

February 2026 General Fund Four Year Forecast

February 10, 2022



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]ccount for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.”

Revenue

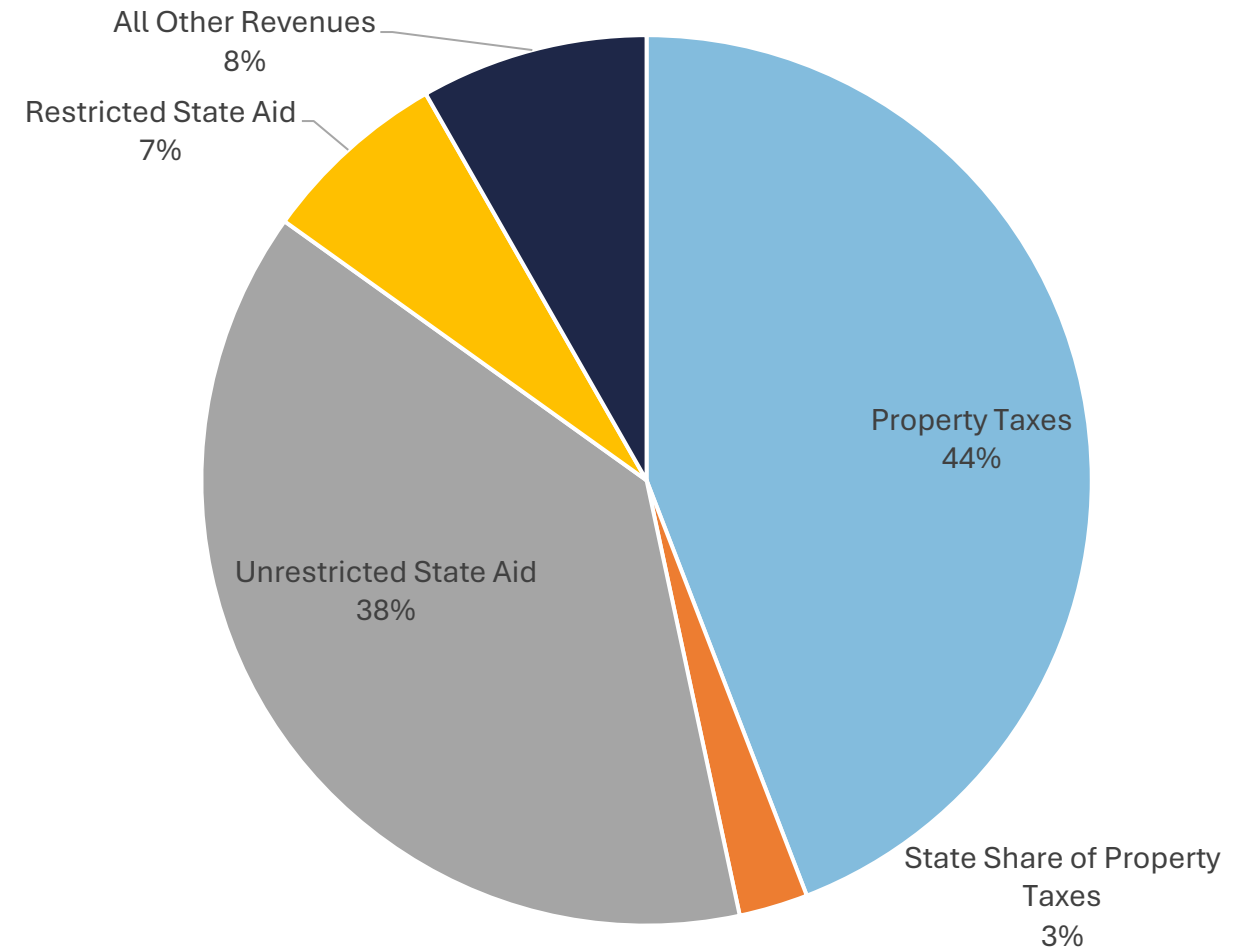


Funding Is A State-Local Partnership



- 44% comes from property taxes
- 48% comes from the state, including the state share of local property taxes

