CLEVELAND METROPOLITAN SCHOOL DISTRICT

October 2025 General Fund Four Year Forecast

September 23, 2025

Regulatory Context

- House Bill 96 changed the requirements **(bold)**
- Forecast of general fund revenues, expenses, and cash balances of the current and following **three** fiscal years.
- Required at least twice annually to the Department of Education and Workforce (DEW) – **October 15 and February**
    - The first submission will be in **August next fiscal year**
- Must document key assumptions, be adopted by the Board, and submitted in the Educational Management Information System
- Reviewed and accepted by DEW and the Auditor of State
- DEW may require remedial action plans in cases of projected deficit

Sources: Ohio Revised Code 5705.391 and Ohio Administrative Code 3301-92-04

The General Fund Is The Focus Of The Forecast

General Fund

"…[A]ccounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the school district for any purpose provided it is disbursed or transferred in accordance with Ohio law."

Special Revenue Funds

"…[A]ccount for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects."

Examples: Food service, state and federal grants, and student activities

Capital Projects Funds

"…[A]ccount for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, other than those financed by proprietary funds or for assets that will be held in trust."

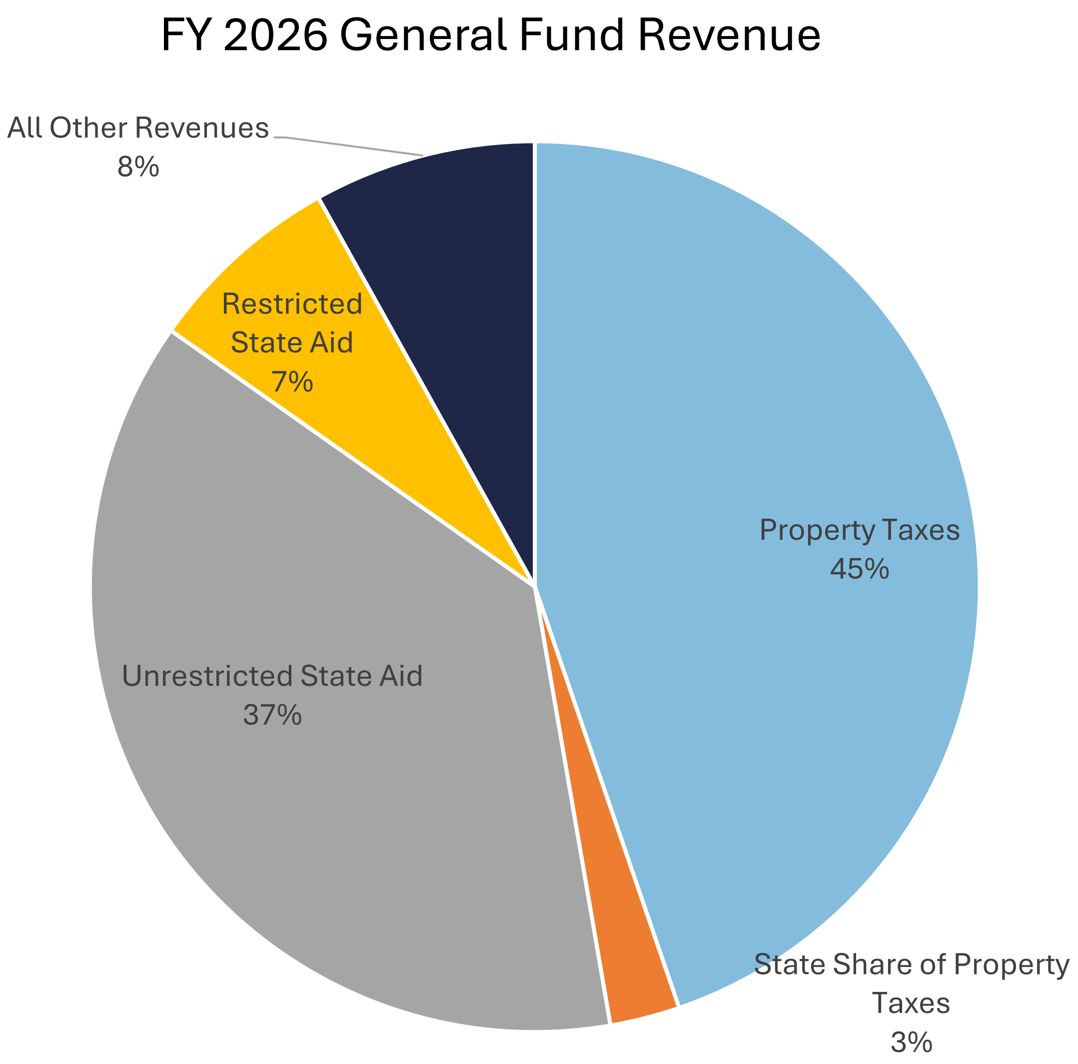
Debt Service Fund

"…[A]account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest."

