

Cleveland Municipal School District Board Update

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**PRESENTED TO THE BOARD OF EDUCATION
SEPTEMBER 27, 2011**

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- **Review of CMSD financial challenges 2010-2012**
 - Budgets
 - Deficits
 - Actions to date
- **Current budget challenges**
- **Scenarios and Impacts**
- **Potential budget cuts (Menu of options)**
- **Timeline**

Cleveland Municipal School District

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- **Review 2010-2011 Deficit**

Cleveland Municipal School District September 2009 Five Year Forecast

(in millions of dollars)

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	2009 – 2010	2010 – 2011	2011 – 2012	2012 – 2013	2013 – 2014
Beginning Cash Balance	\$ 50.4	\$ 7.0	\$ (45.8)	\$ (125.9)	\$ (217.3)
Total Revenues	659.7	655.1	638.5	631.7	627.1
Total Expenses	703.1	707.9	718.6	723.1	728.6
Revenue over Expense	(43.4)	(52.8)	(80.1)	(91.4)	(101.5)
Ending Cash Balance	7.0	(45.8)	(125.9)	(217.3)	(318.8)
Encumbrances/Reserves	7.0	7.0	7.0	7.0	7.0
Unencumbered Balance	\$ 0.0	\$ (52.8)	\$ (132.9)	\$ (224.3)	\$ (325.8)

Our Recent History: Major Impacts on the CMSD Budget

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- **Eliminated Deficit (Summer 2010)**
 - ✦ School Closings
 - ✦ One-Time Stimulus Funds
 - ✦ Wage / Healthcare Concessions
- **Downsized Central Office (Fall 2010)**
 - ✦ Personnel Reduction
 - ✦ Wage / Healthcare Concessions
- **Balanced Budget for 2 Years (Spring 2011)**
- **State Imposed new Funding Formula (Summer 2011)**

Cleveland Municipal School District

October 2010 Five Year Forecast

(in millions of dollars)

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	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Cash Balance	\$90.6	\$82.0	\$50.4	\$13.0	\$25.6	\$(51.4)	\$(151.4)	\$(268.6)
Total Revenues	672.5	668.2	662.7	676.1	625.4	616.4	612.0	607.4
Total Expenses	681.1	699.8	700.1	663.5	702.4	716.4	729.2	742.5
Revenue over Expenses	(8.6)	(31.6)	(37.4)	12.6	(77.0)	(100.0)	(117.2)	(135.1)
Ending Cash Balance	82.0	50.4	13.0	25.6	(51.4)	(151.4)	(268.6)	(403.7)
Encumbrances/Reserves	10.7	7.0	6.5	7.0	7.0	7.0	7.0	7.0
Unencumbered Balance	\$71.3	\$43.4	\$6.5	\$18.6	\$(58.4)	\$(158.4)	\$(275.6)	\$(410.7)

Cleveland Municipal School District

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- **Review 2011-2012 Deficit**

Cleveland Municipal School District

October 2010 Five Year Forecast

(in millions of dollars)

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	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Cash Balance	\$90.6	\$82.0	\$50.4	\$13.0	\$25.6	\$(51.4)	\$(151.4)	\$(268.6)
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Revenue over Expenses	(8.6)	(31.6)	(37.4)	12.6	(77.0)	(100.0)	(117.2)	(135.1)
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Encumbrances/Reserves	10.7	7.0	6.5	7.0	7.0	7.0	7.0	7.0
Unencumbered Balance	\$71.3	\$43.4	\$6.5	\$18.6	\$(58.4)	\$(158.4)	\$(275.6)	\$(410.7)

Developing Our Strategy

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- **Conducted deep analysis of revenues and expenditures**
- **Engaged expertise of business community**
- **Communicated with key internal and external stakeholders**
- **Modeled a strategy for 2 years of fiscal stability**

(i.e.: CEO Recommendations totaling \$72.6 million dollars of budget reductions)

Specific Recommendations

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Area	Action	Savings	Notes
Personnel	Central Office –Compensation/Benefit Reductions and Reduction in Force School Based Attrition – 135 employees School Based Layoffs – 835 employees	\$ 3,850,000 \$ 12,800,000 \$ 46,000,000	School Based layoffs include teachers, nurses, social workers, guidance counselors, community aides, hearing officers, PCIA, educational aides, school secretaries, resource officers, and part time security officers
Non-Personnel	Reduce Textbooks Budget Reduce Central Office Non Staff Budget Transportation Services Academic Programming Extracurricular Activities Reduction Reduce Outside Legal Fees Outsourcing some Support Services	\$ 0 \$ 1,200,000 \$ 1,000,000 \$ 1,400,000 \$ 0 \$ 500,000 TBD	Academic programming reductions include professional development expenses, student ID expansion, administrator scheduling stipends, shifting programming to RttT, etc.
Facilities	Close 7 schools – 79 positions Sell Unneeded School Buildings Sell Administration Building (a) (a) Amount represents only net operational savings	\$ 2,000,000 \$ 2,000,000 \$ 400,000	Cost savings include principals, assistant principals, secretaries, custodial staff, internal suspension room aides, security, differentials, custodian overtime, rubbish collection, electric, gas and water and sewage
Revenue	Gain Timely Reimbursements for Medicaid Improved Tax Collection Levy	\$ 1,500,000 TBD TBD	
Total		\$72,650,000	

Cleveland Municipal School District

May 2011 Five Year Forecast

(in millions of dollars)

