CLEVELAND METROPOLITAN SCHOOL DISTRICT

August 2026 General Fund Four Year Forecast

August 11, 2026

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) – **August and February**
- 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."

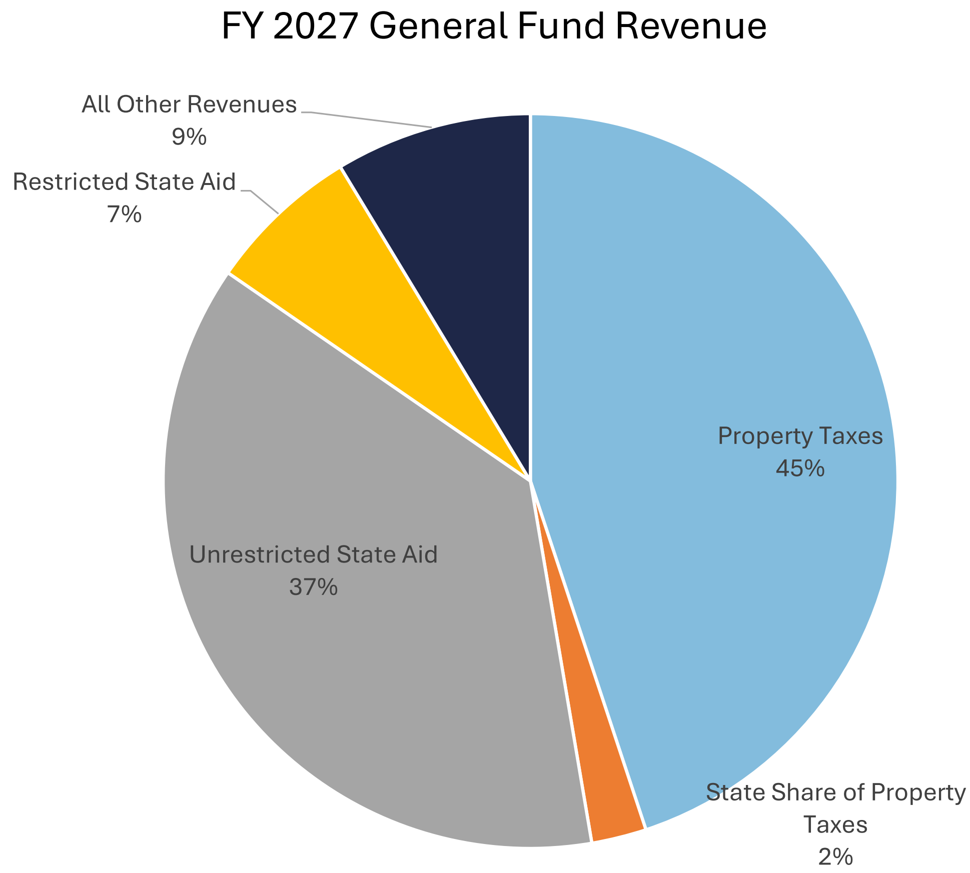
Debt Service Fund

"…[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
- 46% comes from the state, including the state share of local property taxes

