

CLEVELAND METROPOLITAN SCHOOL DISTRICT



Five-Year Forecast

November 3, 2021



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Five-Year Forecast Requirement

- Required to submit twice annually to the Ohio Department of Education:
 - Initial Fiscal Year Forecast due by November 30th
 - An update is required between April 1st and May 31st
- The forecast contains two sections:
 - Historical and Projected Financial Data
 - Notes and assumptions
- Serves as a tool to assess the financial health of a district.
- Serves as planning tool.

Five Year Forecast – May 2021

	SY18-19	SY19-20	SY20-21	SY21-22	SY22-23	SY23-24	SY24-25
Total Revenue	\$749.7	\$750.7	\$769.2	\$777.1	\$783.8	\$786.9	\$790.5
Total Expenditures	\$797.4	\$750.9	\$739.8	\$767.0	\$785.3	\$800.0	\$835.1
Net Revenue	(\$47.7)	(\$0.2)	\$29.4	\$10.1	(\$1.5)	(\$13.2)	(\$44.7)
Ending Cash Balance	\$38.0	\$37.9	\$67.2	\$77.3	\$75.8	\$62.6	\$18.0
Encumbrances	\$17.6	\$15.6	\$16.0	\$16.0	\$16.0	\$16.0	\$16.0
Unencumbered Balance	\$20.5	\$22.3	\$51.2	\$61.3	\$59.8	\$46.6	\$2.0

FINANCIAL PLANNING CONTEXT

Financial Planning Considerations

Greater Clarity & Certainty

- State Budget / Fair School Funding Formula
- Federal Stimulus Grants
- Investment Areas

Growing Clarity & Certainty

- State Budget / Fair School Funding Formula
- Union Collectively Bargained Agreements
- Enrollment

Less Clarity & Certainty

- Pandemic Duration and “Long Tail” Impact
- Federal Social Spending Legislation

State Budget: New School Formula

- Cost To Educate Methodology
 - Identifies a ratio-driven “base cost” for classroom instruction, supports, operations, and leadership.
 - Incorporates “student wellness and success” as a component.
 - Includes categorical funding for economically disadvantaged, English language learners, students with disabilities, etc.
- New Method for State / Local Share
 - Incorporates a resident income factor as opposed to just property values.
- Funds Students Where They’re Educated
 - Community School and Scholarship students are not included in our Student FTE counts.
 - CMSD will receive neither revenue for those Student FTEs nor the “pass through” expense deductions.
 - The impact is net positive because our “pass through” expenses exceeded revenues for Community Schools and Scholarships.

Federal Stimulus Grants

	Awarded	CMSD's Allocation	% Spent / Encumbered	Spend By Date
CARES	March 2020	\$26.9M	100%	9/30/2022
CRF	March 2020	\$2.6M	100%	12/31/2022
ESSER	December 2020	\$131.5M	61%	9/30/2023
ARP (5 awards)	March 2021	\$297.4M	0%	9/30/2024