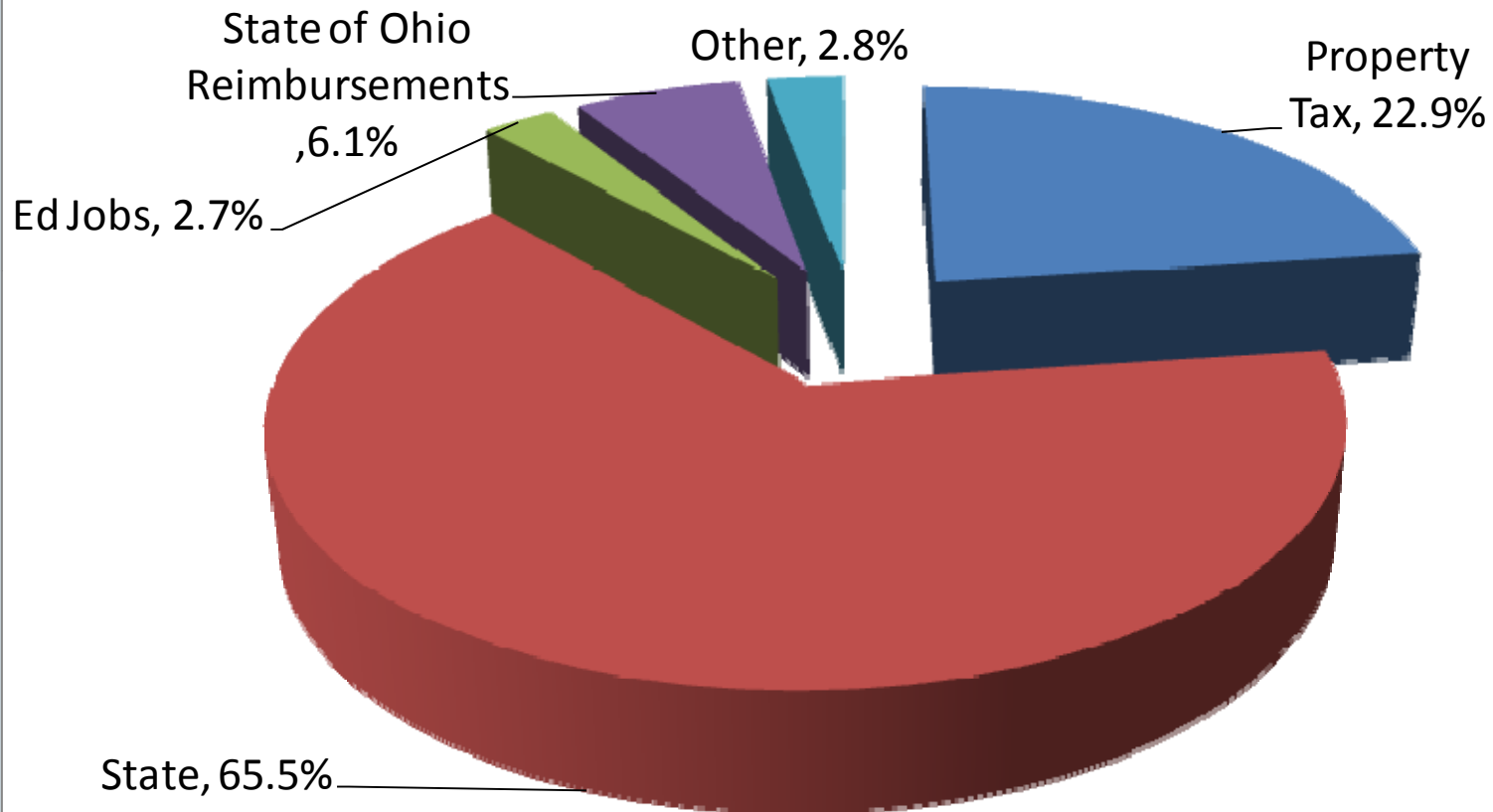
11

	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Cash Balance	\$90.6	\$82.0	\$50.4	\$13.0	\$23.3	\$30.6	\$7.8	\$(42.1)
Total Revenues	672.5	668.2	662.7	666.5	645.8	608.2	594.2	594.2
Total Expenses	681.1	699.8	700.1	656.2	638.5	631.0	644.1	658.8
Revenue over Expenses	(8.6)	(31.6)	(37.4)	10.3	7.3	(22.8)	(49.9)	(64.6)
Ending Cash Balance	82.0	50.4	13.0	23.3	30.6	7.8	(42.1)	(106.7)
Encumbrances/Reserves	10.7	7.0	6.5	7.0	7.0	7.0	7.0	7.0
Unencumbered Balance	\$71.3	\$43.4	\$6.5	\$16.3	\$23.6	\$0.8	\$(49.1)	\$(113.7)