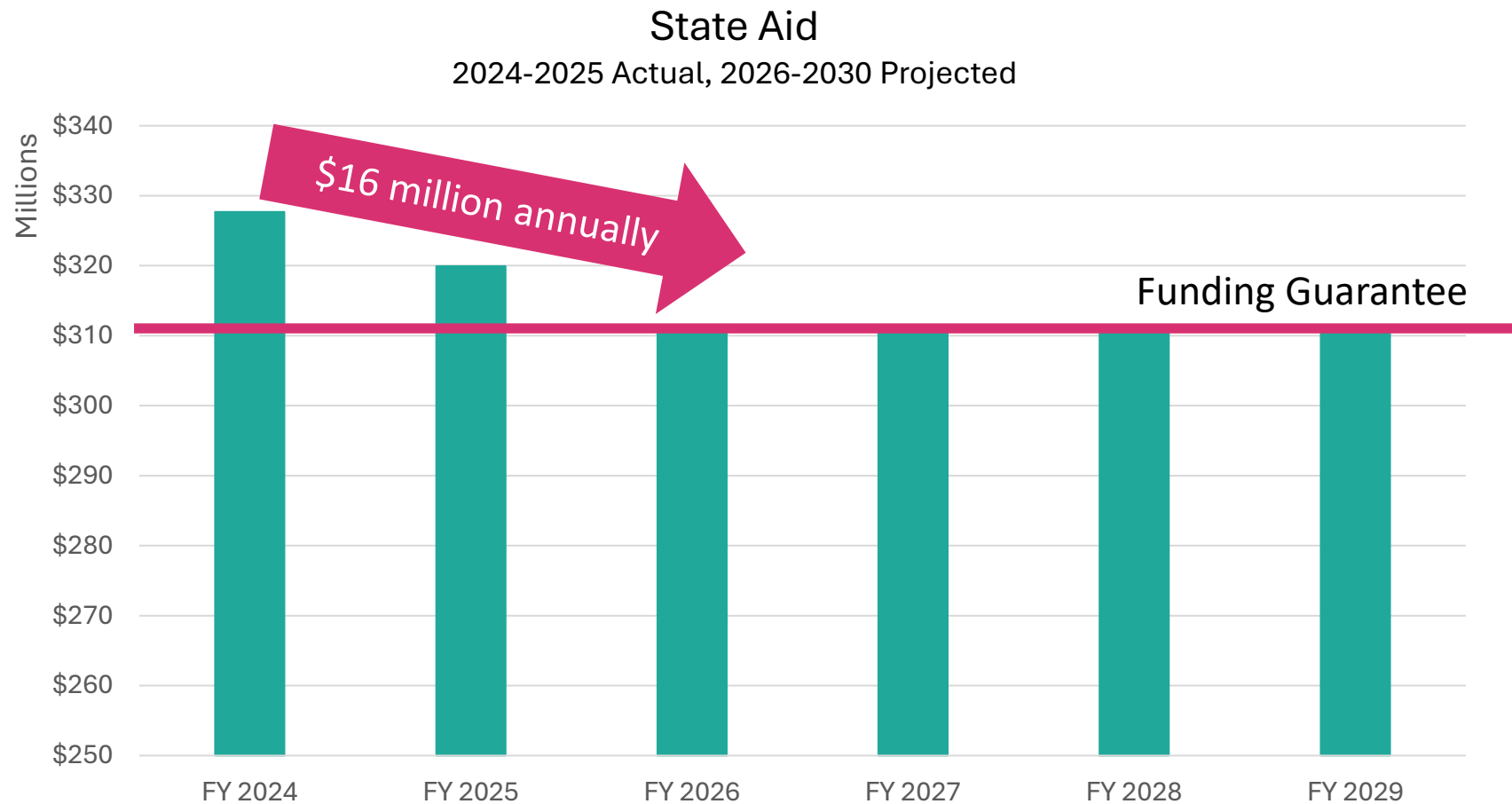
FY 2026 General Fund Revenue



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.