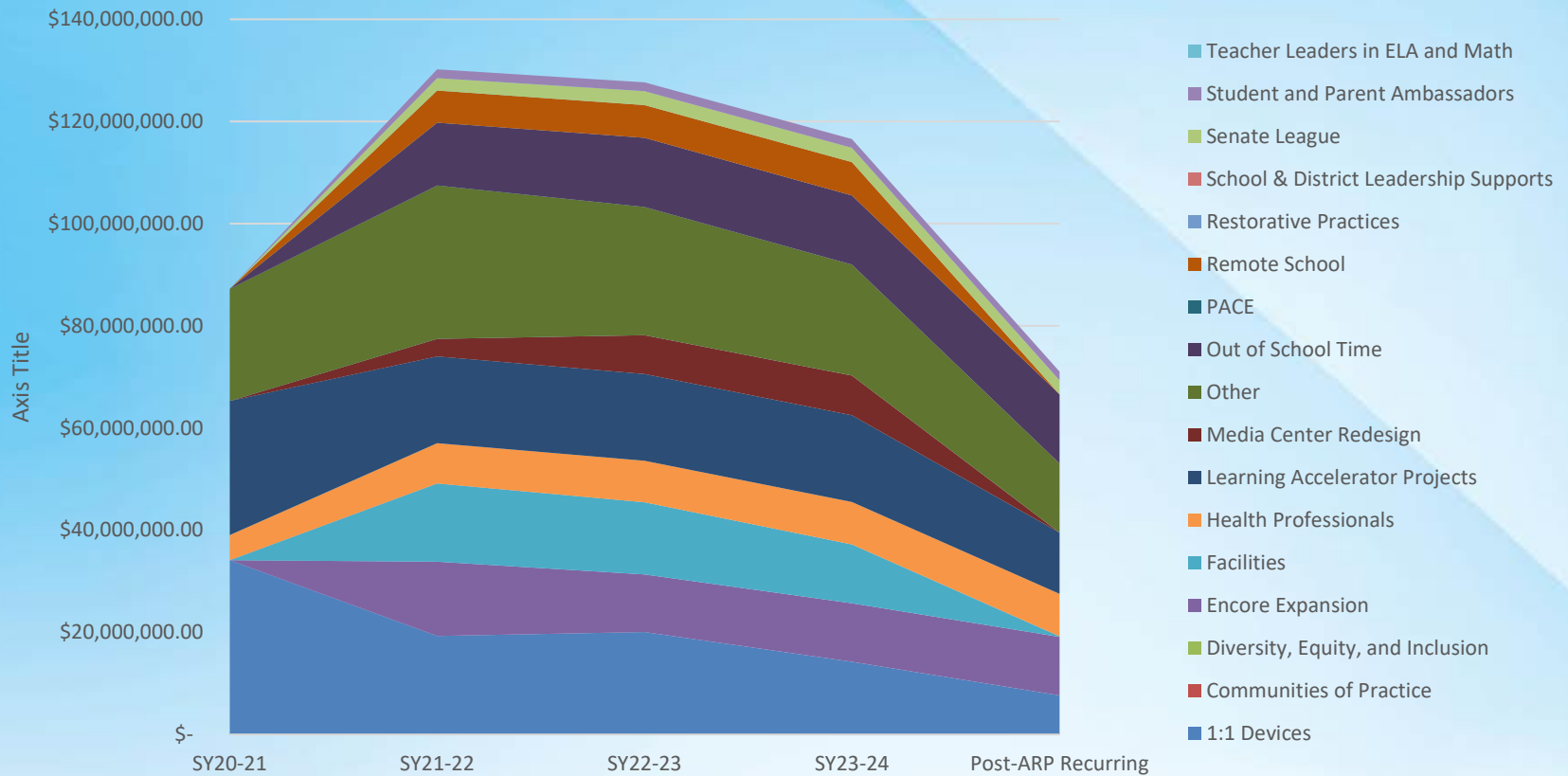
“Get More” Investment in Reopening, Recovery, and Reimagining

- Investing in Educators
 - Investing in teacher/educator-led communities of practice, using in-person and digital synchronous and asynchronous technologies
 - Investing in Innovative Learning Accelerator projects which serve as an opportunity to harvest and learn the great innovations from our teachers and other educators
 - Investing in Teacher Leaders in Language Arts and Mathematics Instruction
 - Investing in School-based and District-based leadership supports
 - Launching Diversity, Equity, and Inclusion Training, including a customized module for Cleveland and a post-training action planning module

“Get More” Investment in Reopening, Recovery, and Reimagining (cont.)

- Investing in Students & Schools
 - Completing the conversion to a full 1:1 technology strategy for students and educators and implementing a four-year device replacement cycle
 - Ensuring each CMSD campus has a full-time health professional
 - Implementing a permanent remote learning school, in addition to our existing asynchronous virtual academy
 - Implementing Student and Parent Ambassadors
 - Implementing PACE, a 6-12+ grade planning and career exploration program designed to link CMSD students to living wage careers after graduation
 - Investing in Restorative Practices training and support for all schools
 - Making OFCC Segment 8 investments (new Clark, Lincoln-West, and Marion Seltzer and renovated Joseph Gallagher) and funding facilities improvements at multiple CMSD campuses
 - Reinstating one-mile walk zone for student transportation services; implementing activity buses for PreK-8 students so they can access extended day activities
 - Converting high school library/media centers into community, college, and career hubs that will be open before, during and after school for student and school community use (followed by PreK-8 library/media center in 2022-23)
 - Investing in The Senate League athletics/ extra-curricular programming
 - Extending the PreK-8 day, allowing for the expansion of art, music, physical education, and other clubs/activities in all PreK-8 Schools.
 - Engaging a broad array of out-of-school-time providers to provide additional opportunities for our students
 - Implementing more inclusive student dress expectations to replace previous uniform and dress code requirements