Cleveland Municipal School District

Where the Money Comes From
FY 2011-2012

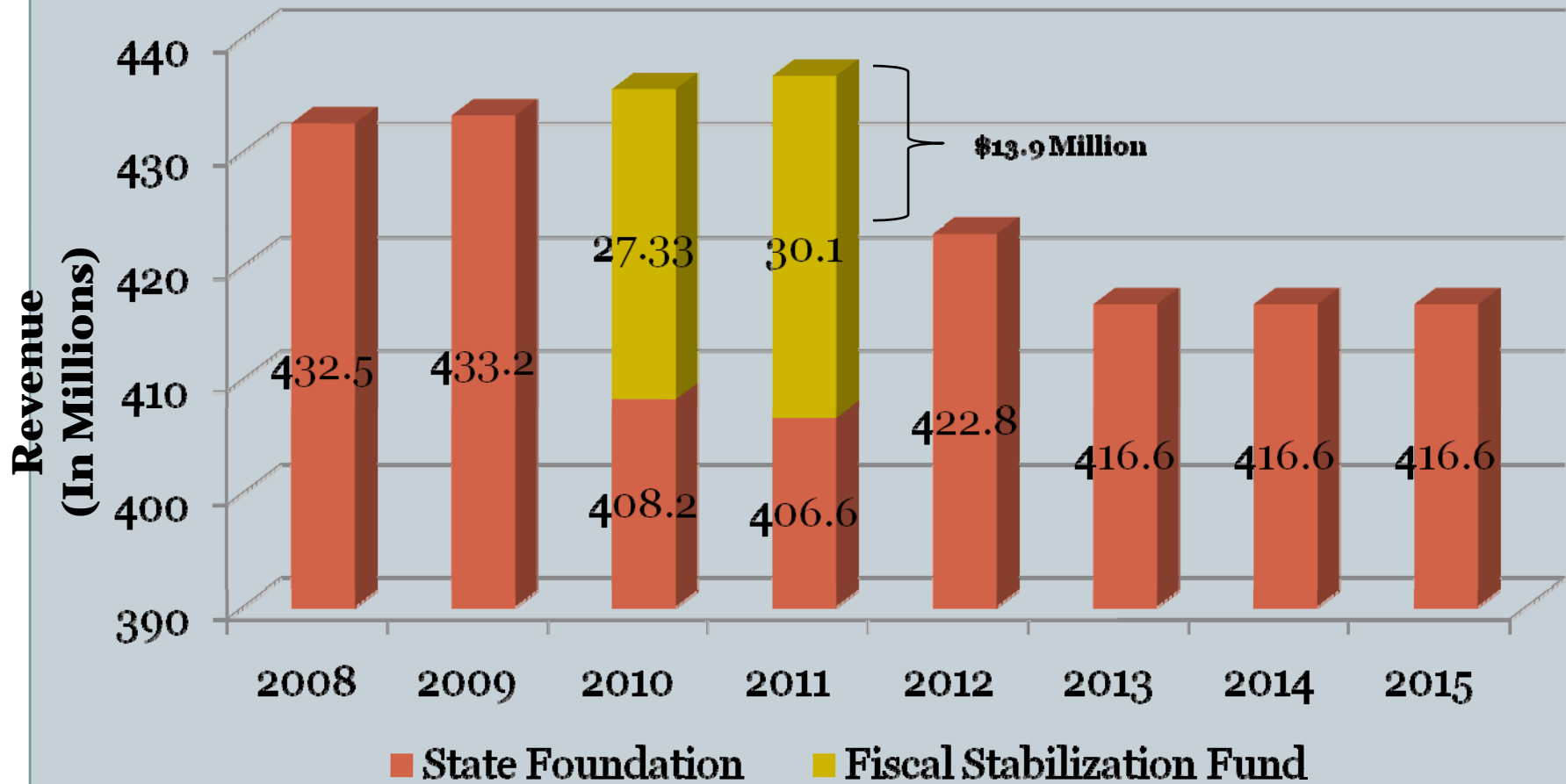
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Cleveland Municipal School District

State Foundation Revenue

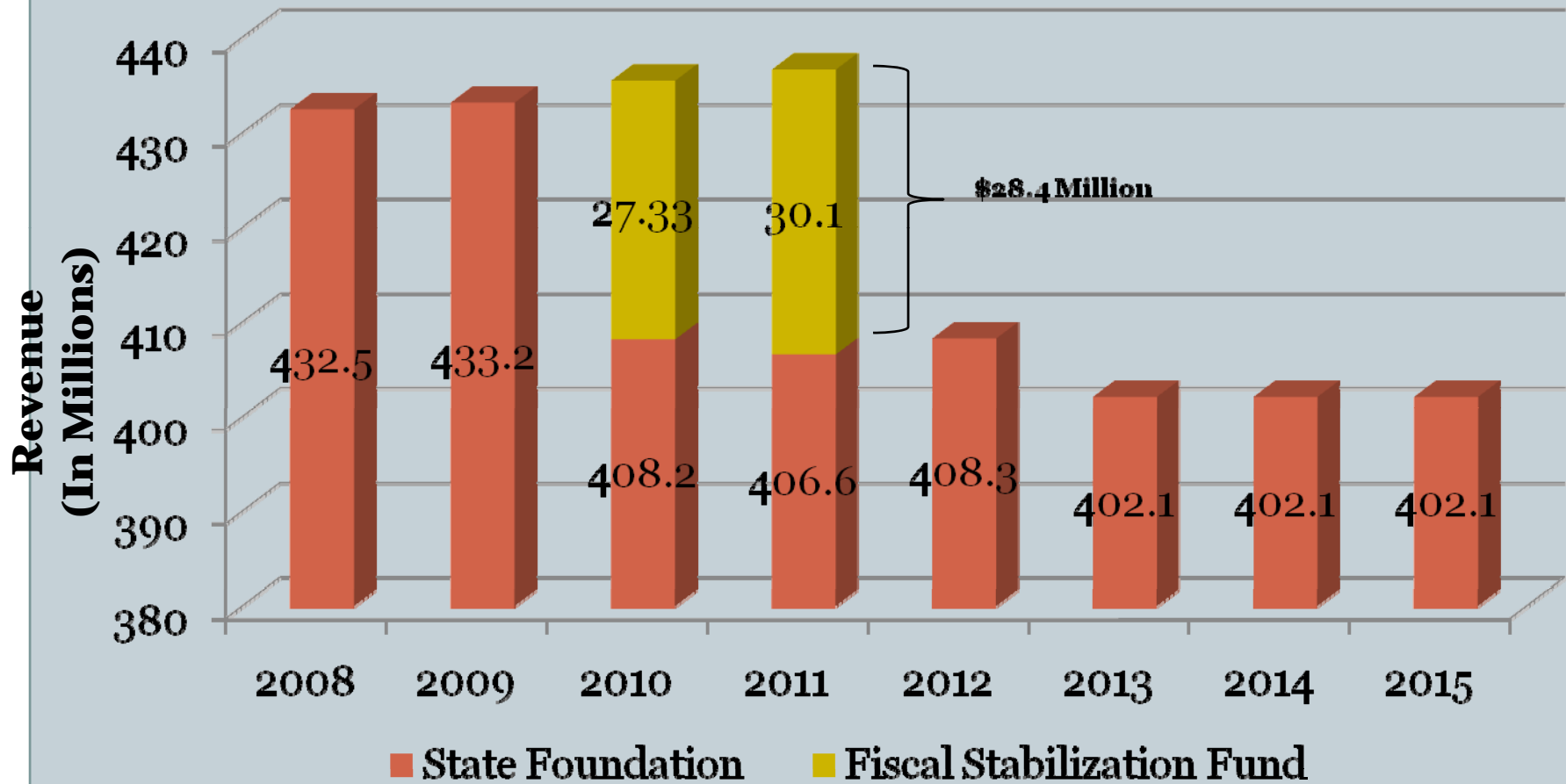
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Cleveland Municipal School District

