Five Year Forecast

Board of Education Meeting
November 4, 2020
# Five-Year Forecast: Pre-Levy

<table>
<thead>
<tr>
<th></th>
<th>SY18-19</th>
<th>SY19-20</th>
<th>SY20-21</th>
<th>SY21-22</th>
<th>SY22-23</th>
<th>SY23-24</th>
<th>SY24-25</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$749.7</td>
<td>$750.7</td>
<td>$710.3</td>
<td>$687.7</td>
<td>$695.1</td>
<td>$702.0</td>
<td>$704.0</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$797.5</td>
<td>$750.9</td>
<td>$746.1</td>
<td>$765.1</td>
<td>$770.8</td>
<td>$777.1</td>
<td>$783.8</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>($47.8)</td>
<td>($0.2)</td>
<td>($35.8)</td>
<td>($77.4)</td>
<td>($75.7)</td>
<td>($75.1)</td>
<td>($79.8)</td>
</tr>
</tbody>
</table>

<p>| | | | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Ending Cash Balance</strong></td>
<td>$38.0</td>
<td>$37.8</td>
<td>$2.0</td>
<td>($75.4)</td>
<td>($151.1)</td>
<td>($226.2)</td>
<td>($306.0)</td>
</tr>
</tbody>
</table>

<p>| | | | | | | | |</p>
<table>
<thead>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Encumbrances</strong></td>
<td>$17.6</td>
<td>$15.6</td>
<td>$16.0</td>
<td>$16.0</td>
<td>$16.0</td>
<td>$16.0</td>
<td>$16.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>$20.4</th>
<th>$22.3</th>
<th>($14.0)</th>
<th>($91.4)</th>
<th>($167.1)</th>
<th>($242.2)</th>
<th>($322.0)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unencumbered Balance</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

If the 20-mill levy passes at the current millage and assessed valuation ...

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<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Levy Renewal/New Levy</strong></td>
<td>$43.3</td>
<td>$87.6</td>
<td>$88.8</td>
<td>$88.8</td>
<td>$88.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Unencumbered Balance</strong></td>
<td>$20.4</td>
<td>$22.3</td>
<td>$29.3</td>
<td>$39.5</td>
<td>$52.6</td>
<td>$65.8</td>
<td>$74.8</td>
</tr>
</tbody>
</table>

**Plan A**

**Plan B**
Revenue Inputs & Assumptions

• 32.2% of General Fund Revenue comes from Local Property Tax

  – Property values increased 10% with the 2018 reappraisal, from $4.8 billion to $5.3 billion
    • As a reminder, due to House Bill 920 (from 1976), the increased valuation reduces our effective tax
      millage (for example, the 15-mill levy has an effective rate of only 13.5 mills).
    • Our current valuation is $5.2 billion

  – The forecast reflects an 88.2% current collection rate, which is down .1% from prior year.
    This rate is assumed through 2024.
    • The collection rate for most recent year is not yet available.

  – The forecast reflects the 10-year, 15-mill renewal and 5-mill additional levies passed by voters on November 3, 2020.
Revenue Inputs & Assumptions (cont.)

• 59.8% of General Fund Revenue comes from State Foundation Formula

  – The forecast reflects the State-mandated $5.6M reduction due to COVID-19 through SY24-25.

  – The forecast utilizes the current foundation formula in all years, which guarantees school districts funding based on their SY18-19 level.

  – The Student Wellness and Success dollars ($12.5 million in SY20-21) are not reflected in the forecast after SY20-21.
Expenditure Inputs and Assumptions

- The forecast assumes no wage increases in any years.

- The forecast assumes a 6.5% annual increase in healthcare costs.

- The forecast assumes Student Wellness expenditures return to the general fund thereby increasing expenditures by $12.5M beginning in FY22.

- The forecast does not assume additional investments associated with levy commitments.
Five-Year Forecast: Post Levy

*Thank You CMSD Voters!*

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenue</th>
<th>Total Expenditures</th>
<th>Net Revenue</th>
<th>Ending Cash Balance</th>
<th>Encumbrances</th>
<th>Unencumbered Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>SY18-19</td>
<td>$749.7</td>
<td>$797.5</td>
<td>($47.8)</td>
<td>$38.0</td>
<td>$17.6</td>
<td>$20.4</td>
</tr>
<tr>
<td>SY19-20</td>
<td>$750.7</td>
<td>$750.9</td>
<td>($0.2)</td>
<td>$37.8</td>
<td>$15.6</td>
<td>$22.3</td>
</tr>
<tr>
<td>SY20-21</td>
<td>$753.7</td>
<td>$746.1</td>
<td>$7.6</td>
<td>$45.4</td>
<td>$16.0</td>
<td>$29.4</td>
</tr>
<tr>
<td>SY21-22</td>
<td>$769.6</td>
<td>$764.9</td>
<td>$4.7</td>
<td>$50.1</td>
<td>$16.0</td>
<td>$34.1</td>
</tr>
<tr>
<td>SY22-23</td>
<td>$778.2</td>
<td>$770.7</td>
<td>$7.5</td>
<td>$57.6</td>
<td>$16.0</td>
<td>$41.6</td>
</tr>
<tr>
<td>SY23-24</td>
<td>$785.2</td>
<td>$776.9</td>
<td>$8.3</td>
<td>$65.9</td>
<td>$16.0</td>
<td>$49.9</td>
</tr>
<tr>
<td>SY24-25</td>
<td>$787.2</td>
<td>$783.6</td>
<td>$3.6</td>
<td>$69.6</td>
<td>$16.0</td>
<td>$53.6</td>
</tr>
</tbody>
</table>