Investment, ESSER & ARP Planning



General Fund Revenue Inputs & Assumptions

- Local Property Tax represents 40.4% of General Fund Revenue
 - The Forecast uses a three-year average collection rate of 90.4%. Our most recent collection rate was 91.7%, which was 0.4% higher than the previous year.
 - The recently-completed triennial update forecasted CMSD's assessed valuation will increase 11%, which would generate an additional \$2.3M.
- The State Foundation Formula represents 50.7% of General Fund Revenue
 - The Forecast assumes the new Fair School Funding Plan (HB110) in all five years, which equates to ~\$120M less revenue.
 - Wellness funds are included as part of the General Fund (\$12.5M).

General Fund Expenditure Inputs & Assumptions

- Salaries and Benefits
 - The Forecast includes a 3.0% wage increase in FY22 and FY23 and a 2.0% wage increase in FY24.
 - The Forecast projects an annual 6.5% increase in healthcare costs.
- Purchased Services (State Budget: New Funding Formula)
 - District expenditures will decrease \$158.6M due to Community School and Scholarship student being funded directly for the students they educate.
- Investments in the Educator, Student, and School Experience
 - The Forecast reflects \$43M annually in sustained Investments post-ARP (FY25 and FY26).

Five Year Forecast – November 2021

	SY19-20	SY20-21	SY21-22	SY22-23	SY23-24	SY24-25	SY25-26
Total Revenue	\$750.7	\$763.4	\$633.3	\$629.8	\$633.3	\$632.5	\$639.0
Total Expenditures	\$750.9	\$698.5	\$593.7	\$606.1	\$620.5	\$707.8	\$718.5
Net Revenue	(\$0.2)	\$64.9	\$39.6	\$23.7	\$12.8	(\$75.3)	(\$79.5)

Ending Cash Balance	\$37.9	\$102.8	\$142.4	\$166.1	\$178.9	\$103.6	\$24.1
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Encumbrances	\$15.6	\$13.0	\$16.0	\$16.0	\$16.0	\$16.0	\$16.0
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Unencumbered Balance	\$22.3	\$89.8	\$126.4	\$150.1	\$162.9	\$87.6	\$8.1
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Investment Using
ESSER / ARP Grants