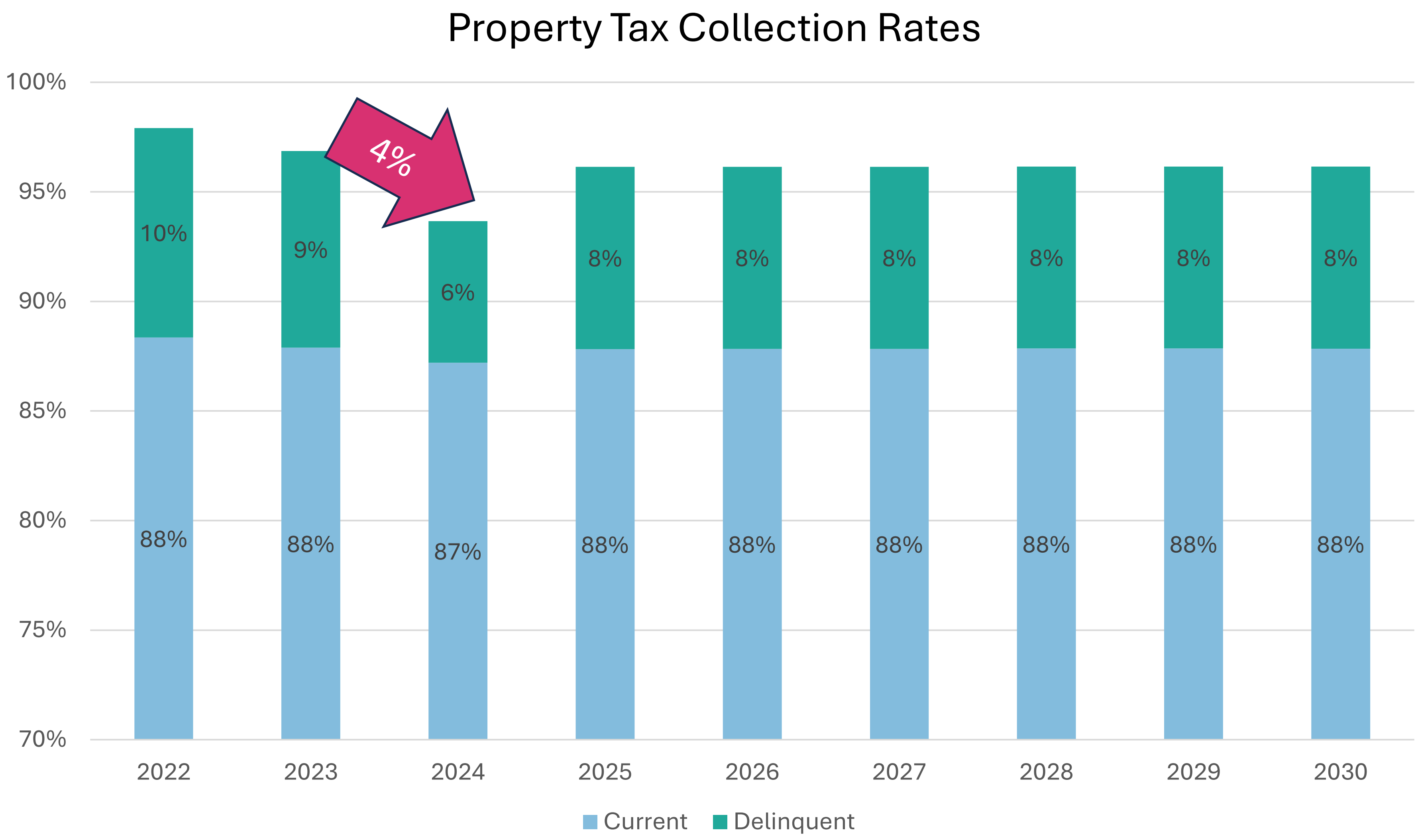
Revenue

Funding Is A State-Local Partnership

- 45% comes from property taxes
- 47% comes from the state, including the state share of local property taxes

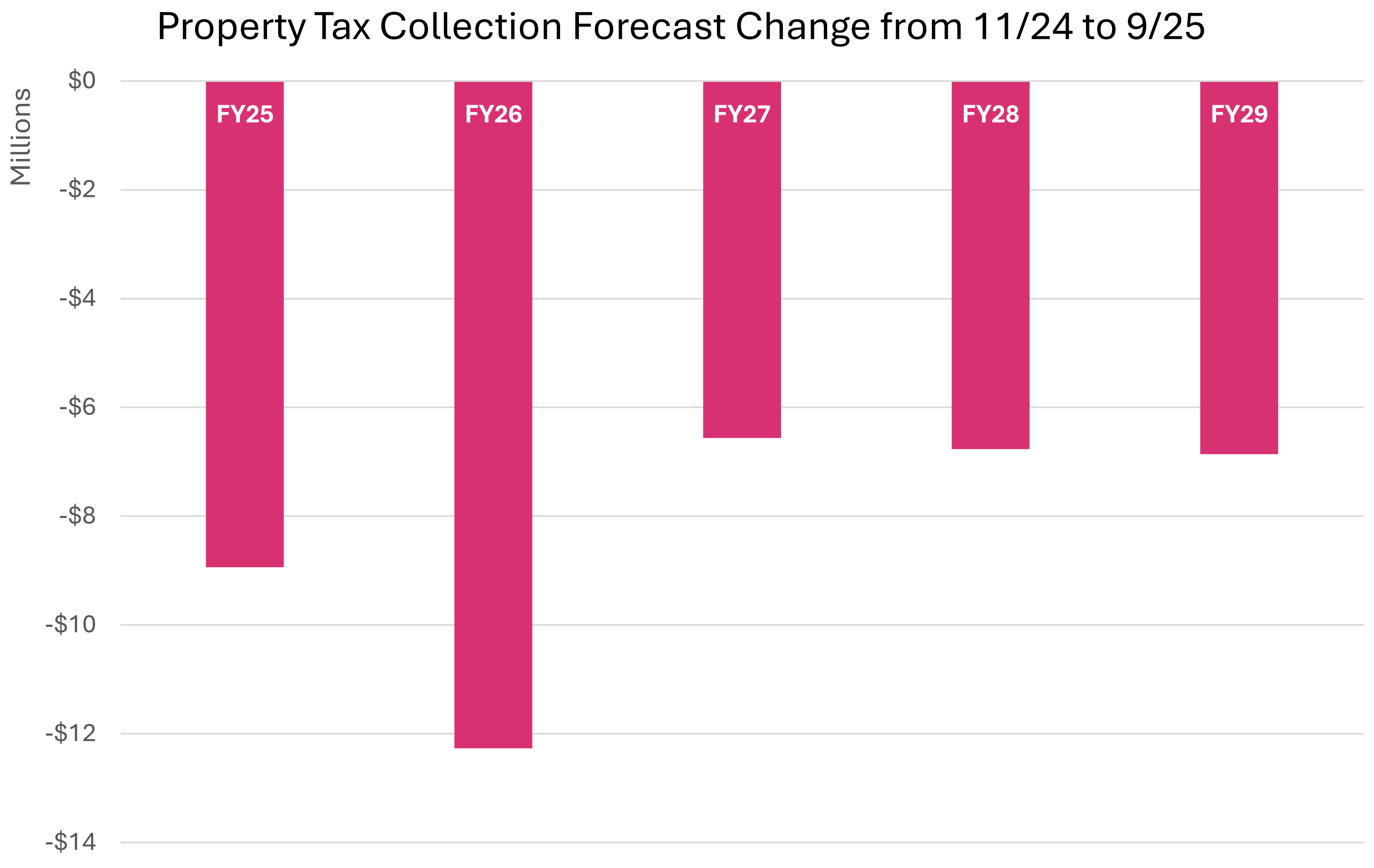


Property Tax Collection Rates Decreased Last Year



Jurisdictions across Cuyahoga County are seeing lower collection rates.