State Foundation Revenue

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Current Budget Challenges

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- **District will receive less State Funding than anticipated**
 - Bridge Formula is based on October 2011 ADM.
 - Enrollment is estimated to decrease by 3,000 students.
 - Estimated additional decrease in state funding is \$14.5 million.
- **Increased expenditures**
 - Additional teacher contracts
- **No new revenue identified**
- **Large future deficits**

Cleveland Municipal School District

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- **Scenarios**

Prior Primary CMSD Actions

Action	FY 2010-2011	FY 2011-2012
Lay off staff	322 positions	870 positions
Close Schools	Closed 16 schools	Closed 7 schools
Use Stimulus Funds	\$20.2 million - 246 teaching positions	None
	\$5.7 million - tuition fees	None
	\$2.7 million - transportation fees	None
Reduce Other Costs	<ul style="list-style-type: none"> •Reduce textbook budget •Reduce central office non-personal budget 	<ul style="list-style-type: none"> •Reduce legal costs •Sell unneeded buildings •Further reduce central office non-personal budget
Reduce Central Office Costs	<ul style="list-style-type: none"> • 4.62% wage concession • Increase in health care contribution • Reduction in force (12% general fund reduction between FY2010-12) 	<ul style="list-style-type: none"> •5.0% wage concession • Increase in health care contribution to 10% • Additional reduction in force (12% general fund reduction between FY2010-12)
Modify Union Contracts	<ul style="list-style-type: none"> •4.62% wage concessions or similar for 1 year. •Increase in monthly healthcare contributions. 	<p>None</p> <p>Currently in negotiations with all unions except two</p>

Our Guiding Considerations

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- **Preserve teaching & learning conditions necessary for Academic Transformation for our students**
- **Preserve the academic progress of CMSD**
- **Target class size to 40 or fewer students**
- **Impact on the budget 2011/2012 and 2012/2013**

Summary of Scenarios (+,-)

Scenario A-Keeping Recalled Teachers for 31 Days	Scenario B- Keeping Recalled Teachers all Year	Scenario C- Keeping Recalled Teachers all Year plus Additional Resources
Significantly increases class sizes	Maintains class sizes at no more than 40/1	Maintains class sizes at no more than 40/1
Lowers expenses and balances budget.	Produces Budget Deficit in the 2011-2012 school year.	<ul style="list-style-type: none"> •Produces additional Budget Deficit in the 2011-2012 school year. •Makes balancing 2012 – 2013 school year more challenging.
		Increases student support staff
Provides \$4.1 million surplus in FY12	Results in \$11.1 million deficit in FY12	Results in \$14.6 million deficit in FY12
Results in \$44.8 million deficit in FY13	Results in \$87.6 million deficit in FY13	Results in \$96.0 million deficit in FY13
Represents the equivalent of 490 layoffs in FY13 *	Represents the equivalent of 959 layoffs in FY13*	Represents the equivalent of 1,501 layoffs in F13*

** Based on a average salary of \$65,000 plus fringe benefits.*

Scenario A

May 2011 Five-Year Forecast adjusted for:

FY11 – State Funding- Additional Teachers - **Recalled Teachers Working 31 Days**

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	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Cash Balance	\$90.6	\$82.0	\$50.4	\$13.0	\$33.0	\$11.1	(\$37.8)	(\$113.8)
Revenues	672.5	668.2	662.7	666.4	645.8	608.2	594.2	594.2
State Funding	0.0	0.0	0.0	0.0	(14.5)	(14.5)	(14.5)	(14.5)
Total Revenues	672.5	668.2	662.7	666.4	631.3	593.7	579.7	579.7
Expenses	681.1	699.8	700.1	646.4	638.5	631.0	644.1	658.8
Additional contracted teachers working all year	0.0	0.0	0.0	0.0	10.3	11.6	11.6	11.6
Recalled teachers working 31 days	0.0	0.0	0.0	0.0	4.4	0.0	0.0	0.0
Total Expenses	681.1	699.8	700.1	646.4	653.2	642.6	655.7	670.4
Revenue over Expenses	(8.6)	(31.6)	(37.4)	20.0	(21.9)	(48.9)	(76.0)	(90.7)
Ending Cash Balance	82.0	50.4	13.0	33.0	11.1	(37.8)	(113.8)	(204.5)
Encumbrances/Reserves	10.7	7.0	6.5	8.3	7.0	7.0	7.0	7.0
Unencumbered Balance	\$71.3	\$43.4	\$6.5	\$24.7	\$4.1	(\$44.8)	(\$120.8)	(\$211.5)