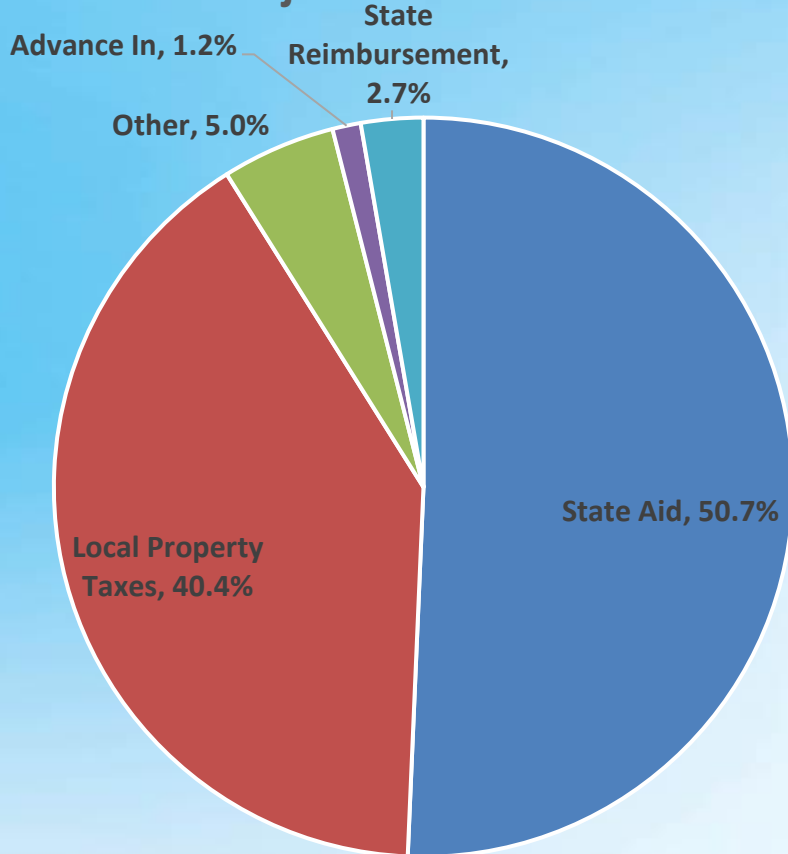
Sustaining
Investments

QUESTIONS

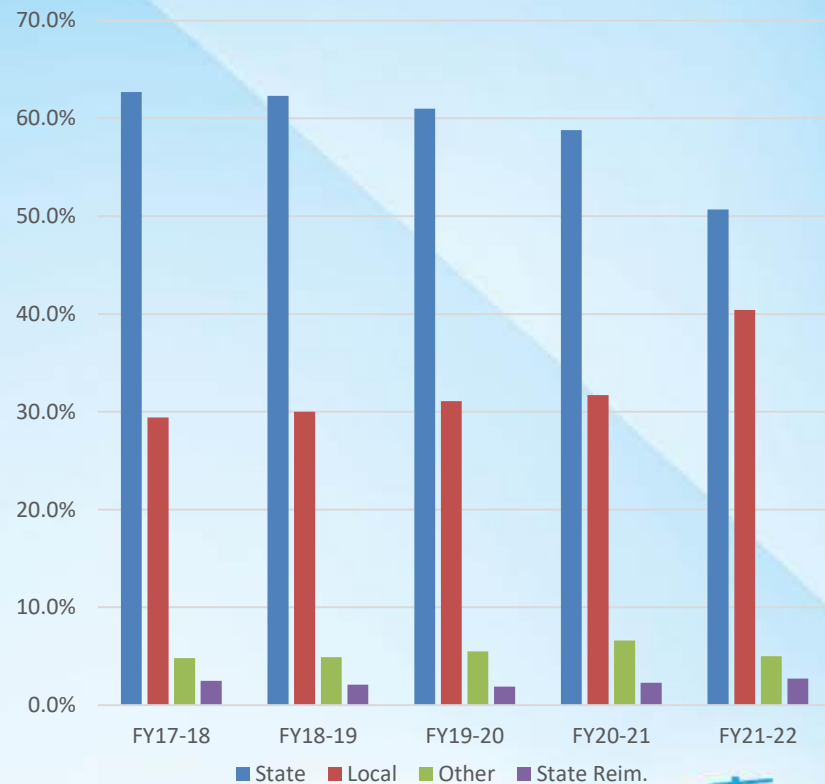
APPENDIX

Revenue Sources

SY21-22 Projected General Fund Revenue