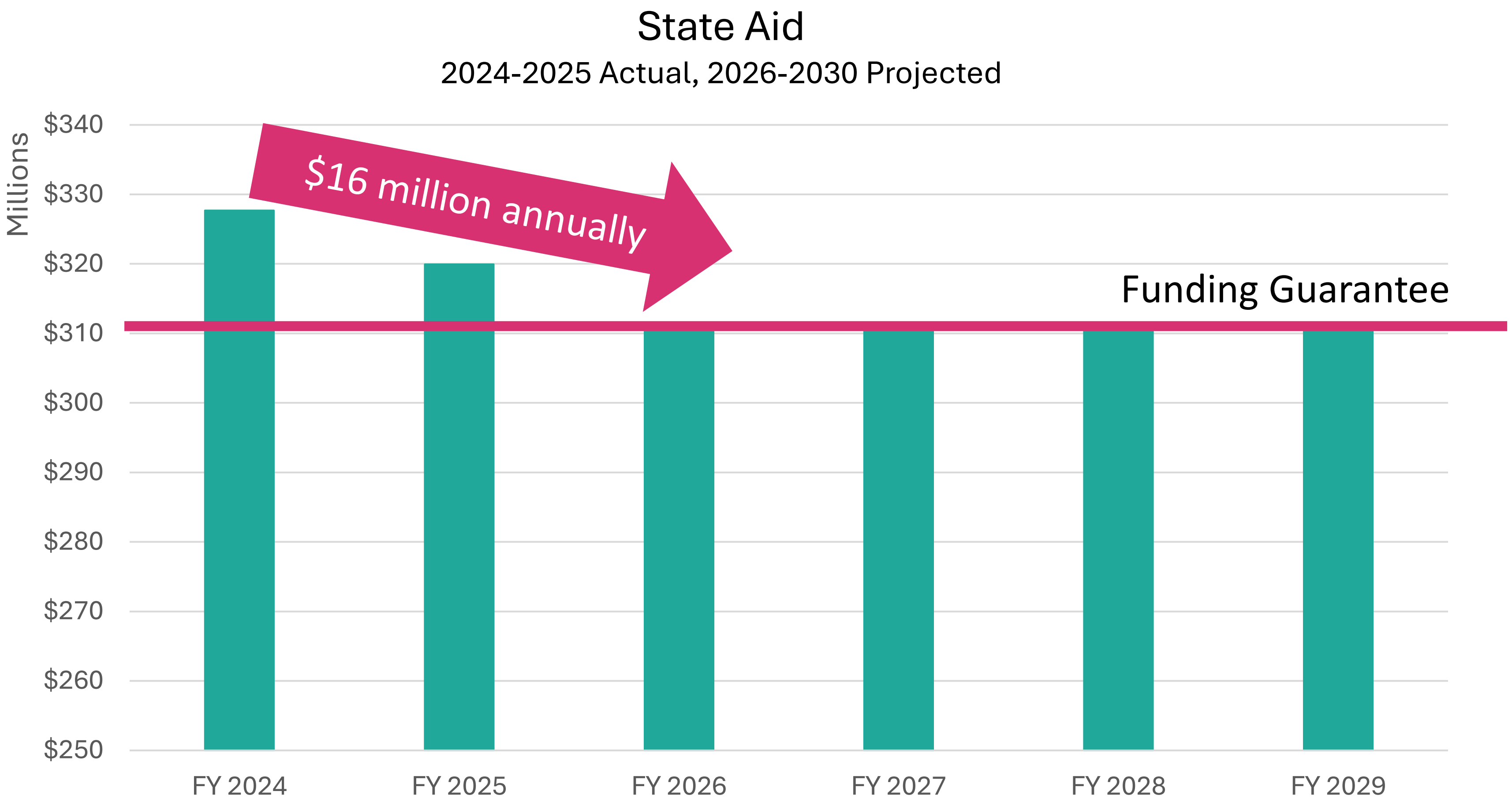
Property Taxes Are Expected To Rebound, But Remain Lower Than Last Fall's Forecast



Risks: Economic downturn, general delinquencies, and legislative changes that reduce taxing capacity.

CMSD Is A Guarantee District With Decreased State Aid

State funding peaked at $327.7 million in 2024 and will decrease to $311.2 million this year.