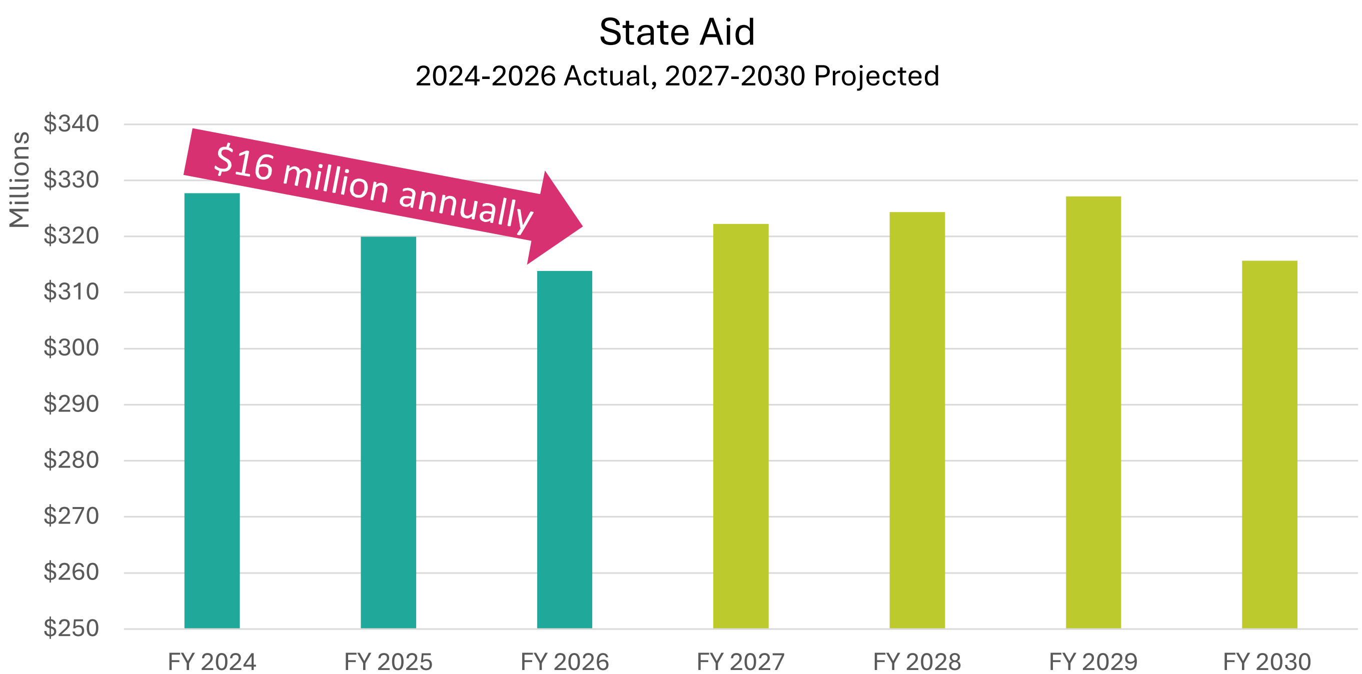


Excludes Other Financing Sources (lines 2.010-2.080)

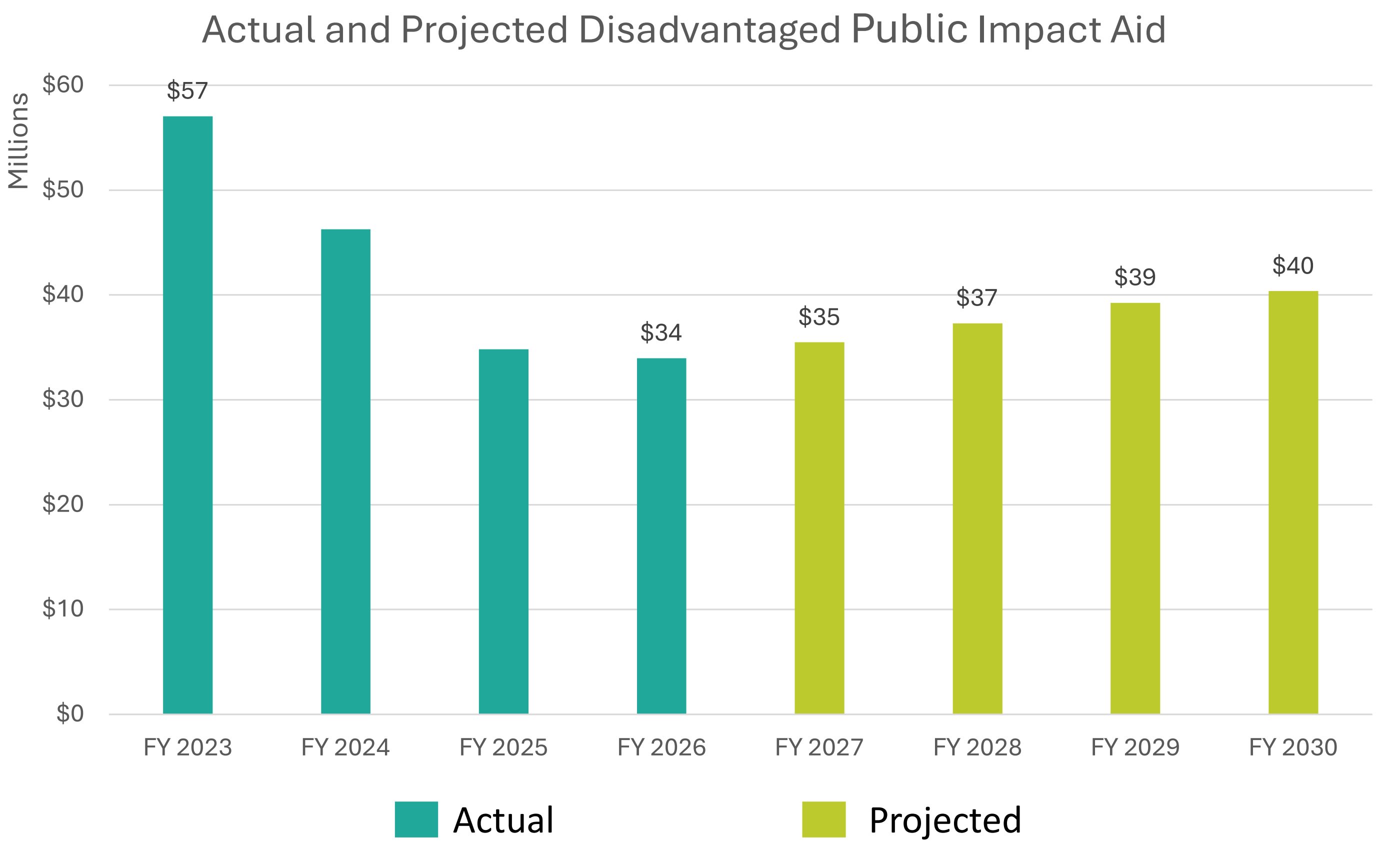
State Aid Fell 5% From 2024 Through 2026; Projected Below 2024 Levels Through 2030