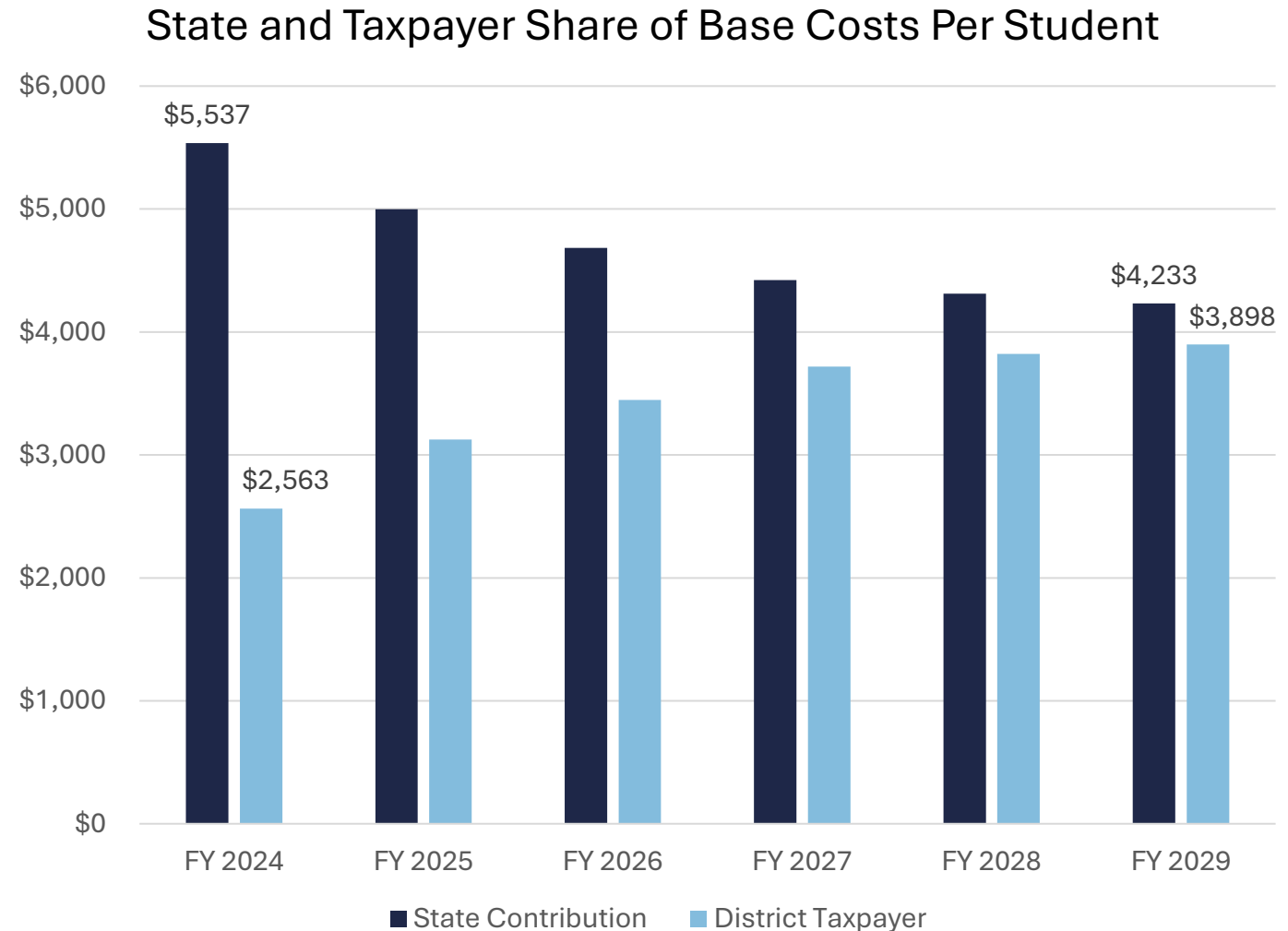
The State Is Shifting Funding Responsibility to the District



The State's expected share decreased by 24% from 2024 to 2029.