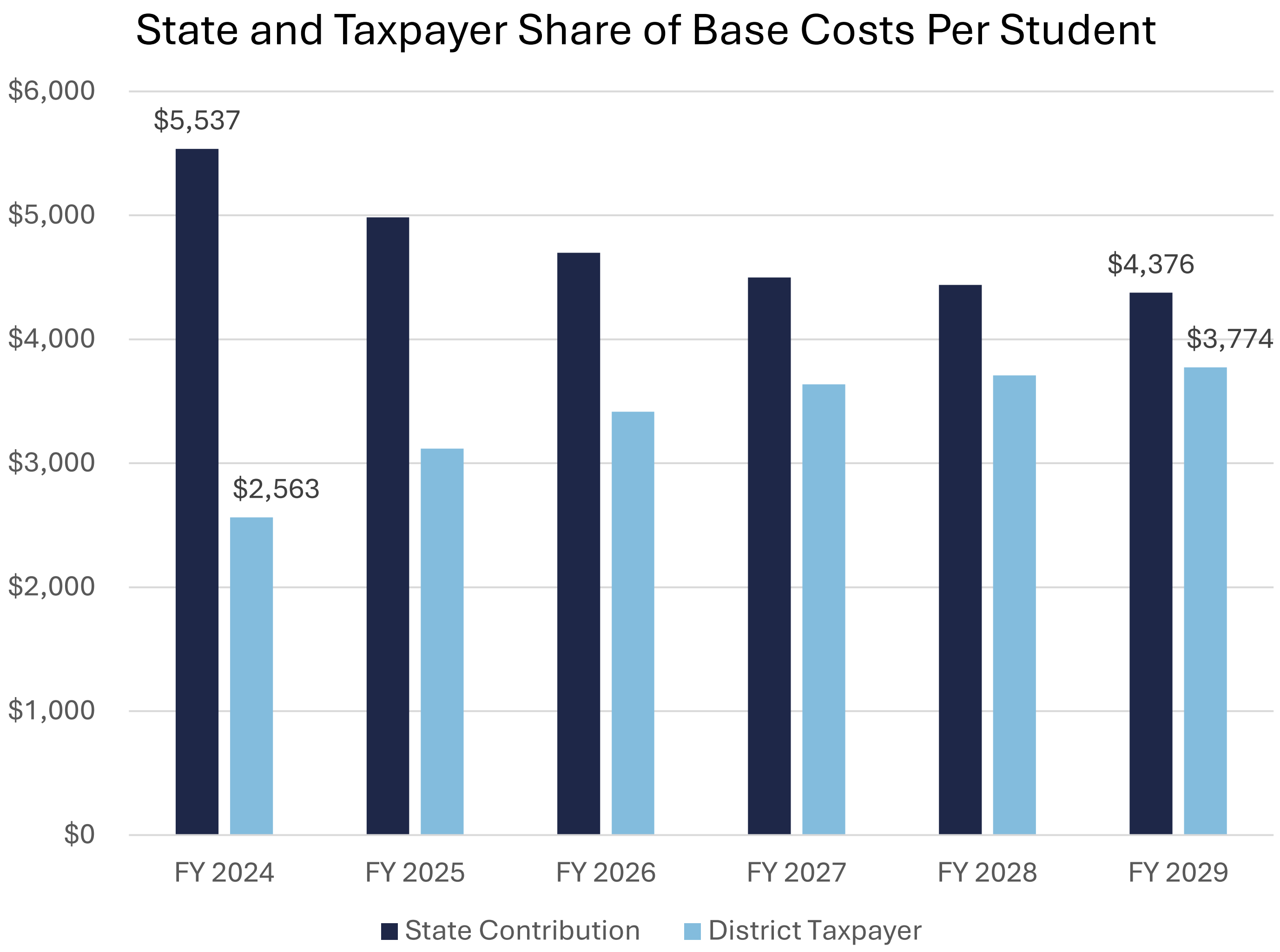


The State Is Shifting Funding Responsibility to the District

The State's expected share decreased by 21% from 2024 to 2029.

This increased the expected taxpayer's expected share by 47% from 2024 to 2029.

State funding per student (navy) decreases and the expected local contribution per student (light blue) increases.



The Fair School Funding Plan Is Not Keeping Up With Costs

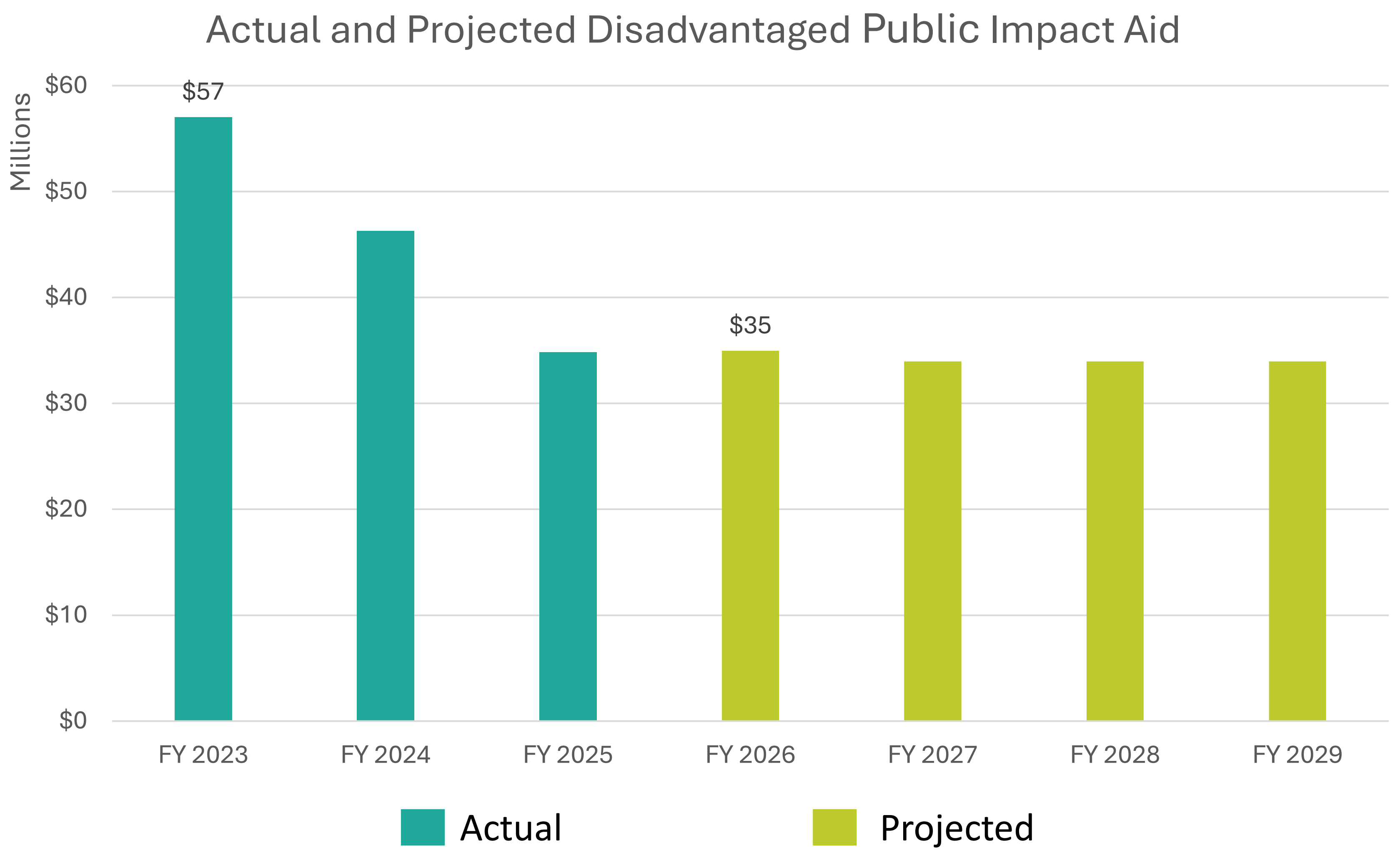
The intention of the Fair School Funding Plan was to phase it in during fiscal years 2022-2027, increasing costs every biennium with updated actual costs information.