State funding peaked at $327.7 million in 2024 and decreased to $311.2 million in 2026.

Projected increases are based on categorical reimbursement for special education transportation.



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 million less this year than in 2023.

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

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*.

Forecast Revenue Adjustments

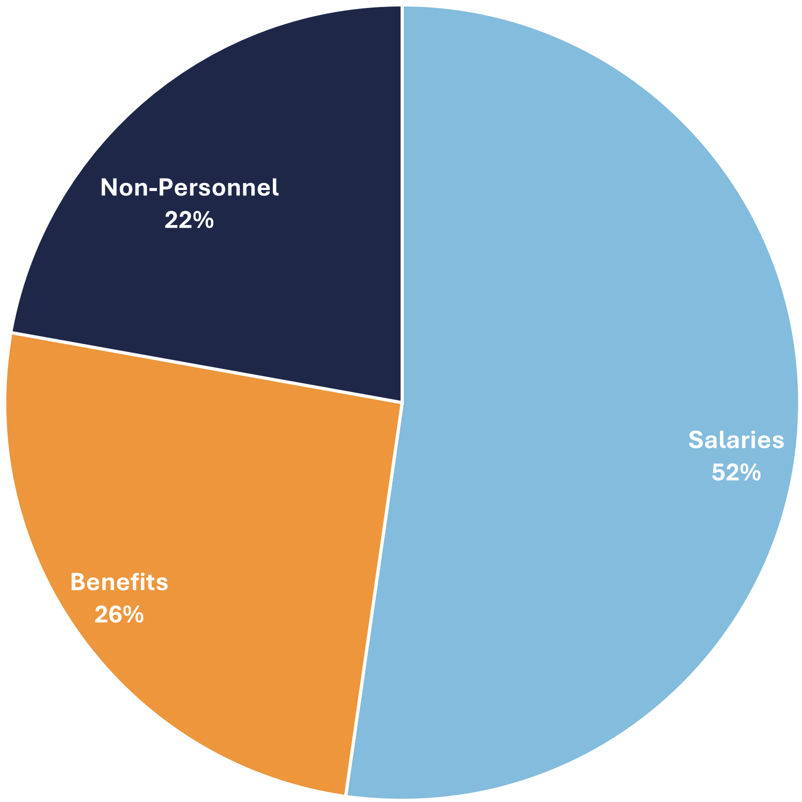
All Other Operating Revenue

- The county refunded approximately $3.7 million of fees collected for the 2024 reappraisal to the district in 2026. This increased collections temporarily.
- The federal government “caught-up” on Medicaid payments in 2026, making two years of Medicaid reimbursements. This increased 2026 collections temporarily by approximately $5.8 million.