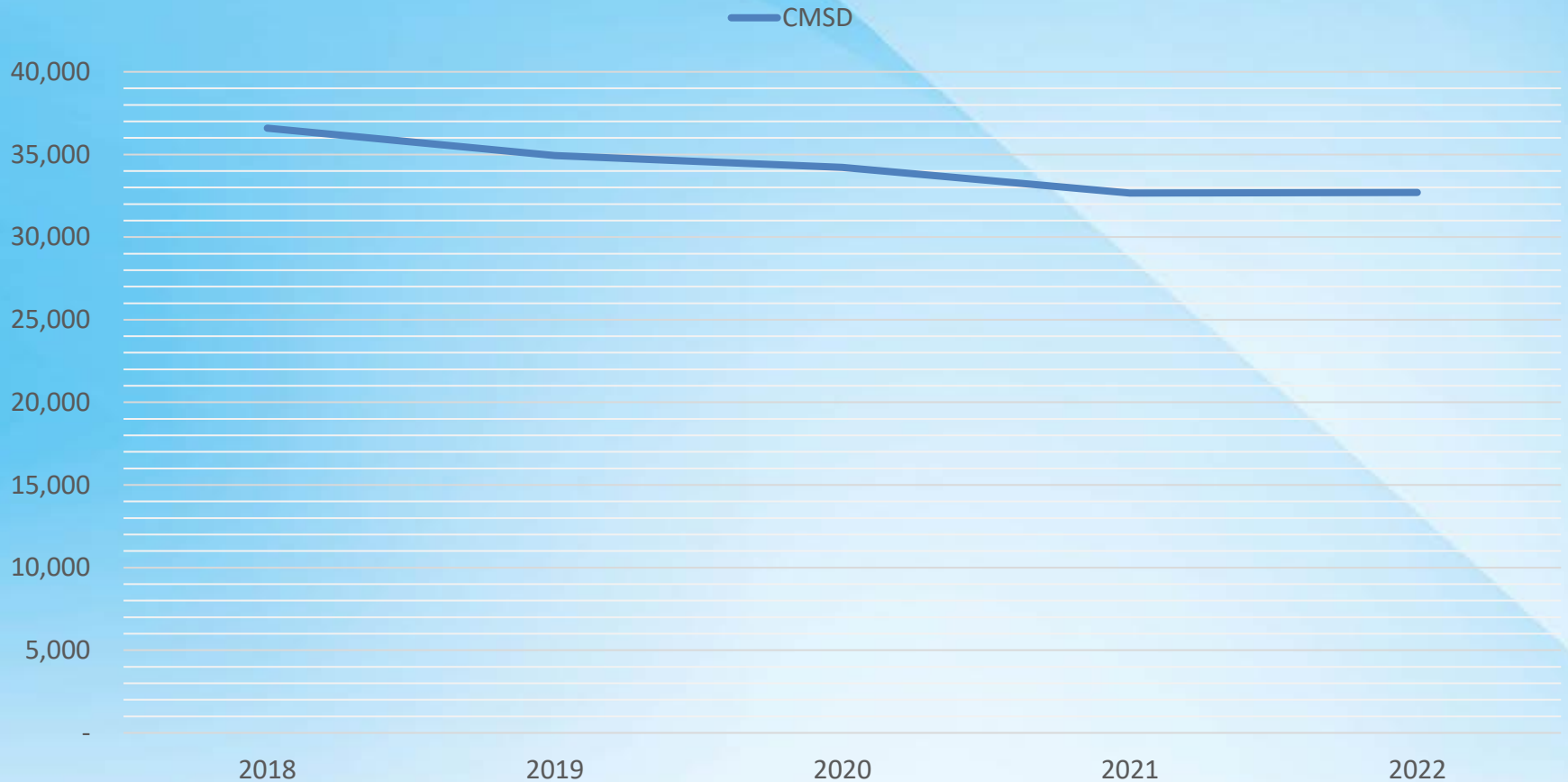
5-Year Trend



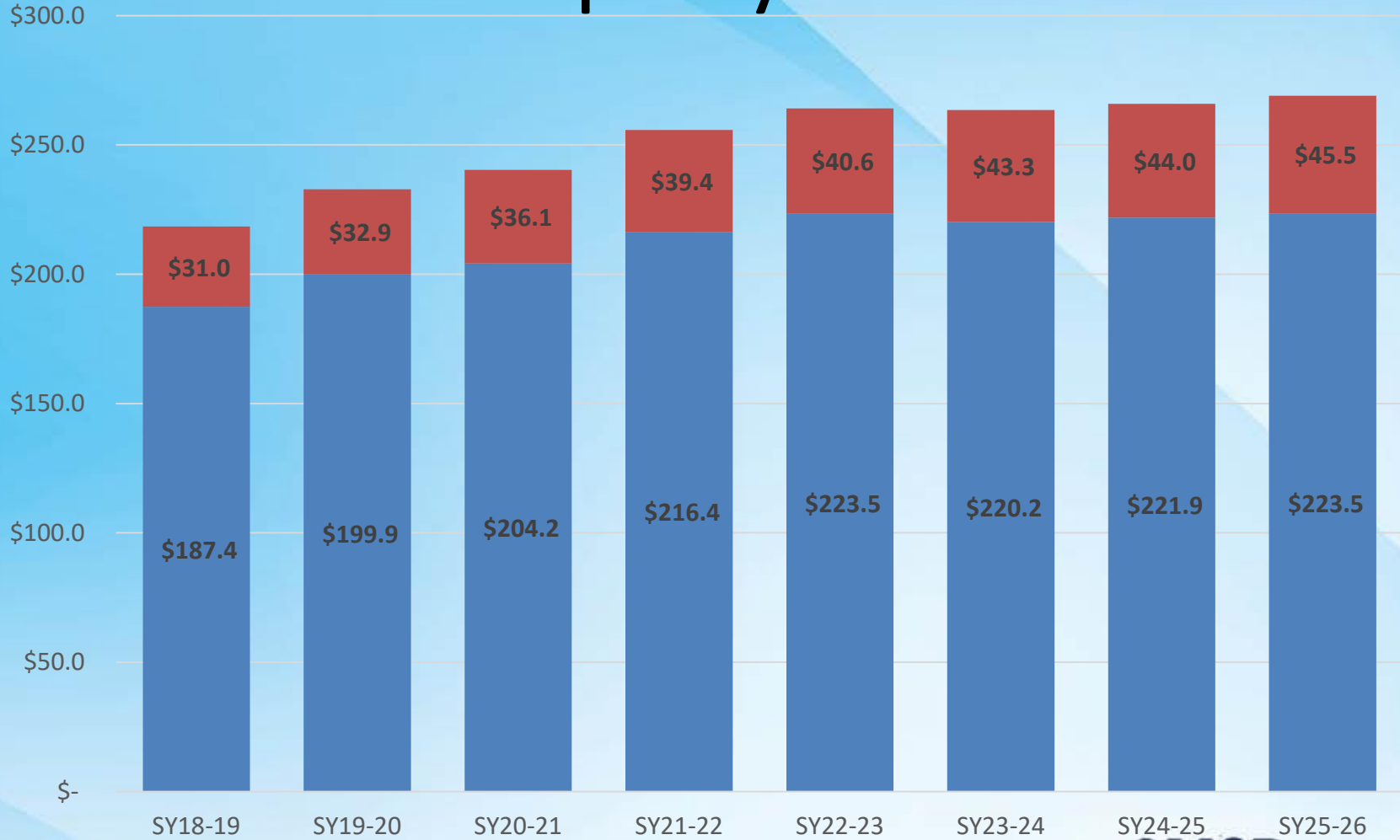
State Aid



Student FTE Enrollment Trend



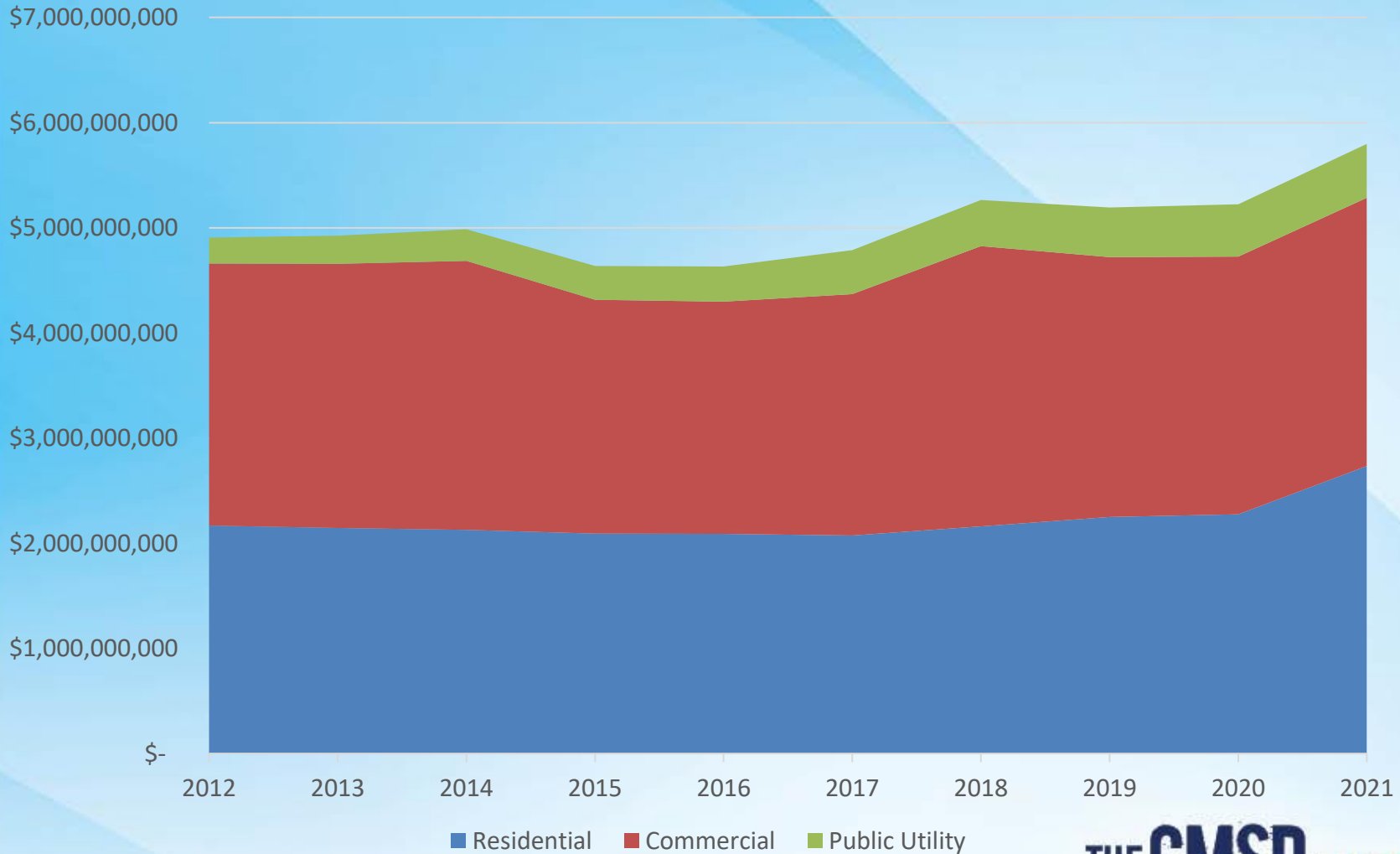