The last update was in fiscal year 2024, using 2021 actual costs. Since then, all cost increases have been a local responsibility.

The state underfunded CMSD by $157 million during fiscal years 2026 and 2027.

Source: Bryden, M. (2025, September 8). Lawmakers underfund Ohio schools by $2.75B. *Policy Matters Ohio*.

The State Has Decreased Aid for Economically Disadvantaged Students in CMSD



DPIA helps districts better serve economically disadvantaged students. Due to a change in calculation methodology, Cleveland will receive $22.0 million less this year than in 2023.

The state shifted poverty funding to serve students in districts that are wealthier than Cleveland.

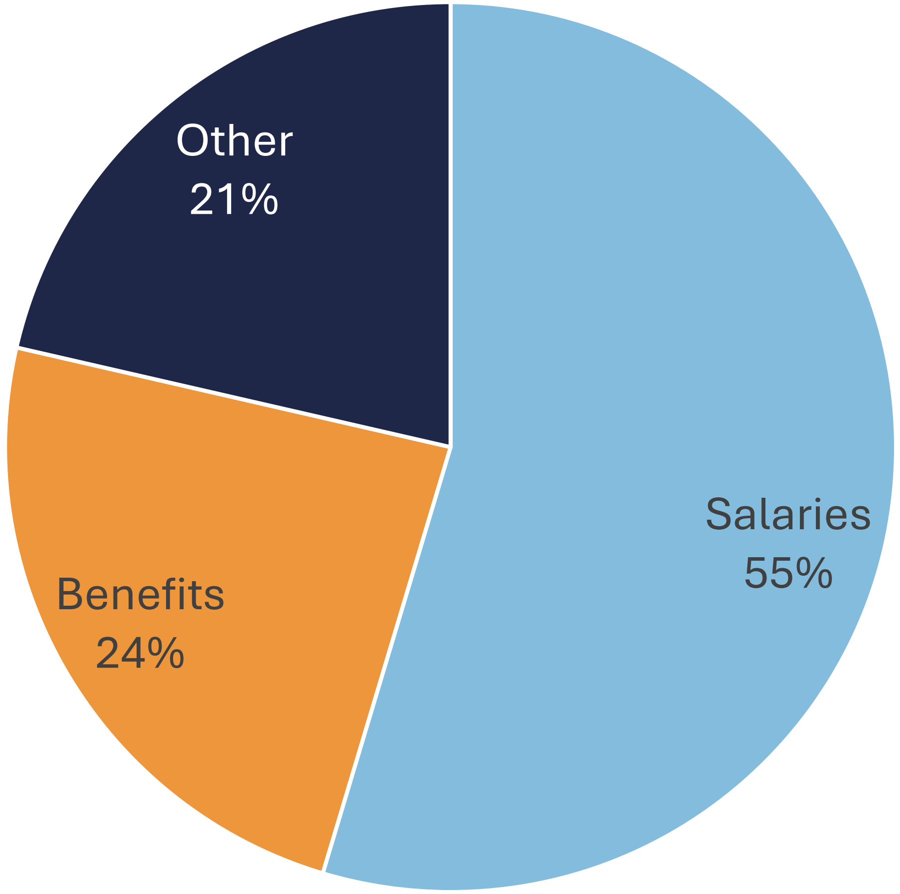
Expenses

Expenses – Salaries and Benefits

- 79% of all General Fund expenses are salaries and benefits.
- The Forecast reflects general wage increases of 2% (FY2026) and 3% (FY2027). General wage increases are unknown and not planned beginning in FY2027.
- Health insurance increases at 7.5% annually.
- Savings from a unified calendar and school budgets are incorporated.

Risks: Increased filled levels and health insurance costs.