This increased the expected taxpayer's expected share by 52% from 2024 to 2029.

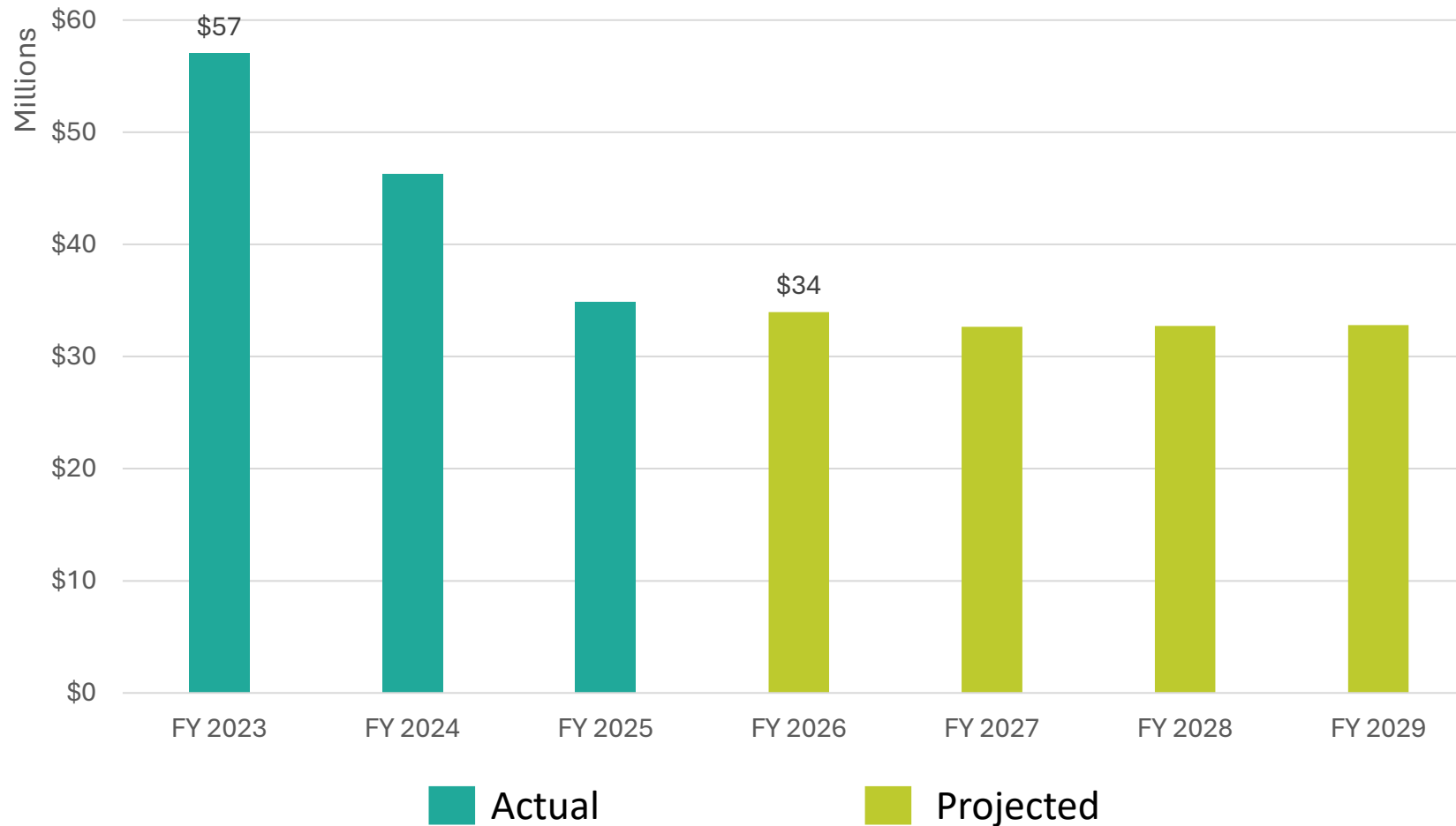
State funding per student (navy) decreases and the expected local contribution per student (light blue) increases.



