

Cleveland Metropolitan School District

Performance Audit Summary

WHAT WE LOOKED AT

Cleveland Municipal School District (CMSD or the District) is one of the largest public school districts in Ohio, serving more than 30,000 students with total expenditures exceeding \$1.1 billion in FY 2024. The District, along with all public school districts in Ohio, is required to submit annual forecasts to the Ohio Department of Education and Workforce (ODEW) that project expected revenues and expenditures over a specified period. In November 2023, the CMSD forecast projected negative results of operations and negative fund balances in the District's General Fund beginning in the following school year. This forecast placed the District in a state of fiscal pre-caution by ODEW and triggered a performance audit by the Ohio Auditor of State Ohio Performance Team.

Our audit analyzed operational areas where the District could improve overall efficiency and achieve cost savings in the areas of financial management, human resources, facilities and transportation. Specific components within these areas were analyzed and compared to peer districts and industry best practices. Two groups of peer districts were utilized for the audit. The first group, or primary peers, consisted of districts throughout Ohio with similar demographic makeup and similar or better academic performance while maintaining relatively lower spending per pupil. Primary peer districts are used for financial comparisons and analyses regarding operations such as staffing levels. The second set, local peers, is comprised of districts in the surrounding area and is used for labor market comparisons, such as salary schedules.

WHAT WE FOUND

In 1998, the Ohio General Assembly passed legislation creating a governance structure for municipal school districts. That year, CMSD was established as Ohio's only municipal school district and is governed by ORC § 3311.72. State law also specifies that municipal schools should have a nine-member Board of Education, which is larger than the five-member board at traditional school districts. While traditional school districts typically have a board that is elected by residents and a superintendent overseeing the organization, CMSD's Board is appointed by the Mayor of Cleveland. In addition to the nine members appointed by the Mayor, State law also requires the presidents of Cleveland State University and Cuyahoga Community College to serve as nonvoting Board members.

The District's current operations have also been heavily influenced by the 2012 *Cleveland Plan for Transforming Schools* (commonly referred to as the *Cleveland Plan*). This plan was designed to be a joint effort between CMSD, the city of Cleveland, local non-profits, and other organizations with the goal of ensuring every child in Cleveland attends a high-quality school. As a result of the *Cleveland Plan*, CMSD began working with select partner charter schools to encourage the growth and success of high-performing schools and shares a portion of local tax revenue with these schools. In addition, enrollment data and academic performance data are included with the CMSD data for the ODEW report card.

Our analysis found that in FY 2024, the General Fund revenue per pupil for CMSD compared to the primary peer average was the same, approximately \$19,000 per pupil. However, CMSD relied less

heavily on local revenue during this period than the primary peers. General Revenue Fund Expenditures per pupil were also similar between CMSD and the primary peer average in FY 2024 with the District spending approximately \$18,700 per pupil and the peer average being approximately \$18,500 per pupil.

During the course of the audit, the District took steps to resolve its projected General Fund deficit. In November 2024, voters approved an operating levy that generated an additional \$52 million annually in general revenue and a 2.65 mill bond levy that is expected to raise \$295 million to be used for facilities. In addition, the District reduced expenditures through reductions in staffing, purchased services, and streamlined school programming. Although the District has taken steps to reduce and eliminate the projected deficit, in its subsequent forecast released in May 2025, showed a projected ending fund deficit beginning in FY 2028.

Our audit identified 11 recommendations that could improve the District's operational efficiency and effectiveness. These recommendations, if fully implemented, could result in an average annual cost savings of more than \$33 million. Based on our analysis, while the implementation of these recommendations would result in the District resolving the remaining projected deficit fund balance, it would still have an annual operating deficit that will need to be addressed in order to achieve a sustainable long-term financial situation.

KEY OBSERVATIONS

Key Observation 1: The District's most recent forecast, released in October 2025, shows operational deficits within the General Fund in each year of the forecast period. The projected deficit spending grows to more than \$62 million in the final year of the forecast. This indicates that even with the steps the District has already taken, including increased revenues and cost-cutting measures, additional steps will be required to maintain fiscal solvency.

Key Observation 2: The District has significantly more administrators than the statewide average and other large urban districts. The primary peer districts, including Cincinnati, Columbus, Toledo, and Akron have an average student to administrator ratio of 104 to 1. Comparatively, CMSD has a student to administrator ratio of 49 to 1. Employing more administrators than the peers results in higher overall administrative spending. The District spends \$4,045 per pupil annually on administrator related expenditures, which is higher than the peer average of \$3,435 per pupil.

Key Observation 3: The District operates and maintains 81 academic buildings, 7 administrative buildings, and 10 closed buildings. According to the District, the current academic facilities could house approximately 50,000 students while it had approximately 33,800 students in FY 2024. The excess space is costly to maintain and consolidating buildings into more efficient configurations would save the District millions of dollars annually in reduced expenditures related to facilities maintenance.