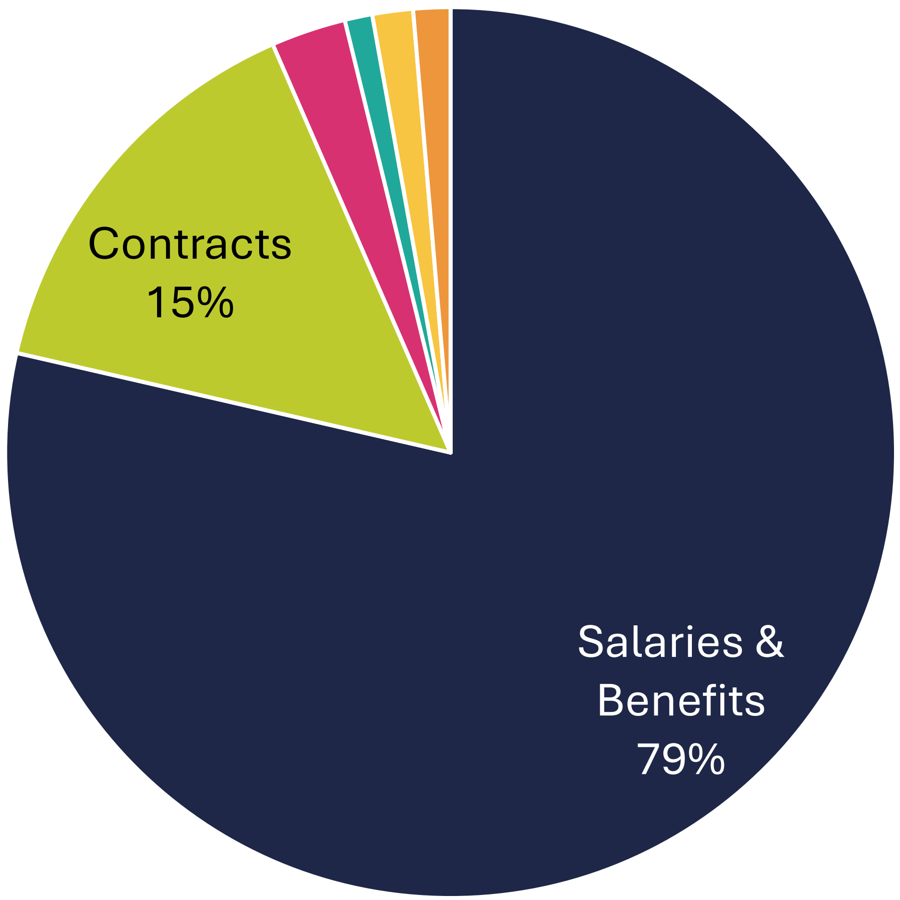
FY2026 General Fund Expenses



Expenses – Purchased Services, Supplies and Maintenance, and Other

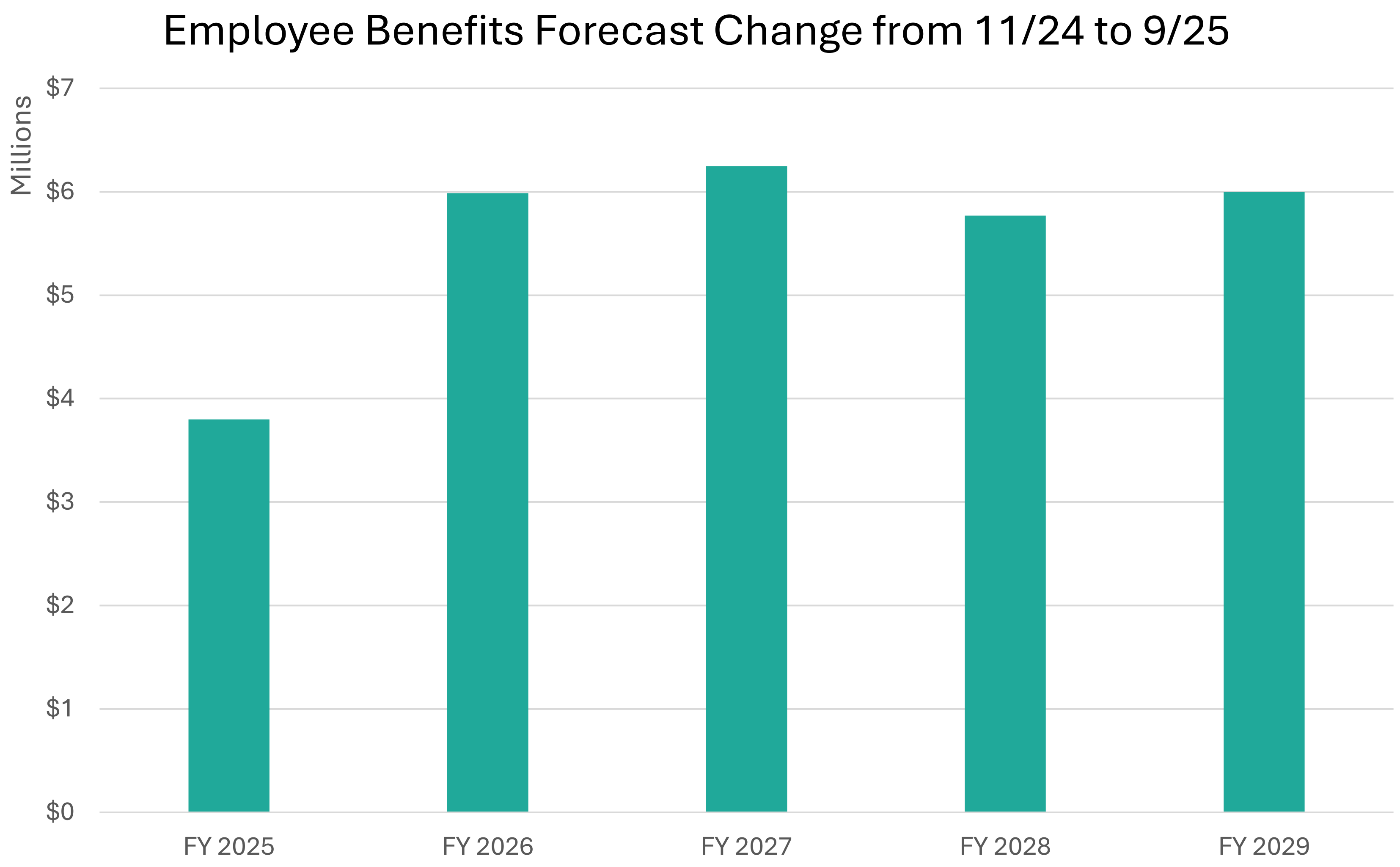
- The remaining 21% is Purchased Services, Supplies and Maintenance, Capital Outlay, Other Objects, and Advances Out.
- Spending projections use data contained in the monthly financial report plus inflationary increases based upon the spending category ranging from 0-3% annually.

FY2026 General Fund Expenses



Risks: Unpredictable increased costs of purchased goods and services.