Local Property Tax Revenue



■ Real Property ■ Public Utility



Historic Assessed Valuations



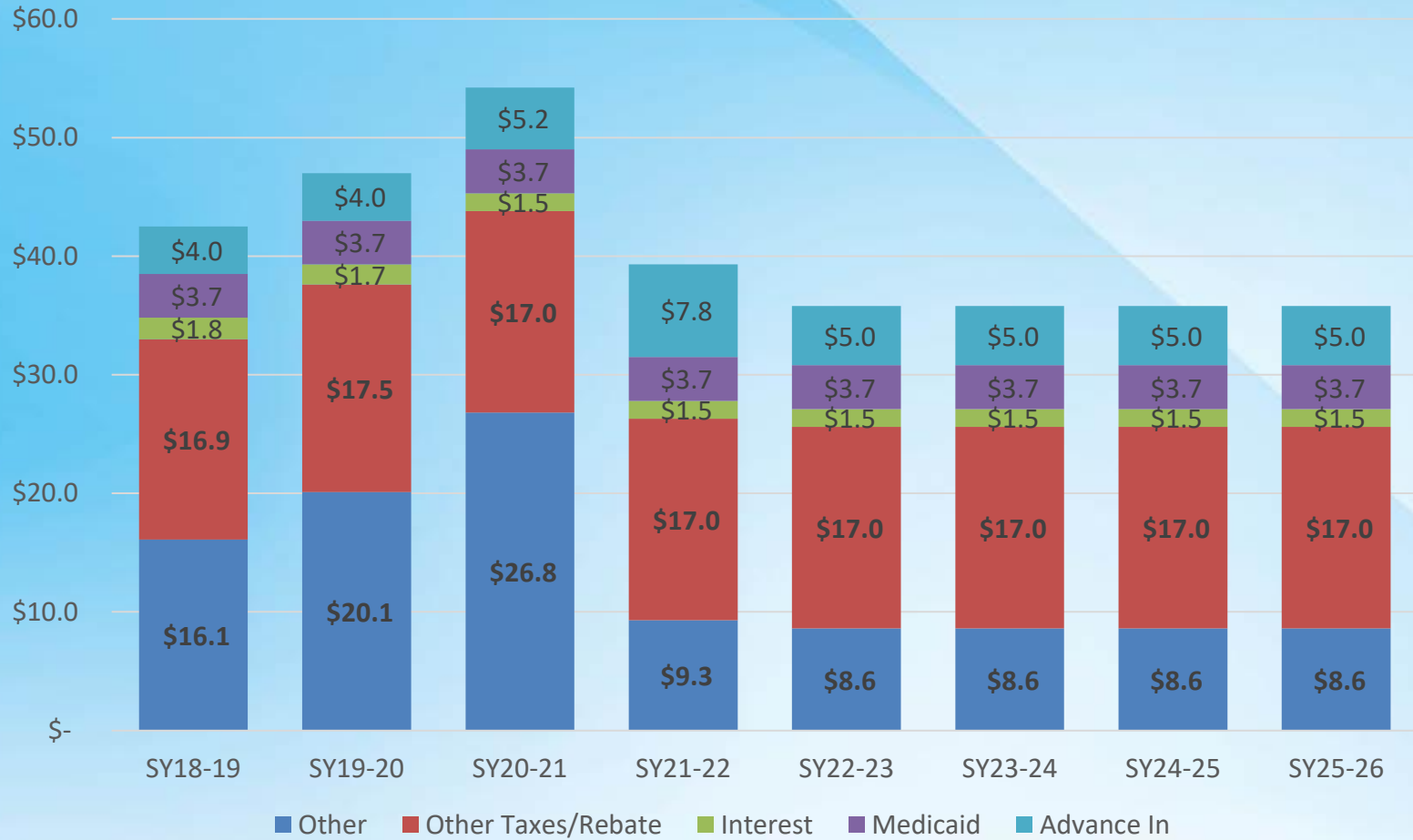
Property Tax Collection Rates