Scenario B

May 2011 Five-Year Forecast adjusted for:

FY11 – State Funding- Additional Teachers - **Recalled Teachers Working all Year**

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	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Cash Balance	\$90.6	\$82.0	\$50.4	\$13.0	\$33.0	(\$4.1)	(\$80.6)	(\$184.2)
Revenues	672.5	668.2	662.7	666.4	645.8	608.2	594.2	594.2
State Funding	0.0	0.0	0.0	0.0	(14.5)	(14.5)	(14.5)	(14.5)
Total Revenues	672.5	668.2	662.7	666.4	631.3	593.7	579.7	579.7
Expenses	681.1	699.8	700.1	646.4	638.5	631.0	644.1	658.8
Additional contracted teachers working all year	0.0	0.0	0.0	0.0	10.3	11.6	11.6	11.6
Recalled teachers working 195 days	0.0	0.0	0.0	0.0	24.4	27.6	27.6	27.6
Unemployment Compensation reduction	0.0	0.0	0.0	0.0	(4.8)	0.0	0.0	0.0
Total Expenses	681.1	699.8	700.1	646.4	668.4	670.2	683.3	698.0
Revenue over Expenses	(8.6)	(31.6)	(37.4)	20.0	(37.1)	(76.5)	(103.6)	(118.3)
Ending Cash Balance	82.0	50.4	13.0	33.0	(4.1)	(80.6)	(184.2)	(302.5)
Encumbrances/Reserves	10.7	7.0	6.5	8.3	7.0	7.0	7.0	7.0
Unencumbered Balance	\$71.3	\$43.4	\$6.5	\$24.7	(\$11.1)	(\$87.6)	(\$191.2)	(\$309.5)

Scenario C

May 2011 Five-Year Forecast adjusted for:

FY11 State Funding- Additional Teachers - **Recalled Teachers Working all Year - Guidance Counselor, Nurses, Social Workers Recalled**

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	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Cash Balance	\$90.6	\$82.0	\$50.4	\$13.0	\$33.0	(\$7.6)	(\$89.0)	(\$197.5)
Revenues	672.5	668.2	662.7	666.4	645.8	608.2	594.2	594.2
State Funding	0.0	0.0	0.0	0.0	(14.5)	(14.5)	(14.5)	(14.5)
Total Revenues	672.5	668.2	662.7	666.4	631.3	593.7	579.7	579.7
Expenses	681.1	699.8	700.1	646.4	638.5	631.0	644.1	658.8
Additional contracted teachers working all year	0.0	0.0	0.0	0.0	10.3	11.6	11.6	11.6
Recalled teachers working 195 days	0.0	0.0	0.0	0.0	24.4	27.6	27.6	27.6
Recall Guidance Counselors - 13 working 195 day	0.0	0.0	0.0	0.0	0.9	1.0	1.0	1.0
Recall Nurses - 30 working 195 days	0.0	0.0	0.0	0.0	2.3	2.6	2.6	2.6
Recall 14 Social Workers working 195 days	0.0	0.0	0.0	0.0	1.2	1.3	1.3	1.3
Unemployment Compensation reduction	0.0	0.0	0.0	0.0	(5.6)	0.0	0.0	0.0
Total Expenses	681.1	699.8	700.1	646.4	671.9	675.1	688.2	702.9
Revenue over Expenses	(8.6)	(31.6)	(37.4)	20.0	(40.6)	(81.4)	(108.5)	(123.2)
Ending Cash Balance	82.0	50.4	13.0	33.0	(7.6)	(89.0)	(197.5)	(320.7)
Encumbrances/Reserves	10.7	7.0	6.5	8.3	7.0	7.0	7.0	7.0
Unencumbered Balance	\$71.3	\$43.4	\$6.5	\$24.7	(\$14.6)	(\$96.0)	(\$204.5)	(\$327.7)

Factors that impact deficit amount

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- Deficit would increase if classroom teachers count is over 3,135
 - 3,135 is the staffing level, determined by the forecast model. This was based on staffing for an average class size of 40 (with some classrooms being higher than the average).
 - **Currently our staffing number is 3,170.** Therefore the deficit in scenario B, since our last meeting, has increased to **13.2M**, as we have staffed classrooms at 40 or less students per classroom. Further, this means that the deficit in scenario C, has increased to **16.8M**.
- Deficit would increase if paraprofessionals (i.e.: Family Liaisons) are brought back at a cost of \$2.3 million

Scenario B

May 2011 Five-Year Forecast adjusted for:

FY11 – State Funding- Additional Teachers - **Adjusted Recalled Teachers Working all Year**

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	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Cash Balance	\$90.6	\$82.0	\$50.4	\$13.0	\$33.0	(\$6.2)	(\$85.1)	(\$191.1)
Revenues	672.5	668.2	662.7	666.4	645.8	608.2	594.2	594.2
State Funding	0.0	0.0	0.0	0.0	(14.5)	(14.5)	(14.5)	(14.5)
Total Revenues	672.5	668.2	662.7	666.4	631.3	593.7	579.7	579.7
Expenses	681.1	699.8	700.1	646.4	638.5	631.0	644.1	658.8
Additional contracted teachers working all year	0.0	0.0	0.0	0.0	9.2	10.4	10.4	10.4
Recalled teachers working 195 days	0.0	0.0	0.0	0.0	27.8	31.2	31.2	31.2
Unemployment Compensation reduction	0.0	0.0	0.0	0.0	(5.0)	0.0	0.0	0.0
Total Expenses	681.1	699.8	700.1	646.4	670.5	672.6	685.7	700.4
Revenue over Expenses	(8.6)	(31.6)	(37.4)	20.0	(39.2)	(78.9)	(106.0)	(120.7)
Ending Cash Balance	82.0	50.4	13.0	33.0	(6.2)	(85.1)	(191.1)	(311.8)
Encumbrances/Reserves	10.7	7.0	6.5	8.3	7.0	7.0	7.0	7.0
Unencumbered Balance	\$71.3	\$43.4	\$6.5	\$24.7	(\$13.2)	(\$92.1)	(\$198.1)	(\$318.8)