SUMMARY OF RECOMMENDATIONS

Recommendation 1: Develop and implement a formal capital improvement plan. CMSD should develop a formal capital plan in order to meet financial, programmatic, and operational needs. The capital plan should consider the goals established within the District's existing strategic plan.

Recommendation 2: Eliminate administrative positions above the peer average. The District has nearly 408 full-time equivalent employees that are designated as administrators. To be in-line with the primary peer average, CMSD could eliminate 77.5 full-time equivalent administrator positions. Reducing the number of administrator positions to be in-line with the primary peer average could save an average of \$12 million annually.

Recommendation 3: Align certificated salary schedules with the local peer average. The salary schedules for paraprofessionals working as educational aides at the District have a higher 30-year career compensation than the local peer average. In addition, the combined compensation of salaries and insurance for certificated teacher with a bachelor's degree is higher than the local peer average over a 30-year career. The District's single salary schedule for certificated teachers that covers both master's degrees and bachelor's degrees contributes to higher compensation for certificated employees with bachelor's degrees.

Recommendation 4: Align employer insurance costs and employee share of insurance costs with the SERB regional average. CMSD should align its employer costs for medical insurance and align its employee contribution rates for dental insurance and vision insurance with the SERB regional average for school districts. This alignment could be accomplished by adjusting plan designs, increasing employee premium contributions, or seeking out alternative insurance options. By doing so, the District could save an average of \$30.3 million annually.

Recommendation 5: Improve building utilization. CMSD has experienced declining enrollment and is not projecting enrollment to increase. The District should take this opportunity to consolidate buildings and improve overall building utilization. Based on our analysis, CMSD could significantly reduce its academic square footage by aligning its square footage per student with the primary peer average. Improving building utilization by reducing square footage per student to the primary peer average would result in average annual savings of approximately \$18.4 million beginning in FY 2028.

Recommendation 6: Reduce custodial staffing. Based on industry standards, the District could eliminate 20 full-time equivalent custodial positions. By doing so, the District would save an average of \$1 million annually.

Recommendation 7: Align facilities overtime and temporary labor with the peer average. Aligning non-regular labor expenditures to the primary peer average, particularly overtime labor, would result in savings.

Recommendation 8: Centralize fleet management operations. CMSD is currently managing its fleet operations across several different departments. As a result, the District does not have thorough records on maintenance and operating cost for the entire fleet, and does not have the data necessary to make informed vehicle replacement decisions and to understand lifecycle costing for all vehicles. CMSD should centralize fleet management operations and use the District's in-house mechanics in the transportation department when possible, and use maintenance software to conduct, manage, capture, and track

preventative maintenance, repairs, replacement, and other operating costs associated with each bus and non-bus vehicle.

Recommendation 9: Develop and implement a comprehensive fleet cycling plan. CMSD does not have a formal policy regarding optimal fleet cycling. The absence of a comprehensive fleet replacement program can lead to maintaining vehicles that have outlived their useful life, resulting in excessive maintenance and repair costs. The District should formalize a comprehensive fleet cycling program that is tied to measurable criteria and is applied to all District departments with vehicles.

Issue for Further Study: Consider fleet size. As the District formalizes a fleet cycling plan, they should consider the size of their bus and non-bus fleets and determine the appropriate number of vehicles needed given the current state of transportation. At the time of analysis, CMSD had 300 buses. According to the District, the goal is to maintain approximately 180 bus routes and drivers to avoid costly transportation contracts. During the course of the audit, CMSD reduced the bus fleet by 50 buses via auction, leaving 250 total buses in the fleet. Since the District will ultimately only be operating with approximately 180 buses, this still leaves 70 spare buses. CMSD may be maintaining buses in excess of what is necessary for student transportation.

In addition to the bus fleet, at the time of the analysis, there were approximately 126 other non-bus vehicles used by the various departments. Of these vehicles, 55 or 43.7 percent, are less than 10 years old, while 71, or 56.3 percent, are 10 years and older. Further 19 vehicles, or 15.1 percent, are 15 years and older. The types of vehicles range from pick-up trucks to food delivery vans to Ford Chargers with specialized safety and security equipment. The District should consider the appropriateness of the non-bus fleet as it centralizes the management of fleet operations and maintenance.

Recommendation 10: Implement a preventative maintenance plan for the entire fleet. Implementing a preventive maintenance plan for the District's entire fleet will ensure thorough records are kept and maintenance is performed at proper intervals. This will help improve the lifespan of the District's vehicles and allow the District to identify when replacements are needed based on maintenance and repair costs.

Recommendation 11: Develop formal internal policies and procedures for T-Reporting. To ensure proper funding, as well as compliance with ORC, OAC, and ODEW guidelines, CMSD should develop formal internal policies and procedures for T-Reporting