State Reimbursements



Other Revenue



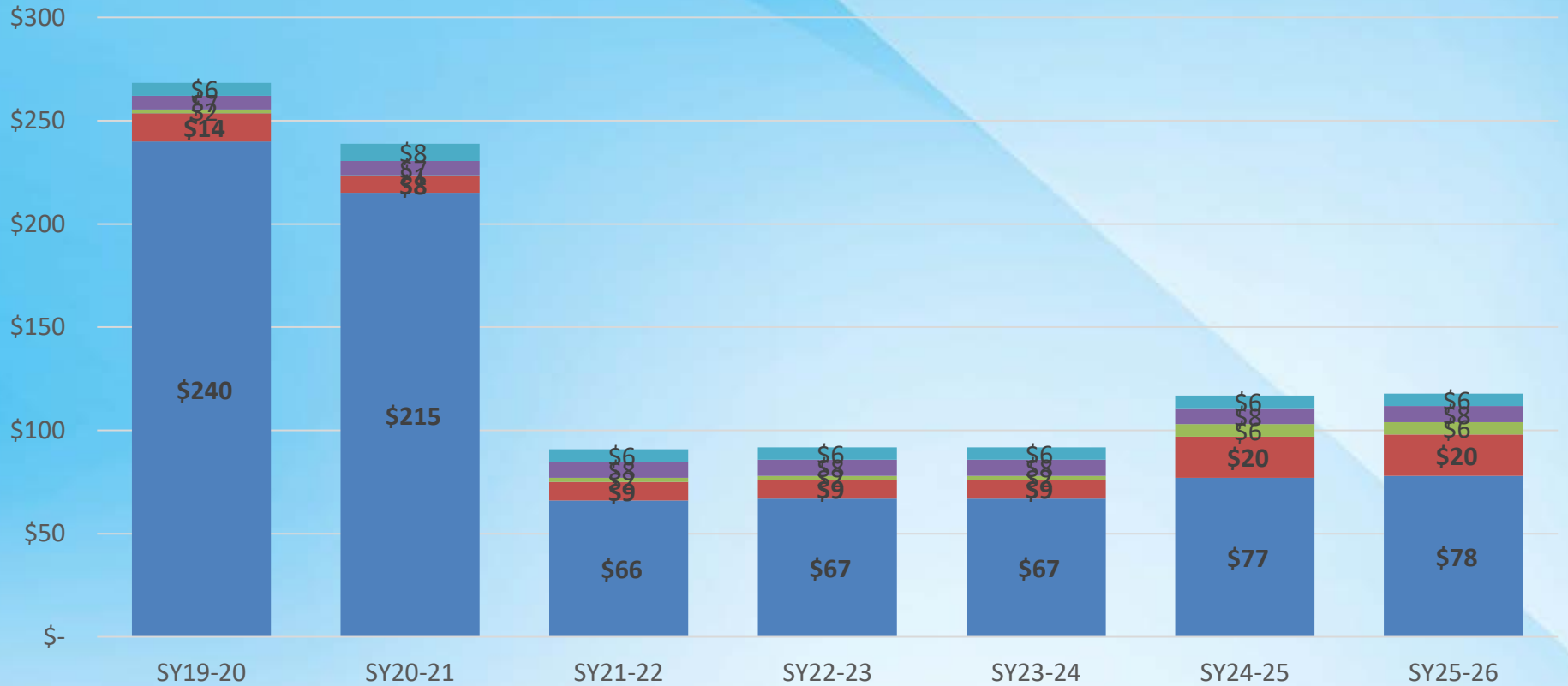
Revenue Forecast – General Fund



Personnel Expenditures



Non-Personnel Expenditures



- Advances / Transfers
- Other Uses
- Equipment
- Supplies & Materials
- Purchased Services

Expenditure Forecast – General Fund



Combined Revenues & Expenditures