We are here
Issue 68 Commitments

• Add and Maintain 1:1 Technology
• Preserve and Update Quality Programs
• Keep good Teachers and Reasonable Class Sizes
• Prepare all Students for College and Career
• Continuous Improvement of Test Scores and Graduation Rates
• Student Supports Through Say Yes to Education

... and continue to seek and implement operational efficiencies and eliminate non-strategic spending.
Next Steps

- Submit the Forecast to ODE between 11/18 and 11/30
- Continue working with ODE to exit Fiscal Caution
- Plan Investments to Support Levy Commitments
- Monitor the State Budget & Federal Stimulus
  – House Bill 305
APPENDIX
REVENUE INFORMATION
Enrollment Trend
Revenue Inputs & Assumptions

– Enrollment is forecasted at 50,920 student full-time equivalents (FTE), which reflects the current funded level.

<table>
<thead>
<tr>
<th></th>
<th>June 2020</th>
<th>Current Forecast</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMSD</td>
<td>34,224</td>
<td>34,224</td>
<td>0</td>
</tr>
<tr>
<td>Community School</td>
<td>15,067</td>
<td>14,681</td>
<td>(386)</td>
</tr>
<tr>
<td>Cleveland Scholarship</td>
<td>1,639</td>
<td>1,639</td>
<td>0</td>
</tr>
<tr>
<td>Other</td>
<td>376</td>
<td>376</td>
<td>0</td>
</tr>
</tbody>
</table>
Revenue Sources

SY20-21 Projected General Fund Revenue

- State Aid, 59.8%
- Local Property Taxes, 32.2%
- Advance In, 0.7%
- Other, 5.1%
- State Reimbursement, 2.2%

5-Year Trend

- State
- Local
- Other
- State Reim.
State Aid

<table>
<thead>
<tr>
<th>School Year</th>
<th>Foundation Formula</th>
<th>Casino Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>SY17-18</td>
<td>$453.4</td>
<td>$1.8</td>
</tr>
<tr>
<td>SY18-19</td>
<td>$462.6</td>
<td>$1.8</td>
</tr>
<tr>
<td>SY19-20</td>
<td>$453.3</td>
<td>$1.8</td>
</tr>
<tr>
<td>SY20-21</td>
<td>$450.6</td>
<td>$1.4</td>
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<tr>
<td>SY21-22</td>
<td>$450.9</td>
<td>$1.8</td>
</tr>
<tr>
<td>SY22-23</td>
<td>$455.9</td>
<td>$1.8</td>
</tr>
<tr>
<td>SY23-24</td>
<td>$460.9</td>
<td>$1.8</td>
</tr>
<tr>
<td>SY24-25</td>
<td>$460.9</td>
<td>$1.8</td>
</tr>
</tbody>
</table>
Historic Assessed Valuations
Property Tax Collection Rates

- The chart shows the percentage of property tax collection rates from 1995 to 2019.
- The rates started at around 90% in 1995 and have steadily decreased, with the rate for 2019 being 88.3%.
State Reimbursements

SY17-18 | SY18-19 | SY19-20 | SY20-21 | SY21-22 | SY22-23 | SY23-24 | SY23-24
------- | ------- | ------- | ------- | ------- | ------- | ------- | -------
$17.4   | $17.1   | $16.8   | $16.8   | $16.7   | $16.6   | $16.6   | $16.5   

Property Tax Reimbursements
Revenue Forecast – General Fund

SY16-17  | SY17-18  | SY18-19  | SY19-20  | SY20-21  | SY21-22  | SY22-23  | SY23-24  | SY24-25  |
--- | --- | --- | --- | --- | --- | --- | --- | --- |
$739.5 | $749.7 | $750.7 | $753.8 | $769.6 | $778.2 | $785.2 | $787.2 |
EXPENDITURE INFORMATION
Personnel Expenditures

Salaries & Wages

Fringe Benefits

SY18-19 SY19-20 SY20-21 SY21-22 SY22-23 SY23-24 SY24-25

$373.1 $345.6 $350.6 $356.8 $356.8 $356.8 $356.8

$134.7 $136.8 $138.8 $147.2 $153.0 $159.3 $165.9

$50.0 $100.0 $150.0 $200.0 $250.0 $300.0 $350.0 $400.0

CLEVELAND METROPOLITAN SCHOOL DISTRICT
Expenditure Forecast – General Fund

Expenditures:
- SY18-19: $797.4
- SY19-20: $778.2
- SY20-21: $750.9
- SY21-22: $746.1
- SY22-23: $764.9
- SY23-24: $770.7
- SY24-25: $776.9
- SY24-25: $783.6

Board Approved Budget:
- SY18-19: $600.0
- SY19-20: $650.0
- SY20-21: $700.0
- SY21-22: $750.0
- SY22-23: $800.0

Graph showing expenditures and board approved budget from SY18-19 to SY24-25.