit markets continue to praise CMSD's long-term planning



Moody's	S&P	Fitch	Tier
Aaa	AAA	AAA	High Grade
Aa1	AA+	AA+	
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	Upper Medium Grade
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	Lower Medium Grade
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	Non-Investment Grade
Ba2	BB	BB	
Ba3	BB-	BB-	

Investment Grade

Junk

Fitch Ratings, May 26, 2026

*“Fitch Ratings has **affirmed** Cleveland Municipal School District [ratings] on outstanding district general obligation (GO) bonds at ‘A’...*

*...The Rating Outlook is **Stable**...*

...the district continues cutting expenditures and implementing its right-sizing plan to close and consolidate schools and benefits from resident's passage in 2024 of a separate 10-year operating millage. Rating stability depends on right-sizing operations amid ongoing enrollment decline and maintaining unrestricted general fund reserves at or above 5% of spending.”

Thank you.