The State Has Decreased Aid for Economically Disadvantaged Students in CMSD



Actual and Projected Disadvantaged Public Impact Aid



DPIA helps districts better serve economically disadvantaged students. Due to a change in calculation methodology, Cleveland will receive \$2 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*.

Changes To Assumptions



Increased state aid outside the formula (Fair School Funding Plan):

- Due to higher reimbursement of special education transportation (\$7.4 million in FY26). This reflects the increasing population of students requiring special education transportation and improvements by the district in claiming applicable state reimbursement.
- House Bill 96 also introduced payment of a performance incentive to districts which have a current overall state report card rating of at least four stars or progress ratings of at least four stars in one of the last two years. Cleveland earned four stars in 2023-2024 and 2024-2025, so we are now receiving \$1.6 million that we previously did not.

Expenses



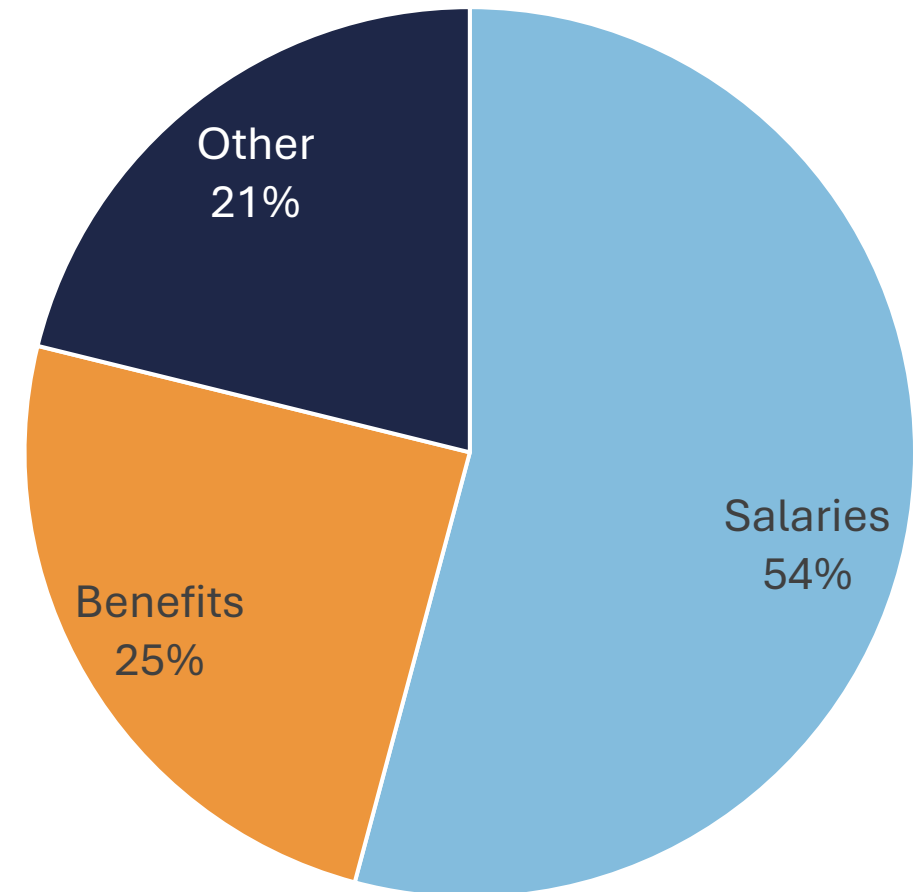
Expenses – Salaries and Benefits



- 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 health insurance costs.