Scenario C

May 2011 Five-Year Forecast adjusted for:

FY11 State Funding- Additional Teachers - Adjusted Recalled Teachers Working all Year - Guidance Counselor, Nurses, Social Workers Recalled

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	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Cash Balance	\$90.6	\$82.0	\$50.4	\$13.0	\$33.0	(\$9.8)	(\$93.6)	(\$204.5)
Revenues	672.5	668.2	662.7	666.4	645.8	608.2	594.2	594.2
State Funding	0.0	0.0	0.0	0.0	(14.5)	(14.5)	(14.5)	(14.5)
Total Revenues	672.5	668.2	662.7	666.4	631.3	593.7	579.7	579.7
Expenses	681.1	699.8	700.1	646.4	638.5	631.0	644.1	658.8
Additional contracted teachers working all year	0.0	0.0	0.0	0.0	9.2	10.4	10.4	10.4
Recalled teachers working 195 days	0.0	0.0	0.0	0.0	27.8	31.2	31.2	31.2
Recall Guidance Counselors - 13 working 195 day	0.0	0.0	0.0	0.0	0.9	1.0	1.0	1.0
Recall Nurses - 30 working 195 days	0.0	0.0	0.0	0.0	2.3	2.6	2.6	2.6
Recall 14 Social Workers working 195 days	0.0	0.0	0.0	0.0	1.2	1.3	1.3	1.3
Unemployment Compensation reduction	0.0	0.0	0.0	0.0	(5.8)	0.0	0.0	0.0
Total Expenses	681.1	699.8	700.1	646.4	674.1	677.5	690.6	705.3
Revenue over Expenses	(8.6)	(31.6)	(37.4)	20.0	(42.8)	(83.8)	(110.9)	(125.6)
Ending Cash Balance	82.0	50.4	13.0	33.0	(9.8)	(93.6)	(204.5)	(330.1)
Encumbrances/Reserves	10.7	7.0	6.5	8.3	7.0	7.0	7.0	7.0
Unencumbered Balance	\$71.3	\$43.4	\$6.5	\$24.7	(\$16.8)	(\$100.6)	(\$211.5)	(\$337.1)

Potential Impacts Currently Beyond CMSD Control

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- **New Tax Revenue**
- **Contract Modifications**
- **Wage Concessions**
- **Modifications of State and/or Federal Funding**

Potential Impact of Doing Nothing

State Puts CMSD in Fiscal Caution, Watch or Emergency

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Fiscal Caution

Fiscal Watch

Fiscal Emergency

- ❖ State control
- ❖ Higher Class Sizes
- ❖ Lower bond ratings

Implementing Scenario B: Keeping Recalled Teachers all Year

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- **Necessitates \$13.2 million in Budget Cuts**

Cleveland Municipal School District

Potential Budget Cuts (Menu of Options)

Option	Savings	Organizational Impact
Personnel/Compensation & Benefits	½ Yr. Savings	
Decrease Student Textbook Budget	\$ 2,000,000	<ul style="list-style-type: none"> •Would require the extended use of current textbook series, some of which are out of date.
Eliminate Preschool for Students	\$ 2,542,000	<ul style="list-style-type: none"> •Loss of preschool would result in loss of social readiness, development of phonological sensitivity and oral language development. •Children have the greatest chance of succeeding in school if they regularly attend a high quality preschool program. In 2000 the National Assessment of Educational Progress (NAEP) test results, showed that 68% of low-income 4th grade students could not read at the proficiency level (National Center for Education Statistics, 2000).
Eliminate Summer School for Students	\$ 2,447,000	<ul style="list-style-type: none"> •Loss of credit make-up towards on-time graduation for students in grades nine through twelve •District will continue development of in-school credit make-up opportunities for students using on-line options. •Loss of literacy and math six week summer enrichment program for emerging grade two and grade three students.
Reduce Sports for Students	\$ 1,341,000	<ul style="list-style-type: none"> •Eliminate some winter and spring activities. •Potential to disrupt scholarship opportunities for scholar athletes •Potential impact on decrease in attendance and academic performance of scholar athletes •Reduction of coaching and advising differentials

Cleveland Municipal School District

Potential Budget Cuts (Menu of Options)

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Option	Savings	Organizational Impact
Personnel/Compensation and Benefits	½ Yr. Savings	
Reduce Student Safety and Security Personnel by 15%	\$ 1,100,000	<ul style="list-style-type: none"> •Need a greater emphasis on other staff in the building to be more vigilant about security. •Increase risk of incidents occurring.
Reduce Cleaner Personnel by 15%	\$ 483,150	<ul style="list-style-type: none"> •Would add to cost of deferred maintenance. •Less clean buildings could affect student academic performance.
Reduce Food Service Personnel by 11%	\$ 700,000	<ul style="list-style-type: none"> •Would slow preparation & service time. •Would eliminate fresh fruits & vegetables initiative. •Eliminates hot breakfast program and fewer hot lunches served.
Reduce and/or Redeploy Principals / Assistant Principals	\$ 1,000,000	<ul style="list-style-type: none"> •Reduction of administrative support at building level could have a negative impact on climate and academic achievement for the school year.
Reduce Staff Differentials	\$ 1,500,000	<ul style="list-style-type: none"> •Elimination of monthly Department/SAS meetings would severely limit opportunity to build leadership at school level in support academic goals and targets towards district Academic Achievement Plan. •Elimination of other non-academic differentials may affect school climate. (i.e. chess advisor, student government)