Expenses

Expenses – Salaries and Benefits

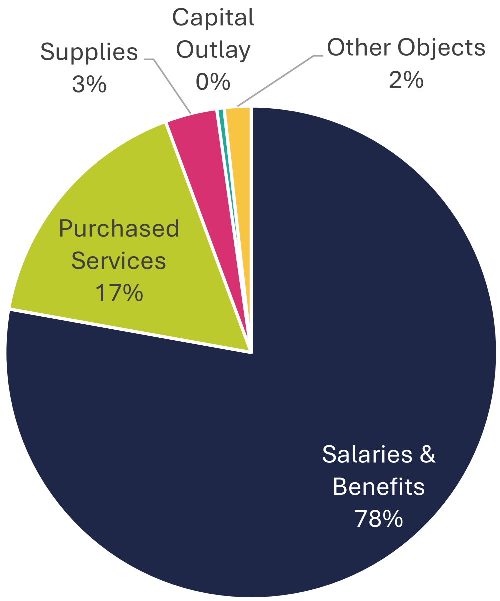
- 78% of all General Fund expenses are salaries and benefits.
- The Forecast reflects general wage increases of 3% (FY2027). **General wage increases are unknown and not planned beginning in FY2028.**
- **Health insurance increases at 10% annually.**
- **Savings from staffing reductions are incorporated.**



Risks: Increased health insurance costs and plan membership.

Expenses – Non-personnel

- The remaining 22% is Purchased Services, Supplies and Maintenance, Capital Outlay, and Other Objects.
- Spending projections are based upon FY27 budgets and prior year spending, plus annual inflationary increases ranging from 0-3% annually.



Risks: Unpredictable increased costs of purchased goods and services.

Purchased Services: tuition paid to other districts, student transportation, utilities, facility repairs and maintenance, etc

Supplies: classroom and office supplies, textbooks, supplies for repair and maintenance of buildings and vehicles, etc

Other Objects: county fees for tax collections and insurance, etc

Forecast

Four Year Forecast – Even With BBF Savings, Deficits Persist

We must commit to continued reductions to improve financial sustainability.

Category	FY2026	FY2027	FY2028	FY2029	FY2030
Revenues	$740.3	$745.0	$746.9	$749.6	$751.8
Expenditures	$761.4	$748.9	$778.0	$802.7	$829.4
Net Revenues (Deficit)	($21.2)	($3.9)	($31.1)	($53.1)	($77.6)
Ending Fund Cash Balance	$115.5	$111.6	$80.6	$27.4	($50.2)
Encumbrances	$19.7	$2.0	$2.0	$20.0	$20.0
Unencumbered Cash Balance	$95.8	$91.6	$60.6	$7.4	($70.2)
Days Cash on Hand	46	45	28	3	(31)