Employee Benefits Are Exceeding Previous Forecasts



The district works with an outside benefits consultant to offer a competitive employee insurance package and contain costs.

Risks: Unforeseen changes to health insurance costs.

Note: Not adjusted with planned savings target.

Forecast

Five Year Forecast – November 2024

Category	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Revenue	$729.0	$734.9	$722.2	$712.4	$715.3	$716.9
Expenditures	$697.8	$733.3	$761.9	$789.9	$811.7	$832.1
Net Revenues Excess (Deficit)	$31.3	$1.6	$39.7	$77.6	$96.3	$115.2
Ending Fund Cash Balance	$140.8	$142.4	$102.7	$25.2	$71.2	$186.4
Encumbrances	$42.6	$25.0	$25.0	$25.0	$25.0	$25.0
Unencumbered Cash Balance	$88.2	$117.4	$77.7	$0.2	$96.2	$211.3

*Does not include further collectively bargained wage adjustments starting in FY27-28

Four Year Forecast – October 2025 Without Savings Targets

Category	FY2025	FY2026	FY2027	FY2028	FY2029
Revenue	$737.4	$709.8	$714.6	$720.2	$723.2
Expenditures	$741.5	$748.4	$778.9	$800.2	$820.4
Net Revenues Excess (Deficit)	$4.1	$38.6	$64.3	$79.9	$97.3
Ending Fund Cash Balance	$136.7	$98.0	$33.8	$46.2	$143.4
Encumbrances	$23.0	$25.0	$25.0	$25.0	$25.0
Unencumbered Cash Balance	$113.7	$73.0	$8.8	$71.2	$168.4

*Does not include further collectively bargained wage adjustments starting in FY27-28

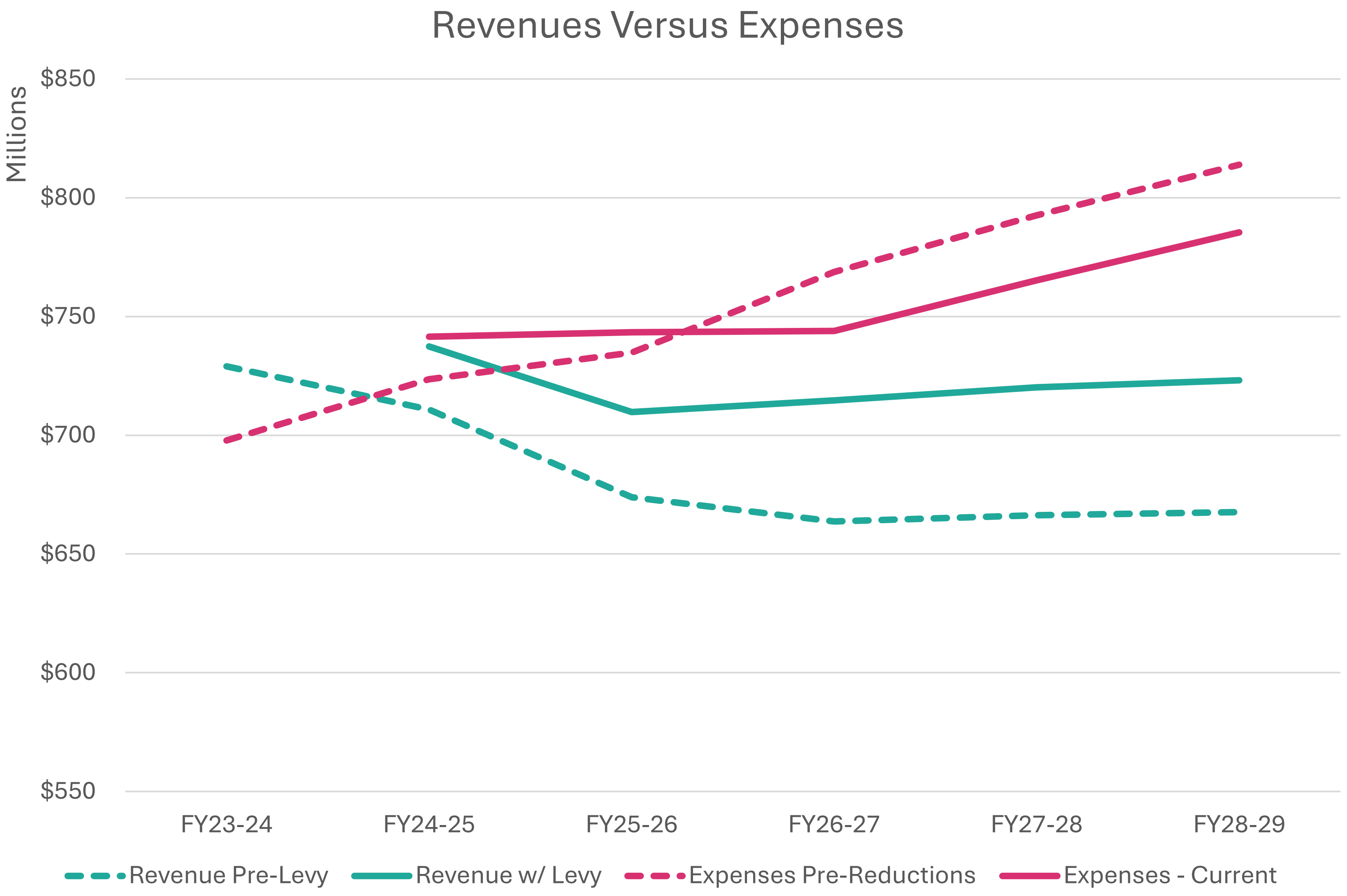
Four Year Forecast – October 2025 With Savings Targets

We must commit to continued reductions to improve financial sustainability.