Cleveland Municipal School District

Potential Budget Cuts (Menu of Options)

Option	Savings	Organizational Impact
Operational Savings	½ Yr. Savings	
Reduce to State Minimum for Transportation for Students	\$ 1,521,500	<ul style="list-style-type: none"> •Eliminates RTA service for high school students. •Increases minimum mileage requirements for K-8 students. •Has no impact on special education transportation.
Consolidate/Close Schools (1st Year)	\$ 150,000 average per school closed	<ul style="list-style-type: none"> •Closing schools at end of 1st semester will net on average \$300K per school for a K-8 school in 1st yr. • Higher savings for closing high school(s). •Disrupts lives of students & families. •May cause loss of students.
One Office Supply Vendor	\$ 75,000	<ul style="list-style-type: none"> •Saves on office supplies. •Decreases business for local businesses.

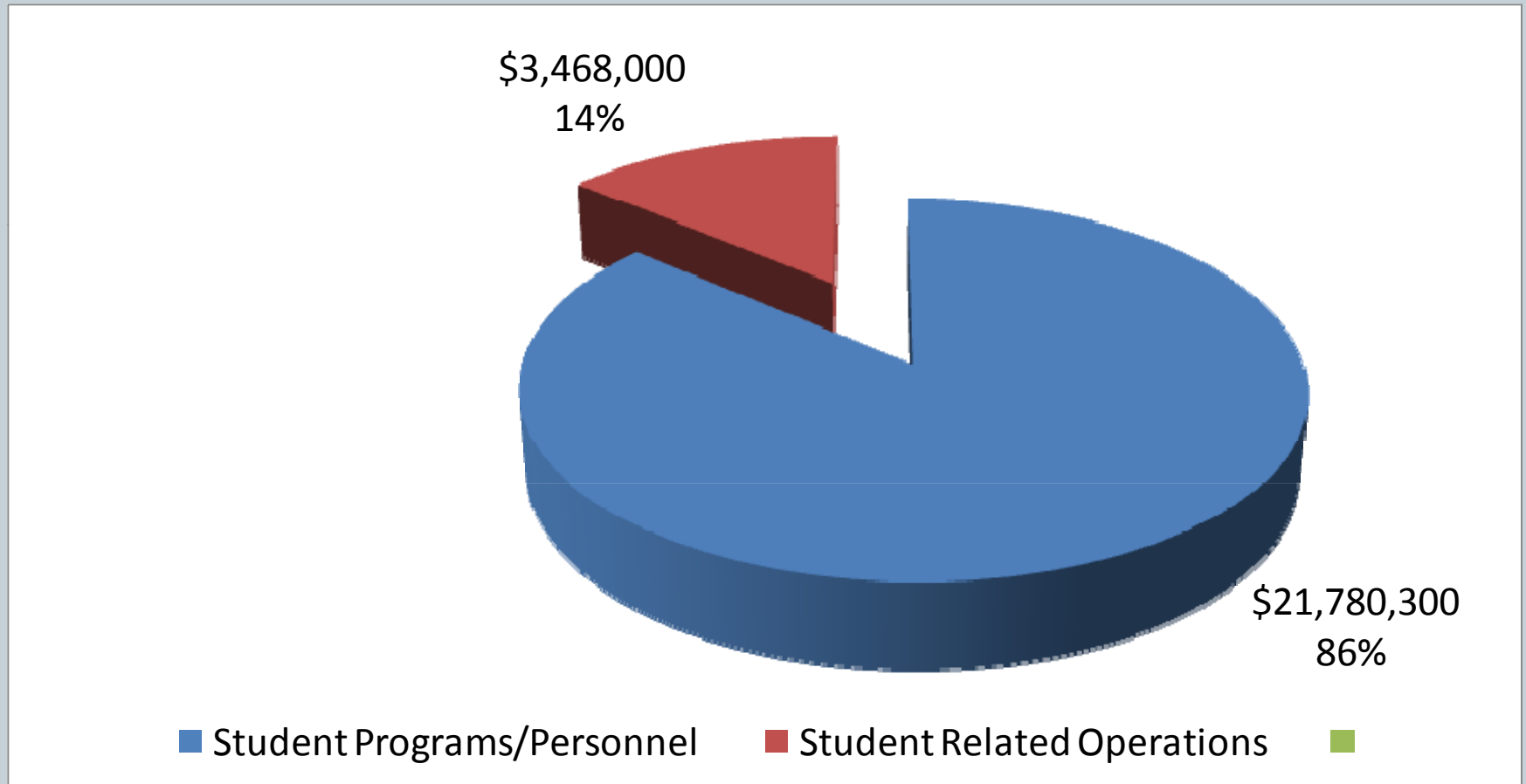
Cleveland Municipal School District

Potential Budget Cuts (Menu of Options)

Option	Savings	Organizational Impact
Revenue Growth	Estimated additional revenue if implemented	
Propose Operating Levy	TBD	
Increase Facility Rentals/Fees	\$24,000 to \$120,000	<ul style="list-style-type: none"> •Amount depends on % of increase (range shown is from a 10% to 50% increase) •Could jeopardize the funding source for summer student internship program.
Charge Students for Breakfast and Lunch	-0-	<ul style="list-style-type: none"> •Could net \$1.5M per year, however ... •Requires start up costs of \$215K to \$250K. •Could risk the loss of \$11.5M in Title 1 funding.