FY2026 General Fund Expenses



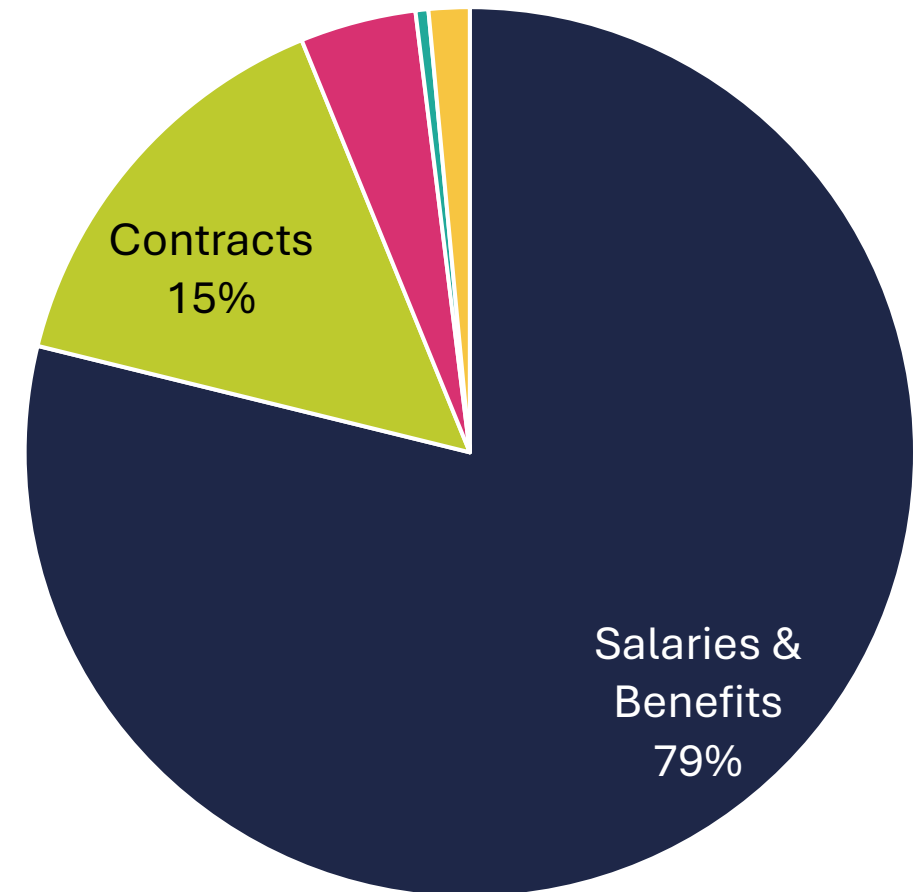
Expenses – Purchased Services, Supplies and Maintenance, and Other



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

Risks: Unpredictable increased costs of purchased goods and services.

