In the last two years, CMSD has cut $117 million from its budget in ways that have affected staff and operations in every area of the organization.

Cleveland – Tuesday night, Eric Gordon, CEO of the Cleveland Metropolitan School District (CMSD), presented the Board of Education with a number of strategies designed to eliminate the district's $66 million budget deficit.

The two goals of these recommended strategies are to ensure that the district enter the 2012-13 school year with both a balanced budget, as required by law, and to enable continued efficient operation of our schools.

"The district has worked diligently to achieve fiscal stability so the attention of our staff and administration can be directed toward academic progress and toward securing additional revenue needed to sustain that progress," said Gordon. "Instead, we find ourselves once again focusing on an annual budget deficit, brought on by rising costs and declining revenue."

Despite significant efforts which have included substantial cost reductions and wage and benefit concessions for the last two years, CMSD has reached a point where many of the approaches used in the past to keep cuts from affecting students are no longer possible.

The six budget reduction strategies presented to the CMSD are:

The reduction in force of 508 teaching positions and 57 para-professional positions – This recommendation considers the projected loss of approximately 1900 students and also requires the reduction in the number of periods of art, music, physical education, and library/media instruction in our K-8 schools. This recommendation will also require the shortening of the K-8 student day by 50 minutes. This reduction in force will reduce the budget deficit by approximately $33 million.

The implementation of an Employee Separation Plan for CTU certificated members who are eligible for retirement – This recommendation is contingent upon receiving a minimum of 232 certificated separations and can generate first year savings that will reduce the budget deficit of approximately $6.8 million.

The closure of six district operations facilities – These include the Administration Building, the Lakeside Building, Woodland Data Center, the Barbara Byrd-Bennett Professional Center, the Health Careers building, and the Benesch School building and the consolidation of these operations into an Operations and Professional Center at East High School and a smaller downtown Family and Employee Center. This recommendation will reduce the budget deficit by approximately $300,000 next year and will generate longer term revenues (through the sale of buildings) and cost savings over the life of our five-year forecast.

Labor negotiations and employee compensation reductions – The district has successfully closed negotiations with eight of our unions and has made necessary compensation reductions to at-will employees which, when combined together, have generated an average annual savings of approximately 6 percent or $6.8 million to date. The district is currently negotiating with the Cleveland Teachers Union as part of their contractual wage re-opener.

Budget reductions – The district has continued to reduce expenditures throughout the school year since the October 2011 five-year forecast. These include changes to lunch programs,

supplies budgets, and previously implemented reductions in workforce, reducing the budget deficit by approximately $3.4 million.

Operational Efficiencies – The district is evaluating the redesign of some transportation services, the redesign of the management of self-insurance costs, and the reallocation of facility maintenance expenditures, reducing the budget deficit by approximately $2.5 million.

These six recommendations do not yet entirely close the budget deficit. More work needs to be done, particularly in the final three areas, to close the remaining financial gap so that the district can avoid even more extreme budget cuts such as further increases to class size, the closing of additional school buildings, and the full elimination of programs, like were considered earlier this year.

Even solving this remaining financial challenge only allows CMSD to operate the district with a minimum of services and even more savings would be necessary to restore other key programs.

In the last two years, CMSD has cut $117 million from its budget in ways that have affected staff and operations in every area of the organization.

“Driving every one of the recommendations made tonight, as well as those that will be made in two weeks, is a commitment to supporting the district’s strategic improvement plans and programs,” said Gordon.

“While our Transformation strategy continues to drive our work, we must implement options to address our fiscal challenges. This does not mean we have to stop working toward these goals even as we make difficult choices.”