Category	FY2025	FY2026	FY2027	FY2028	FY2029
Revenue	$737.4	$709.8	$714.6	$720.2	$723.2
Expenditures	$741.5	$748.4	$778.9	$800.2	$820.4
Savings Target	$0.0	$5.0	$35.0	$35.0	$35.0
Adjusted Expenditures	$741.5	$743.4	$743.9	$765.2	$785.4
Net Revenues Excess (Deficit)	$4.1	$33.6	$29.3	$45.0	$62.2
Ending Fund Cash Balance	$136.7	$103.0	$73.7	$28.8	$33.5
Encumbrances	$23.0	$25.0	$25.0	$25.0	$25.0
Unencumbered Cash Balance	$113.7	$78.0	$48.7	$3.8	$58.5

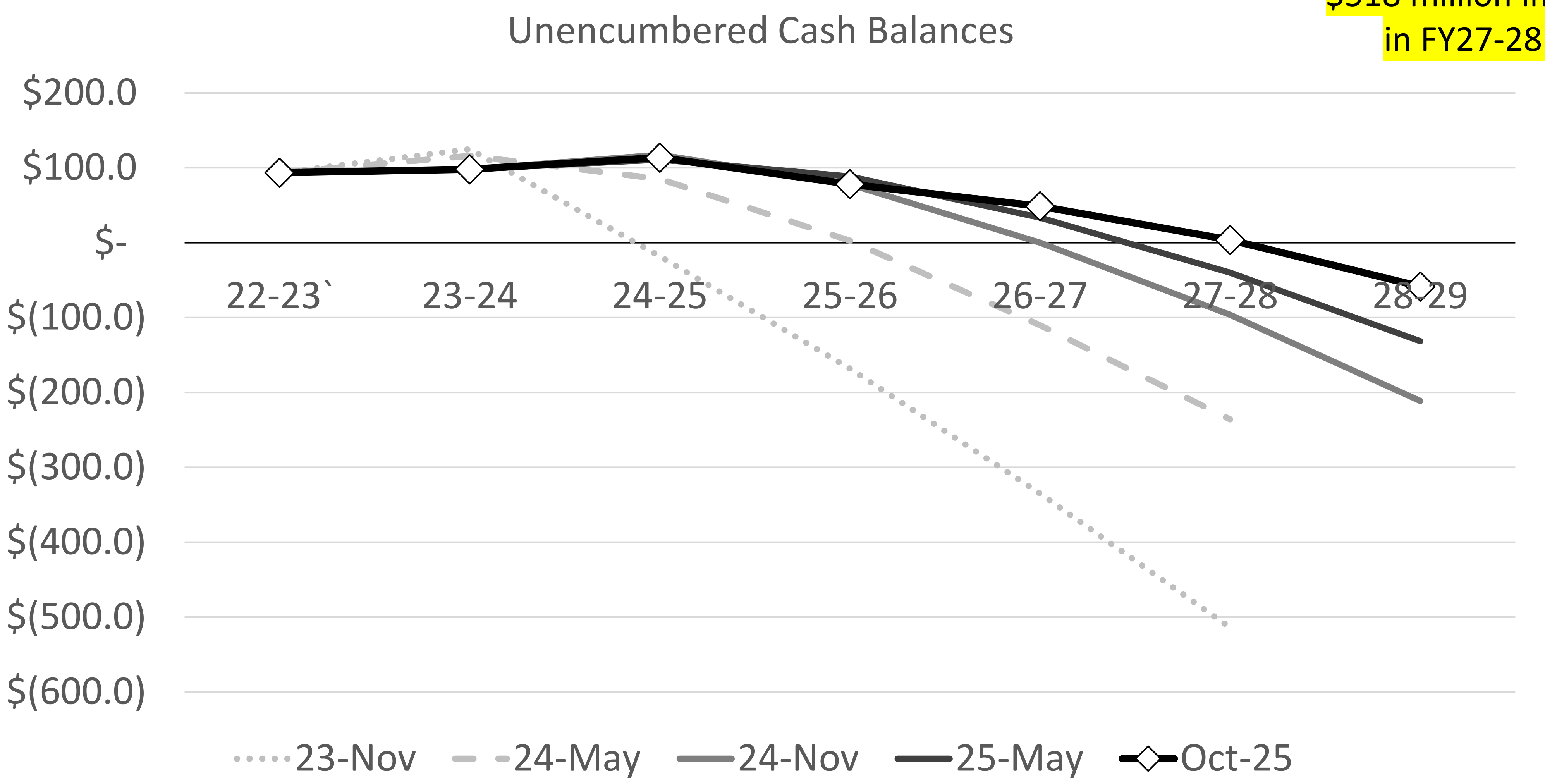
*Does not include further collectively bargained wage adjustments starting in FY27-28

Despite Making Progress A Gap Remains



Progress Toward Fiscal Sustainability

$518 million improvement in FY27-28 balance



Financial Context of Similar Districts

District	FY 2025 Cash Balance	FY 2025 Deficit	Depletion of Cash Reserves	Last Operating Levy
Akron[1]	84 days	5.0%	FY 2029	11/2024
Cincinnati	25 days	1.9%	FY 2028	11/2020 (11/2025 planned)
Cleveland	56 days	0.6%	FY 2028	11/2024
Columbus	132 days	3.1%	FY 2029	11/2023
Toledo[2]	32 days	10.8%	FY 2028	11/2024

[1]Akron subsequently approved a Collective Bargaining Agreement in July 2025. Akron's 9/22/25 forecast projects a cash deficit in FY 2028.
[2]Toledo assumed implementation of the Fair School Funding Plan. Actual revenue will be lower.

Sources:
Cleveland Metropolitan School District's June 2025 Board Monthly Financial Report found here.
All other school districts are from the May 2025 Five Year Forecast accepted by ODEW and published here.

Key Takeaways

1. Due to the state not funding the Fair School Funding Plan CMSD will receive $157 million less than if it had been fully implemented.
2. The state is shifting the cost burden to school districts.
3. Property tax collections are lower than forecast, like most taxing jurisdictions in Cuyahoga County.
4. CMSD has and will continue to implement cost-savings measures within our Goals & Guardrails.
5. All Ohio large, urban districts face the same challenges.
6. CMSD is committed to further reductions of at least $5 million in FY 2026 and $35 million beginning in FY 2027.

Thank you.