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

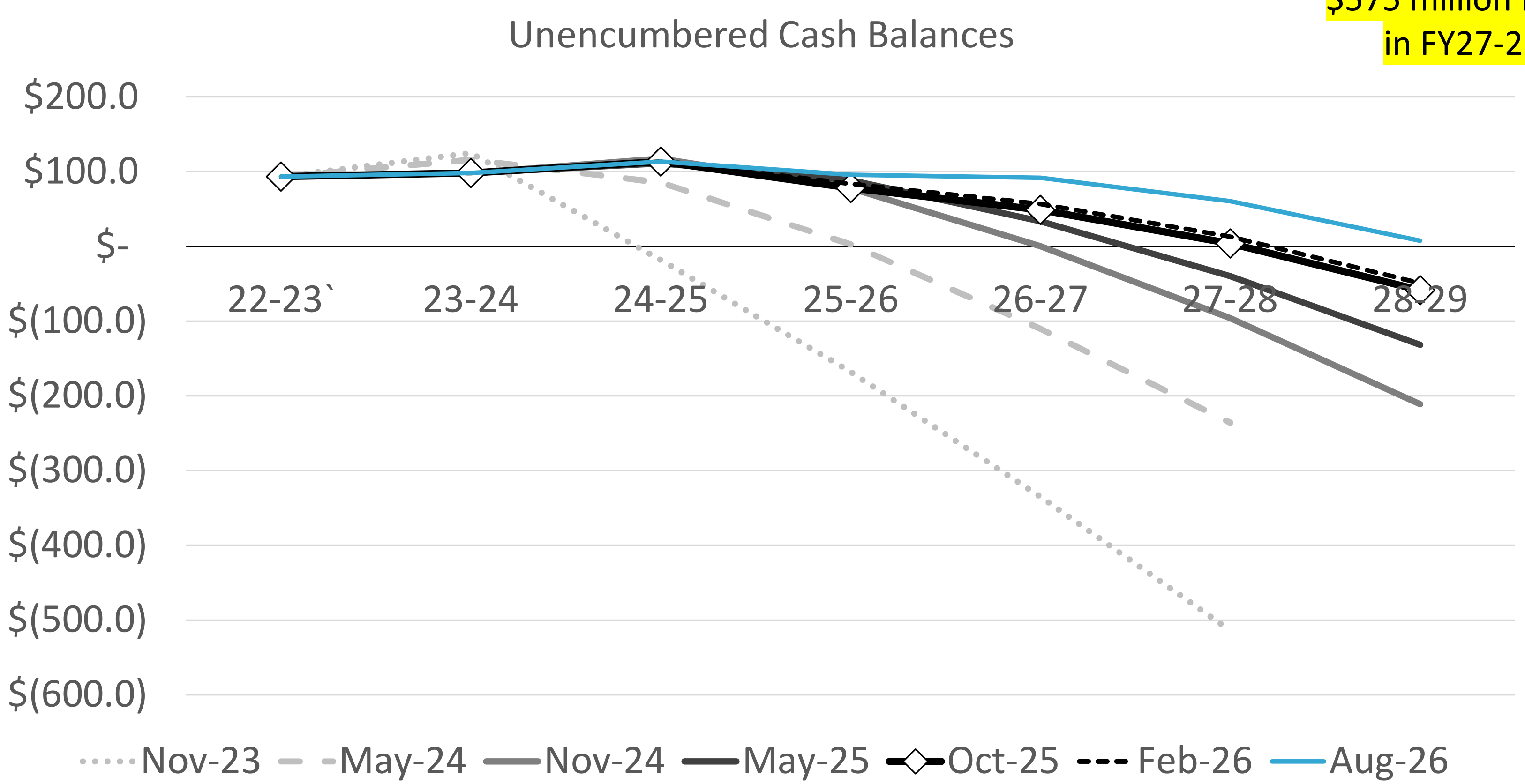
Savings Accomplished This Year Are Making a Difference

Fall Annual Deficit Forecasts	
Date	FY2027
10/2025	$64.3
8/2026	$3.9

94% deficit reduction this year post-Building Brighter Futures and central office reductions

