

CMSD Budget Reduction Plan and Implementation Timeline

Tuesday, October 18, 2011



“The Primary Goal of the Cleveland Metropolitan School District is to become a premier school district in the United States of America.”

Why do we need to reduce our budget?



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Why do we need to reduce our budget?

- In May, 2010 CMSD reduced its budget \$57.6 million by:
 - Layoffs (322 positions)
 - School closings (16 schools)
 - Use of stimulus funds (\$28.6 million)
 - Reduction of textbook budget (\$2.65 million)
 - Reduction of central office budget (5% reduction)
 - Non-union employee wage concessions (4.62% reduction in pay)
 - Union employee wage concessions (4.62% reduction in pay for 1 year)
 - Non-union employee increase in health care contributions
 - Union employee increase in health care contributions



District showed a surplus of \$18.6 million

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Why do we need to reduce our budget?

- At the end of the 2010-11 school year, some reductions ended
 - Stimulus funds ended, adding \$28.6 million to the budget
 - Union employee 4.62% wage concessions ended, adding \$12.1 million to the budget
- State revenue for 2011-12 decreased by \$34.1 million
- There were union salary schedule wage increases
 - Salary schedule step increases (1¾ increase) and longevity payments added \$7.1 million to the budget



District showed a deficit of \$58.4 million

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Why do we need to reduce our budget?

- In May, 2011 CMSD reduced its budget approximately \$72.6 million by:
 - Layoffs (870 positions)
 - School closings (7 schools)
 - Reduction of legal expenses (\$500,000)
 - Reduction of transportation expenses (\$1 million)
 - Reduction of central office budget (15% reduction)
 - Non-union employee wage concessions (5% permanent reduction in pay)
 - Non-union employee increase in health care contributions (10% contribution)



District showed a surplus of \$24.8 million

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Why do we need to reduce our budget?

- In July, 2011 Ohio changed how schools are funded
 - Funding is now determined based on October 2011 enrollment, costing the district approximately \$14.5 million
- In August/September 2011 CMSD recalled 400 teachers
 - Recalls ensured adequate class sizes
 - Keeping additional teachers costs approximately \$23.5 million in salary and benefits

District now shows a deficit of \$13.2 million

$\$24.8 \text{ million balance} - \$14.5 \text{ million} - \$23.5 \text{ million} = \text{-\$13.2 million}$



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\$13.2 million Budget Reduction Plan



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\$13.2 million Budget Reduction Plan

- By Ohio law, CMSD must submit a “Five Year Financial Forecast” by October 31, 2011
- The “Five Year Forecast” must have a balanced budget for this year
- Consequences – Fiscal Caution or Fiscal Watch



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\$13.2 million Budget Reduction Plan

Goals of budget reduction plan:

- 1) Where possible, reduce budget without directly impacting students
- 2) Delay necessary student impact as long as possible
- 3) Create ability to continue to generate revenue / reduce expenses after plan is

approved by Board of Education



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\$13.2 million Budget Reduction Plan

PHASE I – Immediate budget reductions



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\$13.2 million Budget Reduction Plan

What:

Reduce textbook budget,
limiting ability to invest in
new textbooks

Budget Reduction:

\$2,450,937.00

Cumulative Reduction:

\$13,200,000.00

When:

Immediately

-\$2,450,937.00

\$10,749,063.00



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\$13.2 million Budget Reduction Plan

What:

Implement additional
central office staff
reductions

Budget Reduction:

\$1,691,383.00

Cumulative Reduction:

\$10,749,063.00

When:

Immediately

-\$ 1,691,383.00

\$9,057,680.00



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\$13.2 million Budget Reduction Plan

What:

Reduce all school and department operating budgets by 5 percent

Budget Reduction:

\$675,000.00

Cumulative Reduction:

\$9,057,680.00

When:

Immediately

-\$ 675,000.00

\$8, 382,680.00



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\$13.2 million Budget Reduction Plan

What:

Eliminate non-emergency building maintenance and repair

Budget Reduction:

\$500,000.00

Cumulative Reduction:

\$ 8, 382,680.00

When:

Immediately

-\$ 500,000.00

\$7, 882,680.00



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\$13.2 million Budget Reduction Plan

What:

Purchase all office supplies from a single company

Budget Reduction:

\$72,333.00

Cumulative Reduction:

\$ 7, 882,680.00

When:

Immediately

-\$ 72,333.00

\$7, 810,347.00



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Summary of Reductions

Phase I (Immediate)

- Reduce textbooks \$2,450,937
- Reduce central staff \$1,691,383
- Reduce budgets \$ 675,000
- Reduce maintenance \$ 500,000
- Single supply vendor \$ 72,333



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\$13.2 million Budget Reduction Plan

PHASE II – Second quarter budget reductions



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\$13.2 million Budget Reduction Plan

What:

Reduce student meal choices

Budget Reduction:

\$262,000.00

Cumulative Reduction:

\$7,810,347.00

When:

Second quarter (11/1/11)