FY2026 General Fund Expenses



Forecast



Four Year Forecast – February 2026 With Savings Targets

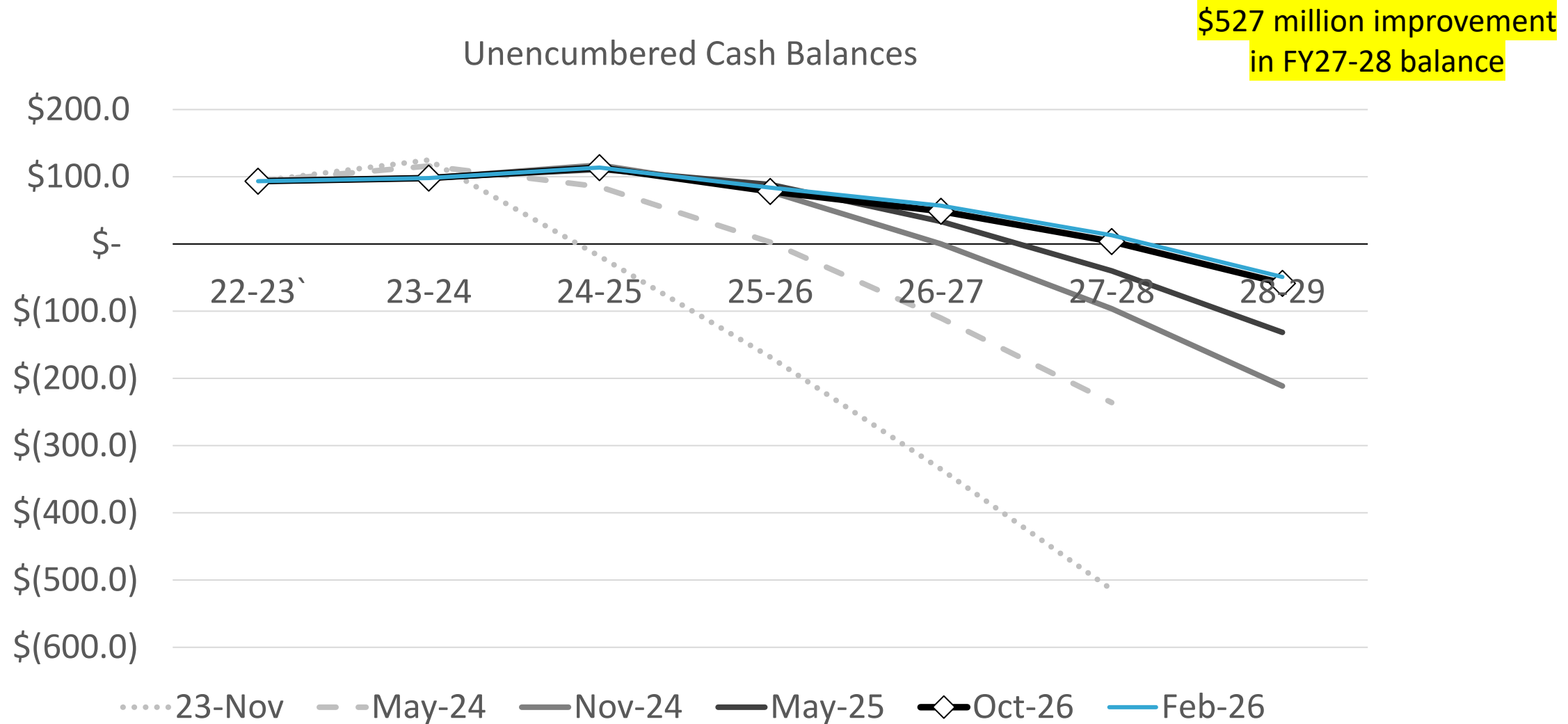


We must commit to continued reductions to improve financial sustainability.

Category	FY2025	FY2026	FY2027	FY2028	FY2029
Revenues	\$737.4	\$719.3	\$721.5	\$726.4	\$728.9
Expenditures	\$741.5	\$752.3	\$783.3	\$805.2	\$826.1
Savings Target	\$0.0	(\$5.0)	(\$35.0)	(\$35.0)	(\$35.0)
Adjusted Expenditures	\$741.5	\$747.3	\$748.3	\$770.2	\$791.1
Net Revenues (Deficit)	(\$4.1)	(\$28.0)	(\$26.8)	(\$43.8)	(\$62.2)
Ending Fund Cash Balance	\$136.7	\$108.7	\$81.9	\$38.1	(\$24.1)
Encumbrances	\$23.0	\$25.0	\$25.0	\$25.0	\$25.0
Unencumbered Cash Balance	\$113.7	\$83.7	\$56.9	\$13.1	(\$49.1)

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

Progress Toward Fiscal Sustainability



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. CMSD has and will continue to implement cost-savings measures within our Goals & Guardrails.
4. All Ohio's large, urban districts face the same challenges.

Thank you.