Progress Toward Fiscal Sustainability

$575 million improvement in FY27-28 balance

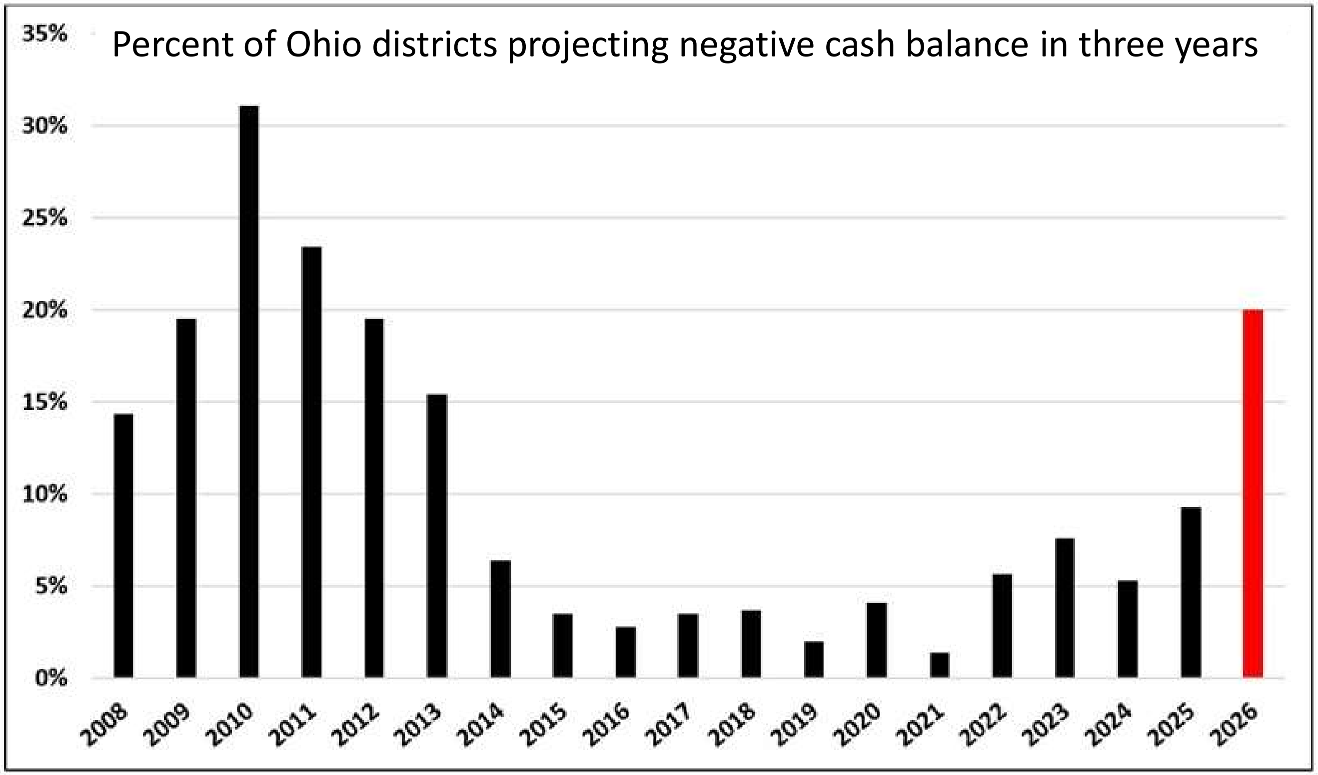


Financial Context of Similar Districts

District	FY 2027 Cash Balance	FY 2027 Deficit	Depletion of Cash Reserves	Last Operating Levy
Akron[1]	49 days	7.2%	FY 2029	11/2024
Cincinnati[2]	32 days	0.0%	--	11/2025
Cleveland[3]	54 days	0.5%	FY 2030	11/2024
Columbus[4]	79 days	6.5%	FY 2029	11/2023
Toledo[5]	6 days	0.1%	FY 2027	11/2024

[1]Akron's forecast does not assume any reductions. February 2026 forecast.
[2]Cincinnati has an annual balanced budget requirement. They ran deficits in 2023, 2025, and 2026. February 2026 forecast.
[3]Cleveland forecast is August 2026.
[4]Columbus assumes $50 million (4.0%) in annual cost savings beginning in FY 2027. Without the savings incorporated, Columbus would deplete its cash balance by FY 2029. February 2026 forecast.
[5]Toledo ran deficits from 2023-2026 and beginning again in 2028. February 2026 forecast.

Statewide Financial Context



- One in five districts projected a negative three year cash balance in February
- The percent of districts projecting fiscal challenges is at the highest level since the 2007-2009 recession (the Great Recession)

Source: Kogan, V. (2026, April 9). How Columbus went broke—and lessons for other districts. *Thomas B. Fordham Institute*.

Key Takeaways

1. CMSD continues to meet state financial obligations by cutting costs.
2. While revenues stay flat, costs continue to increase in areas that are outside of our direct control, like employee health insurance and the driver shortage.
3. Due to the state not funding the Fair School Funding Plan CMSD will receive $157 million less than if it had been fully implemented.
4. The state is shifting the cost burden to school districts – causing districts to cut expenses and/or seek new operating levies.
5. Our financial challenges are shared by the other urban districts and an ever-increasing number of rural and suburban districts.

CLEVELAND METROPOLITAN SCHOOL DISTRICT

Thank you.