-\$262,000.00

\$7,548,347.00



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\$13.2 million Budget Reduction Plan

What:

Eliminate payments for school extra-curricular program advisors

Budget Reduction:

\$418,768.00

Cumulative Reduction:

\$7,548,347.00

When:

Second quarter (11/1/11)

-\$418,768.00

\$7,129,579.00



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\$13.2 million Budget Reduction Plan

What:

Reduce cleaners and clean classrooms every other day

Budget Reduction:

\$313,439.00

Cumulative Reduction:

\$7,129,579.00

When:

December 1, 2011

-\$313,439.00

\$6,816,140.00



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\$13.2 million Budget Reduction Plan

What:

Reduce school-based
safety and security
personnel

Budget Reduction:

\$888,125.00

Cumulative Reduction:

\$6,816,140.00

When:

December 1, 2011

-\$888,125.00

\$5,928,015.00



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Summary of Reductions

Phase II (Second Quarter)

- Reduce meal choices \$ 262,000
- Reduce clubs/activities \$ 418,768
- Reduce cleaners \$ 313,439
- Reduce security \$ 888,125



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\$13.2 million Budget Reduction Plan

PHASE III – Second semester budget reductions



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\$13.2 million Budget Reduction Plan

What:

Reduce assistant principals and principals

Budget Reduction:

\$727,000.00

Cumulative Reduction:

\$5,928,015.00

When:

Second Semester (1/20/12)

-\$727,000.00

\$5,201,015.00



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\$13.2 million Budget Reduction Plan

What:

Eliminate high school
transportation / RTA
transportation

Budget Reduction:

\$1,550,013.00

Cumulative Reduction:

\$5,201,015.00

When:

Second Semester (1/20/12)

-\$1,550,013.00

\$3,651,002.00



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\$13.2 million Budget Reduction Plan

What:

Eliminate spring sports program (except privately funded baseball/softball)

Budget Reduction:

\$568,260.00

Cumulative Reduction:

\$3,651,002.00

When:

Second Semester (1/20/12)

-\$568,260.00

\$3,082,742.00



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\$13.2 million Budget Reduction Plan

What:

Eliminate regular education
pre-school program

Budget Reduction:

\$741,000.00

Cumulative Reduction:

\$ 3,082,742.00

When:

Second Semester (1/20/12)

-\$741,000.00

\$2,341,742.00



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\$13.2 million Budget Reduction Plan

What:

Eliminate summer school programs

Budget Reduction:

\$2,447,000.00

Cumulative Reduction:

\$ 2,341,742.00

When:

Second Semester (1/20/12)

-\$2,447,000.00

Balanced budget with \$105,258.00 in reserve



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Summary of Reductions

Phase III (Second Semester)

- Reduce principals/APs \$ 727,000
- Eliminate HS bussing \$1,550,013
- Eliminate spring sports \$ 568,260
- Eliminate pre-school \$ 741,000
- Eliminate summer school \$2,447,000



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Summary of Reductions

Phase I (Immediate)

- Reduce textbooks \$2,450,937
- Reduce central staff \$1,691,383
- Reduce budgets \$ 675,000
- Reduce maintenance \$ 500,000
- Single supply vendor \$ 72,333

Phase II (Second Quarter)

- Reduce meal choices \$ 262,000
- Reduce clubs/activities \$ 418,768
- Reduce cleaners \$ 313,439
- Reduce security \$ 888,125

Phase III (Second Semester)

- Reduce principals/APs \$ 727,000
- Eliminate HS bussing \$1,550,013
- Eliminate spring sports \$ 568,260
- Eliminate pre-school \$ 741,000
- Eliminate summer school \$2,447,000



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Important Points

- CMSD has been taking aggressive budget reduction actions for several years (\$104 million in 2 years)
- CMSD must act now; doing nothing is not an option
- Other options may still be possible; we must all continue to seek revenue increases and expense decreases
- This budget reduction plan does not solve the longer-term deficit projections (\$65 million in 2012-13)



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How you can help!

- **Stay engaged;** there will be more community engagement opportunities throughout the year
- **Share your opinion;** we will continue to use telephone, online, and paper surveys to gather written feedback
- **Share with others;** help CMSD reach those families and community members who aren't here tonight

Online video presentation

Online powerpoint presentation

Telephone, online, and paper surveys



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Implementation Timeline



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Implementation Timeline

10/17-20 – Community feedback collected

10/25 – Refined reduction plan presented to Board of Education for approval at Board Business Meeting

10/26 – Non-personnel actions, as described, implemented immediately



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Implementation Timeline

11/9 – Reduction of personnel presented to Board of Education at Board Work Session

11/22 – Board action to reduce personnel at Board Business Meeting



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Implementation Timeline

10/25 – Pass and submit balanced budget Five Year Forecast as required by law

Continue to work to increase district revenue and reduce district expenses

Where possible, restore budget reductions!



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The primary goal of the Cleveland Metropolitan School District is to become a premier school district in the United States of America.