Cleveland Municipal School District Potential Budget Cuts at a Glance

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Scenario B

May 2011 Five-Year Forecast adjusted for:

FY11 – State Funding- Additional Teachers – **Balanced Adjusted Recalled Teachers Working all Year**

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	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Cash Balance	\$90.6	\$82.0	\$50.4	\$13.0	\$33.0	\$7.0	(\$58.7)	(\$151.5)
Revenues	672.5	668.2	662.7	666.4	645.8	608.2	594.2	594.2
State Funding	0.0	0.0	0.0	0.0	(14.5)	(14.5)	(14.5)	(14.5)
Total Revenues	672.5	668.2	662.7	666.4	631.3	593.7	579.7	579.7
Expenses	681.1	699.8	700.1	646.4	638.5	631.0	644.1	658.8
Additional contracted teachers working all year	0.0	0.0	0.0	0.0	9.2	10.4	10.4	10.4
Recalled teachers working 195 days	0.0	0.0	0.0	0.0	27.8	31.2	31.2	31.2
Unemployment Compensation reduction	0.0	0.0	0.0	0.0	(5.0)	0.0	0.0	0.0
Reductions needed to have a balanced budget	0.0	0.0	0.0	0.0	(13.2)	(13.2)	(13.2)	(13.2)
Total Expenses	681.1	699.8	700.1	646.4	657.3	659.4	672.5	687.2
Revenue over Expenses	(8.6)	(31.6)	(37.4)	20.0	(26.0)	(65.7)	(92.8)	(107.5)
Ending Cash Balance	82.0	50.4	13.0	33.0	7.0	(58.7)	(151.5)	(259.0)
Encumbrances/Reserves	10.7	7.0	6.5	8.3	7.0	7.0	7.0	7.0
Unencumbered Balance	\$71.3	\$43.4	\$6.5	\$24.7	\$0.0	(\$65.7)	(\$158.5)	(\$266.0)

Scenario C

May 2011 Five-Year Forecast adjusted for:

FY11 State Funding- Additional Teachers – Balanced Adjusted Recalled Teachers Working all Year - Guidance Counselor, Nurses, Social Workers Recalled

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	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Beginning Cash Balance	\$90.6	\$82.0	\$50.4	\$13.0	\$33.0	\$7.0	(\$60.0)	(\$154.1)
Revenues	672.5	668.2	662.7	666.4	645.8	608.2	594.2	594.2
State Funding	0.0	0.0	0.0	0.0	(14.5)	(14.5)	(14.5)	(14.5)
Total Revenues	672.5	668.2	662.7	666.4	631.3	593.7	579.7	579.7
Expenses	681.1	699.8	700.1	646.4	638.5	631.0	644.1	658.8
Additional contracted teachers working all year	0.0	0.0	0.0	0.0	9.2	10.4	10.4	10.4
Recalled teachers working 195 days	0.0	0.0	0.0	0.0	27.8	31.2	31.2	31.2
Recall Guidance Counselors - 13 working 195 day	0.0	0.0	0.0	0.0	0.9	1.0	1.0	1.0
Recall Nurses - 30 working 195 days	0.0	0.0	0.0	0.0	2.3	2.6	2.6	2.6
Recall 14 Social Workers working 195 days	0.0	0.0	0.0	0.0	1.2	1.3	1.3	1.3
Unemployment Compensation reduction	0.0	0.0	0.0	0.0	(5.8)	0.0	0.0	0.0
Reductions needed to have a balanced budget	0.0	0.0	0.0	0.0	(16.8)	(16.8)	(16.8)	(16.8)
Total Expenses	681.1	699.8	700.1	646.4	657.3	660.7	673.8	688.5
Revenue over Expenses	(8.6)	(31.6)	(37.4)	20.0	(26.0)	(67.0)	(94.1)	(108.8)
Ending Cash Balance	82.0	50.4	13.0	33.0	7.0	(60.0)	(154.1)	(262.9)
Encumbrances/Reserves	10.7	7.0	6.5	8.3	7.0	7.0	7.0	7.0
Unencumbered Balance	\$71.3	\$43.4	\$6.5	\$24.7	\$0.0	(\$67.0)	(\$161.1)	(\$269.9)

Cleveland Municipal School District

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- **Timeline**

Timeline

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Date	Action
September 27, 2011	CEO Presents financial outlook to Board of Education
October 11, 2011	Interim CFO Presents Five-Year Forecast to Board of Education
	Possible Board vote on Budget Cuts
October 25, 2011	Vote on Five-Year Forecast

Additional Board Considerations

March	May	August	November
Board should adopt a resolution of necessity by December 1, 2011	Board should adopt a resolution of necessity by February 2, 2011	Board should adopt a resolution of necessity by May 3, 2012	Board should adopt a resolution of necessity by August 2, 2012
Board should adopt a resolution to proceed by December 6, 2011	Board should adopt a resolution to proceed by February 7, 2011	Board should adopt a resolution to proceed by May 8, 2012	Board should adopt a resolution to proceed by August 7, 2012
Board would need to file by December 7, 2011	Board would need to file by February 8, 2011	Board would need to file by May 9, 2012	Board would need to file by August 8, 2012
If levy is placed on ballot on March 6, 2012	If levy is placed on ballot on May 8, 2012	If levy is placed on ballot August 7, 2012	If levy is placed on ballot November 6, 2012
<i>(assuming no change in the current law for the date of the Primary Election)</i>	<i>(assuming the Primary Election date is moved)</i>	Special Election	General Election

Cleveland Municipal School District Board Update

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QUESTIONS

**The future of our students depends on the actions
we take today!**